MID-PENINSULA
WATER DISTRICT

Annual Operating and Capital Budgets

Fiscal Year 2026-2027

95th
MPWD
SERVING YOU SINCE 1929

Board of Directors

Louis J. Vella – Vice President

Matthew P. Zucca – Vice President

JoAnn Covington – Director

Charles "Chuck" Cotten – Director

Neela Patel, Ph.D. – Director

Executive Staff

Kat Wuelfing – General Manager

Alison Bell – Administrative Services Manager/District Secretary

Sarah Scheidt – Operations Manager

Michael Anderson – Superintendent

Appointed Officials

Julie Sherman, Hanson Bridgett LLP – District Counsel

Joubin Pakpour, PE Pakpour Consulting Group – District Engineer

James W. Ramsey, CPA Eide Bailly LLP – District Treasurer

About Mid-Peninsula Water District

The Mid-Peninsula Water District (MPWD), formerly Belmont County Water District, was formed as a California special district in 1929 from seven (7) independent water distribution systems (including a portion of the Spring Valley Water Company), which were united and began functioning as a public utility in 1930. Since its inception, the MPWD has been served by the San Francisco Regional Water System and purchased its entire water supply from San Francisco Water, a service of the San Francisco Public Utilities Commission (SFPUC). Reference www.sfwater.org.

The MPWD now supplies water to consumers in an area slightly larger than the city limits of Belmont. Small portions of the service area are within the city limits of San Carlos, Redwood City, and parts of the unincorporated County of San Mateo. The MPWD's service territory covers approximately five (5) square miles and serves approximately 30,000 people. In the event of an emergency, the MPWD can serve or be served with interties between neighboring utilities.

The MPWD is a member of the Bay Area Water Supply and Conservation Agency (BAWSCA), which represents the interests of 26 cities, water districts, and private utilities that purchase water wholesale from the SFPUC. For more information about BAWSCA: www.bawsca.org.

GOVERNANCE

Policy development and rates for service are established by five (5) Directors, elected by MPWD ratepayers to serve staggered four-year terms on its governing board.

Officers of the MPWD include the General Manager, District Secretary, District Counsel, District Engineer, and District Treasurer.

ORGANIZATIONAL STRUCTURE

The General Manager is appointed by and reports directly to the Board of Directors. Along with the General Manager, the Administrative Services and Operations Managers oversee the day-to-day operations of the MPWD.

The Administrative Services Manager serves as the District Secretary and leads the following operations: Administration, Finance and Accounting, Human Resources, and Customer Services. The Operations Manager leads Water Conservation, Water System Operations, Maintenance, and Capital Project Management.

There is a total of 22 budgeted FTE (full-time equivalent) positions within the MPWD, including one vacancy anticipated to be filled during FY 2026/27.

The Operations staff totals 16 full-time, including the Operations Manager, Superintendent, Cross-Connection Control Specialist, Lead Operators, Water System Operators, Maintenance Technicians, Water Resources Coordinator and Operations Project Coordinator.

The Administrative staff totals 5 full-time, including the Administrative Services Manager, Administrative Supervisor, Payroll Specialist, Accounting Specialist, and Administrative Specialist.

The MPWD Mission Statement, Vision Statement, and Strategic Goals are reviewed annually by the Board of Directors, together with the development of annual Strategic Plan and Board assignments. The six strategic elements identified in the 2026 Strategic Plan update are shown at the right and represent key priorities for the Board and District.

MPWD MISSION STATEMENT

The mission of the MPWD is to deliver a safe, high quality, reliable supply of water for current and future generations in a cost effective, environmentally sensitive, and efficient manner.

MPWD VISION STATEMENT

Providing quality water and essential service, since 1929…now…and into the future.

MPWD STRATEGIC GOALS

1. To demonstrate outstanding stewardship in the management of District water resources, demands, and infrastructure.
2. Provide exceptional levels of service and value to the community in a cost-effective manner.
3. Foster open and candid communication with community, staff and directors that results in collaborative, innovative operations.
4. Be viewed as an industry leader for water management best practices.

For more information about the MPWD, visit: www.midpeninsulawater.org.

Budget Message

During Fiscal Year 2026/27, Mid-Peninsula Water District (MPWD or District) expects to continue to improve its financial health, which has been and continues to be a top priority for the District and its Board of Directors. The rate study approved by the Board in November 2024 has helped to increase the District's ability to plan for and adapt to increasing operating expenditure costs and capital improvement needs. Additionally, the Financial Management Policy adopted by the Board in April 2024 has helped identify and prioritize targets for reserve balances to support those needs.

The FY 2026/27 operating budget anticipates adding $2.2M towards the capital reserve. This has been achieved even while increasing District investment into preventative maintenance and process improvements. At the same time, the District is experiencing cost increases due to inflation in its operating expenses.

In addition to increased operating expenses, the most significant driver of the District's budget is its Capital Improvements Program (CIP). Fiscal Year 2026/27 will see the District continuing to move forward on critical projects, using funds from the capital reserve and the bond issuance proceeds from 2025.

The Fiscal Year 2026/27 budget plans operating expenses of $19,952,000 to achieve continued progress toward meeting our strategic goals:

- Complete annual budget process on a timely basis.
- Demonstrate outstanding stewardship in the management of District water resources, demands and infrastructure.
- Provide exceptional levels of services and value to the community in a cost-effective manner.
- Foster open and candid communication with community, staff and directors that results in collaborative, innovative operations.
- Be viewed as an industry leader for water management best practices.

Financial Transparency

While the District is highly focused on its core business of providing reliable water service, we also continue to improve our financial administration. Monthly financial reports and the annual budget have become easily understandable and informative. Processes and controls are in place to document budget amendments for purchases that may have long supply chain delays.

Strategic Element 5 Financial Management

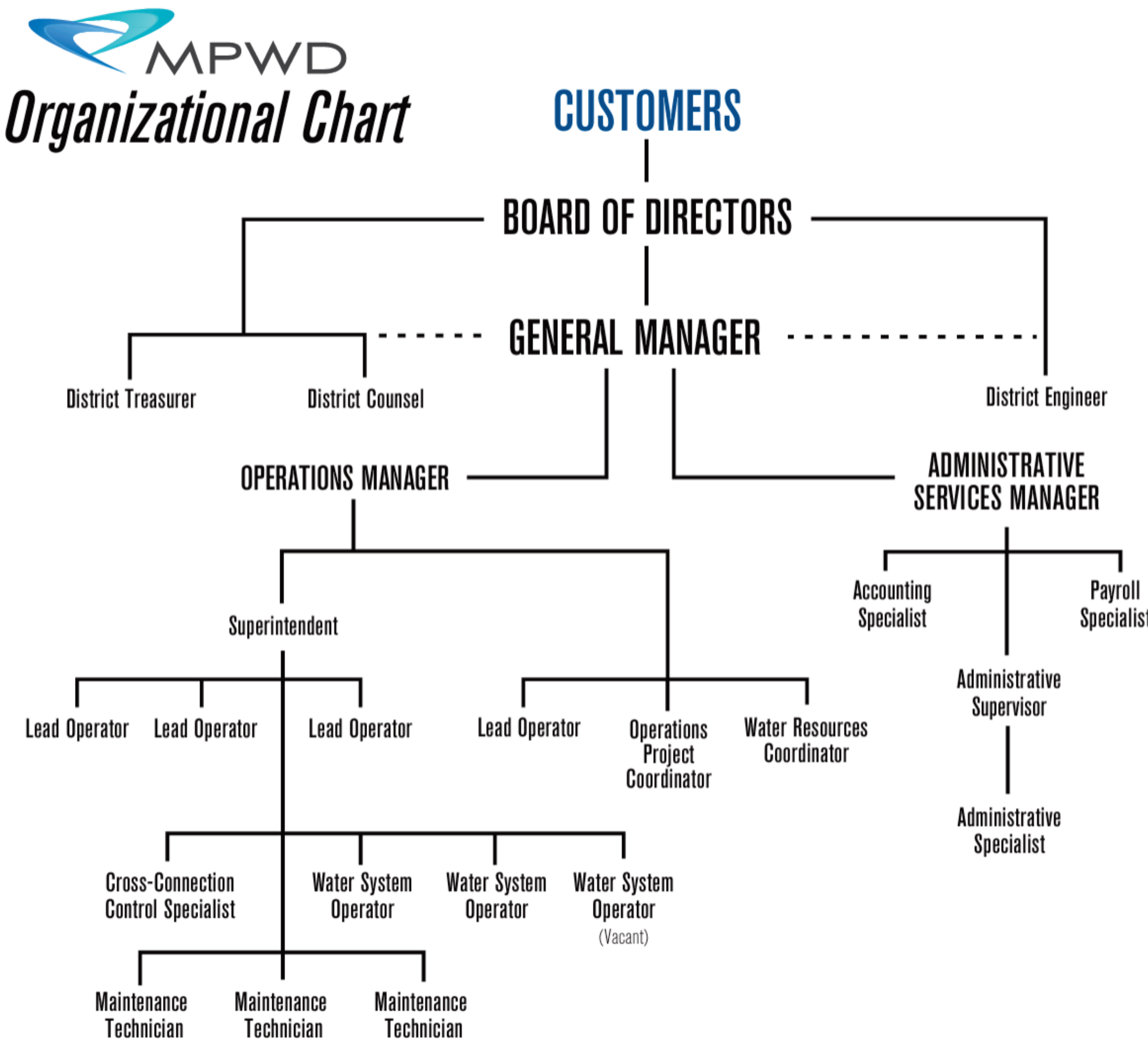
Honest and transparent stewardship of public funds.

This budget carries forward format improvements to advance transparency and accountability by including detailed narratives to accompany the budget schedules. All operating and capital activities of the District's budget are included and can be more easily understood by stakeholders.

In the prior fiscal year, the Board approved an updated Capital Improvement Program that identifies projects to be funded through both rate revenues (PayGo) and proceeds from the Certificates of Participation issued in April 2025. This budget reflects capital projects already in progress, as well as projects anticipated to begin in the coming fiscal year, together with the estimated expenditures planned for the year. To provide clear visibility into funding sources, projects are presented as either PayGo-funded or debt-financed, and the budget also identifies total project funding and the anticipated timing of related cash flows.

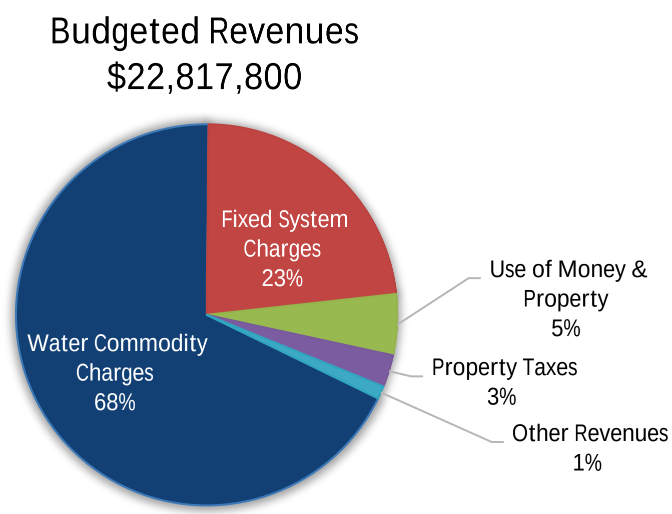
Organizational Chart

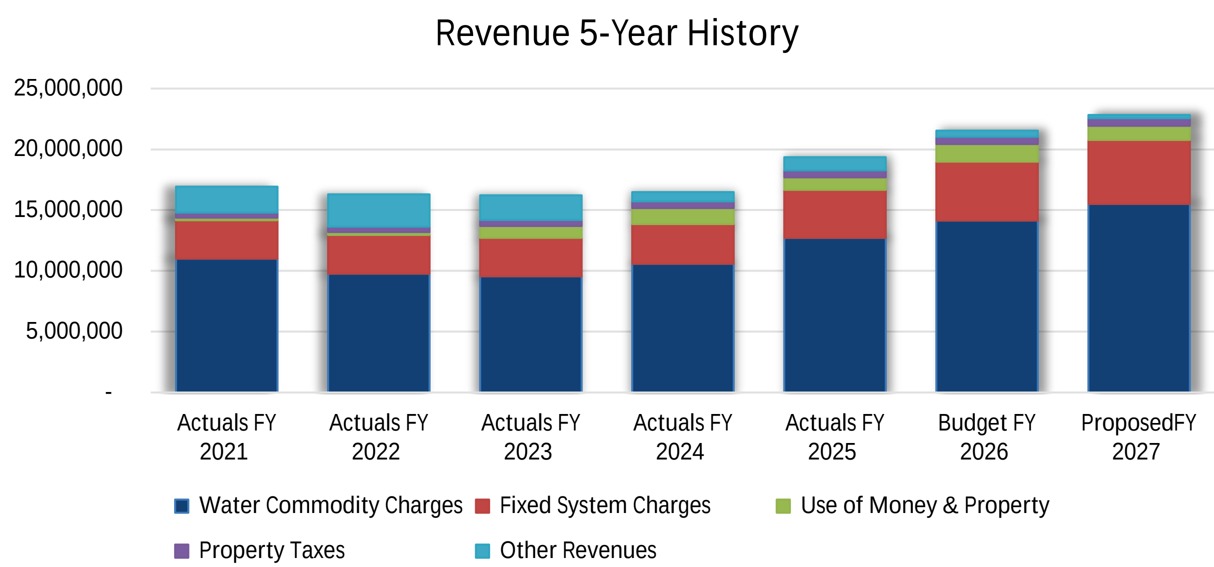
The District is overseen by an elected five-member Board of Directors. Operations of the District are overseen by a General Manager who reports directly to the Board of Directors. Additional organizational relationships are displayed below. The organization is designed to provide water services to residents, businesses, and visitors to the District's customers in a safe and efficient manner.



Revenue Summary

The following charts displays a summary of budgeted revenues during FY 2026/27 as well as the historical composition of revenues over the previous five (5) years. The major revenue sources consist of water customer fixed service charges, water commodity sales, use of money and property (investment income and lease revenue), property taxes, and other revenues (permits, installation charges, account fees, etc.). Further detail of budgeted revenues is shown in **Schedule B** of this document.

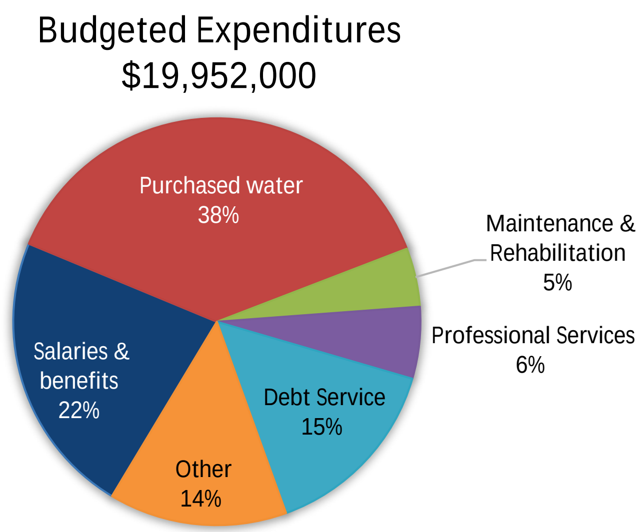


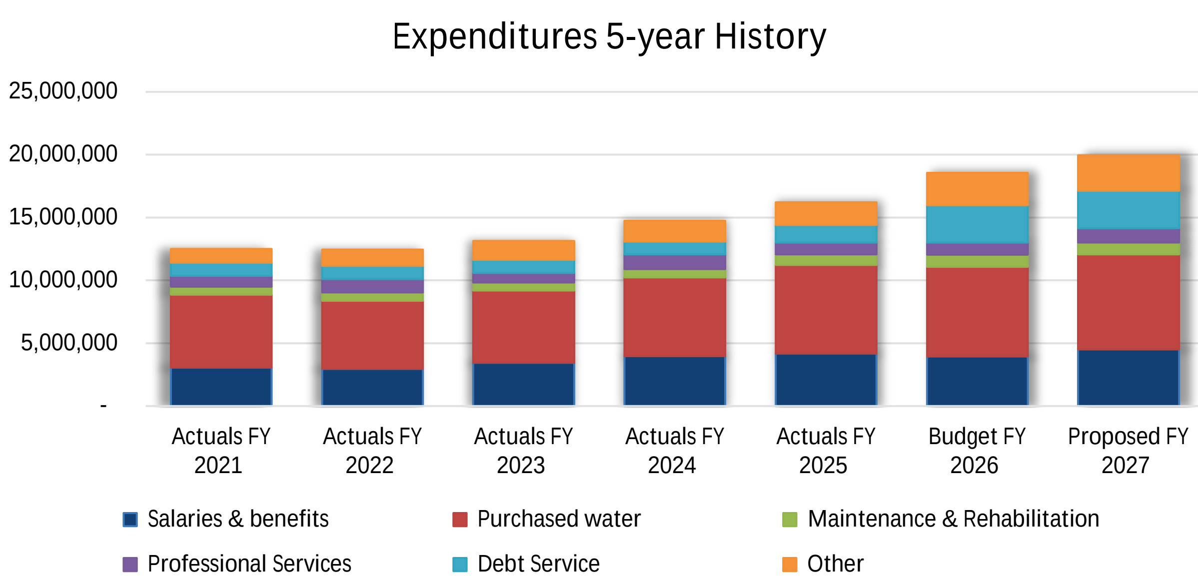


NOTE: Water rate study adopted in November, 2024. First water rate increase occurred effective January 1, 2025. Additional increases occurred effective July 1, 2025 and July 1, 2026.

Expense Summary

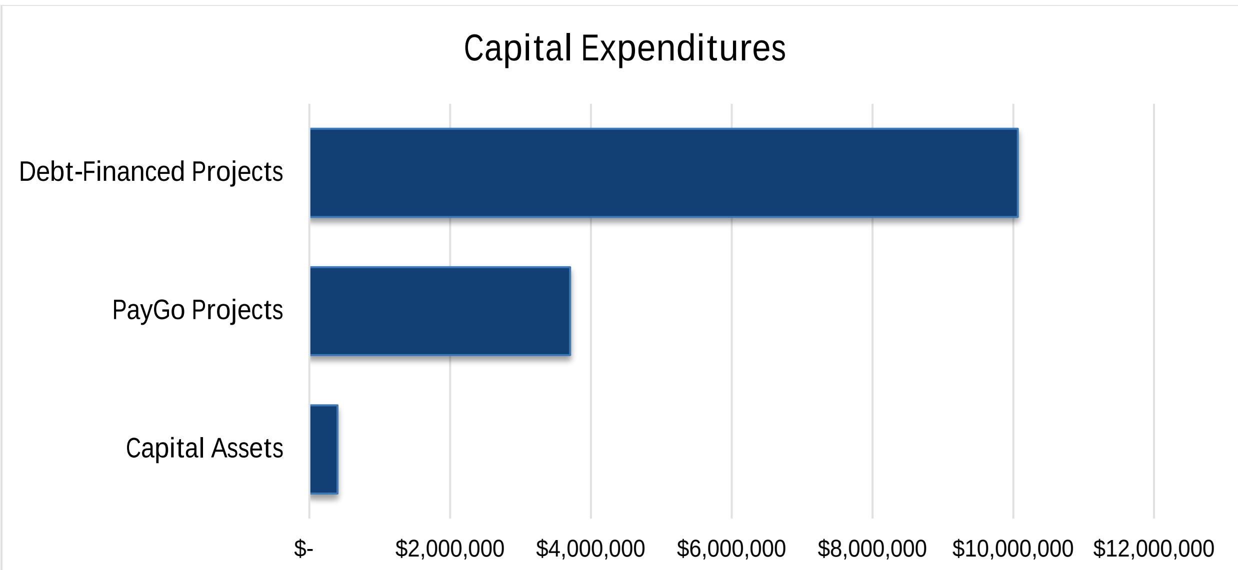
The following charts display a summary of budgeted expenses during FY 2026/27 as well as the historical composition of expenditures over the previous five (5) years. The major categories of these expenses include salaries and benefits, purchased water, maintenance and rehabilitation of District facilities, professional services, debt service, and other. It is noted that the other category includes a large project to assess the condition of a key District asset, that is a one-time cost and part of the District's Capital Improvement Program (CIP) funded from annual operations, as well as other administrative and general expenses. Additional CIP spending is excluded here but is budgeted (**Schedule C**) to be funded by existing capacity fee reserves and expected debt proceeds. Further detail of budgeted expenses is shown in **Schedule B**.





Capital Improvements Program by Utility & Funding Source

The FY 2026/27 budget includes total anticipated CIP spending of approximately $14 million. The program is budgeted to complete high-priority projects to address the urgent issues of aging infrastructure with funding that is currently available or anticipated to be available. Budget for capital projects are the based on the best available information at the time, and that cost estimates typically evolve through the project lifetime, including as the project is bid by contractors and as work is completed and scope adjusted for unknown conditions. The one-year CIP budgets are shown and discussed in greater detail in **Schedule C**.



Debt Service and Debt Service Coverage

The District currently holds $47.6 million in total outstanding debt at the beginning of FY 2026/27. The Agency's outstanding debt consists of two issuances: 2016 Certificates of Participation and 2025 Certifications of Participation.

Debt Service Coverage Ratio

The District's debt service coverage ratio is a metric required for bond covenants. This evaluates the District's ability to fund annual debt service. Current covenants require a minimum 1.30 debt service coverage ratio (DSCR). The DSCR table displays the forecast for the FY 2026/27 budget, which well exceeds the required minimum.

	Budgeted
Total budgeted revenues	22,817,800
Less: total budgeted expenditures	(19,952,000)
Add: debt service	2,985,000
Net Revenue for DSCR	5,850,800
Annual Debt Service	2,985,000
DSC Ratio	**1.96**

Schedule A: Reserve Analysis

ITEM		RESERVE ANALYSIS	Notes
OPERATING RESERVES ANALYSIS			
Total projected available resources - beginning balance	$	15,952,800	Projected as of June 30, 2026
Budgeted revenues		22,348,200	Summary of operating budget
Budgeted expenditures		(19,952,000)	Summary of operating budget
Total available resources		18,349,000	
Less: Working Capital (Operating) Reserve		**(9,976,000)**	**50% of annual fiscal year budgeted expenditures**
Total remaining resources	$	8,373,000	

CAPITAL RESERVES ANALYSIS			
Remaining reserves after operations	$	8,373,000	
Total Pay-Go Capital Projects		(4,106,305)	Summary of capital budget
Total remaining for reserves		4,266,695	
Target Pay-Go Capital Reserve		8,000,000	Fixed amount
Amounts available for other reserves	**$**	**(3,733,305)**	**Short-fall**

ITEM		COP FUNDS ANALYSIS	Notes
Total projected available resources - beginning balance	$	32,371,492	Projected as of June 30, 2026
Budgeted revenues		469,600	Summary of operating budget
Budgeted expenditures		(10,064,034)	Summary of capital budget
Total remaining available resources	**$**	**22,777,058**	

Schedule B: Summary of Operating Budget

DESCRIPTION	APPROVED FY 2025-26 BUDGET $	PRELIMINARY FY 2026-27 BUDGET	*INCREASE /* (DECREASE) FY 2025-26 TO FY 2026-27	% Change
OPERATING REVENUE				
WATER COMMODITY CHARGES	14,144,000	15,500,000	1,356,000	9.6%
FIXED SYSTEM CHARGES	4,848,000	5,270,000	422,000	8.7%
FIRE SERVICE CHARGES	18,000	18,000	-	0.0%
MISC CUSTOMER ACCOUNT FEES	146,420	126,400	(20,020)	-13.7%
SERVICE LINE & INSTALLATION CHARGES	100,000	80,000	(20,000)	-20.0%
MISCELLANEOUS OPERATING	20,000	10,000	(10,000)	-50.0%
TOTAL OPERATING REVENUE (SOURCES)	**19,276,420**	**21,004,400**	**1,727,980**	**9.0%**
WATER SYSTEM CAPACITY CHARGES	196,275	-	(196,275)	-100.0%
WATER DEMAND OFFSET CHARGES	-	-	-	0.0%
PROPERTY TAX REVENUE	609,000	621,000	12,000	2.0%
LEASE OF PHYSICAL PROPERTY	168,000	168,000	-	0.0%
MISCELLANEOUS NON-OPERATING	10,000	10,000	-	0.0%
INTEREST REVENUE - PARS	75,000	60,000	(15,000)	-20.0%
INTEREST REVENUE-LAIF	75,000	75,000	-	0.0%
INTEREST REVENUE-COP	724,000	469,600	(254,400)	-35.1%
INTEREST REVENUE-SWEEP	53,000	53,000	-	0.0%
INTEREST REVENUE-US TREASURIES	352,000	352,000	-	0.0%
LANDSCAPE PERMIT REVENUE	4,800	4,800	-	0.0%
TOTAL NON-OPERATING REVENUE (SOURCES)	**2,267,075**	**1,813,400**	**(453,675)**	**-20.0%**
TOTAL REVENUE (SOURCES)	**21,543,495**	**22,817,800**	**1,274,305**	**5.9%**
OPERATING EXPENDITURES (USES)				
SALARIES & WAGES	2,779,000	3,062,000	283,000	10.2%
PAYROLL TAXES & BENEFITS	1,176,550	1,457,500	280,950	23.9%
PURCHASED WATER	7,161,500	7,559,100	397,600	5.6%
OUTREACH & EDUCATION	85,000	92,000	7,000	8.2%
M&R - OPS SYSTEMS	727,000	639,000	(88,000)	-12.1%
M&R - FACILITIES & EQUIPMENT	226,500	292,000	65,500	28.9%
SYSTEM SURVEYS	500,000	630,000	130,000	26.0%
ADMINISTRATION & EQUIPMENT	775,021	862,500	87,479	11.3%
MEMBERSHIP & GOV FEES	482,682	468,900	(13,782)	-2.9%
BAD DEBT & CLAIMS	125	-	(125)	-100.0%
UTILITIES	615,000	643,500	28,500	4.6%
PROFESSIONAL SERVICES	976,250	1,137,500	161,250	16.5%
TRAINING/TRAVEL & RECRUITMENT	76,000	123,000	47,000	61.8%
DEBT SERVICE	2,984,606	2,985,000	394	0.0%
TOTAL OPERATING EXPENSES (USES)	**18,565,234**	**19,952,000**	**1,386,766**	**7.5%**
NET SOURCES OVER/(UNDER) USES	**2,978,261**	**2,865,800**	**(112,461)**	**-3.8%**
DEBT SERVICE COVERAGE	**2.00**	**1.96**		

Schedule C: Capital Improvement Budget

Project No	Capital Projects Project Description	Project Budget	Projected Project Total FYE 2026	Project Balance	Note	Budget FY 26-27	Anticipated Annual Cash Flow				Funding FY 26-27	
							FY 27-28	FY 28-29	FY 29-30	FY 30-31	PAYGO	DEBT FINANCING
Capital Asset - Maintenance-Related Improvements												
--	Capital Equipment	200,000	-	200,000	(a)	-	-	100,000	-	100,000	-	-
--	Medium EV Pickup	65,000	-	65,000	(b)	65,000	-	-	-	-	65,000	-
--	Small EV Dump	150,000	-	150,000	(c)	-	150,000	-	-	-	-	-
--	Small EV Vactor	700,000	-	700,000	(d)	-	-	-	700,000	-	-	-
--	24" Main Air Valve Install	150,000	-	150,000	(e)	50,000	100,000	-	-	-	50,000	-
--	Hersom Pump House Roof Repair	30,000	-	30,000	(f)	30,000	-	-	-	-	30,000	-
--	Rebuild Pump #3 at Tunnels and Hannibal Pump	125,000	-	125,000	(g)	125,000	-	-	-	-	125,000	-
--	Meter Replacement Program	1,418,666	-	1,418,666	(h)	30,000	217,667	405,333	390,333	375,333	30,000	-
--	Cathodic Protection	550,000	50,000	500,000	(i)	100,000	100,000	100,000	100,000	100,000	100,000	-
	Subtotal Capital Assets	**$ 3,388,666**	**$ 50,000**	**$ 3,338,666**		**$ 400,000**	**$ 567,667**	**$ 605,333**	**$ 1,190,333**	**$ 575,333**	**$ 400,000**	**$ -**
PAYGO-Funded Capital Projects												
15-09/ 15-19	Dekoven Tank Util/Lincoln/Newlands/Oak Knoll WMR	2,941,600	2,941,600	-	(j)	-	-	-	-	-	-	-
24-08	Exbourne West Tank Recoating	1,377,070	977,070	400,000	(k)	400,000	-	-	-	-	400,000	-
24-09	Hallmark Tanks Rebuild	9,060,000	40,000	9,020,000	(l)	875,000	-	1,629,000	6,516,000	-	875,000	-
24-10	West Belmont North Tank Recoating	236,429	200,000	36,429	(m)	36,429	-	-	-	-	36,429	-
15-68/ 15-48	Lower Notre Dame Ave/Willow Lane/Oak Knoll Cross Country WMI	2,594,876	200,000	2,394,876	(n)	2,394,876	-	-	-	-	2,394,876	-
15-24	San Juan Blvd. Improvements	3,155,000	-	3,155,000	(o)	-	1,893,000	1,262,000	-	-	-	-
TBD	Twin Pines Park Main Relocation	2,500,000	-	2,500,000	(p)	-	*not yet programmed, cost expected to be borne by City*				-	-
15-05/15-83	Intertie Rebuilds	1,295,000	-	1,295,000	(q)	-	*not yet programmed*				-	-
TBD	Annual Pipe Replacement Program	6,133,333	-	6,133,333	(r)	-	-	1,533,333	2,300,000	2,300,000	-	-
TBD	Exbourne East and W. Belmont Second Tanks	1,300,000	-	1,300,000	(s)	-	-	325,000	975,000	-	-	-
24-07	Folger Property Improvements	735,160	-	735,160	(t)	-	*project on hold*				-	-
	Subtotal PAYGO Projects	**$ 31,328,468**	**$ 4,358,670**	**$ 26,969,798**		**$ 3,706,305**	**$ 1,893,000**	**$ 4,749,333**	**$ 9,791,000**	**$ 2,300,000**	**$ 3,706,305**	**$ -**
Debt-Funded Capital Projects												
20-09/ 20-10	Dairy Lane Operations Center Rehabilitation - Design and Construction	15,662,234	640,000	15,022,234	(u)	660,000	11,489,787	2,872,447	-	-	-	660,000
24-07	Folger Property Improvements	6,141,840	650,000	5,491,840	(t)	500,000	*project on hold*				-	500,000
15-89	Dekoven Tanks Replacement	7,590,000	354,137	7,235,863	(v)	4,775,670	2,460,193	-	-	-	-	4,775,670
15-72b/c	SR 101 Crossing at PAMF Hospital - Phase 2 and 3	5,532,000	371,545	5,160,455	(w)	4,128,364	1,032,091	-	-	-	-	4,128,364
--	Unallocated - Other Projects	-	-	0	(x)	-	-	-	0	-	-	-
	Subtotal Debt Financed Projects	**$ 34,926,074**	**$ 2,015,682**	**$ 32,910,392**		**$ 10,064,034**	**$ 14,982,072**	**$ 2,872,447**	**$ 0**	**$ -**	**$ -**	**$ 10,064,034**
	Total Capital Budget	**$ 69,643,208**	**$ 6,424,352**	**$ 63,218,856**	**(y)**	**$ 14,170,339**	**$ 17,442,739**	**$ 8,227,113**	**$ 10,981,333**	**$ 2,875,333**	**$ 4,106,305**	**$ 10,064,034**

Footnotes:

(a) Reserved for other capital equipment to be determined.
(b) Replace 1999 F350 #2785 with a Medium Duty EV Pickup Silverado or equivalent. Current costs range from $55,000 - $81,000 with State Clean Truck Vouchers and Federal Tax Credits costs would range from $44,000 - $77,000.
(c) Future purchase of all electric dump truck, Isuzu NRR EV Class 5, Ford F-550 Conversion, or comparable in FY28. Current costs range from $130,000 - $275,000 and $70,000 - $135 with State Clean Truck Vouchers, and/or Tax Credits.
(d) Future all electric Vactor truck, Vactor/Vac-Con Class 8 or equivalent in FY30. Current costs range from $620k - $850k and $380k - $560k with State Clean Truck Vouchers, EPA Grant Program, and/or Tax Credits.
(e) Project start has been challenging due to SFPUC biological permitting concerns - costs will continue to roll over until complete.
(f) Initial estimate, currently working on getting costs from contractors.
(g) Estimates based on pump contractor FY26 estimate for rebuild/repair. [Tunnels #3 = 23K to remove inspect, repair 36K, install 25K =84K. Estimate 40K for Hannibal pump station.]
*(h) Estimates anticipate 10 year register failure period. Large Register replacement = $30K/year through 2029. Large Meter Replacement = $83K/year *12 years starting 2028. Small meter replacement = ~$292K / year over 12 years starting in 2028.*
(i) Ongoing in-house work.
(j) Project budget based on hard costs beginning in FY2025 for construction, design, and CM/CI.
(k) Project budget based on project bid plus 10% contingency and PCG Design/CM/CI and an estimated $300,000 increase for additional rafter repair work for Exbourne. Assumes $400K for completion in FY27, including retention.
(l) Project budget represents current engineers estimate to complete project including contingency and does not include approximately $32K expenditures in FY25 for welding and testing. District is seeking an alternative funding source.
(m) Project budget based on project bid plus 10% contingency and PCG Design/CM/CI. Assumes project retention paid in FY26/27.
(n) Project budget based on current engineers estimate to complete project plus hard cost of $294,687 for PCG Design/bid services authorized.
(o) Estimate based on current District Engineer estimate and increase in project scope to replace pipe consistent with Belmont repaving project.
(p) Current District Engineer estimate for project through construction is $2,500,000. This cost is expected to be paid for by City of Belmont as project is necessitated by the City's stormwater detention basin project.
(q) Estimate based on 24/25 CIP engineering estimates. Project not yet programmed. District is seeking an alternative funding source.
(r) 3,300 LF of annual replacement. Engineering estimate of $500 per LF + 10% Contingency + $500,000 for Design, CM and Inspection ~$2.3M/year.
(s) Based on costs for current project; costs may be refined depending on inspection report.
(t) The majority project cost is assumed to be funded by debt, with the remainder assumed to be funded through pay-go reserves. Project budget include expended to date, plus bid cost including 10% contingency, design and PM/OCMI. Project is ON HOLD. FY26/27 estimate is based on OCMI $307K estimate for $40K for moving trailers, $80K for stormwater, $111K for generator and trailer infrastructure, plus 33% GC markups. Additional ~200K allocated for IT work and other associated costs for the temporary relocation of staff for Dairy Lane construction.
(u) Combined 20-09 and 20-10. Project budget based TBD and OCMI Cost Estimates and Peer Review April 2026. Projected total FYE is FY25 expended plus FYE 26 estimate.

(v) Project budget based on current engineers estimate to complete project including 10% contingency and does not include design costs incurred related to the 2021 bidding of the project.

(w) Project budget based on 90% Design estimate for Phase 2 (5/29/2026) and includes 10% contingency. Costs are estimated at $4.3M for Phase 2 and $1.2M for Phase 3. Projected Project Total FYE costs only include FY25 and FY26 including PCG and West Yost Design PM/Design. Ph.1 total costs = $846,850 not included.

(x) Other project balance = total debt finance project fund balance less current project budget estimates. BNY project fund balance of April 30, 2026 is $32,910,392.

(y) All costs are shown in 2026 dollars. No adjustments for inflation have been made.

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