



# ADMINISTRATION COMMITTEE

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## Agenda Report

**File #:** 2026-4879

**Agenda Date:** 4/22/2026

**Agenda Item No:** 11.

**FROM:** Robert Thompson, General Manager  
Originator: Wally Ritchie, Director of Finance

**SUBJECT:**

**FY 2025-26 BUDGET AMENDMENT**

**GENERAL MANAGER'S RECOMMENDATION**

RECOMMENDATION:

Approve a budget increase of \$68,000,000 for FY 2025-26, for a total budget as follows:

	<b><u>FY 2025-26</u></b>
Net Operating	\$260,365,399
Self-Insurance	\$ 6,745,565
Net Capital Improvement Program	\$317,959,620
Debt/COP Service	\$ 60,431,104
Intra-District Joint Equity Purchase/Sale (1)	\$ 3,500,000
<b>Total</b>	<b>\$649,001,688</b>

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

**BACKGROUND**

In June 2025, the Board of Directors approved the Operating, Capital, Debt Service, and Self-Insurance Budgets for FY 2025-26. An accelerated execution rate for the Capital Improvement Program (CIP) and planned repairs and maintenance activities have driven the need to request a FY 2025-26 budget increase.

**RELEVANT STANDARDS**

- Ensure the public's money is wisely spent
- Produce appropriate financial reporting - annual financial report & audit letter and Ops & CIP budgets every two years, with annual update

**PROBLEM**

The budget authority for FY2025-26 is not adequate to cover the estimated expenses for the fiscal year.

**PROPOSED SOLUTION**

Approve the proposed budget increase for FY 2025-26.

**TIMING CONCERNS**

The budget increase needs to be approved before expenditures can exceed the previously approved amount.

**RAMIFICATIONS OF NOT TAKING ACTION**

OC San will not have a budget approved at sufficient levels to accommodate the expenses incurred in FY 2025-26.

**PRIOR COMMITTEE/BOARD ACTIONS**

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

		<b><u>FY 2025-26</u></b>
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 <sup>(1)</sup>	\$	3,500,000
Other Requirements	\$	10,000,000
<b>Total</b>	<b>\$</b>	<b>581,318,701</b>

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

**ADDITIONAL INFORMATION**

The table below shows the approved budget and estimated actuals for FY 2025-26 (in millions).

	<b>Approved Budget</b>	<b>Estimated Actuals</b>	<b>Variance</b>	<b>Performance Percentage</b>
Capital	\$254	\$318	\$64	125%
Operating	\$246	\$260	\$14	106%
Debt Service	\$60	\$60	\$ 0	100%
Other	\$21	\$11	\$(-10)	52%
<b>Total</b>	<b>\$581</b>	<b>\$649</b>	<b>\$68</b>	

Due to receiving higher than budgeted revenues for FY 2025-26 a portion of the increase of the expenditure budget is offset, detailed in the table below (in millions).

	<b>Adopted Budget</b>	<b>Estimated Actuals</b>	<b>Variance</b>
Revenues	\$588	\$617	\$29
Expenditures	\$581	\$649	\$68
<b>Net Revenues</b>	<b>\$7</b>	<b>\$(32)</b>	<b>\$(39)</b>

The requested increase does not impact the long term cashflow due to the capital increase request in FY 2025-26 being predominantly driven by accelerated project spending, not project budget increases. These spending increases are offset by a reduction in spending for the relevant projects in future years.

### **CEQA**

N/A

### **FINANCIAL CONSIDERATIONS**

Increase in budget will not affect long term cash flow.

### **ATTACHMENT**

*The following attachment(s) may be viewed on-line at the OC San website ([www.ocsan.gov](http://www.ocsan.gov)) with the complete agenda package:*

- Presentation