

Biennial Budget

Fiscal Years
2026-27 and
2027-28



UPPER
WATER

UPPER SAN GABRIEL VALLEY
MUNICIPAL WATER DISTRICT

Upper Water

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June 10, 2026

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About Upper Water

District Profile

History

On December 8, 1950, residents of the San Gabriel Valley voted to form a municipal water district. Upper Water was incorporated on January 7, 1960. On March 12, 1963, residents of the District voted to annex to the Metropolitan Water District of Southern California (Metropolitan), to provide supplemental water, first from the Colorado River and later the State Water Project, to replenish local groundwater supplies.

The Upper Water played a vital role in determining water rights within the Main San Gabriel Basin by acting as plaintiff in the 1973 court case of the Upper San Gabriel Valley Municipal Water District, Plaintiff, v. City of Alhambra, et al, Defendants. This case brought about the creation of the Main San Gabriel Basin Watermaster (Watermaster) to administer and enforce provisions of the Judgment.

Service Area

Five elected Directors, each serving a 4-year term and representing a designated geographic area within the Upper Water's boundaries, govern the Upper Water. Most of the water imported into the Upper Water service area is used to replenish the Main San Gabriel Groundwater Basin. A small percentage is purchased by city water departments and private water utilities for direct sale to customers.



Board of Directors



Division 1 – Director Anthony R. Fellow, Ph.D.
Representing all or parts of Arcadia, Bradbury, El Monte,
Monrovia, and Temple City



Division 2 – Director Charles M. Treviño
Representing all or parts of Rosemead, San Gabriel, South
Pasadena, South San Gabriel, and Temple City



Division 3 – Director Ed Chavez
Representing all or parts of Avocado Heights, Bassett, City of
Industry, Hacienda Heights, La Puente, North Whittier, South El
Monte, and Valinda

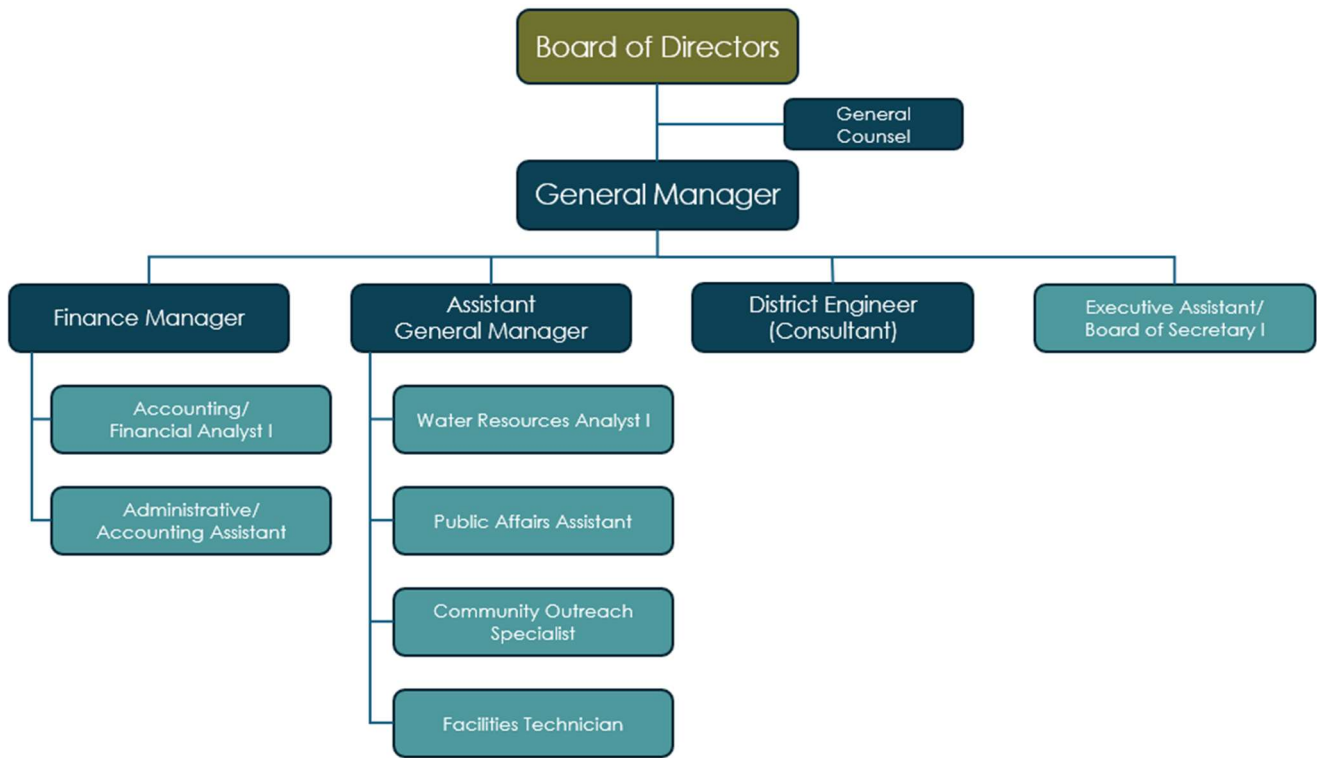


Division 4 – Director Katarina Garcia
Representing all or parts of Azusa, Covina, Glendora, and
West Covina



Division 5 – Director Jennifer Santana
Representing all or parts of Baldwin Park, Duarte, El Monte and
Irwindale

Organization Chart



During Fiscal Year (FY) 2025-26, the Board of Directors approved the organization change which included updated job classification and titles including the executive management position of Assistant General Manager. In January 2026, Resolution No. 12-25-674 was adopted, approving an update to the District's pay structure for finance management positions. The action replaced the prior Chief Financial Officer (CFO) classification, being vacant due to retirement, with two new exempt designations – Manager of Finance and Director of Finance – effective January 1, 2026, to better reflect the modified scope of duties and broaden the candidate pool for recruitment. The budget also includes student interns and an additional Administrative Assistant position. As the chart above shows, Upper Water has a relatively small workforce of 10 full-time equivalents (FTEs) working to implement Upper Water's program initiatives and goals.

Vision

Upper Water aims to support a high quality of life in the greater San Gabriel Valley by providing valued water services.

Mission

Upper Water's mission is to consistently meet our region's need for reliable, high quality and affordable water.

Core Values

The Upper Water team, consisting of Board and staff, will embody the following core values in conducting the business of the district:

- Diversity - Our team will maintain an inclusive culture that is characterized by civility, respect, and consideration of all viewpoints and reflects the community we serve.
- Collaborative – Our team is collaborative, supporting each other's efforts, loyal to one another, and cares for each other both personally and professionally.
- Innovative – Our team will encourage and value the introduction of new ideas and methods.
- Integrity – Our team will consistently adhere to high moral and ethical principles.
- Professionalism – Our team will professionally, respectfully, and responsively serve the needs of its customers.
- Transparency – Our team will interact with all in a fair, open and honest manner.

Strategic Plan

Upper Water's strategic plan is intended to be a living document and serves as a blueprint for how Upper Water will respond to current challenges and make the best of future opportunities for the benefit of its customers. Following a three-month process and working with the Board of Directors, the producers and other stakeholders, the strategic plan was reviewed and updated in 2023.

The 2023 Strategic Plan includes the following high-level goals:

- I. Water Reliability - Provide reliable water services that meet the needs of the communities served.
- II. Financial Integrity – Effectively and efficiently manage financial resources.
- III. Workforce and Governance - Maintain a trained and motivated workforce, an informed and engaged Board of Directors, and effective business processes.
- IV. Community Representation and Engagement – provide responsive local governance, value, legislative engagement, and outreach to the producers and the communities served.

Management and staff identified 23 specific strategies and 95 measurable objectives for each goal area to ensure proper actions are taken to fulfill the commitment implicit in each goal area.

On April 24, 2026, the Board was provided a status update on the 2023 Strategic Plan and indicated the achievements in addressing many of the goals set, while outlining the remaining priorities through the end of the plan period.

Major Accomplishments

Planning

Every five years, Upper Water prepares and adopts an Urban Water Management Plan (UWMP) as required under the California Water Code. UWMPs are prepared by California's urban water suppliers to ensure adequate water supplies are available to meet existing and future water demands. Every urban water supplier that either provides over 3,000 acre-feet (AF) of water annually or serves more than 3,000 or more connections (either directly or indirectly) is required to assess the reliability of its water sources over a 20-year planning horizon considering normal, dry, and multiple dry years. Upper Water's 2020 UWMP was adopted on June 10, 2020. The Department of Water Resources completed its review of the District's UWMP in May 2022 and determined the plan's compliance with the California Water Code. The updated UWMP is scheduled to be presented and addressed in June 2026.

In 2013, the Board of Directors approved Upper Water's Integrated Resources Plan (IRP). The plan identified specific strategies and a preferred resource mix to overcome water supply challenges through 2035. In 2016, an update was provided to the Board

regarding changed conditions from the IRP adopted in 2013. Upper Water's IRP update for 2021 was temporarily placed on hold to allow Metropolitan to complete its process. In 2022, Metropolitan adopted an updated IRP needs assessment which has since been expanded into a broader Climate Adaptation Master Plan for Water (CAMP4W). Upper Water is actively working with Stetson Engineers Inc (Stetson) to update its IRP and scheduled to be completed in 2026.

Upper Water's Long-Range Financial Plan (LRFP) serves as a critical planning tool for identifying prudent strategies and actions that support long-term financial sustainability, ensuring that sufficient resources are available to fulfill the District's mission. The LRFP provides guidance on the management of available resources, capital investment needs, and service objectives. Historically, the District's revenue has been highly variable, driven primarily by fluctuations in water sales. Compounding this challenge, the Metropolitan Water District's (MWD) Readiness to Serve (RTS) charge has increased significantly in recent years, now exceeding the property tax standby charge that MWD collects on behalf of Upper Water. This imbalance resulted in a net RTS obligation of \$3.5 million in FY 2026, an amount projected to grow substantially over the course of MWD's 10-year financial plan. In FY 2026 Upper Water began to "pass-through" the net RTS charge to each imported water connection based on the 10-year historical water deliveries except for untreated water deliveries to Main San Gabriel Basin Watermaster (Watermaster) paid from their Resource Development Assessment (RDA). Upper Water entered into a water purchase agreement with Watermaster where they pay their share of the gross MWD RTS and Upper Water waives the imported water surcharge on all Watermaster RDA water purchases. This results in an additional fixed revenue of approximately \$1.8 million significantly reducing the volatility of revenues.

Imported Water

Upper Water championed policies to support sustainable groundwater management and fair treatment of San Gabriel Valley ratepayers and taxpayers.

The new 10-year cyclic storage agreement executed by Upper Water, Metropolitan and Watermaster in March 2022 continues to provide much needed flexibility in moving water into the Main San Gabriel Basin (Basin) by allowing Metropolitan to deliver and store up to 200,000 AF of water in advance of demand from Watermaster and Upper Water.

In December 2023, Watermaster and Upper Water purchased all the remaining water in Metropolitan's cyclic account totaling 53,630 AF. In 2024, with a 40% allocation on the State Water Project (SWP) Metropolitan made cyclic deliveries available and again in 2025 with a 50% SWP allocation. Upper Water was able to take delivery of 86,500 and 85,500 AF in 2024 and 2025 respectively. At the end of 2025 the balance in the Metropolitan cyclic account was 153,000 , a historical high. However, deliveries we suspended in September 2025 due to the threat of the Golden Mussel (explained further below).

Since 2015, Upper Water has been prepurchasing untreated water for storage. This not only increases water in storage it also avoids the increasing cost of imported water. In December 2025, the Board of Directors authorized the purchase of up to 7,500 AF of additional water for cyclic storage. By the end of fiscal year 2025-26, the District will have about 10,700 AF of water in its storage account. Upper Water may consider future "preemptive" imported water deliveries while Metropolitan has supplies available and can accommodate deliveries. These future decisions may be economically viable utilizing District reserves and continue the vision of a "wet water"-based management solutions.

Metropolitan launched its Reverse Cyclic Program (RCP) in 2022 as a strategy for preserving State Water Project supplies during low allocation years through deferment of water deliveries to a future wet year. Upper Water purchased 15,000 AF of RCP water on behalf of the Watermaster in December 2022, all of which was successfully delivered by July 2023. Metropolitan did not reauthorize the RCP for 2023 or 2024; however, in January 2025, Upper Water entered into a new agreement with the Watermaster to participate in MWD's reauthorized RCP, with an allocation of 6,000 AF for CY 2024, of which 3,000 AF has been designated for the Watermaster. This program benefits Upper Water by securing water purchases at current rates while positioning the District to receive deferred deliveries during future periods of high demand or

drought, further strengthening long-term water supply reliability in the San Gabriel Valley. In 2026, MWD began delivering the RCP water, delivery of all 3,000 AF is expected to take 2 years.

In 2024, the Golden Mussel (*Limnoperna fortunei*) was detected in the Sacramento-San Joaquin Delta, marking the first confirmed presence of this highly invasive freshwater species in California and the continental United States. Native to Asia, golden mussels spread rapidly, colonizing water infrastructure such as pipes, pumps, screens, and intake structures, and can severely disrupt water conveyance systems and aquatic ecosystems. The State of California, along with regional water agencies and stakeholders, quickly mobilized to assess the threat and develop containment and control strategies. In response to this emerging regional concern, Upper Water and San Gabriel Valley Water Agencies are actively working together to develop a Golden Mussel Control Plan with the goal of protecting water supply infrastructure and ensuring continued reliable service to the San Gabriel Valley.

Recycled Water

The Direct Reuse Program provided for the phased construction of a recycled water distribution system used to provide water for irrigation purposes. Receiving over \$30 million in state and federal funding, Upper Water completed the final site to be connected under the Package 3 and 4 Customer Retrofits Project in June 2015. The direct reuse recycled water system includes over 20 miles of 4" to 24" pipelines; several pump stations and a 2-million-gallon reservoir. This system is anticipated to serve about three million gallons per day or 3,000 AF per year, directly offsetting the need to import increasingly expensive imported water.

Recognizing the need to continue developing all feasible potential direct reuse recycled water projects, Upper Water's Board of Directors approved a new project delivery model in 2015. Under this new approach, Upper Water will function as the lead agency for CEQA, provide technical support services, and help finance the project by securing grant funds. The partner producer will finance the remaining balance of the project costs, construct, own and operate the project and pay Upper Water's operating costs for recycled water and 80 percent of Upper Water's surcharge.

The first three projects delivered under this model are the South El Monte Recycled Water Expansion Project with a project yield of 72 AFY, the Rose Hills Recycled Water Project with a projected yield of 600 AFY, and the La Puente Valley County Water

District Recycled Water Project with a projected yield of 60 AFY. These projects, which are now complete and delivering recycled water, received \$2.17 million in Proposition 84 grant funds from the Department of Water Resources through Upper Water. In 2026, La Puente Valley County Water District initiated planning an expansion with an estimated additional yield of 80 AF.

The District also continues to support Pure Water Southern California, Metropolitan's large-scale, regional advanced treated wastewater project currently in the environmental planning phase.

Conservation

Upper Water's dynamic public outreach programs continue to enhance the performance of its conservation rebate programs. During the last five years, rebate programs provided over \$2 million to San Gabriel Valley residents for water efficient devices and turf removal, generating a lifetime water savings of about 2,620 AF.

Following the success of the "Water Smart Home Program" in 2022, Upper Water revamped the program to allow for a greater audience reach by introducing the "Water Smart Home Kit". The kit contains the same replacement devices and educational materials with the addition of a showerhead, shower start device, and toilet flapper. The educational materials included in the kit provide a QR code which links the user to the Upper Water website containing educational videos for repair and replacement of devices. The program was awarded a WATERSMART grant from the US Bureau of Reclamation in 2024 which doubled the reach of the program and includes all residents regardless of DAC status. At the end of FY 2024-25, the program will provide over 800 kits to residents within the Upper Water service area.

Snow and rainfall levels climbed to above-average during the past fiscal year, and groundwater storage has recovered to near-average levels as a result of stormwater capture and imported water deliveries. Despite an unprecedented 100% State Water Project (SWP) allocation, the availability of imported water was constrained by flood control operations and unforeseen maintenance requirements at the Santa Fe Spreading Grounds facilities managed by Los Angeles County Public Works. Upper Water recognizes the importance of building on its conservation efforts regardless of water supply conditions, continuing to emphasize water-use efficiency as an enduring way of life for its residents and businesses.

Education & Community Outreach

Upper Water implements a variety of education programs including a “Being Water Wise Is...” student art contest, Water Education Grant Program (WEGP), and its 4th-7th grade Sustainable Watershed Education Program. The WEGP provides teachers with grants of up to \$1,000 for implementing water-related curriculum or projects. Twenty WEGP applicants received a total of \$15,786 in grants for FY 2024-25, that directly benefiting 1,579 students. For FY 2025-26, Upper Water received 26 applications requesting a combined total of \$21,641 in grant funding, which would serve an estimated 3,069 students. Upper Water’s 4th-7th grade Sustainable Watershed Education Program is on track to serve over 4,000 students throughout the San Gabriel Valley during fiscal years 2026-27 and 2027-28.

Educational public workshops were hosted online and free of charge. Topics covered an array of water efficient topics such as turf maintenance, composting, edible gardening, planter beds, drip irrigation, weed and pest management, firescaping, and leak detection. The online and in-person workshop series garnered high participation rates with over 450 individuals attending 23 workshops hosted by the Upper Water during FY 2024-25 and 2025-26

Upper Water’s Watershed Restoration Program, hosted in partnership with the U.S. Forest Service, actively engages volunteers with tree planting and clean-up efforts within the San Gabriel River watershed. Upper Water was pleased to be able to host four events in FY 2024-25 and five events in 2025-26. Since the start of the program in 1991, approximately 13,900 volunteers have planted over 141,000 tree saplings and collected over 5,255 lbs. of garbage. There were a total of 460 volunteers who attended the events and over 3,182 tree saplings were planted in Crystal Lake.

Additionally, Upper Water hosted its first Fishing Event in partnership with the U.S. Forest Service during FY 2025-26. The event was designed to encourage outdoor recreation, connect the public with nature, and promote environmental stewardship through community engagement opportunities with organizations such as Scouting America. Approximately 100 participants attended the event, which included fishing for stocked rainbow trout and a special appearance by Smokey Bear.

Upper Water held its annual WaterFest in May 2026 which was held in partnership with the Los Angeles County Department of Parks and Recreation. The educational event features interactive booths, environmental displays, informative presentations, and free water-saving materials. The event was fun and engaging with over 40 exhibitors and approximately 1,000 participants.

For FY 2026-27 and FY 2027-28, Upper Water expects to maintain the same level of programming with slight adjustments to the budget to account for expected rate increases in advertising, industry memberships and inflationary pricing for materials. Upper Water will continue to partner with local and regional entities to maximize the reputational branding for the agency and seek opportunities for state and federal grants to boost conservation programs.

Government Affairs

Both Congress and the state legislature began their new 2 year legislative session in CY 2025. Major policy issues in the state have revolved around wildfire recovery, invasive species, the Delta Conveyance Project and water rate affordability measures. In January 2026, Upper Water took the lead in sponsoring state legislation that would prohibit a public agency from adopting or enforcing their own rules related to invasive mussels. AB 1894 by Assemblywoman Blanca Rubio would specifically provide that imported water deliveries for groundwater replenishment may not be prohibited by a public agency, due to invasive mussels unless there is substantial, documented evidence of a proven health and safety risk because of invasive mussels.

On the federal level, Congress continues to struggle with partisan politics which led to a partial government shutdown. For Upper Water, policy priorities have remained focused on WaterSmart and Title XVI funding, PFAS/PFOA, WRDA and legislation related to wild and scenic river designation.

In January 2025, Upper Water's Board of Directors adopted the 2025-26 Legislative Policy Principles which serves as a policy guide for legislative advocacy. Upper Water will continue to engage on issues that will advance the sustainability goals of the San Gabriel Watershed, and advocate positions that are consistent with Upper Water's mission.

Finance and Administration

Upper Water remains committed to the effective and efficient management of its financial resources through sound fiscal management. Over the years, the Board of Directors supported staff in creating efficiencies and implementing cost containment measures within the District.

In 2014, Upper Water began prefunding Upper Water's other post-employment benefit (OPEB) liability through the California Employers' Retiree Benefit Trust (CERBT). From

2022 to 2024, the Board of Directors authorized additional discretionary payments (ADP) to CalPERS totaling \$2 million. These additional payments increased Upper Water funded ratio from 72% to 88% as of the most recent valuation report on June 30, 2024. The District's unfunded accrued liability (UAL) for pension amounts to \$1.83 million as of the last valuation. In November 2025, the Board of Directors authorized an additional discretionary payment of \$500 thousand to CalPERS, which could potentially save the District about \$281,000 in interest payments over 10 years using CalPERS' current discount rate of 6.8%.

In 2022, the Board authorized the establishment of a CEPPT trust fund, a self-funded, not-for-profit, Section 115 trust administered by CalPERS for pension contributions. From 2022 to 2024, Upper Water deposited a total of \$1.50 million into the trust fund. The market value of Upper Water's CEPPT fund as of the quarter ended September 30, 2025 is \$1.78 million which translates to an annual yield of 9.74%. In November 2025, the Board of Directors authorized an additional contribution of \$500 thousand to CEPPT. CEPPT funds can be accessed to stabilize rates and offset future contribution increases and act as a rainy-day fund during adverse budgetary or economic conditions.

The retirement of three employees between 2020 and 2021 provided Upper Water an opportunity to reduce staffing by two FTEs, reducing personnel expenses by more than \$0.38 million per year in today's dollars. It also allowed upward mobility for existing staff by using internal recruitment for one of the positions. Currently, the District has 10 FTEs working to implement its program initiatives.

Consistent with Upper Water's Strategic Plan goals and objectives, staff looked at current benefits and identified areas where Upper Water can reduce costs and still maintain competitive benefits. In 2021, a new tier of health benefits was adopted for new employees which not only resulted in immediate health care cost savings, but also offered potential long-term cost savings of about \$37,000 per retiree per year.

Upper Water collaborated with Watermaster and producers through a December 2021 minimum purchase agreement covering FY 2021-24. Watermaster guaranteed minimum purchases to secure Upper Water's debt coverage, gaining excess water at cost. This arrangement stabilized erratic sales, closed regional funding gaps, and boosted basin sustainability. Ultimately, the agreement saved Watermaster \$5.14 million via waived surcharges during high-demand replenishment periods. In 2025 it

became evident that Watermaster had insufficient funding to meet the minimum purchase required. Upper Water negotiated a new agreement with Watermaster providing that Watermaster paid their share of the gross Metropolitan RTS and Upper Water waives the imported water surcharge for Watermasters RDA purchases. This results in a fixed revenue of about \$1.8 million for Upper Water and reduces cost to Watermaster if RDA purchases exceed about 17,500 AF.

Metropolitan's recently adopted rates and charges for the years 2027 and 2028 and projections through 2036 indicate substantial increases in the RTS charge. Upper Water will continue to collaborate with Watermaster to extend this agreement for fiscal years 2027 and 2028.

Financial Policies

Budgetary and Accounting Basis

The budget is prepared and monitored on a cash basis which recognizes revenues when received and expenses when paid. However, Upper Water operates as a utility enterprise and prepares its basic financial statements using accrual accounting at the end of each fiscal year. Under accrual accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

Investment Policy

This policy establishes procedures and guidelines by which surplus funds can be managed in a prudent and fiscally sound manner. This policy is reviewed annually, or whenever there are required changes, consistent with the requirements of the California Government Code. In order of priority, three fundamental criteria are followed by the Upper Water in the investment program:

1. *Safety of Principal* - Investments shall be undertaken in a manner that first seeks to ensure the preservation of principal in the portfolio. Each investment transaction shall be entered into after taking into consideration the quality of the issuer, the underlying security or collateral, and diversification of the portfolio.
2. *Liquidity* - Investments shall be made so that the maturity date is compatible with cash flow needs and safety of principal.
3. *Return on Investment* - Investments shall be undertaken to produce an acceptable rate of return after first considering safety of principal and liquidity and the prudent investor standard.

Designated Reserve Policy

Upper Water's adopted Designated Reserve Fund Policy establishes appropriate fund reserves by category, identified purpose for each category, appropriate target levels, funding sources, and conditions under which each is to be used and replenished. This policy also sets prudent levels of reserve funds to provide financial resources not only during emergencies or planned capital projects but also for scheduled and unscheduled expenses such as operation and maintenance, debt service and stabilization of rates. Under this policy, six designated reserves, each with its own recommended minimum, target, and maximum levels were created: 1) Emergency

Reserve; 2) Operating Reserve; 3) Pay-go Capital Improvement and Replacement Reserve; 4) Capital Reserve; 5) Revenue Stabilization Reserve; and 6) Water Banking Reserve.

Debt Management Policy

The District's Debt Management Policy establishes policies and procedures for the issuance and management of bonds, notes, installment purchase agreement to support certificates of participation, lines of credit, commercial paper, and other forms of indebtedness of Upper Water. Its purpose is to improve the quality of decision making, develop strategies using existing governing and planning documents, and support Upper Water's financial needs by demonstrating a commitment to best practices in debt management, planning and execution. The Debt Management Policy provides compliance procedures for existing rules and regulations in connection with the Internal Revenue Service, Municipal Securities Rulemaking Board and the Securities and Exchange Commission.

Budget Process and Controls

Budgets are often used as a performance tool for measuring accountability of public agencies to their stakeholders. Upper Water annually adopts a budget not only as a management tool for planning and control purposes but also to demonstrate its commitment to fiscal responsibility and transparency. Upper Water also uses the budget as a communication tool that shows how the District intends to allocate its resources in support of its mission, goals and objectives.

Developing and monitoring the budget is an ongoing process. Upper Water conducts a series of budget workshops to encourage stakeholder participation and input prior to adoption of the final budget. Monthly financial statements showing budget-to-actual comparison and analysis are presented to management and the Board of Directors to facilitate review and assessment throughout the fiscal year.

Timeline

Upper Water's budget process begins in December of each year and is a product of a comprehensive team effort between departments as shown in the following budget calendar:

- December Finance Department begins working with program managers to develop year-end projections for the current fiscal year.
- January Program managers update goals and objectives and develop proposed initiatives for the coming fiscal year.
- February - March Program managers present preliminary budgets to committees.
- April A consolidated draft of Upper Water's proposed budget for the coming fiscal year is presented to the Administration and Finance Committee.
- April - May Proposed budget is presented to the producers. If needed, budget revisions are made prior to the second presentation of the budget to the Administration and Finance Committee.
- May - June Staff present next fiscal year's proposed budget and next calendar year's proposed water rates to the Board of Directors with a recommendation for adoption.

Budget Drivers

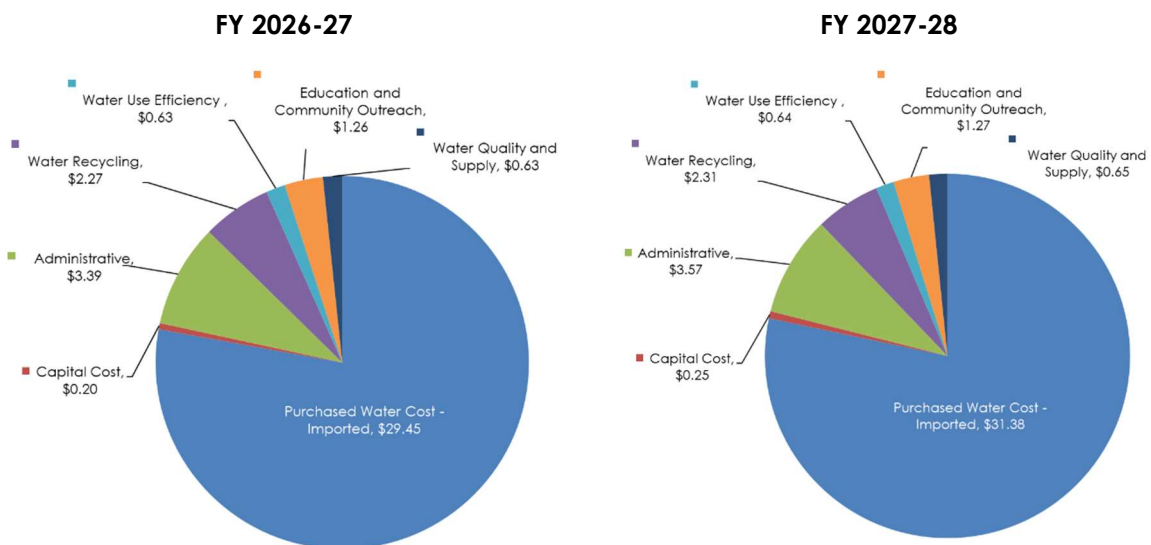
The key factors affecting the budgets for FY 2026-27 and FY 2027-28 include:

- Rate increases from Metropolitan including the readiness-to-serve charge.
- Increases in power costs and insurance and healthcare premiums.
- Significant election costs. In 2026, seats for three divisions are up and are estimated to cost about \$1 million spread over two fiscal and two division seats up in 2028, election costs are estimated to be about \$0.64 million, also spread over two fiscal years.
- The SRF loan provision requires setting of water rates that will generate sufficient net operating income of at least 120% of the annual debt service.
- Member Agency Administered (MAA) allocation program funding from Metropolitan continues to be a major source of funding for the implementation of Upper Water's Water Use Efficiency Program.

Uses of Funds

Uses of funds for the proposed FY 2026-27 and FY 2027-28 budget years total \$37.82 million and \$40.07 million, respectively. The decrease between years, \$27.58 million from FY 2025-26 and an increase of \$2.26 million from FY 2026-27 are mainly due to higher assumed untreated purchases from prior budget. Cost reductions identified in prior years and discussed earlier in the budget document will be maintained and carried over for the biennial budgets. Figure 1 illustrates the total uses of funds.

Figure 1. Uses of Funds



Purchased Water Costs

Imported Supplies

Budgeted imported water purchases include 3,000 acre-feet of treated water for both FY 2026-27 and 2027-28 representing Upper Water's commitment under the Alhambra Exchange Agreement. For untreated water, Upper Water assumed 20,000 acre-feet for FY 2026-27 and 2027-28 which represent the water sales revenue needed to keep the current surcharge of \$103 per acre-foot and at the same time meet the District's debt service requirement. This budget assumption does not consider the water

purchase agreement with Watermaster with the gross MWD RTS payment provision described above.

Metropolitan modified its business model in 2025 creating new fixed charges for treated water. In April 2026, Metropolitan adopted its biennial budget for FY 2026-27 and 2027-28 along with the water rates and charges for calendar years 2027 and 2028. Due to the new fixed charges, Metropolitan's treated water rate will reduce from \$1,528 to \$1,420 per acre-foot (-7%) effective January 1, 2027, and then increase back up to \$1,514 per acre-foot (7%) effective January 1, 2028. Untreated water rate will increase from \$984 to \$1,030 per acre-foot (5%) effective January 1, 2027, and then to \$1,106 per acre-foot (7%) effective January 1, 2028. The adjustments in Metropolitan's water rates in CY 2027 and CY 2028 increase the total purchased water cost for imported supplies by \$2.97 million (+7.2%) in CY 2027 and an additional \$3.32 million (+7.5%) in CY 2028, for a cumulative increase of \$6.28 million (+15.3%) over the biennium.

Metropolitan imposes capacity charge to recover costs incurred in providing capacity within its distribution system. This charge is based on a three-year trailing peak day demand, measured in cubic foot per second (CFS) during the May 1 through September 30 period. The capacity charge aims to encourage Metropolitan sub-agencies to shift demands from the peak summer months. For calendar year 2025, Metropolitan used the three-year period ended December 31, 2023 and the peak summer demand that occurred on August 18, 2021 to levy the capacity charge. Upper Water will pass through this charge to the agency that used the connections during the day when the peak flow occurred (August 18th). Metropolitan's capacity charge will increase from \$14,500 per CFS to \$17,500 per CFS effective January 1, 2027, and then to \$19,600 per CFS effective January 1, 2028. Upper Water's share of the capacity charge will increase from \$0.39 million to \$0.41 million in FY 2026-27.

Metropolitan also levies a readiness-to-serve (RTS) charge on its member agencies to pay for emergency and standby service. The RTS charge aims to recover a portion of Metropolitan's costs for ensuring a reliable water supply, including capital infrastructure for emergency and drought water storage, and imported water system conveyance capacity. This charge is based on a 10-year rolling average of firm demand. Upper

Water's share of the RTS charge will increase from \$5.29 million to \$6.56 million in FY 2026-27 and to an estimated \$7.54 million in FY 2027-28.

Recycled Supplies

Recycled water demand is anticipated to be about 2,100 AF for FY 2026-27 and FY 2027-28. Recycled water expense and revenue are not expected to be significantly different than prior years.

Capital Costs

Capital projects are presented to the Board of Directors before initiation and allocation of budget funds. They typically begin with feasibility studies and design estimates followed by a competitive bidding process before actual construction starts. Budgets for FY 2026-27 and FY 2027-28 include a combined \$0.45 million for office building improvements and recycled water system rehabilitation and replacement.

USG Connections

Upper Water provides technical assistance to its member agencies to evaluate water reliability efforts. Upper Water has funded evaluations to reactivate or construct new Metropolitan treated water connections. These projects could provide an access point to Metropolitan treated water which could reduce future demand on the basin if restrictions are placed on imported water. Upper Water has funded the study portion of these projects, but the agencies will cover the cost of construction should the study find it beneficial. Funds are included in this budget for future water supply reliability studies.

Recycled Water Programs

Direct Reuse

Recycled water continues to be an important part of Upper Water's water supply portfolio that not only reduces dependence on expensive and increasingly scarce imported water supplies but also lessens the overproduction of the groundwater basin.

Opportunities to develop additional direct reuse facilities have been carefully studied. However, due to the success of water conservation efforts during the drought, indoor water use and the resulting wastewater flows necessary to produce recycled water have significantly declined over the years. The lack of available recycled water supplies in the Upper Area of the San Gabriel River Watershed calls for the delivery of recycled water from much lower areas in the watershed.

As of June 30, 2025, Upper Water's investments in direct reuse capital assets total \$52.11 million with a net carrying value of \$37.24 million.

Prop 84 Recycled Water Projects

Three projects submitted by Upper Water as part of the Proposition 84 Round 3 Part 1 funding were among the Greater Los Angeles Integrated Regional Water Management Program (IRWMP) projects selected for grant funding: Rose Hills - up to \$0.50 million; San Gabriel Valley Water Company's (SGVWC) South El Monte and El Monte Extension – up to \$1.28 million; and La Puente Valley County Water District (LPVCWD) – up to \$0.43 million.

Completed in May 2016, Rose Hills' final retrofit site will increase the use of recycled water for irrigation purposes by about 600 AF per year (AFY).

SGVWC completed construction of its South El Monte Project in November 2017, estimated to generate about 72 AFY of recycled water for irrigation. Subsequent to the approval of the wastewater change petition, the individual service connections were completed, and deliveries started in 2019.

The La Puente Valley County Water District Project (LPVCWD) provides for conversion of approximately 60 AFY and will receive up to \$0.43 million in Proposition 84 funding. Construction of the new recycled water pipeline is complete, including the bridge crossing at Patriot Place and San Jose Creek and the connection to the City of Industry's recycled water transmission main. This project will also receive funding from Metropolitan's Local Resources Program. LPVCWD's project started delivering recycled water in October 2023.

No new projects nor additional capital expenditures are anticipated for FY 2026-27 and FY 2027-28.

Whittier Narrows Pump Station

Upper Water and the Sanitation Districts evaluated the conditions of the pumps, motors, and electrical motor drives at the Whittier Narrows recycled water pump station. While the pumps and motors have been found to be operating normally, one of the four (4) variable frequency drives (VFD's) that power the pump motors has had electrical drive component failures. The District replaced all four variable frequency drives completing the construction project in FY 2018-19. The budgets for FY 2026-27 and FY 2027-28 include \$0.18 million for major repairs and evaluation of alternatives to improve reliability of the recycled water system.

New Headquarters

In 2011, Upper Water relocated its offices from the El Monte property it previously owned to a leased commercial space in Monrovia. At the Board's direction, staff evaluated options for the El Monte property culminating in the sale of the property in December 2017.

During the 2018 strategic planning sessions, development of a strategy for permanent office space for Upper Water has been discussed and identified as a top priority. In April 2020, the District successfully negotiated and completed the purchase of a commercial building located in Monrovia, California for \$3.53 million. Construction of the required improvements was substantially completed in November 2022. Additional improvements have been evaluated and included in this budget. Interior improvements include a new board room dais, and office space improvements. Exterior siding has deteriorated requiring replacement. Capital cost for includes \$0.10 million for exterior repairs and \$0.123 million for interior improvements for fiscal years 2026-27 and 2027-28.

Water Recycling Operations

Recycled water program expenses, excluding cost of purchased water, amount to \$1.67 million for fiscal year 2026-27 and \$1.69 million for fiscal year 2027-28. These amounts consist of State Revolving Fund (SRF) annual debt service amounting to \$0.79 million and engineering support and operation and maintenance expenses totaling

\$0.88 million for FY 2026-27 and \$0.90 million for FY 2027-28. To keep overall service costs low and not unnecessarily duplicate resources, Upper Water contracts with the producers to operate and maintain the recycled water system that provides irrigation water in their respective services areas.

Upper Water's existing SRF debt, amounting to \$5.30 million as of June 30, 2025, has a twenty-year term at zero percent nominal interest and will be fully paid in May 2033.

Water Use Efficiency

The early decades of the Water Use Efficiency (WUE) Program focused heavily on indoor residential water use, principally through water efficient toilet (PHET/HET/ULFT) giveaways which resulted in the distribution of over 43,500 water efficient toilets. The WUE Master Plan showed that Upper Water's service area is well saturated with water efficient toilets (over 80%) and led to a shift in program emphasis toward outdoor water use efficiency.

Upper Water continues to effectively leverage regional funding offered through Metropolitan's Member Agency Administered (MAA) allocation program. The MAA program offers funding for WUE programs administered directly by member agencies or their retailers. Since Metropolitan operates the MAA program on a 2-year cycle, the \$517,000 of MAA funding secured during FY 2024-25 remained in place in FY 2025-26 for implementing both Upper Water and producer administered WUE programs. Over the course of the 2-year cycle, approximately \$173,495 in funding has been submitted for reimbursement to date, with the remaining balance committed to active and pending programs. Upper Water anticipates full utilization of the \$517,000 allocation.

For FY 2024-25, the Upper Water conducted two programs utilizing MAA program funds including the WaterSmart Home Kit Program and Residential Plant Voucher Program. The WaterSmart Home Kit Program provided nearly 830 residents with water-saving devices utilizing approximately \$70,000 of MAA program funding. The Plant Voucher program provided over 720 residents with \$250 plant vouchers to relandscape their homes. The Plant Voucher Program utilized approximately \$71,000 in MAA program funding which was entirely used for the vouchers as staff managed the program in-house to avoid administrative costs. The remaining MAA program funding was utilized by Upper Water purveyors to provide water efficient devices, reporting, and innovative water savings programs to their customers. Three purveyors were able to provide several different programs utilizing over \$51,000 MAA program funding. As the end of

MWD's two-year budget cycle approaches, Upper Water staff anticipates that the remaining funds will be used for additional programs such as WaterFest, expanded plant vouchers for residents, and any final program implementation by the participating purveyors.

Upper Water's purveyors have the option to provide co-funding to increase rebate incentive amounts offered on water efficient devices received by their customers participating in the So Cal WaterSmart regional rebate program. Approximately \$155,000 in co-funding was provided by purveyors during FY 2024-25.

Table 1 summarizes the proposed budget and sources of funding for the FY 2026-27 Water Use Efficiency Program. Table 2 summarizes the proposed budget and sources of funding for FY 2027-28. Depending on further input from the producers, and consideration by the Board, the emphasis on how the budget allocates resources among the different WUE programs may be adjusted during the year.

Table 1. Water Use Efficiency Program Budget for FY 2026-27

CATEGORY	Total Program Costs	Upper District Funding	Funding from Other Agencies
Residential Programs			
Member Agency Administered Programs	\$ 129,500	\$ -	\$ 129,500
Regional Rebate Program	58,000	-	58,000
Commercial/Industrial/Institutional (CII) Rebate Programs			
Member Agency Administered Programs	129,500	-	129,500
Regional Rebate Program	58,000	-	58,000
Salaries and Overhead	254,800	254,800	-
Total	\$ 629,800	\$ 254,800	\$ 375,000

Table 2. Water Use Efficiency Program Budget for FY 2027-28

CATEGORY	Total Program Costs	Upper District Funding	Funding from Other Agencies
Residential Programs			
Member Agency Administered Programs	\$ 129,500	\$ -	\$ 129,500
Regional Rebate Program	58,000	-	58,000
Commercial/Industrial/Institutional (CII) Rebate Programs			
Member Agency Administered Programs	129,500	-	129,500
Regional Rebate Program	58,000	-	58,000
Salaries and Overhead	263,900	263,900	-
Total	\$ 638,900	\$ 263,900	\$ 375,000

Education and Outreach

The Education and Outreach Program provides resources to schools, cities, community groups and organizations interested in learning about water use efficiency, sustainable watershed management, as well as storm water capture and water treatment.

Upper Water understands the need to continue promoting water efficient practices as a way of life for its residents and businesses. Upper Water remains steadfast in its public awareness efforts about the importance of water conservation. Projects for FY 2026-27 include continued education to community stakeholders and residents through short educational videos, online and in-person landscaping courses, and educational outreach.

Continuing education and outreach programs include sustainable watershed and stormwater education for 4th, 5th, 6th and 7th grade students; watershed restoration program; water education grant program for teachers; support for Water Engineering 4 Good (WE4G) middle and high school teams; “Being Water Wise Is...” art contest; distribution of water efficient devices; public workshops and seminars; and public information/outreach.

The sustainable watershed education program, successfully used by several other water agencies, includes interactive assembly-style lessons and classroom instruction for up to approximately 10,000 students. The curriculum focuses on water use efficiency, sustainable watershed management practices and storm water runoff prevention. The budget for this program is about \$80,000 for FY 2026-27 and FY 2027-28. This program is offered each year to schools within each of Upper Water's five divisions.

The advertising budget reflects print media presence outlined in the Community Outreach Plan which also meets the minimum requirements established in the Urban Water Management Plan.

Water Quality and Supply

The budget for FY 2026-27 and FY 2027-28 includes associated consulting costs for imported water operations, planning and administration; water supply planning; and general engineering services for water quality and supply. It also includes advocacy costs for legislative initiatives in Sacramento as well as salaries and overhead allocated to the program, mostly related to district staff's legislative efforts.

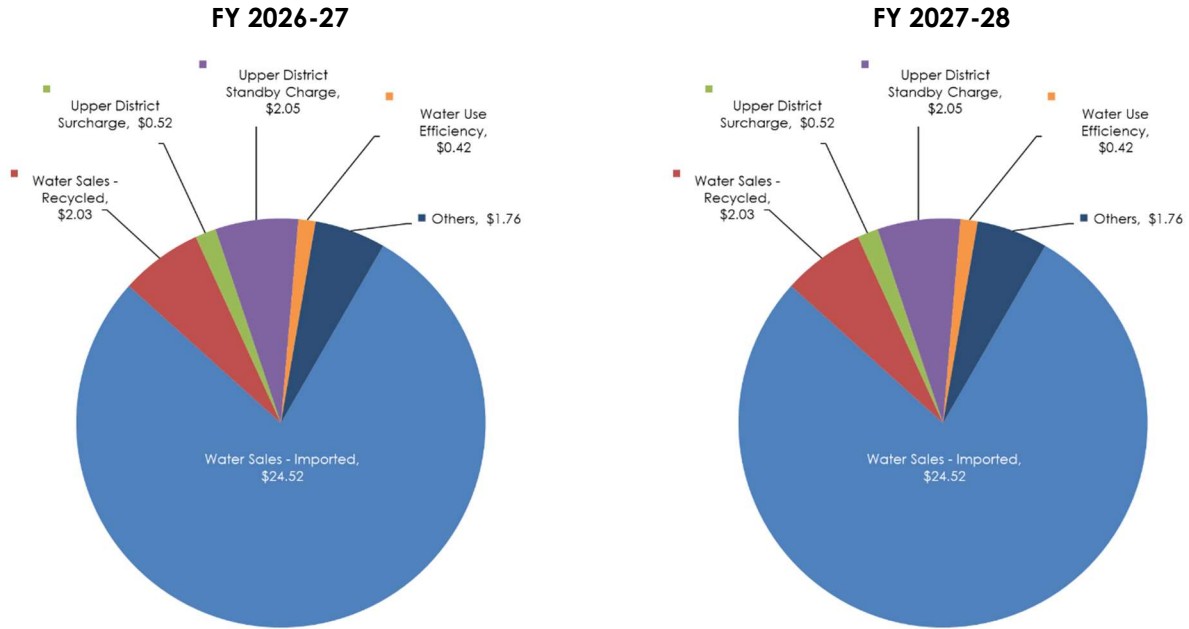
Administration

Administrative expenses for FY 2026-27 and FY 2027-28 total \$3.39 million and \$3.57 million, respectively. These include the labor, materials, supplies and services necessary to provide general administrative support for the various programs. General administrative support includes day-to-day management, accounting operations, human resources, information technology, office administration, and administrative support for the Board of Directors. The biennial budget also reflects an increase in retiree health benefits cost amounting to \$0.23 million in FY 2026-27 and \$0.25 million in FY 2027-28 because of two employees retired in FY 2025-26.

Sources of Funds

Total sources of funds amount to \$37.85 million in FY 2026-27 and \$39.80 million in FY 2027-28 and are presented in Figure 2.

Figure 2. Sources of Funds



Water Sales

Upper Water delivers both imported water, purchased from Metropolitan, and recycled water, purchased from the Sanitation Districts, City of Industry and Central Basin MWD.

Imported Sales

As shown in Figure 2, the relative composition of Upper Water's sources of funds remains consistent during the biennial budget period with revenue from imported water sales, accounting for the biggest portion of Upper Water's total revenue. For FY 2026-27, \$24.11 million represents passthrough of the volumetric cost of imported water

from Metropolitan based on estimated untreated water sale of 20,000 and treated water sales of 3,000 AF. It also includes a passthrough of Upper Water's share of the capacity charge amounting to \$0.41 million. For FY 2027-28, \$24.99 million represents passthrough of the volumetric cost of imported water from Metropolitan based on estimated untreated water sale of 20,000 and treated water sales of 3,000 AF and passthrough of Upper Water's share of the capacity charge amounting to \$0.47 million.

Upper Water's surcharge totaling \$0.52 million in each FY 2026-27 and FY 2027-28 assumes no change in Upper Water's current surcharge of \$103 per acre-foot. Beginning in FY 2026-27, the RTS charge previously bundled within the Tier 1 Untreated Surcharge has been separated into its own distinct line item, totaling \$6.56 million in FY 2026-27 and \$7.54 million in FY 2027-28. Note that untreated water sales estimates for FY 2026-27 and FY 2027-28 represent the minimum volume needed to generate sufficient revenue to meet the District's coverage ratio.

Recycled Sales

The recycled water distribution system includes over 20 miles of 4" to 24" pipelines, several pump stations, a 2-million-gallon reservoir and over 40 connections. Recycled water sales are based on uniform contract rates paid by Upper Water's retail water provider customers set at 80% of Watermaster's replacement water assessment. FY 2026-27 and FY 2027-28 revenue from sale of recycled water is estimated at \$2.03 million and \$2.08 million, respectively, based on an annual recycled water demand of about 2,100 AF.

Upper Water Standby Charge

To recover a portion of the costs for the recycled water program and water use efficiency program, a standby charge of \$10 per acre or portion thereof is levied on all parcels within Upper Water's service area. The standby charge will generate about \$2.05 million in revenues and provides funding to the water conservation and water recycling programs.

MWD Standby Charge

Metropolitan collects a separate standby charge at the request of some member agencies that have elected to use the charge as a direct offset to the member agency's RTS obligation. In Upper Water's case, that charge is set at \$9.27 per acre or portion thereof for parcels within the District's service area and is estimated to generate about \$1.95 million in FY 2024-25 and FY 2025-26. In the past, the standby charge sufficiently covered Metropolitan's RTS charge. However, Metropolitan's RTS charge has increased significantly over the years and eventually surpassed the standby charge revenue beginning FY 2018-19. This shortfall will continue to grow over the years along with Metropolitan's projected increases in its RTS charge. In 2025 Upper Water began to pass-through the net RTS charge allocated to each Metropolitan connection. Table 4 shows Upper Water's share of the RTS over a ten-year period.

Table 4. Historical Metropolitan RTS and Upper Water's RTS Share						
Fiscal Year	MWD RTS	UD Share	UD RTS	MWD Standby Charge	NET RTS	
FY 2016-17	\$ 144,000,000	1.17%	\$ 1,687,880	\$ 1,903,785	\$ (215,905)	
FY 2017-18	137,500,000	1.35%	1,851,056	1,893,378	(42,322)	
FY 2018-19	136,500,000	1.51%	2,056,890	1,988,345	68,545	
FY 2019-20	134,500,000	1.50%	2,020,578	1,979,684	40,894	
FY 2020-21	133,000,000	1.79%	2,386,467	2,153,132	233,335	
FY 2021-22	135,000,000	1.99%	2,681,327	2,097,013	584,314	
FY 2022-23	147,000,000	2.02%	2,963,609	1,975,451	988,158	
FY 2023-24	160,500,000	2.27%	3,648,300	1,950,000	1,698,300	
FY 2024-25	174,000,000	2.64%	4,590,901	1,961,161	2,629,740	
FY 2025-26F	184,500,000	3.02%	5,580,000	1,978,057	3,601,943	
FY 2026-27B	188,000,000	2.56%	4,820,000	1,978,057	2,841,943	
FY 2027-28B	\$ 188,000,000	3.09%	5,810,000	1,978,057	3,831,943	
		Total	\$ 40,097,008	\$ 23,836,120	\$ 16,260,888	

Water Use Efficiency

The proposed budget assumes continued efforts to not only raise public awareness about the importance of water conservation but is also intended to bring a significant amount of direct rebate dollars back to the San Gabriel Valley through the socialwatersmart.com website, a regional water conservation rebate program. About \$0.42 million of WUE revenue for FY 2026-27 and \$0.38 million for FY 2027-28 consists of MAA funding from Metropolitan.

Other Revenues

Other revenues include interest and investment income, property tax allocations, RTS charge for USG-3, reimbursement from Watermaster of Upper Water's share in San Gabriel River Watermaster's budget, and credits received from Metropolitan's Local Resources Program for delivery of recycled water.

Reserves

Upper Water will need to draw \$0.27 million from its reserves to address rising costs for FY 2027-28.

Debt Service Coverage Ratio

A critical financial ratio that Upper Water must consistently maintain, demonstrating an ability to meet payment obligations to establish credit, is a debt service coverage ratio. Upper Water is required per the loan agreements with the State Water Resources Control Board to set rates and charges that will generate sufficient net operating revenue to maintain a minimum debt service coverage ratio of 120%. In the financial market, a debt coverage of at least 150% is necessary to obtain an “AA” credit rating.

Total imported water sales assumed at 20,000 AF in both FY 2026-27 and FY 2027-28 and Upper Water’s surcharge unchanged at \$103 per acre-foot will provide sufficient revenue to meet the ratio required by the District’s existing SRF loan for FY 2026-27. Prior years surplus provided adequate funding within the reserves to cover for FY 2027-28.

Table 5. Debt Service Coverage Ratios

(\$ millions)	Budget 2026-27	Budget 2027-28
Operating costs not including debt service	\$ 36.81	\$ 39.03
Less revenue offsets	(6.08)	(6.10)
Net operating costs funded from imported water sales	30.73	32.93
Operating revenues (water sales)	31.78	33.70
Operating revenues in excess/(short) of operating costs funded from water sales	1.05	0.77
Debt Service		
SRLF	0.79	0.79
Other		
Total Debt Service	\$ 0.79	\$ 0.79
Debt Service Coverage Ratio	131%	98%

Water Rates and Charges

This budget document assumes Upper Water's current surcharge of \$103 per acre-foot is maintained for calendar years 2027 and 2028 along with certain levels of untreated water sales needed to meet the Upper Water's debt coverage ratio. Staff is not recommending adoption of water rates and charges for calendar years 2027 and 2028 at this time as Upper Water continues to work with Watermaster and the producers to develop a viable rate option that addresses the growing revenue gap arising from Metropolitan's RTS charge and meets the Upper Water's revenue requirements. As discussed in earlier sections, several options are being explored including keeping the surcharge at its current level (\$103 per AF) with higher minimum purchases, increasing the surcharge for calendar years 2027 and 2028 with lower minimum purchases, passthrough of some or all of Metropolitan's RTS charge with lower minimum purchases and lower surcharge or a combination of these options. Proposed water rates and charges for calendar years 2027 and 2028 will be presented to the Board later this year.

Budget Tables

Upper San Gabriel Valley Municipal Water District Budget Summary

	ACTUAL FY 2024-25	FORECASTED FY 2025-26	BUDGET FY 2025-26	BUDGET FY 2026-27	BUDGET FY 2027-28
Administrative	\$ 1,923,998	\$ 3,414,814	\$ 3,012,000	\$ 3,388,250	\$ 3,565,365
Water Conservation	1,695,288	1,908,750	1,901,600	1,887,800	1,909,700
Water Recycling	2,179,100	2,179,230	2,227,000	2,267,100	2,313,600
Water Quality and Supply	645,774	820,595	740,200	628,700	647,000
Water Purchases	36,547,137	37,094,350	57,511,300	29,448,800	31,382,600
Total Operating Expenses	43,030,597	45,457,039	65,433,400	37,620,650	39,818,265
Operating Revenues	44,182,614	46,619,433	65,399,200	37,853,619	39,801,430
Net Reserve Activity from Operations (+/-)	\$ 1,152,017	\$ 1,162,394	\$ (34,200)	\$ 232,969	\$ (16,835)
Capital Expenditures	197,000	2,000	197,000	202,000	252,000
Capital Program Revenues	-	-	-	-	-
Net Change in Cash Due to Capital Outlays (+/-)	\$ (197,000)	\$ (2,000)	\$ (197,000)	\$ (202,000)	\$ (252,000)
Total Change in Fund Balances (+/-)	\$ 955,017	\$ 1,160,394	\$ (231,200)	\$ 30,969	\$ (268,835)
Debt Service Coverage Ratio	246%	247%	96%	129%	98%

**UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT
EXPENSE SUMMARY
FISCAL YEAR 2024-25 THROUGH FISCAL YEAR 2027-28**

	FY 2024-25 ACTUAL	FY 2025-26 FORECASTED	FY 2025-26 BUDGET	FY 2026-27 BUDGET	FY 2027-28 BUDGET
Administrative Expenses					
Personnel Expenses					
Employee Salaries	1,527,544	1,571,800	1,637,000	1,573,200	1,685,300
Employee Benefits	317,079	382,500	389,500	428,450	456,500
Retired Employee Benefits	107,439	103,000	122,100	200,800	210,840
Employee Travel/Conference	30,388	60,000	60,000	66,000	72,600
Sub Total	1,982,450	2,117,300	2,208,600	2,268,450	2,425,240
Director Expenses					
Director Compensation	184,214	233,280	216,000	274,100	287,805
Director Benefits	169,634	155,000	181,000	207,600	221,700
Retired Director Benefits	16,645	24,000	28,400	31,100	34,300
Director Public Outreach	20,063	25,000	25,000	25,000	25,000
Director Travel/Conference	40,212	60,000	60,000	66,000	72,600
Sub Total	430,768	497,280	510,400	603,800	641,405
Pension/OPEB Expense					
CalPERS-Employees, Directors, Retirees	253,536	843,100	359,000	323,200	334,820
Sub Total	253,536	843,100	359,000	323,200	334,820
Office Expenses					
Office Supplies/Equipment	111,705	45,000	45,000	45,000	45,000
Equipment Operations & Maintenance	7,982	22,000	22,000	25,000	27,500
Computer Systems	47,297	76,800	63,000	88,800	88,800
Assessments	77,338	85,000	86,600	95,300	104,900
Meeting Expense	23,453	37,000	37,000	37,000	40,700
Sub Total	267,775	265,800	253,600	291,100	306,900
Facility Expenses					
Building Maintenance	71,791	64,000	64,000	65,000	65,000
Liability/Property Insurance	79,846	84,400	82,200	90,000	94,500
Office Lease	-	-	-	-	-
Telephone/Utilities	48,146	56,000	56,000	56,000	56,000
Sub Total	199,783	204,400	202,200	211,000	215,500
Professional Services					
Legal/Financial	71,592	110,000	110,000	110,000	110,000
Engineering	103,599	121,534	145,000	175,000	175,000
Auditor	32,080	46,300	32,300	48,700	51,200
Outside Services	59,527	132,600	175,000	32,000	17,800
Public Information/Outreach	-	-	1,700	1,900	2,100
Sub Total	266,798	410,434	464,000	367,600	356,100
Other Expenses					
Election Costs	(231,608)	322,000	322,000	350,000	350,000
Sub Total	(231,608)	322,000	322,000	350,000	350,000
Allocation to Projects and Programs					
Salaries/Overhead Allocated to Projects	(1,245,504)	(1,245,500)	(1,307,800)	(1,026,900)	(1,064,600)
Sub Total	(1,245,504)	(1,245,500)	(1,307,800)	(1,026,900)	(1,064,600)
Total Administrative Expenses	1,923,998	3,414,814	3,012,000	3,388,250	3,565,365
Water Purchases/Revolving Expense	36,547,137	37,094,350	57,511,300	29,448,800	31,382,600
Program Expenses					
Water Use Efficiency Program	521,617	451,650	558,000	629,800	638,900
Education and Community Outreach Program	1,173,671	1,457,100	1,343,600	1,258,000	1,270,800
Water Quality & Supply Program	645,774	820,595	740,200	628,700	647,000
Recycled Water Program	2,179,100	2,179,230	2,227,000	2,267,100	2,313,600
Sub Total	4,559,462	4,947,875	4,910,100	4,783,600	4,870,300
Total Administrative/Operating/Program Expenses	43,030,597	45,457,039	65,433,400	37,620,650	39,818,265
Total Capital Outlays	197,000	2,000	197,000	202,000	252,000
TOTAL	43,227,597	45,459,039	65,630,400	37,822,650	40,070,265

	FY 2024-25 ACTUAL	FY 2025-26 FORECASTED	FY 2025-26 BUDGET	FY 2026-27 BUDGET	FY 2027-28 BUDGET
ADMINISTRATIVE EXPENSES					
Personnel Expenses					
Employee Salaries	1,527,544	1,571,800	1,637,000	1,573,200	1,685,300
Employee Benefits	317,079	382,500	389,500	428,450	456,500
Retired Employee Benefits	107,439	103,000	122,100	200,800	210,840
Employee Travel/Conference	30,388	60,000	60,000	66,000	72,600
Sub Total	<u>1,982,450</u>	<u>2,117,300</u>	<u>2,208,600</u>	<u>2,268,450</u>	<u>2,425,240</u>
Director Expenses					
Director Compensation	184,214	233,280	216,000	274,100	287,805
Director Benefits	169,634	155,000	181,000	207,600	221,700
Retired Director Benefits	16,645	24,000	28,400	31,100	34,300
Director Public Outreach	20,063	25,000	25,000	25,000	25,000
Director Travel/Conference	40,212	60,000	60,000	66,000	72,600
Sub Total	<u>430,768</u>	<u>497,280</u>	<u>510,400</u>	<u>603,800</u>	<u>641,405</u>
Pension/OPEB Expense					
CalPERS-Employees, Directors, Retirees	253,536	843,100	359,000	323,200	334,820
Sub Total	<u>253,536</u>	<u>843,100</u>	<u>359,000</u>	<u>323,200</u>	<u>334,820</u>
Office Expenses					
Office Supplies/Equipment	111,705	45,000	45,000	45,000	45,000
Equipment Operations & Maintenance	7,982	22,000	22,000	25,000	27,500
Computer Systems	47,297	76,800	63,000	88,800	88,800
Assessments	77,338	85,000	86,600	95,300	104,900
Meeting Expense	23,453	37,000	37,000	37,000	40,700
Sub Total	<u>267,775</u>	<u>265,800</u>	<u>253,600</u>	<u>291,100</u>	<u>306,900</u>
Facility Expenses					
Building Maintenance	71,791	64,000	64,000	65,000	65,000
Liability/Property Insurance	79,846	84,400	82,200	90,000	94,500
Telephone/Utilities	48,146	56,000	56,000	56,000	56,000
Sub Total	<u>199,783</u>	<u>204,400</u>	<u>202,200</u>	<u>211,000</u>	<u>215,500</u>
Professional Services					
Legal/Financial	71,592	110,000	110,000	110,000	110,000
Engineering	103,599	121,534	145,000	175,000	175,000
Auditor	32,080	46,300	32,300	48,700	51,200
Outside Services	59,527	132,600	175,000	32,000	17,800
Public Information/Outreach	0	0	1,700	1,900	2,100
Sub Total	<u>266,798</u>	<u>410,434</u>	<u>464,000</u>	<u>367,600</u>	<u>356,100</u>
Other Expenses					
Election Costs	(231,608)	322,000	322,000	350,000	350,000
Sub Total	<u>(231,608)</u>	<u>322,000</u>	<u>322,000</u>	<u>350,000</u>	<u>350,000</u>
Allocation to Projects and Programs					
Salaries/Overhead Allocated to Projects	(1,245,504)	(1,245,500)	(1,307,800)	(1,026,900)	(1,064,600)
Sub Total	<u>(1,245,504)</u>	<u>(1,245,500)</u>	<u>(1,307,800)</u>	<u>(1,026,900)</u>	<u>(1,064,600)</u>
TOTAL ADMINISTRATIVE EXPENSES	<u>1,923,998</u>	<u>3,414,814</u>	<u>3,012,000</u>	<u>3,388,250</u>	<u>3,565,365</u>
ADMINISTRATIVE AND OPERATING REVENUES					
Interest	664,808	407,650	150,000	359,225	360,946
Sub Total	<u>664,808</u>	<u>407,650</u>	<u>150,000</u>	<u>359,225</u>	<u>360,946</u>
Other Administrative Revenues					
Taxes	953,768	798,000	822,000	847,000	872,000
Other Income	31,955	30,900	31,800	32,800	33,800
Sub Total	<u>985,723</u>	<u>828,900</u>	<u>853,800</u>	<u>879,800</u>	<u>905,800</u>
TOTAL ADMINISTRATIVE AND OPERATING REVENUES	<u>1,650,531</u>	<u>1,236,550</u>	<u>1,003,800</u>	<u>1,239,025</u>	<u>1,266,746</u>
ADMINISTRATIVE AND OPERATING EXPENSES	<u>(1,923,998)</u>	<u>(3,414,814)</u>	<u>(3,012,000)</u>	<u>(3,388,250)</u>	<u>(3,565,365)</u>
NET	<u>(273,467)</u>	<u>(2,178,264)</u>	<u>(2,008,200)</u>	<u>(2,149,225)</u>	<u>(2,298,619)</u>

**UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT
WATER PURCHASES & REVOLVING FUND REVENUES**

	FY 2024-25 ACTUAL	FY 2025-26 FORECASTED	FY 2025-26 BUDGET	FY 2026-27 BUDGET	FY 2027-28 BUDGET
WATER PURCHASE EXPENSE					
Tier 1 Treated	4,674,967	5,225,694	4,369,300	4,434,300	4,390,300
Tier 1 Untreated	26,790,729	25,793,256	47,424,000	19,680,000	20,600,000
MWD Capacity Charge	392,040	392,000	394,000	404,800	469,300
MWD Readiness-to-Serve Charge	4,590,901	5,580,000	5,217,500	4,820,000	5,810,000
Sub Total	<u>36,448,637</u>	<u>36,990,950</u>	<u>57,404,800</u>	<u>29,339,100</u>	<u>31,269,600</u>
REVOLVING EXPENSE					
San Gabriel River Watermaster	98,500	103,400	106,500	109,700	113,000
Sub Total	<u>98,500</u>	<u>103,400</u>	<u>106,500</u>	<u>109,700</u>	<u>113,000</u>
TOTAL WATER PURCHASES/REVOLVING FUND EXPENSE:	<u>36,547,137</u>	<u>37,094,350</u>	<u>57,511,300</u>	<u>29,448,800</u>	<u>31,382,600</u>
IMPORTED WATER PURCHASE REVENUES					
Water Rate Revenues					
Tier 1 Treated	4,675,568	5,225,694	4,369,300	4,434,300	4,390,300
Tier 1 Untreated	26,790,729	25,793,256	47,424,000	19,680,000	20,600,000
Upper Surcharge Tier 1 Treated	357,404	309,000	309,000	309,000	309,000
Upper Surcharge Tier 1 Untreated	3,103,769	1,365,700	5,356,000	206,000	206,000
Capacity Charge Revenue	345,065	392,000	394,000	404,800	469,300
Net RTS Passthrough	-	5,290,694	-	6,556,000	7,540,000
Gross MWD Stand-by Charge - Revenue Recon	1,978,056	1,978,056	1,950,000	0	0
MSGB Watermaster-Ready-to-Serve	75,600	75,600	75,600	75,600	75,600
TOTAL WATER PURCHASE REVENUES	<u>37,326,191</u>	<u>40,430,000</u>	<u>59,877,900</u>	<u>31,665,700</u>	<u>33,590,200</u>
Revolving/Other Revenue					
MSGB Watermaster-SG River Watermaster	98,500	103,400	106,500	109,700	113,000
TOTAL REVOLVING FUND REVENUES	<u>98,500</u>	<u>103,400</u>	<u>106,500</u>	<u>109,700</u>	<u>113,000</u>
TOTAL WATER PURCHASE & REVOLVING FUND REVENUES	<u>37,424,691</u>	<u>40,533,400</u>	<u>59,984,400</u>	<u>31,775,400</u>	<u>33,703,200</u>
WATER PURCHASE EXPENSES	<u>(36,547,137)</u>	<u>(37,094,350)</u>	<u>(57,511,300)</u>	<u>(29,448,800)</u>	<u>(31,382,600)</u>
NET	877,554	3,439,050	2,473,100	2,326,600	2,320,600

UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT					
WATER USE EFFICIENCY					
	FY 2024-25	FY 2025-26	FY 2025-26	FY 2026-27	FY 2027-28
	ACTUAL	FORECASTED	BUDGET	BUDGET	BUDGET
WATER USE EFFICIENCY PROGRAM EXPENSES					
Residential Programs					
Member Agency Administered Programs	110,690	128,756	167,500	129,500	129,500
Regional Rebate Program	119,126	54,594	50,000	58,000	58,000
Sub Total	<u>229,816</u>	<u>183,350</u>	<u>217,500</u>	<u>187,500</u>	<u>187,500</u>
Commercial/Industrial/Institution Programs					
Member Agency Administered Programs	67,497	44,000	105,000	129,500	129,500
Regional Rebate Program	-	-	-	58,000	58,000
Sub Total	<u>67,497</u>	<u>44,000</u>	<u>105,000</u>	<u>187,500</u>	<u>187,500</u>
Allocation to Conservation Programs					
Salaries & Overhead	224,304	224,300	235,500	254,800	263,900
Sub Total	<u>224,304</u>	<u>224,300</u>	<u>235,500</u>	<u>254,800</u>	<u>263,900</u>
TOTAL WATER USE EFFICIENCY EXPENSES	<u><u>521,617</u></u>	<u><u>451,650</u></u>	<u><u>558,000</u></u>	<u><u>629,800</u></u>	<u><u>638,900</u></u>
WATER USE EFFICIENCY REVENUES					
MWD Member Agency Allocation/Rebate Funding	375,170	363,665	322,500	424,220	374,500
TOTAL WATER USE EFFICIENCY REVENUES	<u><u>375,170</u></u>	<u><u>363,665</u></u>	<u><u>322,500</u></u>	<u><u>424,220</u></u>	<u><u>374,500</u></u>
WATER USE EFFICIENCY EXPENSES	<u>(521,617)</u>	<u>(451,650)</u>	<u>(558,000)</u>	<u>(629,800)</u>	<u>(638,900)</u>
NET	(146,447)	(87,985)	(235,500)	(205,580)	(264,400)

**UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT
EDUCATION & COMMUNITY OUTREACH**

	FY 2024-25 ACTUAL	FY 2025-26 FORECASTED	FY 2025-26 BUDGET	FY 2026-27 BUDGET	FY 2027-28 BUDGET
EDUCATION & COMMUNITY OUTREACH EXPENSES					
Watershed Programs					
Natural Vegetation Restoration Program	(15,015)	15,000	20,000	80,000	80,000
Sub Total	<u>(15,015)</u>	<u>15,000</u>	<u>20,000</u>	<u>80,000</u>	<u>80,000</u>
Educational Programs					
Water Awareness Youth Art Contests	-	-	-	5,000.00	5,000.00
Educational Activities	71,567	30,000	60,000	80,000	80,000
Memberships	123,134	145,000	145,000	150,000	155,000
Educational Materials/Grant Program	16,535	30,000	60,000	40,000	40,000
Educational Outreach Programs/Events	135,907	135,000	160,000	180,000	185,000
Sub Total	<u>347,143</u>	<u>340,000</u>	<u>425,000</u>	<u>455,000</u>	<u>465,000</u>
Outreach and Information Programs					
Public Workshops/Seminars	15,734	16,000	40,000	10,000	10,000
Conservation Devices/Items	31,926	60,000	45,000	50,000	50,000
Bottled Water Program	14,846	15,000	15,500	15,500	15,500
Community/Industry Sponsorships	18,534	185,000	35,000	35,000	35,000
Displays/Fairs/Presentations	5,821	5,000	5,000	5,000	5,000
Conferences/Meetings	10,088	12,000	12,000	15,000	15,000
Public Information	98,512	100,000	100,000	120,000	120,000
Technical Assistance	104,691	165,000	70,000	90,000	80,000
Legal/Financial	2,291	5,000	10,000	10,000	10,000
Sub Total	<u>302,443</u>	<u>563,000</u>	<u>332,500</u>	<u>350,500</u>	<u>340,500</u>
Allocation to Conservation Programs					
Salaries & Overhead	539,100	539,100	566,100	372,500	385,300
Sub Total	<u>539,100</u>	<u>539,100</u>	<u>566,100</u>	<u>372,500</u>	<u>385,300</u>
TOTAL EDUCATION & COMMUNITY OUTREACH EXPENSES	<u><u>1,173,671</u></u>	<u><u>1,457,100</u></u>	<u><u>1,343,600</u></u>	<u><u>1,258,000</u></u>	<u><u>1,270,800</u></u>
EDUCATION & COMMUNITY OUTREACH REVENUES					
Educational Outreach Program/Events	-	-	-	-	-
TOTAL EDUCATION & COMMUNITY OUTREACH REVENUES	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
EDUCATION & COMMUNITY OUTREACH EXPENSES	<u><u>(1,173,671)</u></u>	<u><u>(1,457,100)</u></u>	<u><u>(1,343,600)</u></u>	<u><u>(1,258,000)</u></u>	<u><u>(1,270,800)</u></u>
NET	<u><u>(1,173,671)</u></u>	<u><u>(1,457,100)</u></u>	<u><u>(1,343,600)</u></u>	<u><u>(1,258,000)</u></u>	<u><u>(1,270,800)</u></u>

**UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT
WATER QUALITY AND SUPPLY PROGRAM**

	FY 2024-25 ACTUAL	FY 2025-26 FORECASTED	FY 2025-26 BUDGET	FY 2026-27 BUDGET	FY 2027-28 BUDGET
WATER QUALITY AND SUPPLY PROGRAM EXPENSES					
Engineering for Water Supply Projects	64,834	225,048	190,000	117,500	117,500
Legislative Consultant	120,583	125,000	125,000	129,000	133,000
Other Outside Services	30,000.00	30,000.00	-	-	-
Sub Total	<u>215,417</u>	<u>380,048</u>	<u>315,000</u>	<u>246,500</u>	<u>250,500</u>
Other Expenses					
Urban Water Management Plan/Related Studies	-	29,506	20,000	10,000	10,000
Integrated Resources Plan	39,158	32,520	10,000	-	-
Water Supply Reliability Plan/Emergency Preparedness	17,801	3,622	5,000	-	-
Legal and Financial	6,498	8,000	5,000	10,000	10,000
Salaries & Overhead Allocation	366,900	366,900	385,200	362,200	376,500
Sub Total	<u>430,357</u>	<u>440,548</u>	<u>425,200</u>	<u>382,200</u>	<u>396,500</u>
TOTAL WATER QUALITY AND SUPPLY EXPENSES	<u><u>645,774</u></u>	<u><u>820,595</u></u>	<u><u>740,200</u></u>	<u><u>628,700</u></u>	<u><u>647,000</u></u>
WATER QUALITY AND SUPPLY PROGRAM REVENUES					
Interest	46,531	135,883	50,000	119,742	120,315
TOTAL WATER QUALITY AND SUPPLY REVENUES	<u><u>46,531</u></u>	<u><u>135,883</u></u>	<u><u>50,000</u></u>	<u><u>119,742</u></u>	<u><u>120,315</u></u>
WATER QUALITY AND SUPPLY PROGRAM EXPENSES	<u><u>(645,774)</u></u>	<u><u>(820,595)</u></u>	<u><u>(740,200)</u></u>	<u><u>(628,700)</u></u>	<u><u>(647,000)</u></u>
NET	(599,243)	(684,712)	(690,200)	(508,958)	(526,685)

**UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT
RECYCLED WATER REVENUES & EXPENSES**

	FY 2024-25 ACTUAL	FY 2025-26 FORECASTED	FY 2025-26 BUDGET	FY 2026-27 BUDGET	FY 2027-28 BUDGET
RECYCLED WATER EXPENSES					
Water Purchases-Recycled Water	553,000	553,000	573,000	598,000	620,000
SWRCB Loan Repayment	791,000	791,000	791,000	791,000	791,000
Salaries & Overhead Allocation	75,900	75,900	79,700	37,400	38,900
Standby Charge Design/Implementation	18,200	18,200	18,700	19,300	19,900
Engineering - General	40,000	40,130	40,000	75,000	75,000
Prop 84 Passthrough Payments	-	-	-	-	-
Lobbyist	95,000	95,000	95,000	97,900	100,800
Legal and Financial	3,000	3,000	3,000	3,100	3,200
Public Information	5,000	5,000	5,000	5,200	5,400
Operation and Maintenance Phase I/IIA	407,200	407,200	421,300	433,900	446,900
Operation and Maintenance Phase IIB	190,800	190,800	200,300	206,300	212,500
TOTAL RECYCLED WATER EXPENSES	<u>2,179,100</u>	<u>2,179,230</u>	<u>2,227,000</u>	<u>2,267,100</u>	<u>2,313,600</u>
RECYCLED WATER REVENUES					
Recycled Water Sales	521,201	553,000	573,000	598,000	620,000
Upper Recycled Water Surcharge Revenue	1,631,706	1,259,000	1,276,000	1,436,000	1,455,000
Metropolitan Water District LRP Funds	131,557	120,000	120,000	120,000	120,000
Parcel/Standby Charge	2,097,761	2,097,761	2,050,000	2,050,000	2,050,000
Prop 84 Passthrough Grant	216,644	216,644	-	-	-
Interest	51,680	64,706	13,000	57,020	57,293
TOTAL RECYCLED WATER REVENUES	<u>4,650,549</u>	<u>4,311,111</u>	<u>4,032,000</u>	<u>4,261,020</u>	<u>4,302,293</u>
RECYCLED WATER EXPENSES	<u>(2,179,100)</u>	<u>(2,179,230)</u>	<u>(2,227,000)</u>	<u>(2,267,100)</u>	<u>(2,313,600)</u>
NET	2,471,449	2,131,881	1,805,000	1,993,920	1,988,693

**UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT
RATE STABILIZATION FUND BUDGET**

	FY 2024-25 ACTUAL	FY 2025-26 FORECASTED	FY 2025-26 BUDGET	FY 2026-27 BUDGET	FY 2027-28 BUDGET
RATE STABILIZATION FUND EXPENSES					
Miscellaneous	-	-	-	-	-
TOTAL RATE STABILIZATION FUND EXPENSES	-	-	-	-	-
RATE STABILIZATION FUND REVENUES					
Interest	35,142	38,824	6,500	34,212	34,376
TOTAL RATE STABILIZATION FUND REVENUES	35,142	38,824	6,500	34,212	34,376
TOTAL RATE STABILIZATION FUND EXPENSES	-	-	-	-	-
NET	35,142	38,824	6,500	34,212	34,376

**UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT
CAPITAL PROGRAM BUDGET**

	FY 2024-25 ACTUAL	FY 2025-26 FORECASTED	FY 2025-26 BUDGET	FY 2026-27 BUDGET	FY 2027-28 BUDGET
CAPITAL EXPENDITURES					
Direct Reuse	100,000	-	100,000	75,000	150,000
USG Connections	95,000	-	95,000	-	-
Legal and Financial	2,000	2,000	2,000	2,000	2,000
Sub Total	<u>197,000</u>	<u>2,000</u>	<u>197,000</u>	<u>77,000</u>	<u>152,000</u>
Other Capital Outflows					
District Office Building	-	-	-	125,000	100,000
Sub Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>125,000</u>	<u>100,000</u>
TOTAL CAPITAL OUTLAYS	<u><u>197,000</u></u>	<u><u>2,000</u></u>	<u><u>197,000</u></u>	<u><u>202,000</u></u>	<u><u>252,000</u></u>
CAPITAL PROGRAM INFLOWS					
Interest	-	-	-	-	-
TOTAL CAPITAL INFLOWS	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
CAPITAL OUTFLOWS	<u>(197,000)</u>	<u>(2,000)</u>	<u>(197,000)</u>	<u>(202,000)</u>	<u>(252,000)</u>
NET	(197,000)	(2,000)	(197,000)	(202,000)	(252,000)



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