

# Proposed FY 25-26 Budget Update

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Finance Manager

Operations Committee  
June 4, 2025



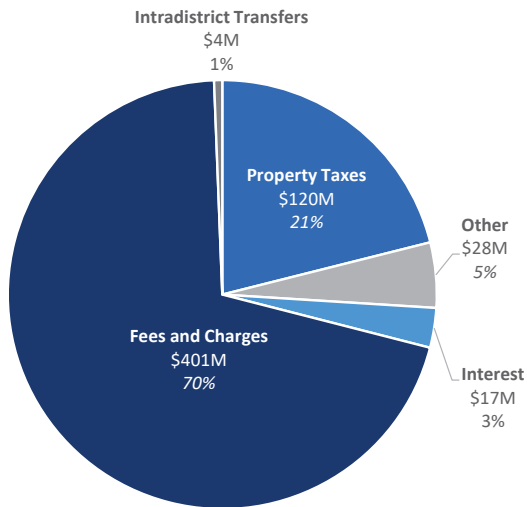
## Overview

- 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*

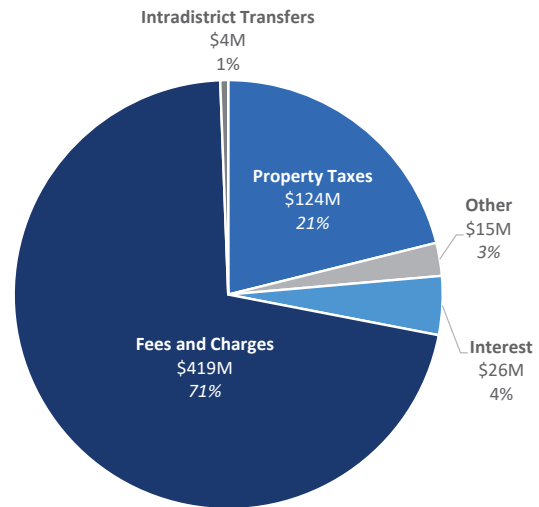
# Revenues

**Adopted**



Total Revenues - \$570M

**Proposed**

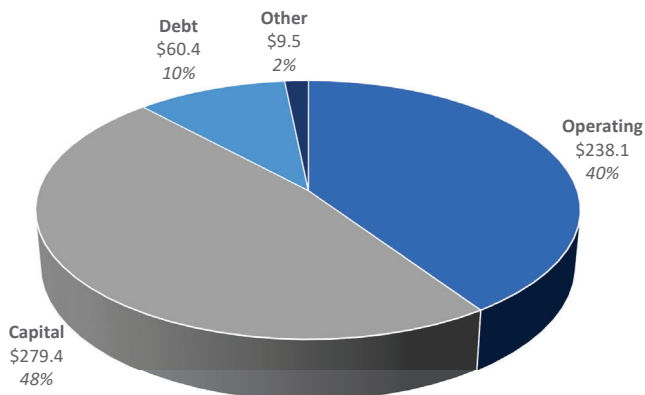


Total Revenues - \$588M

3

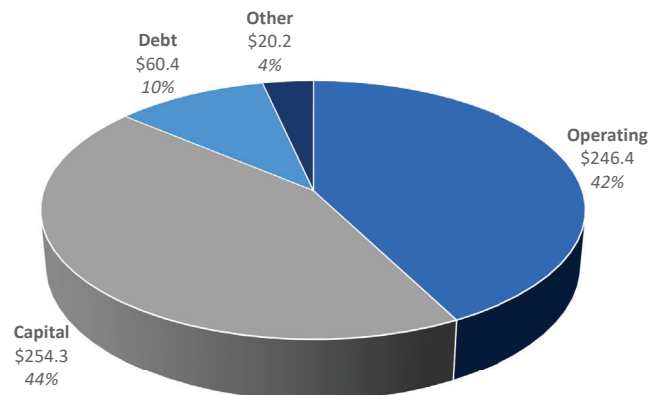
# Expenses

**Adopted**



Total Expenses - \$587.4

**Proposed**

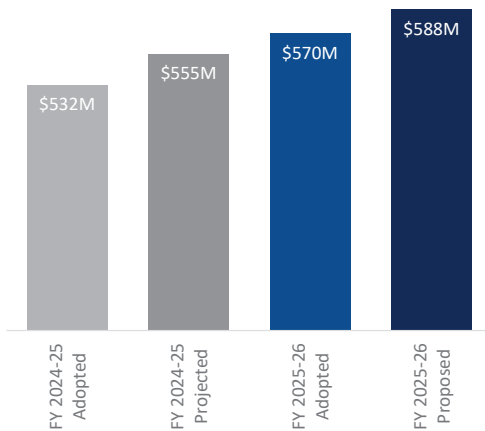


Total Expenses - \$581.3

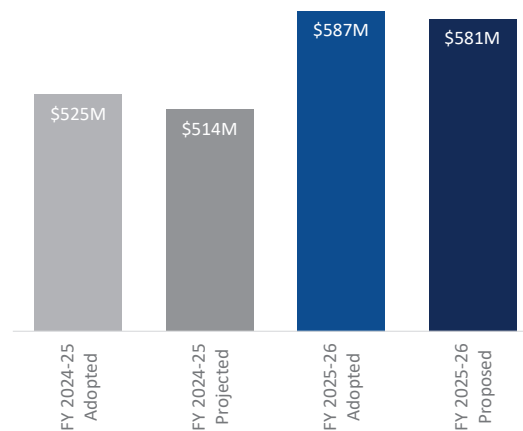
4

# Revenues and Expenses

## Revenues



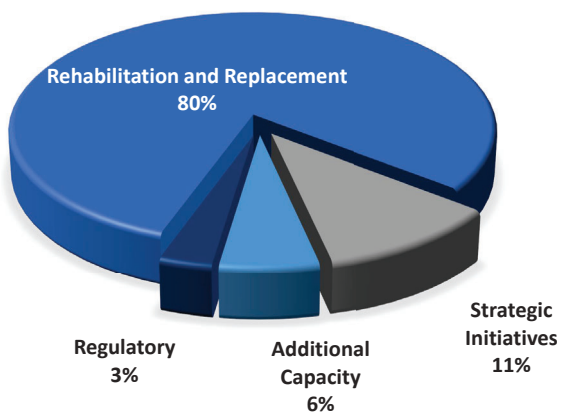
## Expenses



5

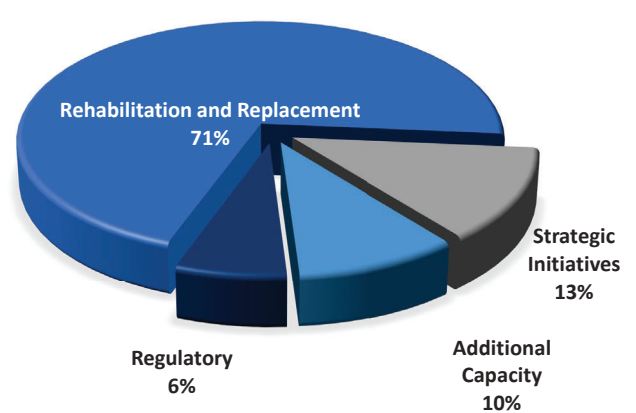
# Proposed FY 2025-26 CIP

## Adopted



Net CIP- \$279

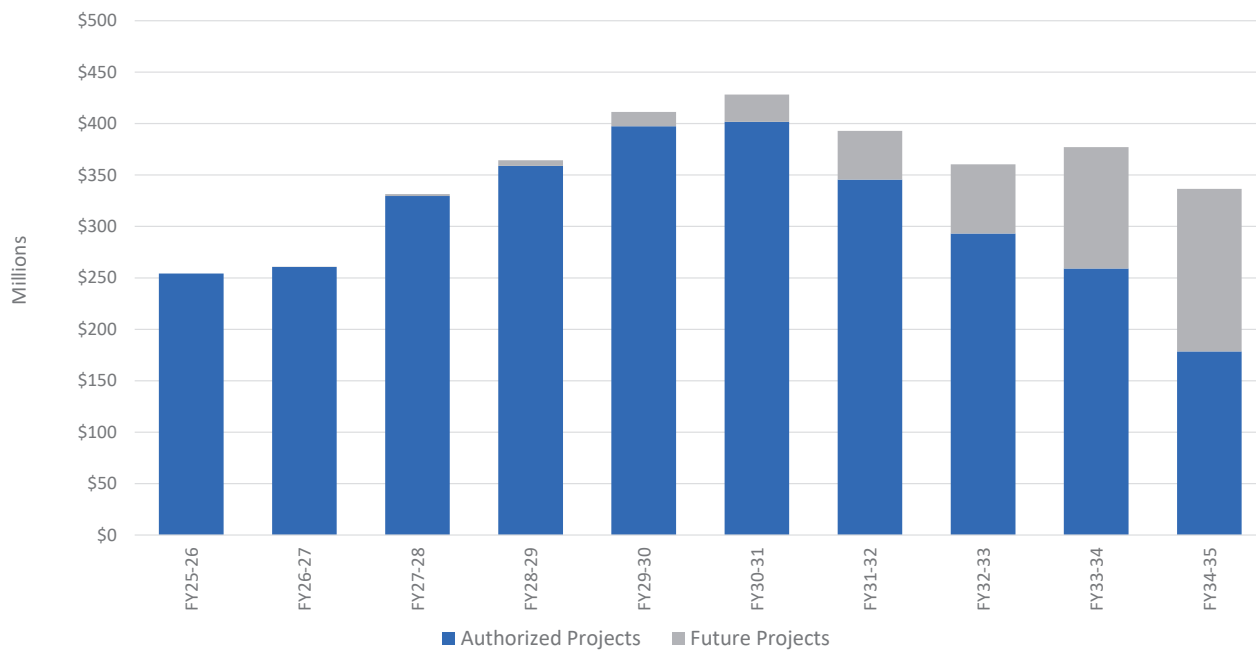
## Proposed



Net CIP- \$254

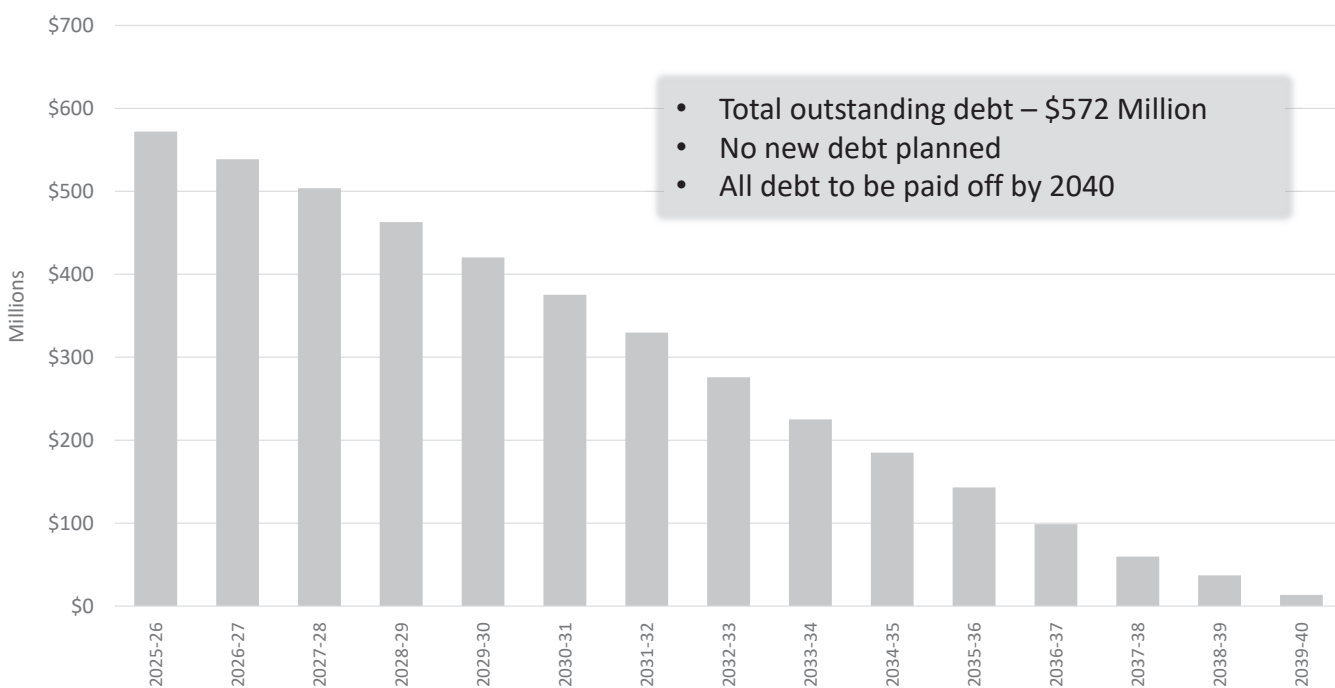
6

# 10-Year Net CIP



7

# Debt Service



8

# 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
<b>Revenues</b>						
1	General User Fees	350,777,442	371,600,765	378,081,033	395,154,668	416,533,824
2	Permitted User Fees	16,289,000	17,050,793	17,981,488	18,654,485	19,458,523
3	WPD Assessments	20,899,350	20,707,637	19,989,864	20,718,773	22,236,440
4	SARMA Assessments	9,320	93,343	136,851	140,087	143,565
5	Property Taxes	123,488,000	127,408,840	131,231,308	135,168,144	139,231,189
6	New COP Issues	-	-	-	-	-
7	Interest Revenues	26,474,000	27,388,235	28,857,719	31,482,533	32,102,884
8	Capital Facilities Capacity Charges	21,871,000	22,821,700	22,188,984	22,937,548	23,776,704
9	Other Revenues	18,138,000	31,101,735	18,762,000	19,022,000	19,848,000
10	<b>Revenues</b>	<b>588,145,562</b>	<b>617,592,360</b>	<b>611,270,840</b>	<b>636,358,316</b>	<b>665,491,241</b>
<b>Requirements</b>						
11	Over & Above Top	246,363,395	252,895,289	258,187,024	265,966,710	273,238,378
12	Capital Improvement Program (CIP)	285,960,719	296,892,281	374,789,149	407,681,526	452,400,787
13	Less: CIP Savings & Deferrals	(54,074,080)	(55,647,360)	(45,214,076)	(46,870,106)	(56,102,547)
14	Allocation for Future Rehabilitation	-	110,705	1,984,812	6,288,035	18,704,823
15	COP Debt Service	60,431,184	60,359,684	64,461,104	64,467,504	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	5,168,529	5,168,529	5,168,529
18	<b>Requirements</b>	<b>581,316,761</b>	<b>588,085,440</b>	<b>670,388,636</b>	<b>709,538,268</b>	<b>765,867,534</b>
19	<b>Revenues Requirements</b>	<b>6,829,801</b>	<b>28,506,920</b>	<b>(58,117,810)</b>	<b>(73,178,970)</b>	<b>(104,486,293)</b>
<b>Accumulated Funds</b>						
20	Beginning of Year	931,468,432	901,282,723	930,793,943	871,685,733	793,038,763
21	<b>End of Year</b>	<b>901,282,723</b>	<b>930,793,943</b>	<b>871,685,733</b>	<b>793,038,763</b>	<b>688,552,470</b>
22	<b>Consolidated Reserve Policy</b>	<b>574,388,848</b>	<b>573,977,079</b>	<b>570,358,634</b>	<b>573,198,510</b>	<b>570,877,011</b>
23	<b>Over (Under) Reserve Policy</b>	<b>326,893,875</b>	<b>356,816,864</b>	<b>298,327,099</b>	<b>220,839,253</b>	<b>117,675,459</b>
<b>Rate Service User Fees</b>						
24	Aug SFR Annual User Fee	\$385	\$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	\$16.44	\$16.36	\$16.14
28	<b>Outstanding COPs</b>	<b>\$ 573,350,000</b>	<b>\$ 538,750,000</b>	<b>\$ 503,850,000</b>	<b>\$ 463,950,000</b>	<b>\$ 420,350,000</b>
<b>Rate Service</b>						
29	80% Next Year Operating Expense	126,432,700	128,593,317	132,833,365	138,154,189	143,938,044
30	10% Next Year Operating Expense	25,363,540	25,816,703	26,563,671	27,330,838	28,101,609
31	100% Next Year AUG COP Fee	13,717,383	13,446,583	13,894,303	14,364,177	14,839,531
32	80% Average Twelve COP Service	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	83,300,000
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	<b>Total</b>	<b>574,388,848</b>	<b>573,977,079</b>	<b>570,358,634</b>	<b>573,198,510</b>	<b>570,877,011</b>
38	<b>COP Balies</b>	<b>574,388,848</b>	<b>573,977,079</b>	<b>570,358,634</b>	<b>573,198,510</b>	<b>570,877,011</b>
39	St User Coverage, Min 125	5.30	5.68	5.12	5.40	5.69

BUDGET UPDATE - FISCAL YEAR 2025-26

A-1

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
<b>Revenues</b>						
1	General User Fees	445,718,033	486,082,284	512,308,454	540,043,242	4,357,941,930
2	Permitted User Fees	21,339,775	22,428,971	23,549,267	24,710,813	207,879,530
3	WPD Assessments	22,158,841	21,136,263	21,807,493	20,922,341	212,029,946
4	SARMA Assessments	130,837	156,308	158,473	162,435	1,380,350
5	Property Taxes	147,707,981	152,132,937	156,695,926	161,297,833	1,418,038,643
6	New COP Issues	-	-	-	-	-
7	Interest Revenues	18,775,459	19,970,284	19,194,582	18,219,937	212,877,819
8	Capital Facilities Capacity Charges	25,472,269	26,247,421	27,214,718	28,322,012	248,829,932
9	Other Revenues	20,026,000	20,378,000	20,378,000	20,378,000	207,153,236
10	<b>Revenues</b>	<b>716,088,161</b>	<b>748,231,180</b>	<b>778,807,686</b>	<b>814,172,545</b>	<b>6,856,491,623</b>
<b>Requirements</b>						
11	Over & Above Top	280,000,990	292,244,239	302,277,058	308,291,045	2,763,518,771
12	Capital Improvement Program (CIP)	411,219,362	342,544,025	298,410,925	202,802,211	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	79,332,232	131,078,571	179,541,390	497,888,762
15	COP Debt Service	68,545,862	68,338,374	69,313,374	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	5,168,529	5,168,529	5,168,529	5,168,529	50,977,787
18	<b>Requirements</b>	<b>776,121,130</b>	<b>747,211,021</b>	<b>748,248,736</b>	<b>709,761,349</b>	<b>7,082,446,833</b>
19	<b>Revenues Requirements</b>	<b>(64,032,969)</b>	<b>3,120,159</b>	<b>30,558,739</b>	<b>104,411,196</b>	<b>(230,939,211)</b>
<b>Accumulated Funds</b>						
20	Beginning of Year	932,643,331	938,630,068	937,740,707	946,089,435	8,661,041,616
21	<b>End of Year</b>	<b>868,610,368</b>	<b>935,750,227</b>	<b>968,299,446</b>	<b>1,050,500,631</b>	<b>8,661,041,616</b>
22	<b>Consolidated Reserve Policy</b>	<b>567,892,297</b>	<b>568,648,482</b>	<b>568,099,396</b>	<b>563,716,320</b>	<b>5,661,716,320</b>
23	<b>Over (Under) Reserve Policy</b>	<b>(28,271,726)</b>	<b>(32,907,788)</b>	<b>4,040</b>	<b>104,778,312</b>	<b>1,047,778,312</b>
<b>Rate Service User Fees</b>						
24	Aug SFR Annual User Fee	\$457	\$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	\$16.36	\$16.36	\$16.14	\$16.14	\$16.14
28	<b>Outstanding COPs</b>	<b>\$ 573,350,000</b>	<b>\$ 538,750,000</b>	<b>\$ 503,850,000</b>	<b>\$ 463,950,000</b>	<b>\$ 420,350,000</b>
<b>Rate Service</b>						
29	80% Next Year Operating Expense	146,633,170	150,389,769	154,045,968	157,897,117	1,378,938,044
30	10% Next Year Operating Expense	29,244,634	30,097,750	30,805,194	31,578,433	242,801,609
31	100% Next Year AUG COP Fee	13,717,383	13,446,583	13,894,303	14,364,177	14,839,531
32	80% Average Twelve COP Service	177,748,306	177,748,306	177,748,306	177,748,306	1,378,938,044
33	Debt Serv @ 10% Outstanding COP	97,203,000	92,870,000	90,381,000	86,906,000	83,300,000
34	Self Funded Insurance @ \$100M	100,000,000	100,000,000	100,000,000	100,000,000	1,000,000,000
35	Rep & Maint	75,000,000	75,000,000	75,000,000	75,000,000	750,000,000
36	Reserve Reduction	-	-	-	-	-
37	<b>Total</b>	<b>567,892,297</b>	<b>568,648,482</b>	<b>568,099,396</b>	<b>563,716,320</b>	<b>5,661,716,320</b>
38	<b>COP Balies</b>	<b>567,892,297</b>	<b>568,648,482</b>	<b>568,099,396</b>	<b>563,716,320</b>	<b>5,661,716,320</b>
39	St User Coverage, Min 125	5.89	6.71	6.03	6.55	6.55

BUDGET UPDATE - FISCAL YEAR 2025-26

A-2

9

# Cash Flow

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

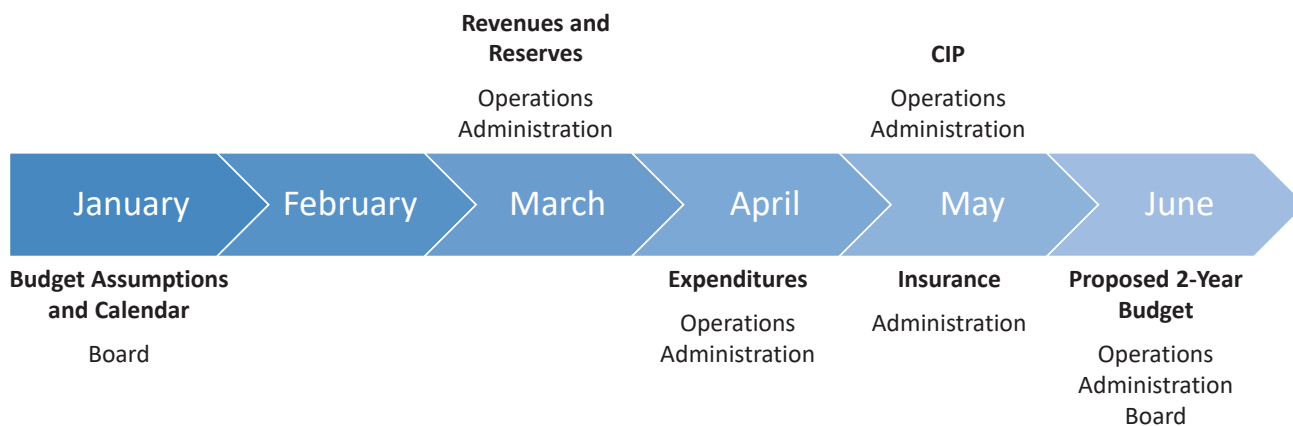
SFR Rate	\$385	\$397	\$411	\$431	\$452	\$474	\$497	\$521	\$547	\$574
Rate Increases	3.77%	3.12%	3.53%	4.87%	4.87%	4.85%	4.85%	4.83%	4.99%	4.94%

# Summary

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

11

# Key Meeting Dates



12

# Questions?



13