

Proposed FY 25-26 Budget Update

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Finance Manager

Administration Committee
June 11, 2025

OC SAN
ORANGE COUNTY SANITATION DISTRICT

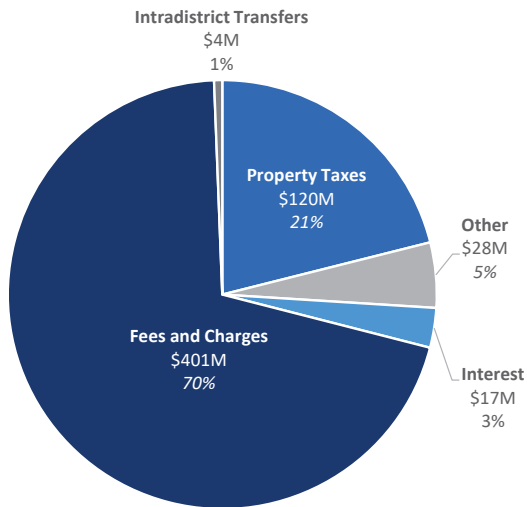
Overview

- Stable revenues
- Expenses include:
 - Operating
 - Capital Improvement Program
 - Debt service
- Staffing: FY 2025-26 (664.5 FTE)
- No new debt

**All figures in millions unless otherwise noted*

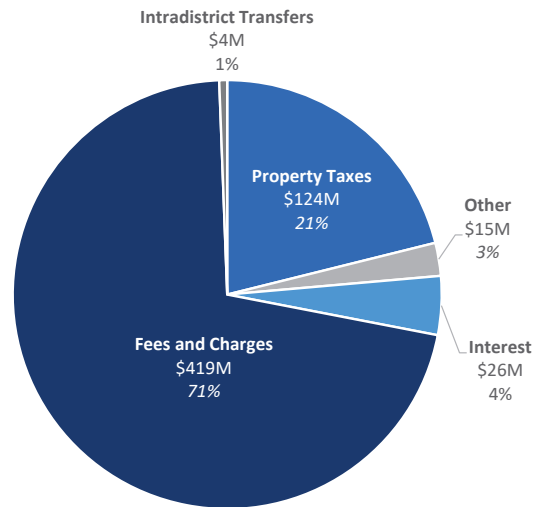
Revenues

Adopted



Total Revenues - \$570M

Proposed

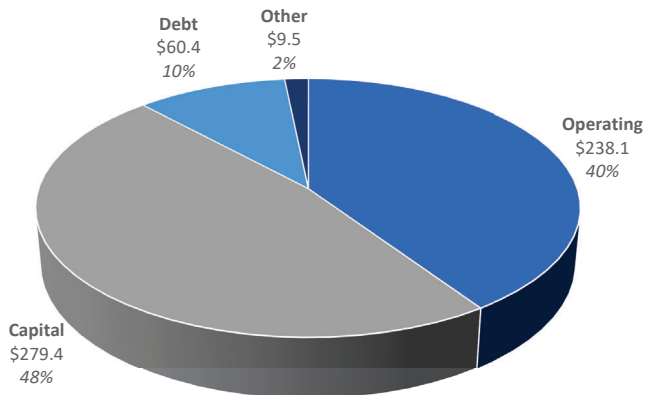


Total Revenues - \$588M

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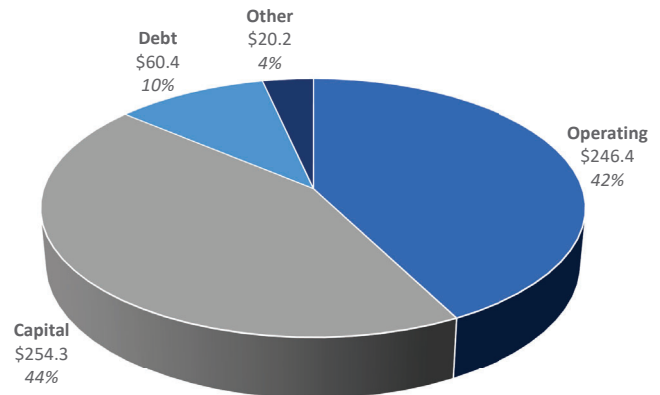
Expenses

Adopted



Total Expenses - \$587.4

Proposed

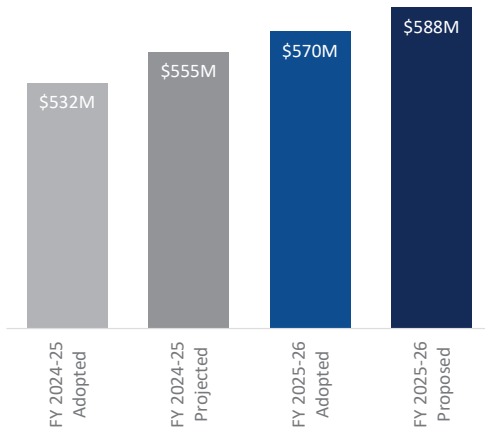


Total Expenses - \$581.3

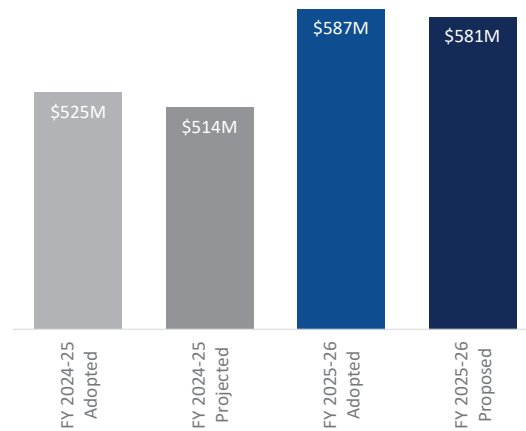
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Revenues and Expenses

Revenues



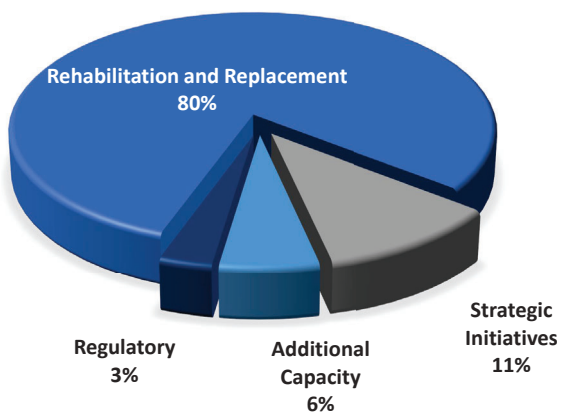
Expenses



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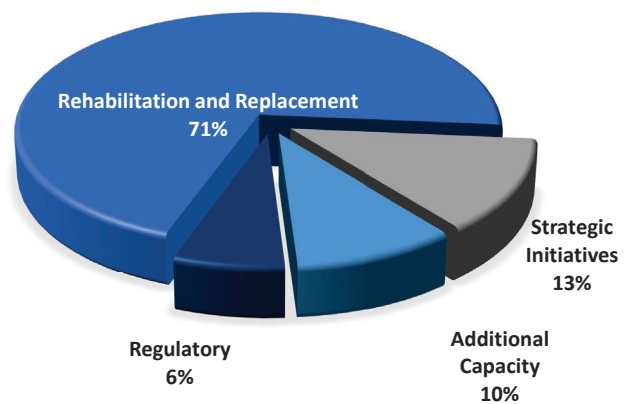
Proposed FY 2025-26 CIP

Adopted



Net CIP- \$279

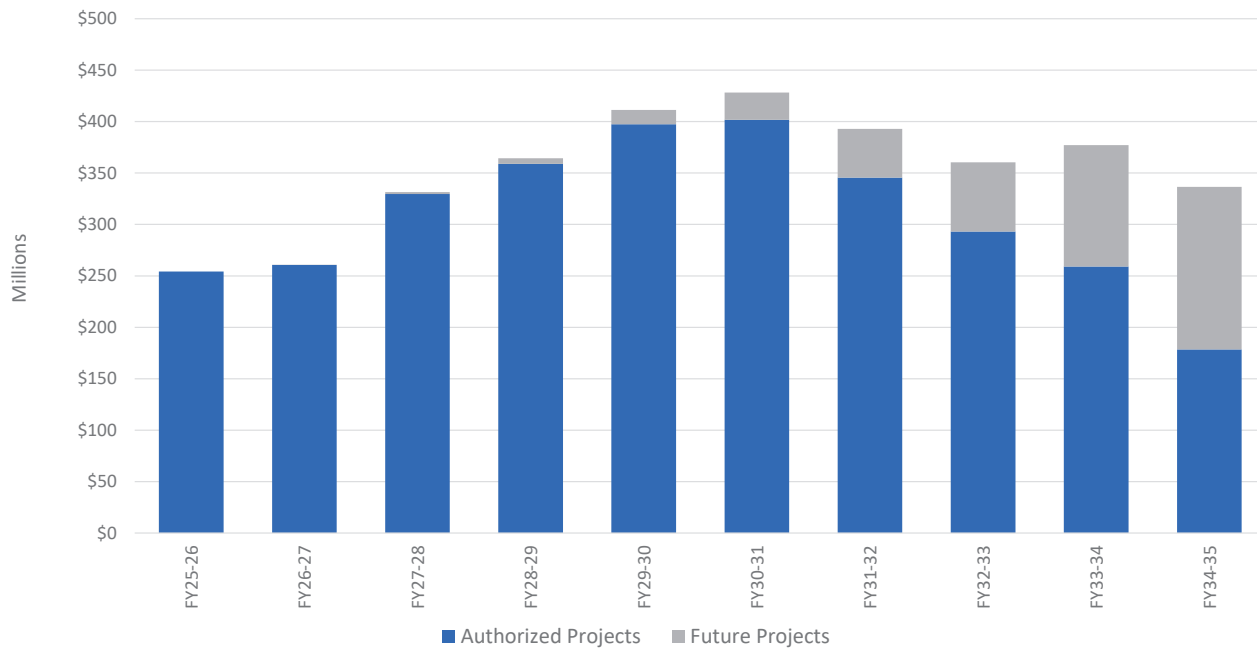
Proposed



Net CIP- \$254

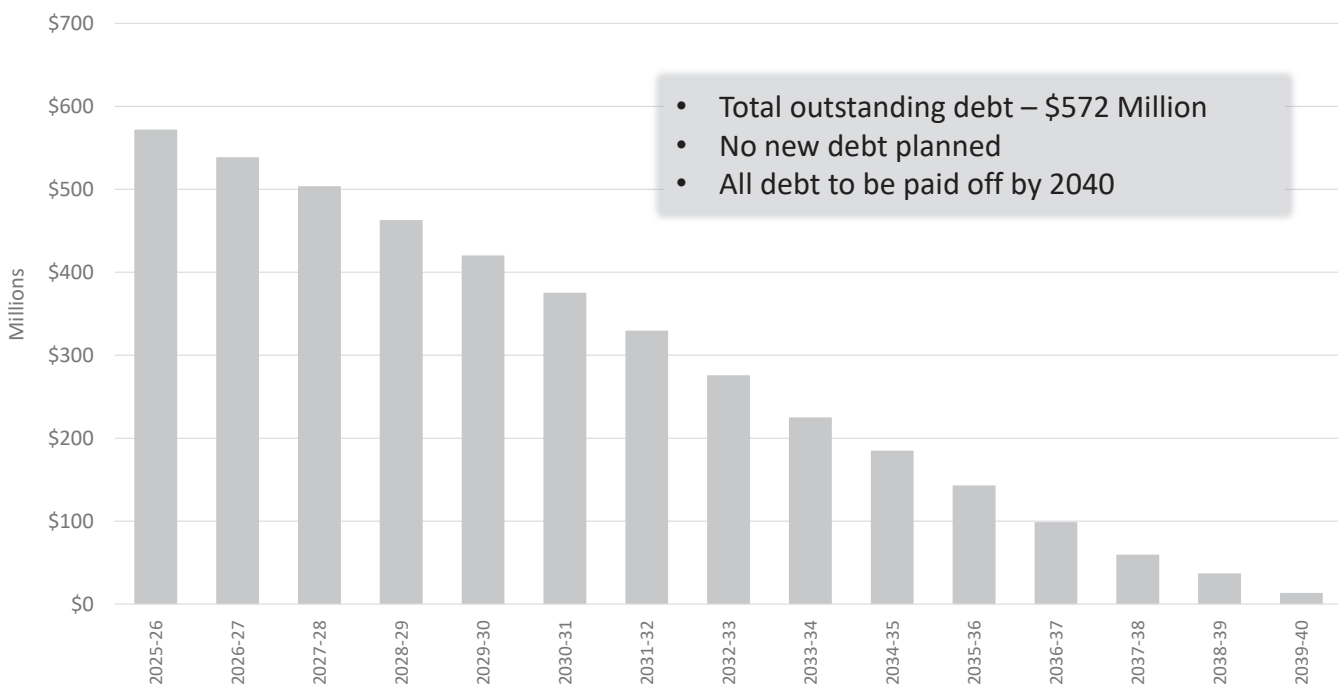
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10-Year Net CIP



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Debt Service



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Cash Flow

CASH FLOW PROJECTION						
Orange County Sanitation District Consolidated Cash Flow Projections						
Ref	Description	Prelim. 25-26	Prelim. 26-27	Prelim. 27-28	Prelim. 28-29	Prelim. 29-30
Revenues						
1	General User Fees	360,777,442	371,600,765	378,081,033	395,154,668	416,533,824
2	Permitted User Fees	16,289,000	17,090,793	17,993,488	18,944,480	19,949,520
3	SRF Assessments	20,899,390	20,707,687	19,999,964	20,718,773	22,236,440
4	SARMA Assessments	9,320	93,343	136,851	140,087	143,569
5	Property Taxes	123,488,000	127,408,840	131,231,308	135,168,144	139,233,188
6	New COP Issues	-	-	-	-	-
7	Interest Revenues	26,474,000	27,398,235	28,357,719	29,462,833	30,702,884
8	Capital Facilities Capacity Charges	21,871,000	22,821,390	23,788,984	24,767,548	25,758,704
9	Other Revenues	18,138,000	31,101,735	18,762,000	19,022,000	19,848,000
10	Revenues	588,144,962	617,592,360	617,375,640	639,338,316	665,491,241
Requirements						
11	Over & Above Top	246,363,395	252,895,289	258,187,024	265,966,710	273,238,378
12	Capital Improvement Program (CIP)	288,960,719	296,892,281	374,799,149	407,681,526	452,400,787
13	Less: CIP Savings & Deferrals	(54,074,000)	(55,647,360)	(45,214,076)	(46,870,106)	(56,110,547)
14	Allocation for Future Rehabilitation	-	110,705	1,984,812	6,288,035	18,704,823
15	COP Debt Service	60,431,184	60,359,464	60,461,104	64,467,604	64,447,264
16	Reduction of Long-Term Liabilities	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
17	Other Requirements	10,245,595	3,300,000	5,166,529	5,166,529	5,166,529
18	Requirements	581,316,791	588,085,440	670,388,636	709,338,368	768,667,534
19	Revenues Requirements	6,828,861	28,506,920	(58,112,916)	(71,778,970)	(104,486,293)
Accumulated Funds						
20	Beginning of Year	931,468,432	901,282,723	930,799,943	871,685,733	793,630,763
21	End of Year	901,282,723	930,799,943	871,685,733	793,630,763	689,142,470
22	Consolidated Reserve Policy	574,388,848	573,977,079	573,358,634	573,198,510	570,877,011
23	Over (Under) Reserve Policy	326,893,875	356,822,864	298,327,099	220,432,253	118,265,459
Base Service User Fees						
24	Aug SFR Annual User Fee	\$395	\$397	\$411	\$431	\$452
25	Percentage Change	3.77%	3.12%	3.53%	4.87%	4.87%
26	Equivalent Dwelling Units	936,177	938,586	941,803	944,628	947,462
27	SFR Connection Fee	\$16.76	\$16.68	\$17.04	\$17.39	\$17.74
28	Outstanding COPs	\$ 573,358,634	\$ 573,358,634	\$ 573,358,634	\$ 573,358,634	\$ 573,358,634
Base Service User Fees						
29	100% Next Year Operating Expense	126,432,700	128,593,317	132,833,365	138,154,189	145,046,999
30	100% Next Year Operating Expense	25,363,540	25,816,763	26,363,871	27,330,838	27,911,409
31	100% Next Year AUG COP Fee	13,717,383	13,846,583	14,004,303	14,186,177	14,389,531
32	100% Average Sanitary COP Balance	177,748,306	177,748,306	177,748,306	177,748,306	177,748,306
33	Debt Serv @ 10% Outstanding COP	97,203,000	92,870,000	90,381,000	86,906,000	83,308,000
34	Self Funded Insurance @ \$100M	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000
35	Rep & Maint	75,000,000	75,000,000	75,000,000	75,000,000	75,000,000
36	Reserve Reduction	-	-	-	-	-
37	Total	574,388,848	573,977,079	573,358,634	573,198,510	570,877,011
38	COP Balances	574,388,848	573,977,079	573,358,634	573,198,510	570,877,011
39	St User Coverage, Min 125	5.30	5.68	5.12	5.40	5.69

BUDGET UPDATE - FISCAL YEAR 2025-26

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CASH FLOW PROJECTION						
Orange County Sanitation District Consolidated Cash Flow Projections						
Ref	Description	Prelim. 31-32	Prelim. 32-33	Prelim. 33-34	Prelim. 34-35	10-Year Total
Revenues						
1	General User Fees	441,718,033	488,082,284	512,308,454	540,543,242	4,397,941,930
2	Permitted User Fees	21,339,775	22,428,971	23,549,267	24,710,813	207,879,530
3	SRF Assessments	22,158,841	21,136,263	20,807,493	20,922,341	212,029,941
4	SARMA Assessments	190,837	156,408	158,473	162,435	1,360,230
5	Property Taxes	147,707,981	152,132,937	156,695,929	161,397,833	1,418,038,643
6	New COP Issues	-	-	-	-	-
7	Interest Revenues	163,75,459	16,970,284	16,194,582	16,219,937	212,877,819
8	Capital Facilities Capacity Charges	25,472,269	26,247,421	27,214,178	28,322,012	244,829,892
9	Other Revenues	20,026,000	20,378,000	20,378,000	20,378,000	207,153,236
10	Revenues	716,088,161	748,231,180	776,807,686	816,172,545	6,856,491,623
Requirements						
11	Over & Above Top	280,000,990	292,244,239	302,277,058	318,291,045	2,763,318,771
12	Capital Improvement Program (CIP)	411,219,362	342,544,025	298,410,925	252,850,212	3,341,768,789
13	Less: CIP Savings & Deferrals	(55,815,976)	(50,383,276)	(51,898,821)	(45,881,596)	(484,770,830)
14	Allocation for Future Rehabilitation	3,331,072	76,332,232	134,078,571	179,541,390	497,888,762
15	COP Debt Service	68,545,862	68,338,374	68,913,374	69,037,836	608,864,140
16	Reduction of Long-Term Liabilities	10,000,000	10,000,000	10,000,000	10,000,000	100,000,000
17	Other Requirements	5,166,529	5,166,529	5,166,529	5,166,529	50,977,797
18	Requirements	776,121,130	747,311,021	748,248,736	759,761,349	7,082,446,833
19	Revenues Requirements	(64,032,969)	3,120,159	33,558,739	104,411,196	(230,939,211)
Accumulated Funds						
20	Beginning of Year	932,643,331	938,630,268	937,740,707	946,089,435	946,089,435
21	End of Year	938,630,268	937,740,707	946,089,435	946,089,435	946,089,435
22	Consolidated Reserve Policy	567,892,297	566,646,482	566,095,396	563,716,320	563,716,320
23	Over (Under) Reserve Policy	(26,271,726)	(32,907,789)	4,040	104,778,302	104,778,302
Base Service User Fees						
24	Aug SFR Annual User Fee	\$467	\$521	\$547	\$574	\$574
25	Percentage Change	4.85%	4.83%	4.99%	4.94%	4.94%
26	Equivalent Dwelling Units	933,153	936,014	938,882	941,748	941,748
27	SFR Connection Fee	\$16.76	\$16.68	\$17.04	\$17.39	\$17.74
28	Outstanding COPs	\$ 573,358,634	\$ 573,358,634	\$ 573,358,634	\$ 573,358,634	\$ 573,358,634
Base Service User Fees						
29	100% Next Year Operating Expense	146,633,170	150,288,769	154,045,968	157,897,117	1,187,897,117
30	100% Next Year Operating Expense	29,244,434	30,037,750	30,805,194	31,578,433	31,578,433
31	100% Next Year AUG COP Fee	14,332,487	14,332,487	14,332,487	14,332,487	14,332,487
32	100% Average Sanitary COP Balance	177,748,306	177,748,306	177,748,306	177,748,306	177,748,306
33	Debt Serv @ 10% Outstanding COP	97,203,000	92,870,000	90,381,000	86,906,000	83,308,000
34	Self Funded Insurance @ \$100M	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000
35	Rep & Maint	75,000,000	75,000,000	75,000,000	75,000,000	75,000,000
36	Reserve Reduction	-	-	-	-	-
37	Total	567,892,297	566,646,482	566,095,396	563,716,320	563,716,320
38	COP Balances	567,892,297	566,646,482	566,095,396	563,716,320	563,716,320
39	St User Coverage, Min 125	5.89	6.71	6.03	6.55	6.55

BUDGET UPDATE - FISCAL YEAR 2025-26

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Cash Flow

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35
Beginning	894	901	931	872	799	697	593	529	532	664
Revenues	588	618	611	636	662	689	715	744	778	814
Requirements	581	588	670	709	764	793	779	741	746	710
Ending	901	931	872	799	697	593	529	532	664	768

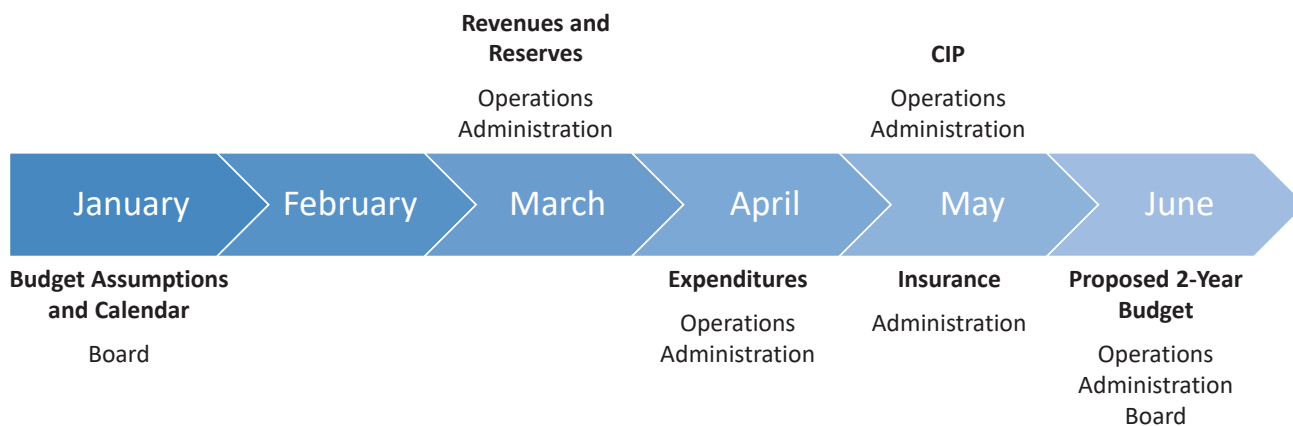
SFR Rate	\$385	\$397	\$411	\$431	\$452	\$474	\$497	\$521	\$547	\$574
Rate Increases	3.77%	3.12%	3.53%	4.87%	4.87%	4.85%	4.85%	4.83%	4.99%	4.94%

Summary

- No new debt
- Planned cash flow for healthy CIP
- Rate increases below 5%
- Conservative revenue assumptions
- Constant monitoring throughout budget cycle

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Key Meeting Dates



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Recommendation

RECOMMEND TO THE BOARD OF DIRECTORS TO:

Approve the proposed Operating, Capital, Debt Service, and Self-Insurance Budgets for FY 2025-26 as follows:

	FY 2025-26
Net Operating	\$ 246,365,399
Self-Insurance	\$ 6,745,565
Net Capital Improvement Program	\$ 254,276,633
Debt/COP Service	\$ 60,431,104
Intra-District Joint Equity Purchase/Sale (1)	\$ 3,500,000
Other Requirements	\$ 10,000,000
TOTAL	\$ 581,318,701

(1) Cash to/from Revenue Area 14 (RA14) in exchange for capital assets to/from Consolidated Revenue Area 15 (RA15)

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Questions?

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