



FY 2026/27 Budget and 10-Year Forecast

Board Workshop April 29, 2026

Andrea Salazar, Chief Financial Officer

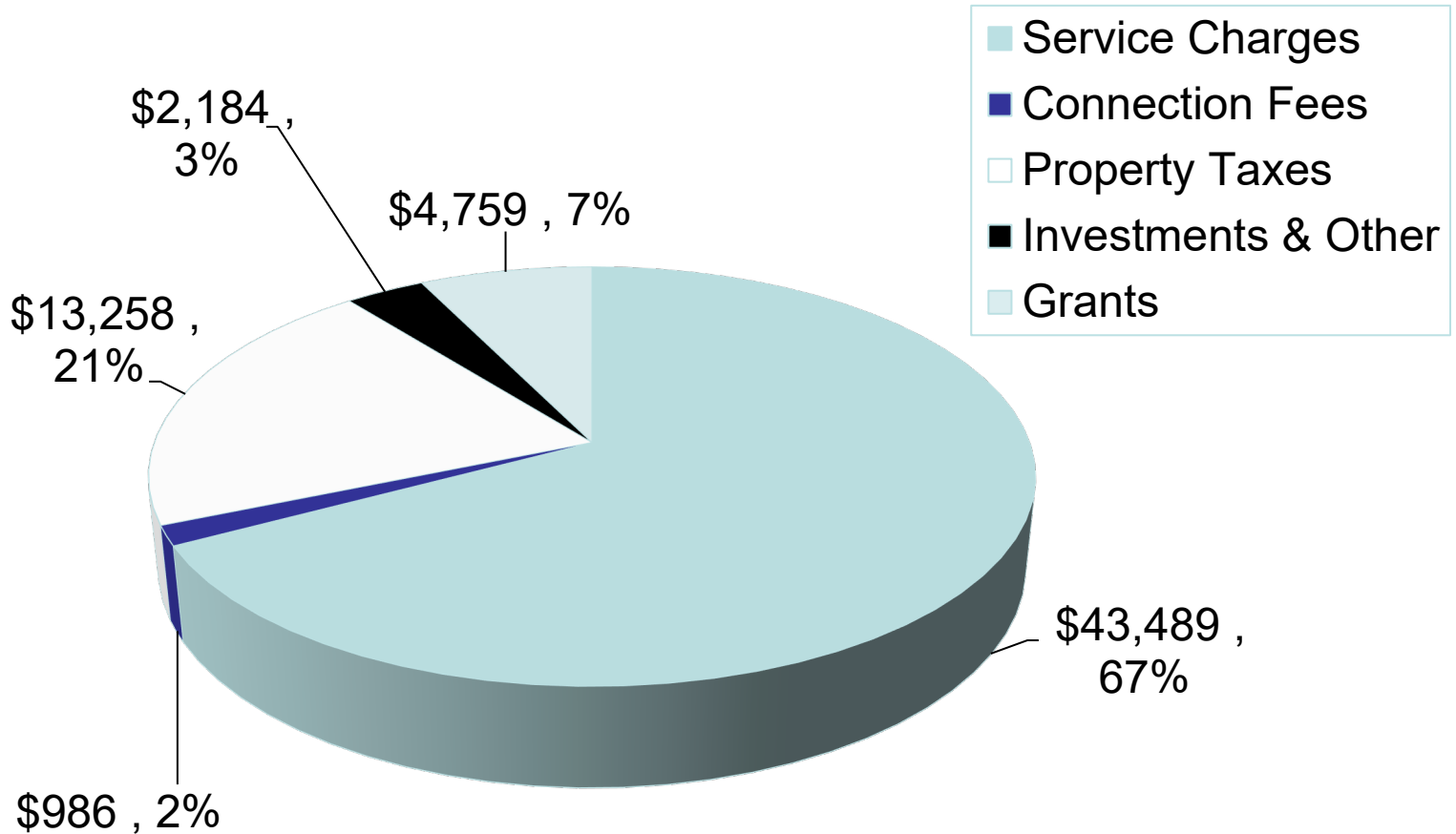




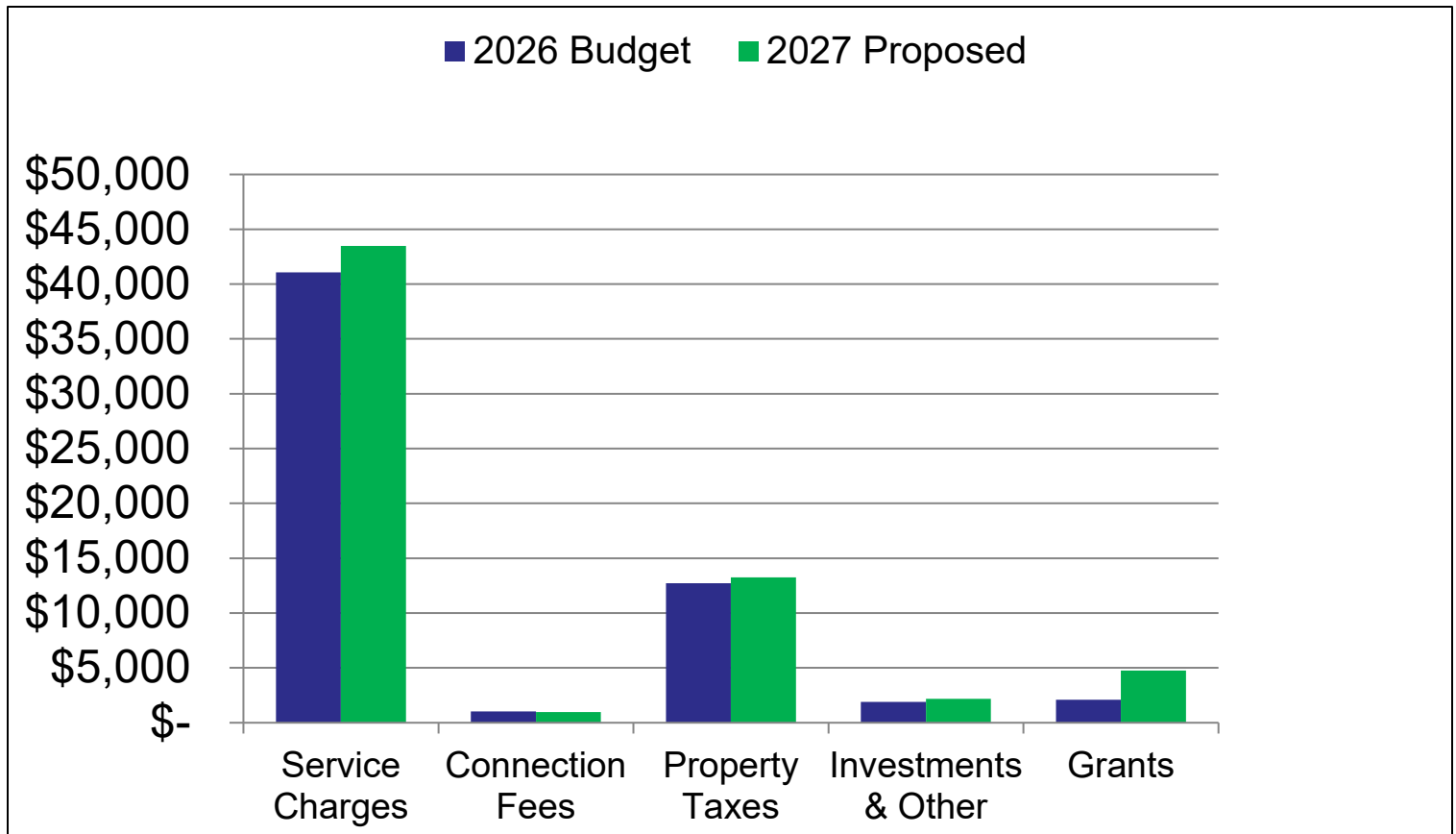
2026/27 Budget and Long-Range Forecast:

- Balanced – available resources equal expenditures plus reserves
- Complies with Board adopted reserve policies – operating/capital/rate stabilization
- Meets required debt coverage ratios – net operating revenues cover at least 120% of annual debt payments

Projected Water and Sewer Total Revenue \$64,676 (In Thousands)

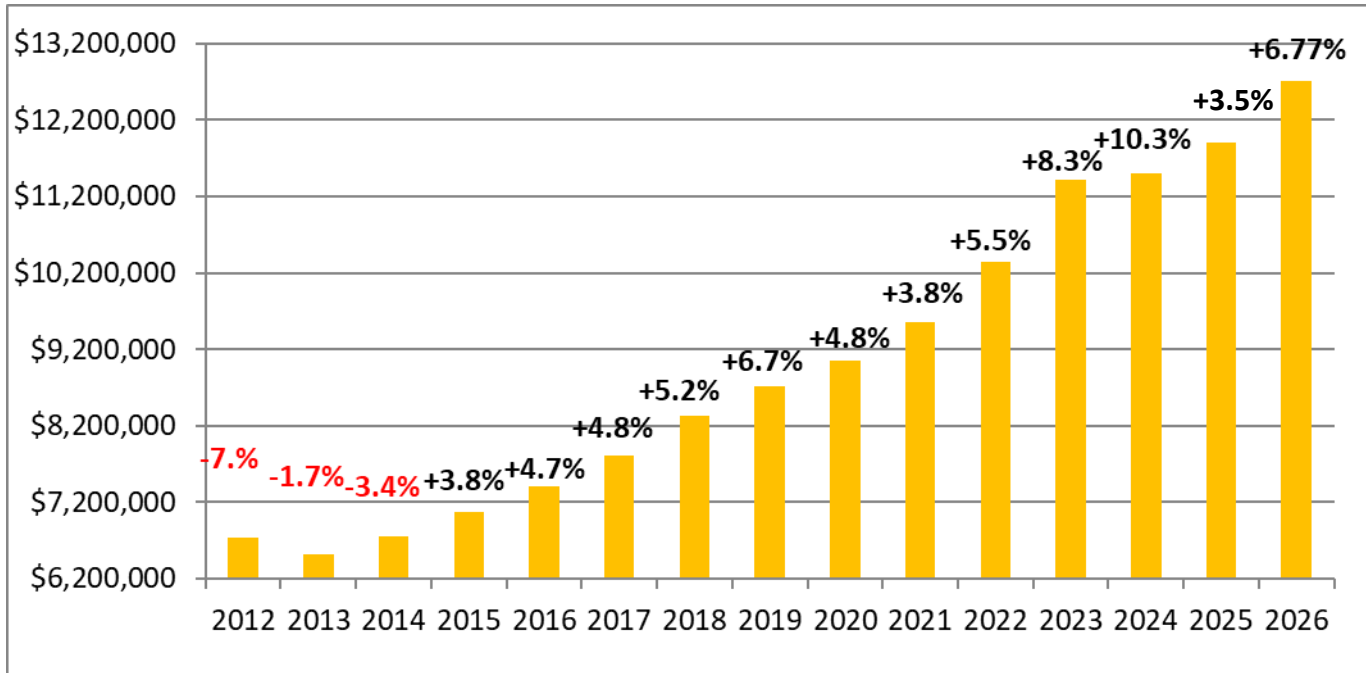


Water and Sewer Combined Revenue Year-to-Year Comparisons (In Thousands)



PROPERTY TAX REVENUES

2026/27 PROJECTED \$13.2M



PROPERTY TAX DISTRIBUTION BETWEEN FUNDS

FINANCE COMMITTEE RECOMMENDATION

	<u>SEWER FUND</u>		<u>WATER FUND</u>		<u>TOTAL</u>
2026/27	8,087,132	61%	5,170,462	39%	13,257,594
2027/28	8,016,973	58%	5,805,394	42%	13,822,368
2028/29	8,070,272	56%	6,340,928	44%	14,411,201
2029/30	8,414,066	56%	6,611,052	44%	15,025,118
2030/31	8,772,505	56%	6,892,683	44%	15,665,188
2031/32	9,146,214	56%	7,186,311	44%	16,332,525
2032/33	9,535,843	56%	7,492,448	44%	17,028,290
2033/34	9,942,069	56%	7,811,626	44%	17,753,695
2034/35	10,365,602	56%	8,144,401	44%	18,510,003
2035/36	10,807,176	56%	8,491,353	44%	19,298,529



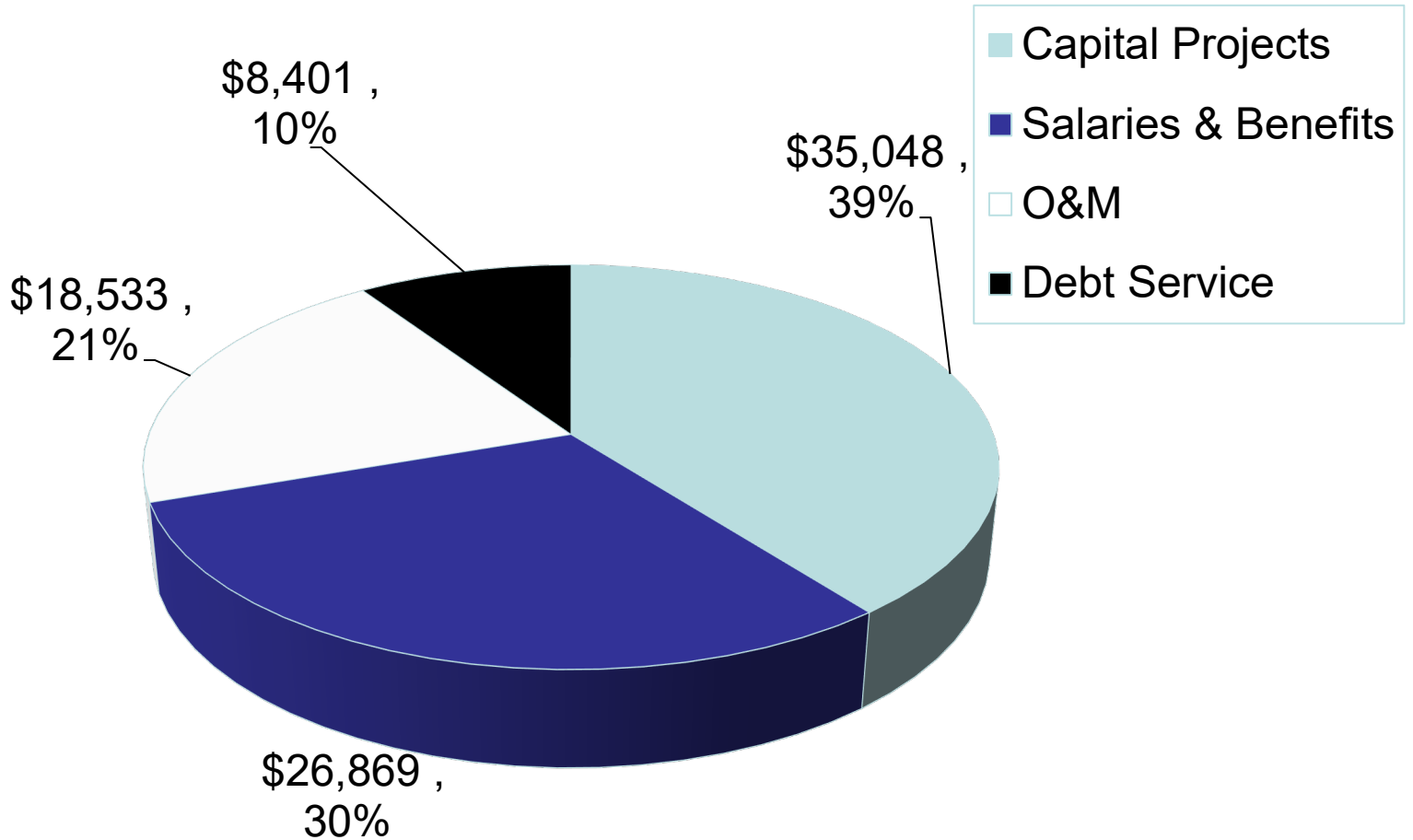
SOUTH TAHOE RDA TAX TRANSFERS CONTINUE

- 2026/27 Property Tax transfer = \$600,000
- Equals 4.6% of projected District gross Property Tax
- Transfers from the District to the Successor Agency of the South Tahoe RDA will continue until all bonded debt is satisfied – Approximately 2041

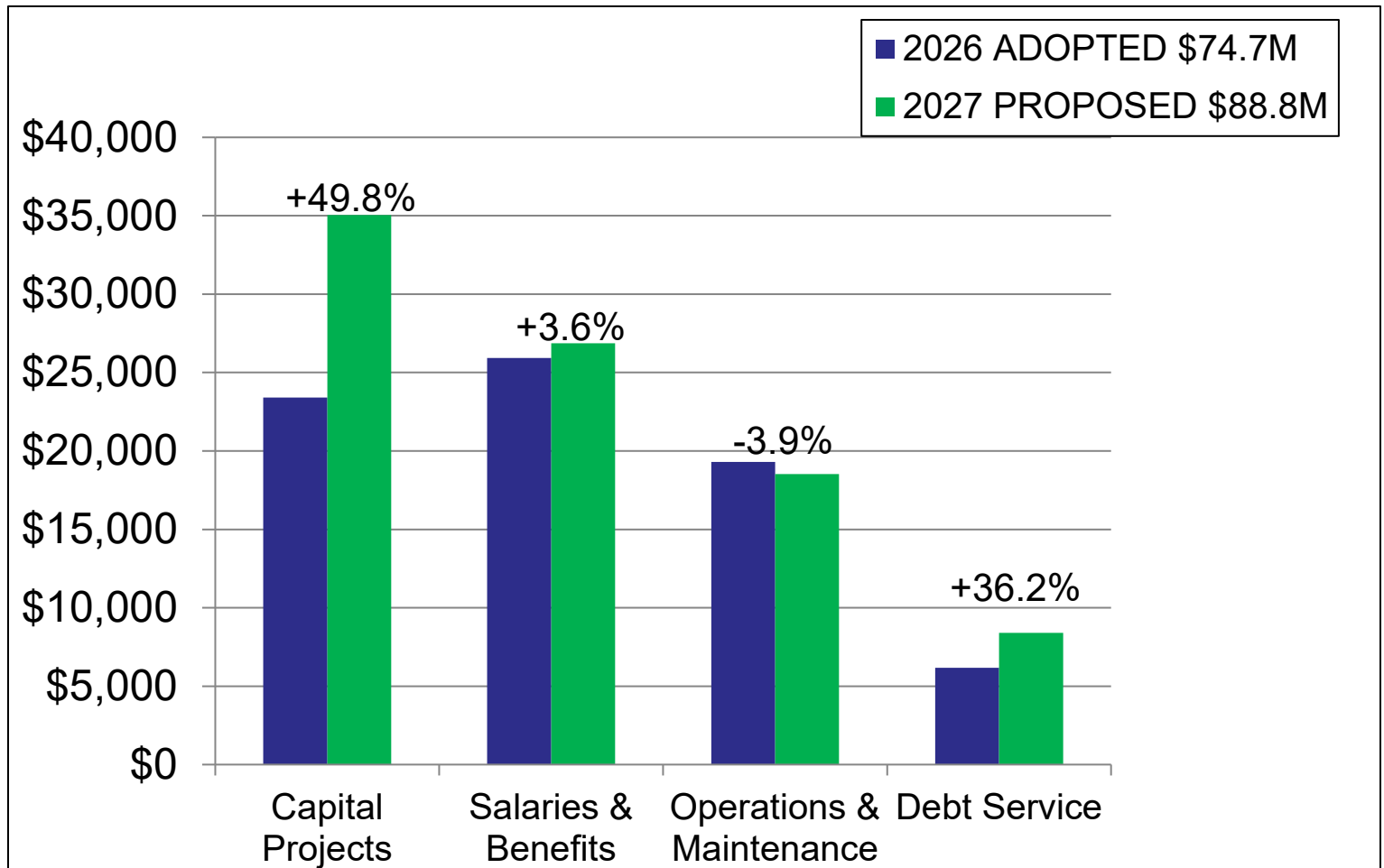


Projected Water and Sewer Total Expenditures

\$88,852 (In Thousands)



Water and Sewer Combined Expenditures Year-to-Year Comparisons (In Thousands)





SALARIES

SALARY AND BENEFITS BUDGET ANALYSIS FISCAL YEAR 2026/27 BUDGET

	<u>SALARIES</u>	<u>BENEFITS</u>	<u>TOTAL</u>
FISCAL YEAR 2027 PROPOSED SALARIES AND BENEFITS:	\$ 17,525,770	\$ 9,343,127	\$ 26,868,897
FISCAL YEAR 2026 BUDGETED SALARIES AND BENEFITS:	<u>\$ 17,116,623</u>	<u>\$ 8,806,841</u>	<u>\$ 25,923,464</u>
DIFFERENCE \$	\$ 409,147	\$ 536,286	\$ 945,433
DIFFERENCE %	2.4%	6.1%	3.6%

EXPLANATION:

SALARIES: 2027 PROPOSED SALARIES INCLUDE A 2.5% COLA.
REMAINING DIFFERENCE IS DUE TO STEP INCREASES.

BENEFITS: 10% INCREASE IN JPIA HEALTH INSURANCE RATES
6% INCREASE IN CALPERS CLASSIC
REMAINING DIFFERENCE IS DUE TO BENEFITS RELATED TO STEP INCREASES



BENEFITS – CalPERS Classic

FISCAL YEAR	INCREASE (DECREASE)	DISTRICT RATES AS A PERCENT OF SALARIES			
		EMPLOYER RATE*	EMPLOYEE PAID RATE	EMPLOYER PAID EMPLOYEE RATE	TOTAL EMPLOYEE RATE
2022/23	1.944%	27.300%	8.000%	0.000%	8.00%
2023/24	1.312%	28.612%	8.000%	0.000%	8.00%
2024/25	8.748%	37.360%	8.000%	0.000%	8.00%
2025/26	7.780%	45.140%	8.000%	0.000%	8.00%
2026/27	-1.080%	44.060%	8.000%	0.000%	8.00%

*EMPLOYER RATE INCLUDES UNFUNDED LIABILITY PREPAID IN FULL BY JULY 31

CURRENT DISTRICT POLICY: RATE INCREASES ARE SHARED EQUALLY WITH EMPLOYEES UNTIL THE EMPLOYEE PAID RATE REACHES THE 8% MAXIMUM ACCORDING TO CURRENT CALPERS POLICY.

TOTAL ESTIMATED EMPLOYER CONTRIBUTIONS FOR 2026/27: \$2,635,041

ESTIMATED INCREASE OVER 2025/26: \$371,046

CURRENTLY 41 EMPLOYEES ARE ENROLLED IN THIS CALPERS PLAN, 5 LESS PARTICIPANTS THAN FY 2025-26



BENEFITS – CalPERS PEPRA

DISTRICT RATES AS A PERCENT OF SALARIES

FISCAL YEAR	INCREASE	DISTRICT RATES AS A PERCENT OF SALARIES			
		EMPLOYER RATE	EMPLOYEE PAID RATE	EMPLOYER PAID EMPLOYEE RATE	TOTAL EMPLOYEE RATE
2022/23	-0.158%	7.831%	6.750%	0.000%	6.750%
2023/24	-0.151%	7.680%	7.750%	0.000%	7.750%
2024/25	0.190%	7.870%	7.750%	0.000%	7.750%
2025/26	0.090%	7.960%	7.750%	0.000%	7.750%
2026/27	-0.030%	7.930%	7.750%	0.000%	7.750%

TOTAL ESTIMATED EMPLOYER CONTRIBUTIONS FOR 2026/27 - \$873,102

ESTIMATED INCREASE OVER 2025/26 - \$309,272

	Classic 2.7% @ 55	PEPRA 2.0% @ 62	ANNUAL DISTRICT SAVINGS
SAVINGS EXAMPLE:			
- EMPLOYEE EARNING \$60,000/YR	\$ 26,436	\$ 4,758	\$ <u>21,678</u>

CURRENTLY 82 EMPLOYEES ARE ENROLLED IN THIS CALPERS PLAN, 7 ADDITIONAL PARTICIPANTS FROM FY 2025-26





OPERATIONS & MAINTENANCE

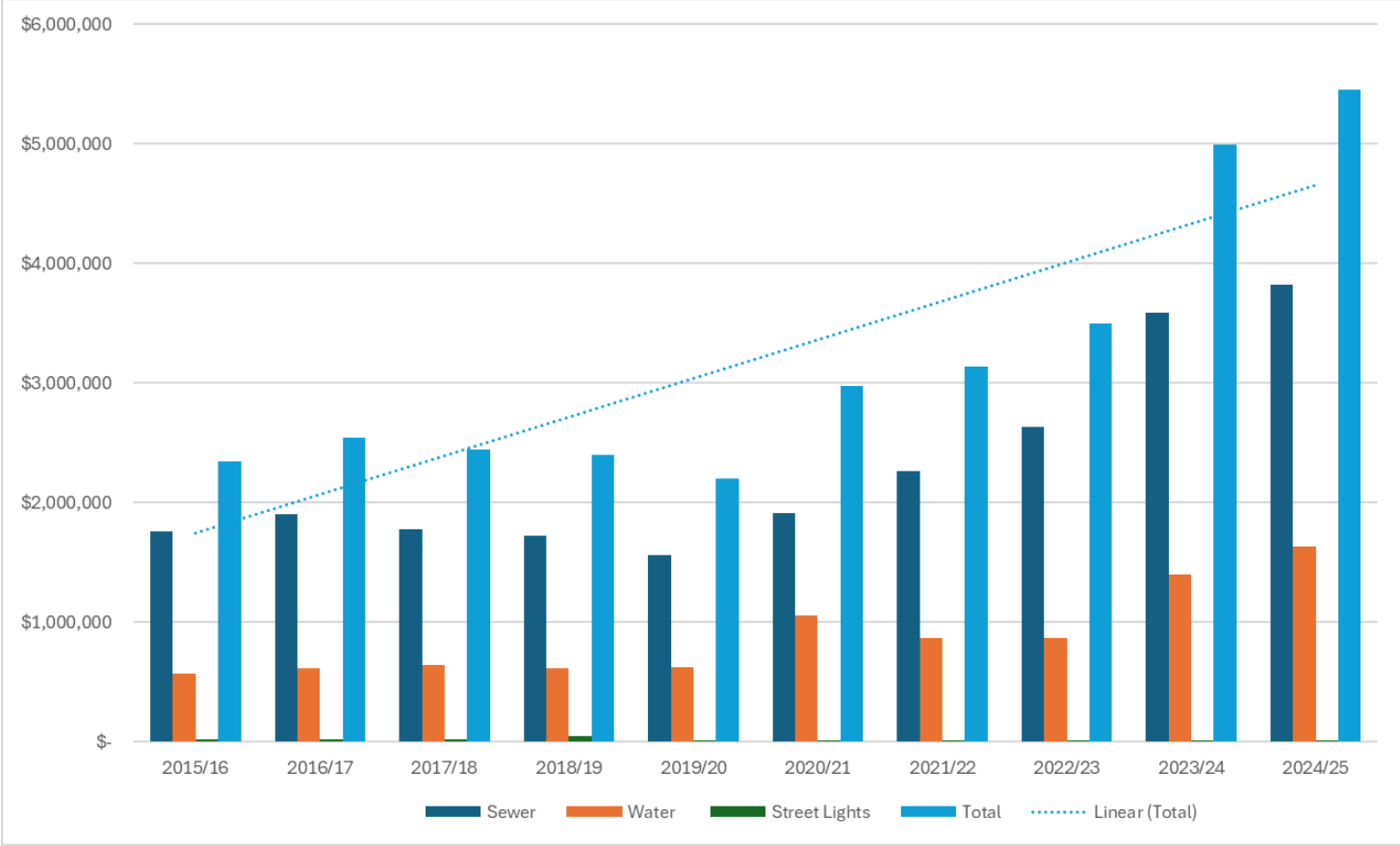
FISCAL YEAR 2027 PROPOSED O & M EXPENSES:	\$ 18,823,328
FISCAL YEAR 2026 BUDGETED O & M EXPENSES:	\$ 19,294,841
DIFFERENCE \$	\$ (471,513)
NET DIFFERENCE	\$ (471,513)
DIFFERENCE %	-2.44%

EXPLANATION:

REDUCTION IN CONTRACTUAL SERVICES - WATER	\$ (350,251)
REDUCTION IN CONTRACTUAL SERVICES - SEWER	\$ (229,250)
WATER ONE-TIME CONTRACTED SERVICES EXPENSES:	
CATHODIC PROTECTION	\$ 35,000
LOCAL HAZARD MITIGATION PLAN	\$ 15,000
TECHNICAL SPECS (CSLT SUPPORT)	\$ 15,000
WATER SYSTEM MASTER PLAN	\$ 450,000
SEWER ONE-TIME CONTRACTED SERVICES EXPENSES:	
ICR SEDIMENT TREATMENT (BLM GRANT)	\$ 85,000
LOCAL HAZARD MITIGATION PLAN	\$ 15,000
SEWER COLLECTION MASTER PLAN	\$ 450,000
SHOP FACILITIES MASTER PLAN	\$ 200,000
TECHNICAL SPECS (CSLT SUPPORT)	\$ 15,000



Liberty Utilities – 9 Year History





TOTAL PROJECTED RESERVE BALANCES (In thousands)

	<u>6/30/2026</u>	<u>06/30/2027</u>
Operating	\$ 8,623	\$ 8,967
Capital	\$ 17,769	\$ 20,050
Debt	\$ 4,613	\$ 7,069
Rate Stabilization	\$ 6,206	\$ 8,000



RATE ASSUMPTIONS

WATER CIP "NEEDS BASED" RATE FUNDING	<u>Years 1-3</u>	<u>Years 4-9</u>	<u>Year 10</u>
	6.50%	9.50%	3.00%
SEWER CIP "NEEDS BASED" RATE FUNDING	<u>Years 1-3</u>	<u>Years 4-9</u>	<u>Year 10</u>
	6.50%	9.50%	3.00%

- Needs Based CIP
 - FY 2026-27: Water - \$19.8M; Sewer - \$8.3M
 - 10-Year: Water - \$142.9M; Sewer - \$214.5M
- Adopting rates less than assumed will require reductions to the CIP's.
- When possible, the District utilizes the State Revolving Fund Program to complete sewer and water projects. This program offers subsidized interest rates that are typically lower than the General tax-exempt market.



CIP Reductions (000s)

	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2032</u>	<u>2033</u>	<u>2034</u>	<u>2035</u>	<u>2036</u>	<u>Totals</u>
Water Original CIP	\$20,109	\$17,316	\$19,122	\$15,214	\$19,098	\$21,647	\$16,269	\$18,082	\$19,331	\$19,776	\$185,964
Water Revised CIP	\$19,873	\$13,257	\$7,254	\$6,168	\$11,340	\$14,557	\$11,244	\$16,436	\$25,030	\$17,794	\$142,953
Variance	\$ (236)	\$ (4,059)	\$ (11,868)	\$ (9,046)	\$ (7,758)	\$ (7,090)	\$ (5,025)	\$ (1,646)	\$ 5,699	\$ (1,982)	\$ (43,011)
Sewer Original CIP	\$10,370	\$15,665	\$20,331	\$31,661	\$34,128	\$34,379	\$34,893	\$23,725	\$22,408	\$11,481	\$239,041
Sewer Revised CIP	\$8,370	\$13,788	\$13,330	\$20,887	\$11,589	\$25,897	\$27,466	\$33,370	\$28,036	\$31,803	\$214,536
Variance	\$ (2,000)	\$ (1,877)	\$ (7,001)	\$ (10,774)	\$ (22,539)	\$ (8,482)	\$ (7,427)	\$ 9,645	\$ 5,628	\$ 20,322	\$ (24,505)



PROPOSED WATER & WASTEWATER RATES FOR TYPICAL RESIDENTIAL CUSTOMER

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>	<u>\$ Increase</u>
FY 2024/25	\$72.30	\$59.58	\$131.88	
FY 2025/26	\$79.15	\$65.25	\$144.40	\$12.52
FY 2026/27	\$84.29	\$69.49	\$153.79	\$9.39
FY 2027/28	\$89.77	\$74.01	\$163.78	\$10.00
FY 2028/29	\$95.61	\$78.82	\$174.43	\$10.65

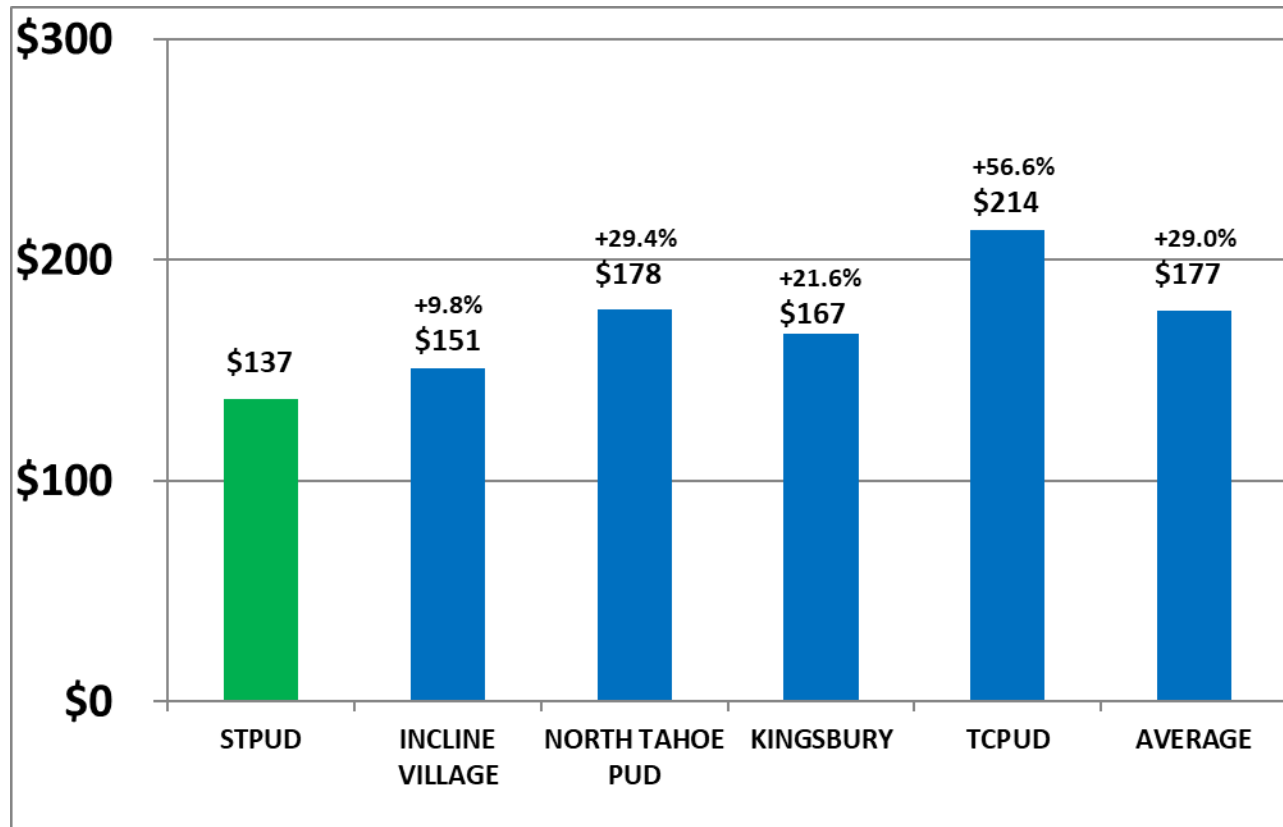
*Typical residential customer has a 3/4" meter, uses 6 CCF (4,488 gallons) and has 3 sewer units.

- The Prop 218 conducted last year established a maximum rate for both Sewer and Water of 9.5% for FY 2025-26 through FY 2028-29.



BASIN RATE COMPARISON

Combined Monthly Water & Sewer



**Average doesn't include STPUD.*





PROPOSED FY 2027 RATE INCREASES



Board
Discussion/Direction



Proposed 6.5%
increase for Water
and Sewer



Typical Residential Increase

Water: \$ 5.14

Sewer: \$ 4.24

Total: \$ 9.38

NEXT STEPS

➤ May 2026

- Potential communication to Customers on Project Status and Rates

➤ June 4, 2026

- Board takes action on proposed fiscal year 2027 rate increases and budget

➤ July 1, 2026

- New Budget effective



Questions and Comments

