



Fiscal
Year
2027

Metropolitan Domestic Water Improvement District Adopted Budget



READER'S GUIDE

This budget document has been prepared in a format intended to make the information easier to understand while still providing comprehensive detail about the overall financial direction and budget policies of the Metropolitan Domestic Water Improvement District (District). The sections of the budget document are described below:

Budget Summary – Describes the budget process, departmental structure, basis of accounting, and debt management policies used throughout the budget document. This section also provides information regarding major revenues and expenses, the capital improvement program, debt service, and other sources and uses for the current budget year.

Department Summaries – The District is organized by department, and each department operates under an authorized budget. This section presents information for each department, including budget statements, descriptive narratives, and Full-Time Equivalent (FTE) staffing levels.

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(Cover picture of Northwest Recharge, Recovery and Delivery System and the S. Shannon Wellsite & Advanced Oxidation Process System)

BUDGET OVERVIEW

Metropolitan Domestic Water Improvement District

The District was formed in July 1992 when its residents successfully petitioned the Pima County Board of Supervisors to form a domestic water improvement district in order to have an independent and direct voice in water issues rather than be a part of Tucson Water without voting rights. A five-member elected Board of Directors, from within its boundaries, governs the District. The District has 22,301 active accounts and six-service areas. In 1999, the District acquired the Metro Hub Service area and annexed this area in 2003. In December 2009, the District acquired the Thim Water Systems, located southwest of Tucson. These systems are part of the Metro Water service area and includes Metro Southwest – Diablo Village, Metro Southwest – E&T, and Metro Southwest – Lazy B. These areas have not been annexed into the District’s legal boundaries. The District includes Arboles Viejos, known as Metro West, as a service area that was annexed into the District in 2005. This is a 619-acre planned development area with no current services.

The total water storage capacity is 13.6 million gallons in the Metro Main service area, 1.05 million gallons in the Metro Hub service area, and 747,000 gallons in Metro Southwest.

The Metro Main service area covers approximately 26 square miles in the northwest metropolitan Tucson area. Metro Main’s storage facilities include the Herb Johnson Reservoir (5 million gallons), the James M. Tripp Reservoir (5 million gallons) and the Magee/La Cholla Reservoir (1 million gallons).

The Water Systems consists of approximately 400 miles of water mains, varying in size from 1.5-inch to 30-inch diameter. The District obtains all of its water from wells with 26 wells in Metro Main, 5 in Metro Hub, and 5 in Metro Southwest and the wells range in depth from 70 feet to 650 feet. The water system well sizes range in diameter from 4-inch to 20-inch. The Water Systems include 72 booster pumps, varying from 5 to 250 horsepower, 11 steel above-ground storage tanks in the Metro-Main Service Area varying in capacity from 8,000 gallons to 1,000,000 gallons, two storage tanks in the Hub Service Area with a capacity of 1,050,000 gallons, 9 storage tanks in the Metro-Southwest Service Area, 37 hydro pneumatic pressure tanks, most of which have a 5,000-gallon capacity, and two 5,000,000-gallon concrete reservoirs. The total District storage capacity is approximately 15,400,000 gallons.

Basis Of Budgeting

The District operates under the mission to “Deliver safe, reliable water to our customers” and budgets are prepared using a prioritization process with the mission directing all decisions to align with the five-year financial plan. Staff are encouraged to think about how comfortable they would be justifying their requests for items or services in the presence of all customers and the Board of Directors. If they are not comfortable, then the request should not be submitted.

Basis of accounting refers to the specific time at which revenues and expenses are recognized in the accounts and reported in the financial statements. The District's FY 2027 budget is prepared and adopted using the accrual basis whereby revenues are recognized when measurable and available and expenses are recognized when the liability is incurred. Unexpended funds revert to fund balance at fiscal year-end.

Department Structure

The District has established a department reporting structure to account for the District's main activities. The departments established for the budget are as follows:

Utilities – The Utilities department is used to account for operations and costs associated with the Metro Main service areas. The departmental budget includes the personnel, operational, maintenance and power costs associated with providing service in the designated areas.

Southwest Utilities – The Southwest Utilities department is used to account for operations and costs associated with the Diablo Village, Lazy B, and E&T service areas. The departmental budget includes the personnel, operational, maintenance and power costs associated with providing service in the designated areas.

Northwest Utilities – The Northwest Utilities department is used to account for operations and costs associated with the District's northwest service areas. Operations in this service area are not expected to commence until the second half of the fiscal year. The departmental budget includes the personnel, operational, maintenance and power costs associated with providing service in the designated areas. The costs are shared by the Northwest Recharge, Recovery, and Delivery System partners including the Town of Marana and the Town of Oro Valley.

Engineering – The Engineering department accounts for the activities of the District's supporting engineering group, Information Technology services and CIP project management. The departmental budget includes the personnel, operational, contracted services, and IT infrastructure costs to support the operations of the District's activities and development.

General Manager/Administrative – The General Manager & Administrative department accounts for the activities of the District's supporting administrative functions, finance, hydrology supporting services, customer service, human resources and safety. The departmental budget includes the personnel, operational, contracted services, and service costs to support the operations of the District's activities, customers, and water resource functions. The costs for CAP water purchases are also accounted for within these supporting service costs.

Budgetary Control

Once approved, the Budget becomes the responsibility of the GM/Administrative department to monitor and report on the financial activity of the organization and the annual budget to the Board of Directors. The District incorporates the use of financial software, policies, and procedures to provide an adequate level of control over expenditures. Ultimate budgetary responsibility is maintained at the department level.

Debt Management

A Debt Management Policy has been established by the Board of Directors to guide the District staff as to the incurrence and maintenance of new and existing debt programs. The District must maintain a minimum unrestricted cash balance equal to 25% of the Operating and Maintenance budget. This requirement has been satisfied in the FY 2027 budget.

In prior years, the District entered into two loan agreements with the Water Infrastructure Finance Authority of Arizona:

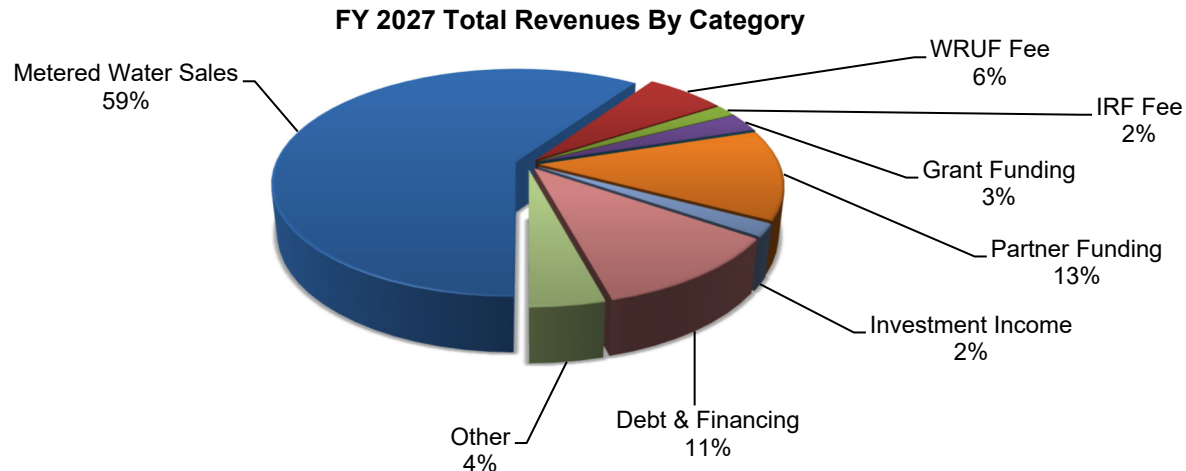
- Northwest Recharge Recovery and Delivery System (NWRRDS) WIFA loan issued in 2023 for a total loan obligation of \$14,198,283 with \$1,532,500 of forgivable principal to be utilized to construct the NWRRDS booster pump station and an additional 4.25 miles of transmission main to convey renewable water resources to the District's service area. The loan carries an interest rate of 1.944% and matures in FY 2032.
- Ironwood Well WIFA loan issued in 2022 for a total loan obligation of \$3,998,023 with \$902,243 in forgivable principal to be utilized for a new well and water line that would allow groundwater to be introduced and blended with recovered CAP water named the Ironwood Well system. The loan carries an interest rate of 2.040% and matures in FY 2032.

REVENUE ASSESSMENT

District-Wide Revenues

The following table and chart illustrate the District’s total revenues for the applicable year.

Revenue Category	FY 2026 Budget	FY 2026 Estimate	FY 2027 Budget
Metered Water Sales	\$ 21,455,863	\$ 21,694,665	\$ 22,706,380
Water Resource Utilization Fee	2,326,500	2,364,709	2,383,316
Infrastructure Rehabilitation Fee	495,878	498,415	630,048
Grant Funding	1,000,000	900,000	1,000,000
BOR Compensated Conservation	2,000,000	2,000,000	-
Partner Funding	4,511,317	7,866,178	5,040,293
Investment Income	175,000	1,052,934	692,071
Debt & Financing	2,276,379	3,744,347	4,287,457
Other Revenue	2,577,307	1,582,075	1,728,231
Total Revenues	\$ 36,818,244	\$ 41,703,323	\$ 38,467,796



Metered Water Sales

Metered Water Sales represents by far the largest revenue category of the FY 2027 budget, accounting for 59% (\$22,706,380). The District establishes water rates in three-year plan. The FY 2027 budget includes a water rate update for the three-year period starting in July 2026.

Water Resource Utilization Fee

The Water Resource Utilization Fee (WRUF) was established to fund certain water resource utilization initiatives. Currently, the WRUF is being utilized to fund the Northwest Recharge, Recovery, and Delivery System (NWRRDS) capital project.

Infrastructure Rehabilitation Fee

The Infrastructure Rehabilitation Fee is a flat fee imposed on customer monthly water usage to provide funding for projects to support the rehabilitation of existing District water infrastructure. The revenues generated from this fee are currently being used for the Galvanized Pipe replacement program. The FY 2027 Budget includes an increase in the rate for the Infrastructure Rehabilitation Fee as part of the District's three-year rate plan starting in July 2026.

Grant Funding

The District received grant awards from the Bureau of Reclamation totaling \$2,000,000 and a WIFA grant totaling \$3,000,000 to support the Automated Meter Infrastructure initiative undertaken by the District. The grant funding is utilized to update the District's current customer meters that will allow the District and customer to monitor their real time water usage and identify any issues.

Partner Funding

The Partner Funding is associated with the NWRRDS project currently being constructed which will support a recharge and delivery system to benefit the District as well as the Town of Marana and Town of Oro Valley. The category represents the Town of Marana and the Town of Oro Valley's contributions towards the ongoing capital project. It is anticipated that the project will be completed in FY 2027.

Investment Income

In an attempt to protect and maximize the return received on District funds, the District has developed an investment policy to guide the District's investment management of investable funds to meet current Arizona Revised Statute requirements. Funds generated are used to supplement the various other revenue sources of the organization.

Debt & Financing

The District previously entered into two loans to finance the construction of the NWRRDS Metro Project, and the Ironwood Well Project detailed above. The amounts included in the Debt & Financing category represent the funds drawn for the projects under the loan agreements.

Other Revenue

Revenue sources categorized as other revenue include income from private fire riser fees, Pima County Wastewater billing fees, water storage fees, penalties and service charges on accounts, and meter & development fees for service established within the District's service areas.

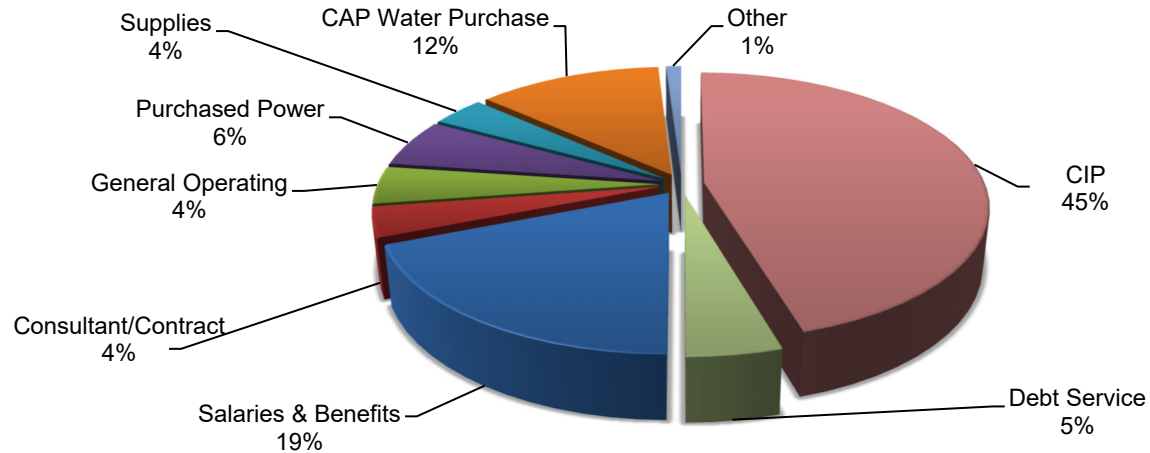
EXPENSE ASSESSMENT

District-Wide Expenses

The following table and chart illustrate the District’s total expenses for the applicable year.

Expense Category	FY 2026 Budget	FY 2026 Estimate	FY 2027 Budget
Salaries & Benefits	\$ 6,887,712	\$ 6,704,216	\$ 7,259,867
Consultant/Contract Services	1,164,773	1,004,201	1,381,535
General Operating	1,561,730	1,483,270	1,725,840
Purchased Power	1,998,412	1,500,403	2,215,642
Supplies	1,166,057	970,065	1,368,135
CAP Water Purchase/Allocation	3,462,040	3,462,040	4,734,900
Other Expenses	442,572	416,776	386,504
Capital Improvement Program	12,167,598	19,097,890	17,333,372
Debt Service	2,547,695	2,547,695	1,736,273
Total Expenses	\$ 31,398,589	\$ 37,186,556	\$ 38,142,068

FY 2027 Total Expenses By Category



In each category, where appropriate, provisions have been added to account for inflation from estimates of the Consumer Price Index (CPI), industry trends, and/or other sources. The expense categories, as well as some of the more significant changes in spending are discussed on the following pages.

Salaries & Benefits

Salaries, wages, taxes and benefits represent approximately 19% (\$7,259,867) of the FY 2027 District-wide budgeted expenditures. The categories include all costs associated with personnel including staff, associated payroll taxes, and benefits.

A total of 60.5 FTE has been included in the FY 2027 Budget which is an increase of 1.5 FTE. A position was added to Northwest Utilities for a half year to provide service once the NWRDS project is completed and operations begin at those facilities along with the addition of a position in Utilities to address a promotion of a staff position to a supervisor position. A provision for a base wage increase has been included, 3% cost of living increase based on current CPI growth along with a 1% potential merit increase which will be dependent upon each employee's performance.

For employee benefit plans, employees continue to be required to contribute toward the premium cost for health and dental coverages. No new benefits have been provided by the District but a medical premium trend increase has been included in the budget for FY 2027 based on the District's previous increases and premium trend.

In addition, the District has included a minor increase in workers compensation premiums along with changes in funding requirements under the Arizona State Retirement System. All District benefit programs are reviewed annually with various carriers to ensure the District is providing the most cost-effective plans for our employees and the District.

Consultant/Contract Services

The Consultant/Contract Services category represents approximately 4% (\$1,381,535) of the total budgeted expenses. This category is made up of expenses which by their nature are performed by persons or firms external to the organization. While a product may or may not result from the transaction, the primary reason for the purchase is the service provided. The major expenses included in this category include maintenance of well facilities, water quality testing, water treatment media replacement, legal services, engineering and miscellaneous consulting services, and software support services. There is a notable increase in this category for FY 2027 which relates mainly to a request to provide maintenance to 3 additional wells totaling \$195,000. Otherwise, costs are projected to increase based on forecasted inflationary indices.

General Operating

The general operating category accounts for 4% (\$1,725,840) of the FY 2027 budgeted expenses. This category is made up of various operating expenses to carry out the operations of the District. The major costs included in this category include equipment maintenance, leased District vehicles, site security, vehicle & equipment fuel, employee certifications and training, banking and credit card fees, District liability insurance premiums, mailing & postage costs, and communication services. No significant changes have been requested in the FY 2027 Budget, otherwise, costs are projected to increase based on forecasted inflationary indices.

Purchased Power

The purchased power category accounts for 6% (\$2,215,642) of the FY 2027 budgeted expenses. The cost included are the energy costs to operate the District's various equipment to move and supply water. Electric costs, and natural gas for emergency auxiliary power, are used in the operation of the District's systems. For the FY 2027 Budget, increases of up to 12% and 9% have been added to our prior year power costs to account for rate increases anticipated from Tucson Electric Power and TRICO Electric, respectively.

Supplies

For FY 2027, \$1,368,535 (4%) of the District's budget is comprised of various operating supplies. Expenses in this category are for items that are consumed, worn out, or deteriorated through use, and do not meet the requirements of the District's definition of capital assets. Chlorine/Feeders, water meters, supplies for service lines & motors/pumps, computer software & equipment, safety, as well as non-capital equipment such as file cabinets, desks, and printers are included in this category. Increases for this year's budget include the addition of the equipment upgrade under the SCADA Master Plan update (\$200,000) as well as computer equipment under the District's replacement policy and additional fail-over systems for redundancy. Other supply costs have been increased to account for any inflationary increases expected in the coming year.

CAP Water Purchase/Allocations

The Other Expenses category accounts for 12% (\$4,734,900) of the FY 2027 budgeted expenses. The District is anticipating significant cost increases (\$1,272,860) for the purchase of CAP water allocations due to uncertainty in the outcome of ongoing Colorado River System negotiations and increased operation & maintenance costs in the second half of the fiscal year.

Other Expenses

The Other Expenses category accounts for 1% (\$386,504) of the FY 2027 budgeted expenses. The major costs included are for various regulatory fees associated with District operations.

Capital Improvement Program

The capital improvement program comprises \$17,333,372 of the FY 2027 budgeted expenses. Expenses in the category include capital improvement projects including the acquisition of land, delivery system additions, well rehabilitation & replacements, transmission mains and reservoirs. Note that the NWRRDS Partner Project is the gross costs associated with the project which are reduced by Partner Funding included in District revenues. A detailed discussion of each capital improvement project is included in the five-year capital improvement plan.

A listing of the capital improvement projects planned for FY 2027 are included below:

Capital Improvement Projects	
NWRRDS Partner Project (Marana and Oro Valley)	\$ 7,866,178
NWRRDS Metro Water Recovery System Boosters & Recovery Pipeline	2,165,700
Ironwood Blend Well	277,809
Automated Metering Infrastructure & Customer Platform	1,000,000
Galvanized Pipe Replacement	590,000
Ina/CDO New Treatment & Piping	574,083
Horizon Hills Well Rehabilitation	103,000
2 nd Herb Johnson Reservoir	1,843,948
Pantano Road Transmission Main	500,000
Hub Well No. 2 Well Replacement	100,374
E&T 23 Well Replacement	73,280
La Canada/CDO Bridge Pipe Replacement	504,000
Metro Utilities Building Expansion	800,000
Alcott Well Replacement	445,000
Marlene Well Replacement	445,000
Las Palmas Well Replacement	45,000
Total	\$17,333,372

Debt Service

The Debt Service category totals \$1,736,273 (5%) of the total expenses for the District's FY 2027 Budget. The amounts included for debt service are comprised of semi-annual payments of principal and interest on the NWRRDS WIFA loan and the Ironwood Well WIFA loan detailed in the Debt Management section of the Budget Summary.

OTHER SOURCES/USES**Investments To Support The District's Mission**

The District identifies equipment or projects that have a direct impact on the mission of the organization. The prioritization of the Investments to Support the District's Mission are based on the District's mission and the specific performance objectives (SPOs) authorized by the Board. There are multi-year initiatives focused on resiliency and revolutionizing how the District provides service to District customers. The following investments were prioritized based on their support to the District Mission:

Priority	Investments to Support the District's Mission	
1	Service Line Inventory	\$ 511,700
2	Backhoe Loader	226,000
3	Oracle/Jaynes Station Standby Generator	135,000
	Total	\$ 872,700

A detailed discussion of each Investment's justification and future costs is included in the budget document.

Depreciation And Amortization

The Requested Budget includes \$4,340,694 of non-cash expenses for depreciation and amortization which increased with the implementation of GASB 87 and GASB 96.

Operating Balance Designations

In previous years, the District accumulated an unrestricted repair and replacement cash reserve for use as an emergency well replacement reserve. The current designated balance is \$2,261,284.

Beginning in FY 2027, a CIP designation has begun to be accumulated towards the Regional Transportation Authority's Next plan for projects expected to be begun in the five-year period 2026-2030. The amount designated in the FY 2027 Budget is \$222,864.

DISTRICT-WIDE SUMMARY

	2025 Actual	2026 Budget	2026 Estimate	2027 Budget	Comments
Revenue					
Metered Water Sales	\$ 21,728,532	\$ 21,455,863	\$ 21,694,665	\$ 22,706,380	Consumption & proposed rates
Private Fire Risers	141,938	133,419	134,290	164,178	351 active accounts
Water Resource Utilization Fee	2,379,296	2,326,500	2,364,709	2,383,316	Based on consumption & proposed rates
Penalties	118,438	113,000	115,646	116,600	Collections on customer accounts
Service Charges	113,616	105,000	109,406	118,400	Service fees collected
Pima County Wastewater	484,360	480,960	481,912	485,760	Billing fee for sewer collections
Development/Connection Fees	608,340	921,312	48,386	89,971	Connection fees for new meters
Infrastructure Rehabilitation Fee	498,884	495,878	498,415	630,048	Fees collected on customer accounts
Water Storage & GSF Rebates	376,209	384,888	230,926	119,520	Fees charged for water storage
BOR Compensated Conservation	2,000,000	2,000,000	2,000,000	-	CAP conservation funding
Sale of CAP Credits to Metro Southwest	166,500	163,804	163,804	186,500	CAP water sales to Metro Southwest
Leased Vehicle Sales Proceeds	192,928	30,000	72,032	67,226	Sale proceeds from leased vehicles
Reclaimed Water	9,440	9,519	9,604	10,618	Administrative fee for Tucson Omni
Grant Funding	3,025,064	1,000,000	900,000	1,000,000	BOR & WIFA project grants
Sale of Storage Credit - Effluent	79,050	81,345	82,620	86,190	CAGR effluent purchase
Investment Income	1,408,349	175,000	1,052,934	692,071	Interest & dividends earned
Interest Income on Note	15,188	14,060	14,535	12,888	Interest on loan to Tucson Omni
Bond Service Fund Interest	15,000	15,000	-	-	Bond paid off in prior year
Other Income	239,687	125,000	118,914	270,380	Various other revenue sources
Partner Funding	12,974,011	4,688,338	7,866,178	5,040,293	Oro Valley & Marana funding
Debt & Financing	5,627,074	2,099,358	3,744,347	4,287,457	Loan proceeds from WIFA
Total Revenue	\$ 52,201,904	\$ 36,818,244	\$ 41,703,323	\$ 38,467,796	
Expenses					
Salaries & Benefits	\$ 6,161,251	\$ 6,887,712	\$ 6,704,216	\$ 7,259,867	Salaries, taxes and benefits
Consultant/Contract Services	722,082	1,164,773	1,004,201	1,381,535	Outside contracted services
General Operating	1,610,700	1,561,730	1,483,270	1,725,840	Various operating expenses
Purchased Power	1,421,824	1,998,412	1,500,403	2,215,642	Electric & natural gas for operations
Supplies	924,398	1,166,057	970,065	1,368,135	Various operating supplies
CAP Water Purchases	2,985,613	3,462,040	3,462,040	4,734,900	CAP water purchases
Other Expenses	500,679	442,572	416,776	386,504	Regulatory fees and other expenses
Capital Outlay	26,313,234	12,167,598	19,097,890	17,333,372	Capital projects
Debt Service	4,124,332	2,547,695	2,547,695	1,736,273	Loan payments to WIFA
Total Expenses	\$ 44,764,113	\$ 31,398,589	\$ 37,186,556	\$ 38,142,068	

DISTRICT-WIDE SUMMARY

	2025 Actual	2026 Budget	2026 Estimate	2027 Budget	
Other Expenses					
Investments to Support the District	295,974	847,330	862,930	872,700	Capital investments
Depreciation & Amortization Expense	3,705,762	4,131,732	3,159,585	4,340,694	Non-cash depreciation of assets
Total Other Expenses	\$ 4,001,736	\$ 4,979,062	\$ 4,022,515	\$ 5,213,394	
Total Expenses	\$ 48,765,849	\$ 36,377,651	\$ 41,209,071	\$ 43,355,462	
Unrestricted Designations:					
Debt Management Policy	4,612,719	4,807,748	4,522,167	5,202,174	25% of operating expenses
Repair & Replacement Fund	2,000,000	2,129,169	2,261,284	2,261,284	Repair & replacement funds held
Other Designations	-	-	-	222,864	RTA annual designated funding
Total Unrestricted Designations	\$ 6,612,719	\$ 6,936,917	\$ 6,783,451	\$ 7,686,322	

**UTILITIES DEPARTMENT
BUDGET SUMMARY**

DEPARTMENT BUDGET HIGHLIGHTS

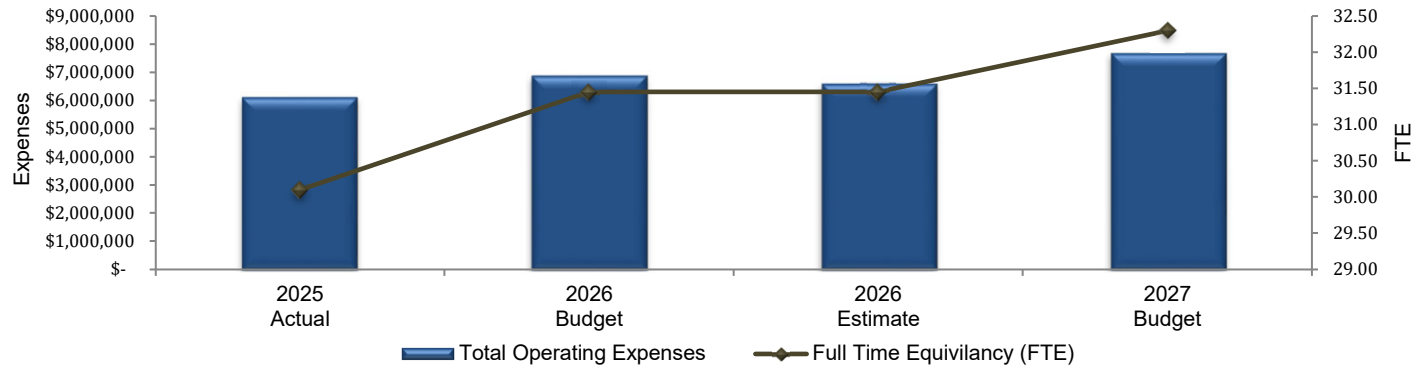
The Utility Team's budget for FY 2027 is 11.6% or \$796,847 higher than the FY 2026 Budget. The following are the major changes from the prior year budget:

- Staffing is split between Utilities, Southwest Utilities and Northwest Utilities budgets and includes the addition of one FTE.
- A 4% cost of living and merit increase is included along with anticipated increases for benefit costs for contract renewals.
- An additional \$195,000 is included for the maintenance of three additional wells during the fiscal year.
- Electrical costs for operations has been increased \$177,238 in anticipation of a 12% rate increase from Tucson Electric Power.
- New meter installations decreased \$115,850 in anticipation of continued slow development activities in the District's service areas.
- An equipment upgrade project is included for the SCADA Master Plan totaling \$195,000 to be performed by District staff.

OPERATING BUDGET SUMMARY

	2025 Actual	2026 Budget	2026 Estimate	2027 Budget
Staff - Full Time Equivalency (FTE)	30.10	31.45	31.45	32.30
Operating Expenses				
Salaries & Benefits	\$ 3,209,640	\$ 3,280,024	\$ 3,420,789	\$ 3,612,616
Consultant/Contracted Services	508,453	696,136	632,726	878,000
General Operating Expenses	479,431	546,885	510,056	539,892
Purchased Power	1,304,832	1,570,412	1,378,582	1,747,650
Supplies	615,420	788,429	656,911	900,575
Other	-	-	-	-
Total Operating Expenses	\$ 6,117,776	\$ 6,881,886	\$ 6,599,064	\$ 7,678,733

OPERATING EXPENSES & FULL TIME EQUIVILANCY



**SOUTHWEST UTILITIES DEPARTMENT
BUDGET SUMMARY**

DEPARTMENT BUDGET HIGHLIGHTS

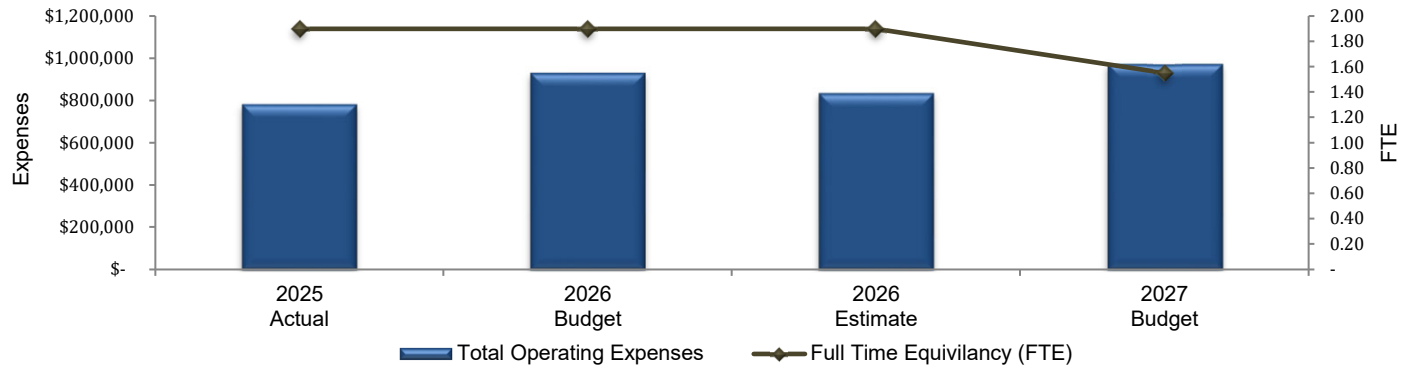
The Southwest Utility Team's budget for FY 2027 is 4.5% or \$42,215 higher than the FY 2026 Budget. The following are the major changes from the prior year budget:

- Staffing is split between Utilities, Southwest and Northwest Utilities budgets. The allocation decreased from the prior year budget.
- A 4% cost of living and merit increase is included along with anticipated increases for benefit costs for contract renewals.
- Electrical costs for operations has increased \$12,192 in anticipation of a rate increase from Trico and Tucson Electric Power.
- The cost of CAP water has increased resulting in a \$22,696 increase to purchase CAP credits from Metro Main.
- An equipment upgrade project is included for the SCADA Master Plan totaling \$5,000 to be performed by District staff.

OPERATING BUDGET SUMMARY

	2025 Actual	2026 Budget	2026 Estimate	2027 Budget
Staff - Full Time Equivalency (FTE)	1.90	1.90	1.90	1.55
Operating Expenses				
Salaries & Benefits	\$ 194,287	\$ 247,572	\$ 197,055	\$ 193,153
Consultant/Contracted Services	70,148	179,270	165,280	193,800
General Operating Expenses	33,776	43,546	37,950	49,376
Purchased Power	116,992	126,000	121,821	138,192
Supplies	87,073	109,530	86,589	132,376
Other	279,175	222,953	223,863	264,189
Total Operating Expenses	\$ 781,451	\$ 928,871	\$ 832,558	\$ 971,086

OPERATING EXPENSES & FULL TIME EQUIVILANCY



**NORTHWEST UTILITIES DEPARTMENT
BUDGET SUMMARY**

DEPARTMENT BUDGET HIGHLIGHTS

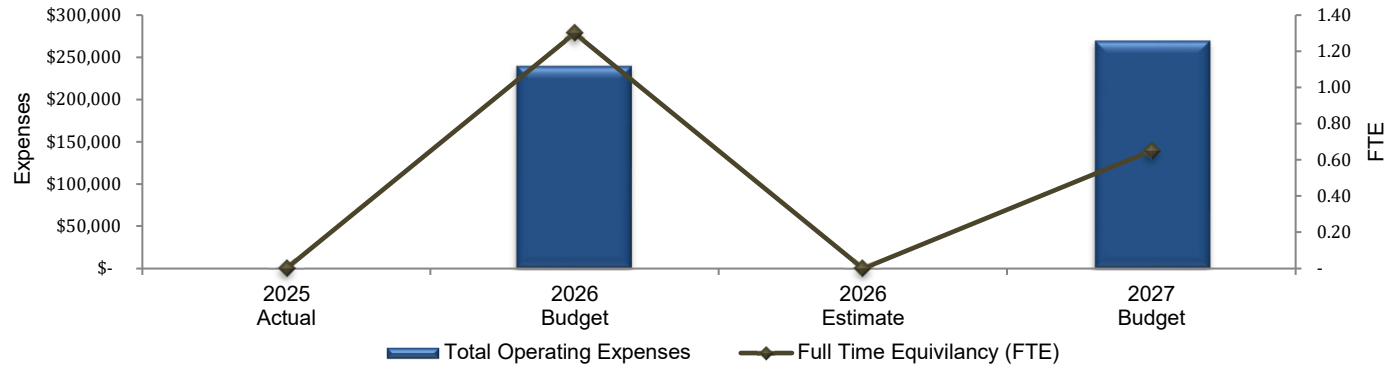
The Northwest Utility Team's budget for FY 2027 is 12.5% or \$29,935 higher than the FY 2026 Budget. The following are the major changes from the prior year budget:

- The Northwest Utilities Budget has been estimated for six months of operations after construction is completed.
- Staffing is split between Utilities, Southwest, and Northwest Utilities budgets. Northwest includes a half year staffing allocation.
- A 4% cost of living and merit increase is included along with anticipated increases for benefit costs for contract renewals.
- Electrical costs for operations has been increased \$27,800 in anticipation of a 9.2% rate increase.
- Estimated reimbursements from Oro Valley and Marana are included in the Other expense line item based on budgeted costs.

OPERATING BUDGET SUMMARY

	2025 Actual	2026 Budget	2026 Estimate	2027 Budget
Staff - Full Time Equivalency (FTE)	-	1.30	-	0.65
Operating Expenses				
Salaries & Benefits	\$ -	\$ 46,627	\$ -	\$ 58,968
Consultant/Contracted Services	-	10,000	-	10,000
General Operating Expenses	-	24,231	-	23,835
Purchased Power	-	302,000	-	329,800
Supplies	-	33,450	-	33,827
Other (Reimbursement)	-	(177,021)	-	(187,205)
Total Operating Expenses	\$ -	\$ 239,287	\$ -	\$ 269,225

OPERATING EXPENSES & FULL TIME EQUIVILANCY



**ENGINEERING DEPARTMENT
BUDGET SUMMARY**

DEPARTMENT BUDGET HIGHLIGHTS

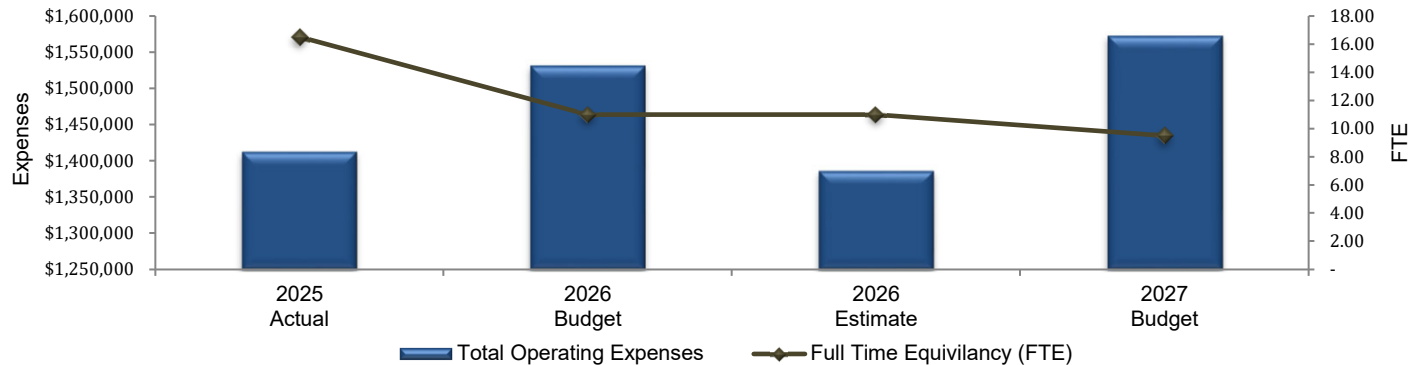
The Engineering Team's budget for FY 2027 is 2.7% or \$41,087 higher than the FY 2026 Budget. The following are the major changes from the prior year budget:

- Staffing has been reduced by .5 FTE.
- A 4% cost of living and merit increase is included along with anticipated increases for benefit costs for contract renewals.
- Surveying services have been increased by \$11,000 to capture increases from contracted surveyors.
- An increase of \$29,930 in Computer Related Soft/Equip for a replacement server and Fail Over service & equipment.

OPERATING BUDGET SUMMARY

	2025 Actual	2026 Budget	2026 Estimate	2027 Budget
Staff - Full Time Equivalency (FTE)	16.53	11.00	11.00	9.50
Operating Expenses				
Salaries & Benefits	\$ 1,002,997	\$ 1,285,212	\$ 1,161,248	\$ 1,285,453
Consultant/Contracted Services	5,592	46,955	38,147	55,330
General Operating Expenses	288,309	56,038	46,535	57,947
Purchased Power	-	-	-	-
Supplies	116,038	143,224	140,523	173,786
Other	-	-	-	-
Total Operating Expenses	\$ 1,412,936	\$ 1,531,429	\$ 1,386,453	\$ 1,572,516

OPERATING EXPENSES & FULL TIME EQUIVILANCY



**GENERAL MANAGER/ADMINISTRATION DEPARTMENT
BUDGET SUMMARY**

DEPARTMENT BUDGET HIGHLIGHTS

The General Manager & Administration Team's budget for FY 2027 is 21.2% or \$1,468,858 higher than the FY 2026 Budget. The following are the major changes from the prior year budget:

- Staffing has been reduced by .28 FTE.
- A 4% cost of living and merit increase is included along with anticipated increases for benefit costs for contract renewals.
- Election costs totaling \$26,000 have been added in FY 2027 not included in the prior year's budget.
- An increase of \$29,704 in banking fees have been added to cover increased fees and usage of credit card/EFT payment options.
- General liability, vehicle and cyber insurance premiums are projected to increase \$38,879 at contract renewal.
- CAP water purchase costs have increased \$1,272,860 for the anticipated increases in the cost per acre foot.

OPERATING BUDGET SUMMARY

	2025 Actual	2026 Budget	2026 Estimate	2027 Budget
Staff - Full Time Equivalency (FTE)	16.53	15.78	15.78	15.50
Operating Expenses				
Salaries & Benefits	\$ 1,754,327	\$ 2,028,277	\$ 1,925,124	\$ 2,109,679
Consultant/Contracted Services	137,889	232,412	168,048	244,405
General Operating Expenses	809,184	891,030	888,729	1,054,790
Purchased Power	-	-	-	-
Supplies	105,867	91,424	86,042	127,571
CAP Water Purchase/Allocation	2,985,613	3,462,040	3,462,040	4,734,900
Other	221,504	219,619	192,913	122,315
Total Operating Expenses	\$ 6,014,384	\$ 6,924,802	\$ 6,722,896	\$ 8,393,660

OPERATING EXPENSES & FULL TIME EQUIVILANCY

