

CENTRAL ARIZONA PROJECT

2026 | 2027
BIENNIAL

Budget

CAWCD

2026/2027 Budget

Briefing

October 7, 2025

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2026/2027 Budget Agenda

- Current Challenges
- Key Budget Messages
- Key Assumptions
- Staffing
- General Fund Overview
- Water Delivery Rate Reconciliation
- CAGR D Account
- Captive Insurance Fund
- Supplemental Water Account
- Capital Budget



2026/2027 Budget

Current Challenges Facing CAWCD

- Unknowns related to post-2026 guidelines renegotiations
- Ongoing shortage risks and conservation initiatives
- Aging Infrastructure & potential for unplanned events resulting in financial and operational impacts
- More severe weather events impacting operations and maintenance
- Continued increasing material costs are making repairs and capital improvement projects more costly
- Insurance market continues to see ~10% premium increases in many areas



2026/2027 Budget

Key Budget Messages



- Revenue projections based on reconciled rates for long-term contracts
- Budget was built from Department detail; all known work is included in the budget
- Both years are within the posted water delivery rates
- Capital and extraordinary maintenance costs are within current “Big R” rates
- Strategic reserves & Working Capital remain at target; Extraordinary Cost reserve near current target and will be reevaluated in 2026
- CAGR D remains in strong financial position
- Captive remains in strong financial position

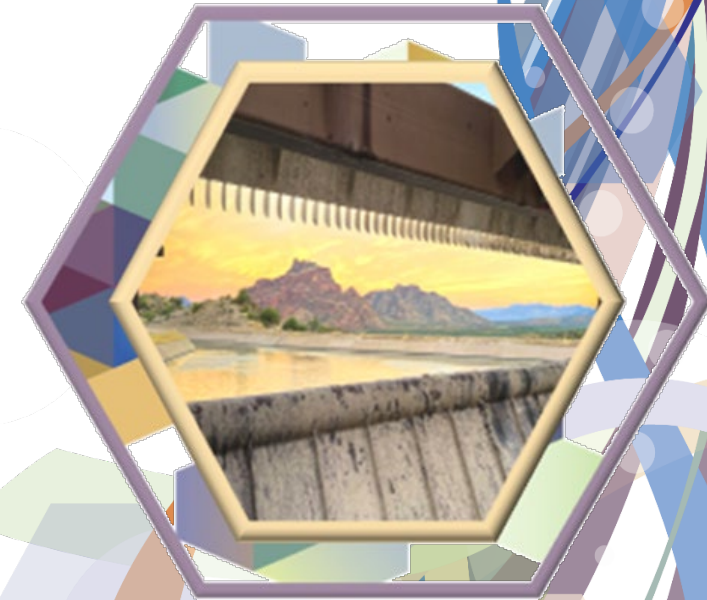


2026/2027 Budget

Key Budget Messages

Colorado River Support Funding

- Post-2026 implementation costs are not included in the budget:
 - Potential opportunities exist and are being evaluated
 - As opportunities arise, separate Board approvals will be required
- Colorado River litigation funds have been included in the budget:
 - \$6 million in 2026
 - \$6 million in 2027
 - Anticipated to be paid from the Extraordinary Cost Reserve



2026/2027 Budget Assumptions



- Rate schedule reflects Firm 2026 rates and Advisory 2027 rates
 - Rates were set at delivery volumes of 825,000 acre-feet to include Tier 1 DCP reductions of 512,000 acre-feet plus an additional 260,000 acre-feet of conservation
- Budget water volume, including CAGR credit purchases:
 - 890,361 acre-feet in 2025
 - 827,055 acre-feet in 2026
 - 827,062 acre-feet in 2027
- Tax rates held at \$0.10 for the general ad valorem and \$0.04 for the water storage tax
- No currently known long-term storage credit purchases for Arizona Water Banking Authority
 - \$0.4 million transfers for operations each year
 - AWBA may request transfers for long-term storage credit purchases in the future, if the opportunity arises



2026/2027 Budget Assumptions

- Energy based on current long-term contracts and projections
 - Long-term contracts account for ~12% of energy needs in 2026 and 2027
 - ~46% of energy needs for 2026 and ~12% of needs for 2027 acquired
 - Remainder of cost is based on forward energy price estimates
- 3 additional staffing (FTE) requested from 2025 budget level
 - Program Coordinator for Water Education Center
 - Electrician
 - Security Agent
- salary increases are budgeted at an average of 6% for 2026 and 2027 and includes merit increases, position market alignment and other salary adjustments



2026/2027 Budget Assumptions

- Expenses included in the budget that are being proposed to be funded from alternative sources are:
 - \$26.7 million in 2026
 - \$14.6 million in 2027
- Capital Projects included in the budget that are being proposed to be funded from alternative sources are:
 - \$73.9 million in 2026
 - \$40.1 million in 2027



2026/2027 Budget Staffing (Year-End Full Time Equivalents)

	2023 Actual	2024 Actual	2025 Projection	2026 Budget	2027 Budget
Management Council	11.1	11.0	11.5	13.0	13.0
Legal Services	5.0	6.0	6.0	6.0	6.0
Public & Intergov Affairs	16.5	16.7	16.7	18.0	18.0
Finance & Administration	47.7	46.9	47.3	48.0	48.0
Technology & Governance	47.1	49.2	48.8	51.0	51.0
Employee Services	22.0	24.2	24.5	24.5	24.5
Centralized Maint & Reliability	105.7	108.6	112.5	114.0	114.0
Field Maintenance	125.4	125.5	127.2	127.0	127.0
Operations & Engineering	87.5	90.1	91.7	93.0	93.0
Water Policy	17.9	17.2	17.7	19.0	19.0
Vacancy Savings Equivalent	-	-	(5.9)	(15.0)	(15.0)
Total	485.9	495.3	498.0	498.5	498.5

2025 Budget (net)

495.5

Central Arizona Project



YOUR WATER, YOUR FUTURE

2026/2027 Budget

General Fund Revenue and All Expenses

(Thousands)	2023 Actual	2024 Actual	2025 Projection	2026 Budget	2027 Budget
Water Deliveries with credits (KAF)	806	884	874	827	827
Operating Revenues					
Water operations & maintenance charges	\$ 194,420	\$ 220,325	\$ 241,197	\$ 255,814	\$ 266,361
Water service capital charges	38,463	38,606	38,596	40,520	41,967
Basin Development Fund revenues	5,039	11,841	7,179	6,950	6,751
Reimbursements and other revenues	5,026	2,984	2,221	2,701	2,063
Total Operating Revenues	242,947	273,756	289,193	305,985	317,142
Operating Expenses					
Salaries and related costs	(75,567)	(83,050)	(91,622)	(93,734)	(100,057)
Energy	(50,082)	(52,469)	(64,514)	(69,091)	(69,736)
Transmission	(14,938)	(7,145)	(12,045)	(11,564)	(11,971)
Amortization of permanent service right	(21,782)	(18,125)	(18,125)	(18,125)	(18,125)
Depreciation and Amortization	(26,857)	(27,986)	(28,855)	(34,607)	(37,457)
Other operating expenses	-	-	-	-	0
Outside services	(43,523)	(28,487)	(31,498)	(53,740)	(43,000)
Materials and supplies	(10,501)	(11,053)	(10,426)	(11,930)	(11,450)
Overhead	7,112	6,900	6,356	7,511	6,982
Other expenses	(10,965)	(11,752)	(13,479)	(11,962)	(12,255)
Subtotal	(57,877)	(44,392)	(49,047)	(70,121)	(59,723)
Total Operating Expenses	(247,103)	(233,167)	(264,208)	(297,243)	(297,069)
Operating Income/(Loss)	(4,156)	40,589	24,985	8,742	\$ 20,073

2026/2027 Budget

General Fund Revenue and All Expenses (cont.)

(Thousands)	2023 Actual	2024 Actual	2025 Projection	2026 Budget	2027 Budget
Non-operating Revenues					
Property taxes	\$ 97,291	\$ 96,612	\$ 106,529	\$ 111,708	\$ 116,957
Interest income & other non-operating revenues	34,953	36,808	50,737	29,807	21,303
Total Non-operating Revenues	132,244	133,420	157,266	141,515	138,260
Non-operating Expenses					
Disbursements to AWBA	(541)	(11,284)	(8,116)	(420)	(448)
Interest and uncollectable tax expense	(17,479)	(16,109)	(14,651)	(13,188)	(11,712)
Total Non-operating Expenses	(18,020)	(27,393)	(22,767)	(13,608)	(12,160)
Total Non-operating Revenues/(Loss)	114,224	106,027	134,499	127,907	126,100
Change in Net Position	110,068	146,616	159,484	136,649	146,173
Net Position at beginning of year	778,441	888,509	1,035,125	1,194,609	1,331,258
Net Position at end of year	\$ 888,509	\$ 1,035,125	\$ 1,194,609	\$ 1,331,258	\$ 1,477,431

2026/2027 Budget

GF Key Initiatives/Activities in Water Delivery Costs

(Thousands)	2026 Budget	2027 Budget
Multi-Species Conservation Program	\$ 1,679	\$ 1,713
Weather Modification & Augmentation	\$ 400	\$ 400
Climate & Hydrology Research	\$ 250	\$ 250
Bureau of Reclamation Work Plan	\$ 1,277	\$ 1,450
Board Elections	\$ 700	\$ -
Insurance Program-Property & Casualty	\$ 3,611	\$ 3,918

2026/2027 Budget

GF Expenses with Alternative Funding Sources

(Thousands)	Funding Source	2026 Budget	2027 Budget
Colorado River Litigation Funds	Extraordinary Cost	\$ 6,000	\$ 6,000
Conservation initiatives	Extraordinary Cost	\$ 4,000	\$ 5,000
Post-2026 Communications	Extraordinary Cost	\$ 550	\$ 50
Water Education Center	Extraordinary Cost	\$ 690	\$ -
Pure Water SoCA (formerly Regional Recycled Water)	Water Storage Tax	\$ 2,000	\$ 2,000
Recovery planning	Recovery Reserve	\$ 571	\$ 1,571
Extraordinary Maintenance	'Big R'	\$ 12,918	\$ -
Total		\$ 26,729	\$ 14,621

2026/2027 Budget

GF Extraordinary Maintenance

(Thousands)	2023 Actual	2024 Actual	2025 Projection	2026 Budget	2027 Budget
710042 - EM-Reline Discharge Lines & Manifolds SGL	\$ -	\$ 2,413	\$ 2,432	\$ 227	\$ -
710043 - Agua Fria Siphon Lining Repairs	\$ -	\$ -	\$ 362	\$ 10,448	\$ -
710044 - EM- Waterline Installation PFO	\$ -	\$ -	\$ 12	\$ 2,243	\$ -
710041 - EM-Storm Damage Repair Pool 34	\$ 68	\$ -	\$ -	\$ -	\$ -
710040 - EM-Reline Suctn Tubes/MWP & Rgt Manfld/BSH	\$ 1,927	\$ -	\$ -	\$ -	\$ -
Total	\$ 1,995	\$ 2,413	\$ 2,806	\$ 12,918	\$ -

2026/2027 Budget

GF Recharge

<i>(Thousands)</i>	2023 Actual	2024 Actual	2025 Projection	2026 Budget	2027 Budget
Water Deliveries (KAF)	70	97	76	51	51
Total revenues	969	1,381	1,096	765	765
Total expenses	(627)	(961)	(752)	(521)	(526)
Change in net position	\$ 342	\$ 420	\$ 344	\$ 244	\$ 239
Expense Summary					
Agua Fria	(44)	(66)	(42)	(61)	(48)
Hieroglyphic Mountains	(137)	(333)	(215)	(123)	(140)
Lower Santa Cruz	(100)	(207)	(129)	(97)	(80)
Pima Mine Road	(140)	(104)	(102)	(190)	(56)
Superstition Mountain	(200)	(205)	(162)	(44)	(196)
Tonopah	(7)	(46)	(102)	(6)	(6)
Total expenses	\$ (627)	\$ (961)	\$ (752)	\$ (521)	\$ (526)

2026/2027 Budget GF Recovery

<i>(Thousands)</i>	2023 Actual	2024 Actual	2025 Projection	2026 Budget	2027 Budget
Revenues					
Other revenues	129	32	71	71	71
Total Revenues	129	32	71	71	71
Expenses					
Salaries and related costs	-	-	-	-	-
Other operating costs:					
Outside services	(402)	(260)	(118)	(571)	(1,571)
Other expenses	-	(1)	-	-	-
Total Expenses	\$ (402)	\$ (261)	\$ (118)	\$ (571)	\$ (1,571)
 Change in Net Position	 (273)	 (228)	 (47)	 (500)	 (1,500)

2026/2027 Budget

GF Water Delivery Expenses

<i>(Thousands)</i>	2023 Actual	2024 Actual	2025 Projection	2026 Budget	2027 Budget
Water Deliveries with credits (KAF)	806	884	890	827	827
Operating Expenses					
Salaries and related costs	75,189	82,559	91,109	93,122	99,998
Energy	50,082	52,469	64,514	69,091	69,736
Transmission	14,938	7,145	12,045	11,564	11,971
Amortization of permanent service right	21,782	18,125	18,125	18,125	18,125
Depreciation and Amortization	26,857	27,986	28,855	34,607	37,457
Other operating expenses					
Outside services	39,779	17,719	21,945	27,754	28,045
Materials and supplies	10,445	10,969	10,375	11,916	11,438
Overhead	(7,520)	(7,407)	(6,897)	(8,088)	(7,042)
Other expenses	10,862	11,678	13,378	11,902	12,194
Subtotal	53,566	32,959	38,801	43,484	44,635
Total Operating Expenses	242,414	221,243	253,450	269,993	281,922

2026/2027 Budget Water Delivery Rates

Fixed OM&R rate

- 2026 is \$0.63 per acre-foot lower than published rate
- 2027 is \$0.52 per acre-foot lower than advisory rate

Energy rate

- 2026 is \$0.94 per acre-foot higher than published rate
- 2027 is \$0.42 per acre-foot lower than advisory rate

Total rate

- 2026 is \$0.31 per acre-foot higher than published rate
- 2027 is \$0.94 per acre-foot lower than advisory rate

2026/2027 Budget Rate Reconciliation

CALCULATION OF WATER DELIVERY COSTS

(Thousands)	2026		2027	
	Budget	Published	Budget	Advisory
General Fund Operating Expenses	\$ 297,243	\$ 287,487	\$ 297,069	\$ 291,147
Adjustments for O&M Expenses				
Depreciation & amortization	(52,732)	(50,356)	(55,582)	(51,456)
Energy	(69,092)	(66,641)	(69,736)	(69,160)
Transmission & other adjustments	(1,989)	(3,492)	(2,697)	(3,597)
Underground storage site O&M	(521)	(569)	(526)	(661)
Extraordinary maintenance (when part of "Big R")	(12,918)	(14,000)	-	-
Other income	(1,870)	(773)	(1,231)	(786)
Compensated mitigation (Funded by 'Big R')	-	-	-	-
Programs Funded by Water Storage Tax Reserve	(2,000)	(1,000)	(2,000)	(2,000)
Programs Funded by Recovery Reserve	(571)	(1,500)	(1,571)	(1,500)
Programs Funded by Extraordinary Cost Reserve	(11,240)	(5,000)	(11,050)	(10,000)
Total Adjustments	(152,933)	(143,331)	(144,393)	(139,160)
Fixed O&M Expenses	\$ 144,310	\$ 144,156	\$ 152,676	\$ 151,987
Pumping Energy & Hoover capacity charges				
Pumping Energy and Capacity Charges	69,092	66,641	69,736	69,160
Transmission to be Included in Energy	1,989	3,492	2,697	3,597
Total Pumping Energy & Hoover capacity charges	\$ 71,081	\$ 70,133	\$ 72,433	\$ 72,757

2026/2027 Budget Rate Reconciliation (cont.)

CALCULATION OF RECONCILED WATER DELIVERY RATES

	2026		2027	
	Budget	Published	Budget	Advisory
Water Delivery Costs <i>(Thousands)</i>				
Fixed O&M expenses	\$ 144,310	\$ 144,156	\$ 152,676	\$ 151,987
Total pumping energy expenses	71,081	70,133	72,433	72,757
Water Volume <i>(Acre-Feet)</i>				
Billed Fixed OM&R water volume	827,055	825,000	827,062	825,000
Pumping energy rate water volume	827,055	825,000	827,062	825,000
Water Delivery Rate <i>(\$/AF)</i>				
Calculated Fixed O&M Rate	\$ 174.49	\$ 175.00	\$ 184.60	\$ 185.00
Capital Replacement Component ("Big R")	48.88	49.00	49.88	50.00
Total Fixed OM&R	223.37	224.00	234.48	235.00
Total Pumping Energy Rate	85.94	85.00	87.58	88.00
Total Delivery Rate	\$ 309.31	\$ 309.00	\$ 322.06	\$ 323.00

2026/2027 Budget CAGRD Account Assumptions

- Membership dues continued for budget period
- Revenue based on current estimated enrollments, activations, and obligations
- Water costs based on current CAWCD published rates
- Continue to enhance new CAPTR database system



2026/2027 Budget CAGR

<i>(Thousands)</i>	2023 Actual	2024 Actual	2025 Projection	2026 Budget	2027 Budget
Operating Revenues					
Revenues-Rates	26,076	26,752	36,378	38,290	43,276
Revenues-Fees	16,648	15,644	20,467	17,955	18,062
Revenues-Dues	11,249	9,951	11,445	11,021	11,780
Other Rev	3,511	-	-	-	-
Total Operating Revenues	\$ 57,484	\$ 52,347	68,290	\$ 67,266	\$ 73,118
Operating Expenses					
Salaries and related costs	(1,331)	(1,346)	(1,392)	(1,607)	(1,703)
Depreciation	(61)	(61)	(61)	(61)	(61)
Other operating expenses					
Outside services	(377)	(1,026)	(2,007)	(1,109)	(939)
Overhead	(1,443)	(1,398)	(1,459)	(1,628)	(1,726)
Water for recharge	(20,880)	(18,035)	(15,436)	(17,586)	(18,764)
Other expenses	(171)	(186)	(206)	(244)	(246)
Subtotal	(22,871)	(20,645)	(19,108)	(20,567)	(21,675)
Total Operating Expenses	(24,263)	(22,052)	(20,561)	(22,235)	(23,439)
Net Operating Income/(Loss)	33,221	30,295	47,729	45,031	49,679
Non-operating Revenues/(Expenses)					
Interest income	4,706	5,767	5,921	4,179	2,915
Interest expense	(604)	(333)	(75)	-	-
Net Non-operating Income/(Loss)	4,102	5,434	5,846	4,179	2,915
Change in Net Position	\$ 37,323	\$ 35,729	53,575	\$ 49,210	\$ 52,594
Obligations (year reported)-KAF	33.9	40.4	40.6	44.1	45.4

2026/2027 Budget Captive Account Assumptions

- Property and casualty premiums based on industry trends
- Health premiums holding 2026 and minimal increase in 2027
- No unusual or extraordinary claim expenses



2026/2027 Budget Captive Fund

<i>(Thousands)</i>	2023 Actual	2024 Actual	2025 Projection	2026 Budget	2027 Budget
Operating Revenues					
Reimbursements and other operating revenues	\$ 11,969	\$ 12,889	\$ 13,066	\$ 13,445	\$ 13,849
Total Operating Revenues	<u>11,969</u>	<u>12,889</u>	<u>13,066</u>	<u>13,445</u>	<u>13,849</u>
Operating Expenses					
Other operating expenses					
Outside services	(226)	(225)	(254)	(274)	(284)
Other expenses - Claims	(9,527)	(10,920)	(11,595)	(13,869)	(14,554)
Total Operating Expenses	<u>(9,753)</u>	<u>(11,145)</u>	<u>(11,849)</u>	<u>(14,143)</u>	<u>(14,838)</u>
Net Operating Income/(Loss)	<u>2,216</u>	<u>1,744</u>	<u>1,217</u>	<u>(698)</u>	<u>(989)</u>
Non-operating Revenues/(Expenses)					
Interest and other income	2	421	608	480	480
Total Non-operating Revenues/(Loss)	<u>2</u>	<u>421</u>	<u>608</u>	<u>480</u>	<u>480</u>
Change in Net Position	<u>2,218</u>	<u>2,165</u>	<u>1,825</u>	<u>(218)</u>	<u>(509)</u>

2026/2027 Budget

Supplemental Water Account Assumptions

- Interest accrues and stays in account
- No anticipated expenditures



Central Arizona Project

2026/2027 Budget Supplemental Water Account

<i>(Thousands)</i>	2023 Actual	2024 Actual	2025 Projection	2026 Budget	2027 Budget
Operating Expenses					
Other expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Operating Expenses	-	-	-	-	-
Non-operating Revenues/(Expenses)					
Interest income	431	490	618	279	193
Total Non-operating Revenues	431	490	618	279	193
Change in Net Position	431	490	618	279	193
Net Position at beginning of period	8,592	9,023	9,513	10,131	10,410
Account Balance	\$ 9,023	\$ 9,513	\$ 10,131	\$ 10,410	\$ 10,603

2026/2027 Budget

Capital Budget Summary

(Millions)	2023 Actual	2024 Actual	2025 Projection	2026 Budget	2027 Budget
Capital Projects	\$ 36.6	\$ 22.7	\$ 43.8	\$ 112.2	\$ 79.6
Capital Equipment	5.1	6.1	4.8	6.4	4.6
Total	\$ 41.7	\$ 28.8	\$ 48.6	\$ 118.6	\$ 84.2



Central Arizona Project

2026/2027 Budget

Capital Budget Breakdown

<i>(Millions, except where noted)</i>	2023 Actual	2024 Actual	2025 Projection	2026 Budget	2027 Budget
FTEs (nearest tenth)	24.7	28.6	23.1	28.3	26.2
Salaries and related costs	\$ 5.2	\$ 5.3	\$ 4.6	\$ 5.8	\$ 5.4
Equipment, buildings, and structures	29.6	20.2	33.0	94.6	59.3
Other expenses					
Outside services	0.5	(2.5)	5.2	11.3	14.1
Materials, supplies & other expenses	0.7	0.3	0.9	1.0	0.1
Overhead expenses	5.7	5.5	4.9	5.9	5.3
Subtotal - Other Expenses	6.9	3.3	11.0	18.2	19.5
Total Capital	\$ 41.7	\$ 28.8	\$ 48.6	\$ 118.6	\$ 84.2

2026/2027 Budget

Capital Budget with Alternative Funding Sources

<i>(Thousands)</i>	Funding Source	2026	2027	Project Total
Aqueduct Hydrology Improvement	Extraordinary Cost Reserve	\$ 41,742	\$ 27,325	\$ 176,071
SRP-CAP Interconnection Facility	Extraordinary Cost Reserve	\$ 5,000	\$ 5,000	\$ 25,000
Transmission Feed & Line Hardening SGL	Extraordinary Cost Reserve	\$ 372	\$ 3,166	\$ 3,538
Transformer McCullough	Extraordinary Cost Reserve	\$ 50	\$ 750	\$ 15,000
Water Education Center	Extraordinary Cost Reserve	\$ 26,210	\$ 3,389	\$ 51,062
Basin Improvements Pima Mine Road Recharge	Extraordinary Cost Reserve	\$ 24	\$ 473	\$ 3,320
Monitor Well Pima Mine Road Recharge	Extraordinary Cost Reserve	\$ 499	\$ -	\$ 499
Total		\$ 73,897	\$ 40,103	\$ 274,490

CENTRAL ARIZONA PROJECT

2026 | 2027
BIENNIAL

Budget

Capital Improvement Program Overview

October 7, 2025

Darren Couturier

Engineering Project
Management

2026/2027 Budget

Capital Improvement Program

- ❖ **Project Selection Process; Risk Based Prioritization**
- ❖ **Project Steering Committee**
- ❖ **Capital Project Highlights**

2026/2027 Budget

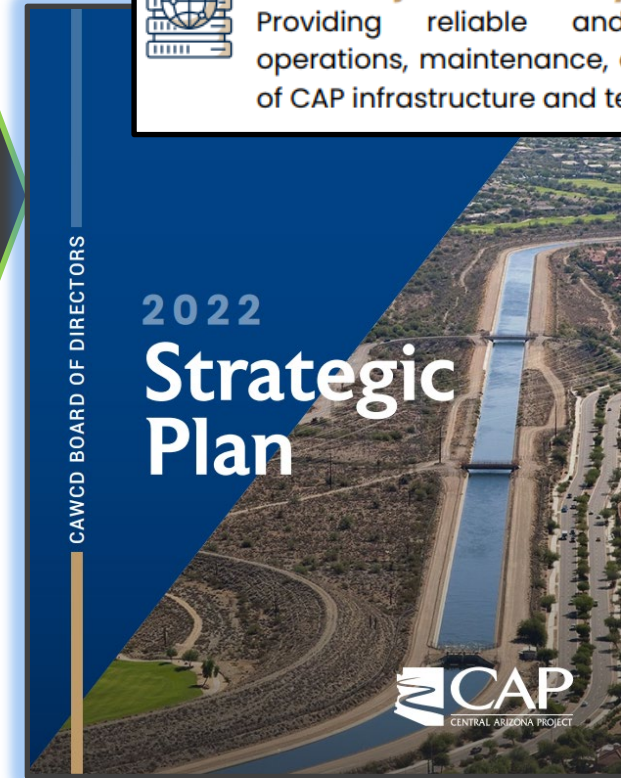
Capital Budget – Engineering Projects

(Millions)	2023 Actual	2024 Actual	2025 Projection	2026 Budget	2027 Budget
Capital Projects	\$ 36.6	\$ 22.7	\$ 43.8	\$ 112.2	\$ 79.6
Capital Equipment	5.1	6.1	4.8	6.4	4.6
Total	\$ 41.7	\$ 28.8	\$ 48.6	\$ 118.6	\$ 84.2
<i>Previous Budget</i>		\$ 31.4	\$ 59.4		



KRA: Project Reliability

Providing reliable and cost-effective operations, maintenance, and replacement of CAP infrastructure and technology assets



2026/2027 Budget

Risk Based Project Prioritization

Projects selected for Budget:

- Prioritized based on Risk
- Optimize Labor Availability
- Support CAP's Strategic Goals
- Aligned with "Big R" Rate and Extraordinary Cost Reserve Funding

CENTRAL ARIZONA PROJECT FINAL 2026-2030 RATE SCHEDULE BOARD APPROVED								June 5, 2025
WATER RATES								
Units = \$/ acre-foot								
(The Letter Designations in the Formulas Refer to the Rate Components Shown Below)								
Water Volume (acre-feet)	900K	900K	825K	825K	825K	825K	825K	
	2024	Firm 2025	Firm 2026	2027	Advisory 2028	2029	2030	
Water Delivery Rate								
Fixed O&M "Big R"	145 47	160 40	175 49	185 50	187 52	199 52	209 52	
Fixed OM&R Rate ¹	\$ 192	\$ 200	\$ 224	\$ 235	\$ 239	\$ 251	\$ 261	
Pumping Energy Rate ²	\$ 78	\$ 95	\$ 85	\$ 88	\$ 91	\$ 94	\$ 97	
Water Delivery Rate ³	\$ 270	\$ 295	\$ 309	\$ 323	\$ 330	\$ 345	\$ 358	
Capital Charge ⁴								
Full rate	\$ 72	\$ 69	\$ 67	\$ 64	\$ 64	\$ 61	\$ 59	
Board applied taxes to Repayment	\$ (19)	\$ (15)	\$ (11)	\$ (6)	TBD	TBD	TBD	
Net Capital Charge	\$ 53	\$ 54	\$ 56	\$ 58	\$ 64	\$ 61	\$ 59	

Risk Priority Number Matrix							
Risk Priority Number = Consequence Score + Failure Rate Score							
	Score						
Catastrophic	8	9	10	11	12	13	14
Critical	6	7	8	9	10	11	12
Severe	4	5	6	7	8	9	10
Serious	2	3	4	5	6	7	8
Moderate	1	2	3	4	5	6	7
Negligible	0	1	2	3	4	5	6
Score		1	2	3	4	5	6
Failure Rate		< 50 Years	30-50 Years	10 - 30 Years	1-10 Years	6mo - 1 Year	> 6mo
EOL/Obsolescence Estimate		> 12 yrs	> 10 ≤ 12 yrs	> 8 ≤ 10 yrs	> 5 ≤ 8 yrs	> 2 ≤ 5 yrs	≤ 2 yrs
		Likelihood of Failure					

2026/2027 Budget

Project Steering Committee (PSC)

Scope

- Capital Portfolio Management
 - \$300K and up
 - Monthly meetings
- Approve the right projects for CAP Biennial Budget
 - Strategic fit & Opportunity
 - Cost
- Project cost and schedule variance

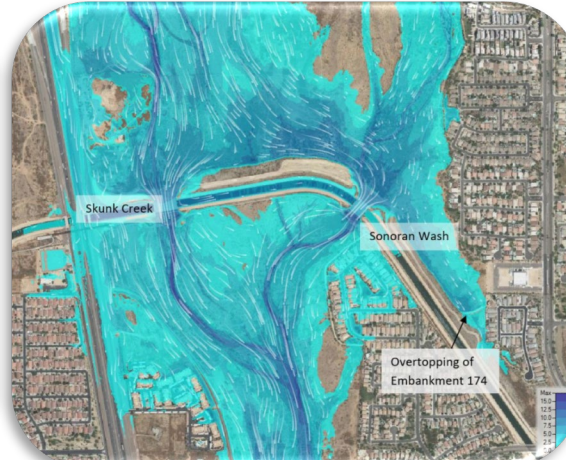


2026/2027 Budget

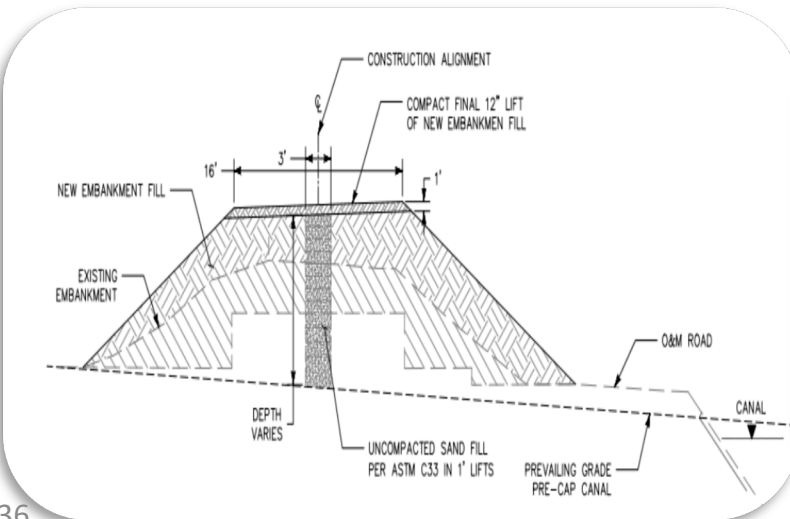
Capital Project Highlights

- ❖ Aqueduct Hydrology Improvement Program
- ❖ Water Education Center
- ❖ HVAC Replacement - HQ Building 2
- ❖ Agua Fria River Siphon Lining Repairs (Extraordinary Maintenance)
- ❖ Generator Replacement - Multi-Site
- ❖ Multi-Use Buildings - Bouse Maintenance Yard & HQ

Aqueduct Hydrology Improvement Program



Total	Pre-2026	2026	2027	2028	2029	2030	2031	Balance
\$ 176,071	\$ 5,849	\$ 41,742	\$ 27,325	\$ 28,605	\$ 31,557	\$ 37,393	\$ 3,600	\$ -



- Address potential vulnerabilities of cross drainage infrastructure, to improve dike embankments heights, and for other construction at the most critical locations along the canal
- Project scope includes 21 sites with the highest risk
- Improvements will target potential impacts to the canal and downstream conditions if a dike or overcrossing failure were to happen

Water Education Center



Work Complete:

- Sanitary Sewer Tie-In
- Fiber Optic Line Tie-In
- Grade Beam Concrete
- Wall Footings Canal Left

Total	Pre-2026	2026	2027
\$ 51,062	\$ 21,463	\$ 26,210	\$ 3,389



Water Education Center

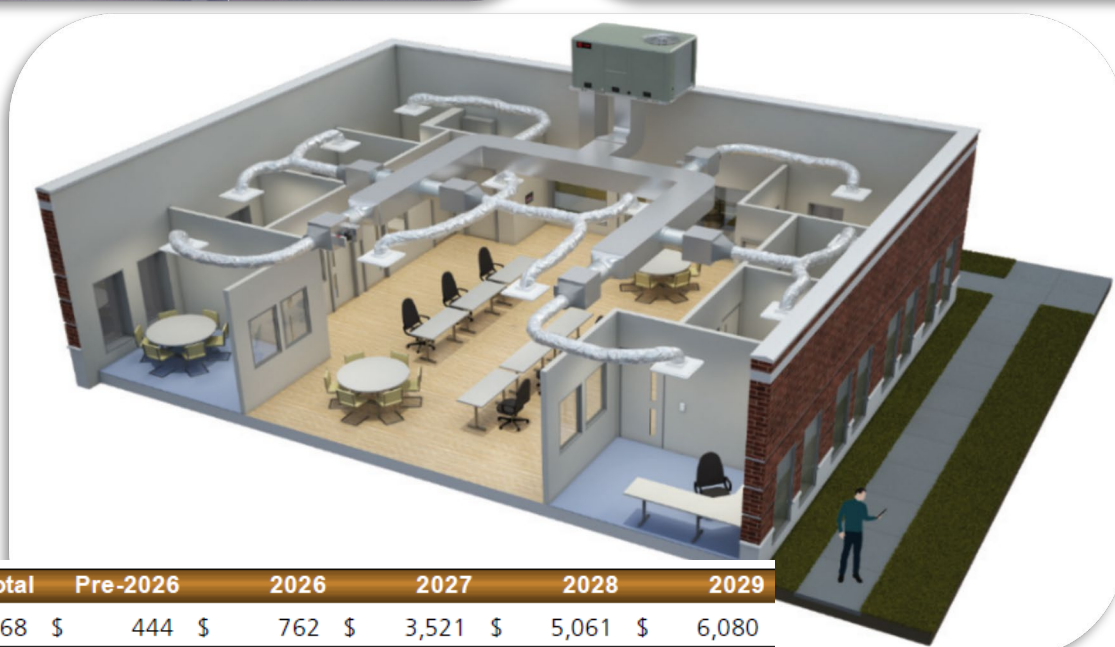
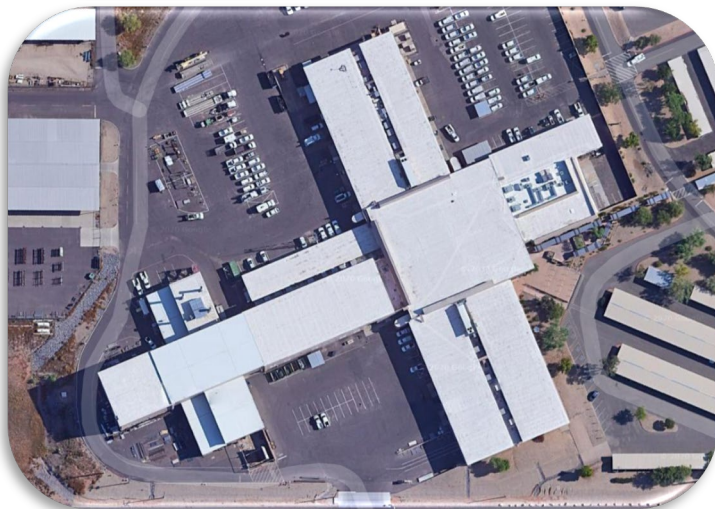


Work Upcoming:

- Start of Structural Concrete
- Remaining Wet Utilities
- Wall Footings
- M.E.P. Rough-in

Total	Pre-2026	2026	2027
\$ 51,062	\$ 21,463	\$ 26,210	\$ 3,389

HVAC Replacement - HQ Building 2



- Remove old evaporative coolers.
- Install modern packaged DX HVAC units.
- Add modern automated controls & remove monitoring.
- Upgrade Machine Shop, Auto Shop, Warehouse & Quad.
- Coordinate demo/installation, reduce disruptions.
- Improve comfort & safety, protect equipment.

Total	Pre-2026	2026	2027	2028	2029
\$ 15,868	\$ 444	\$ 762	\$ 3,521	\$ 5,061	\$ 6,080

Agua Fria River Siphon Lining Repairs (Extraordinary Maintenance)

- Dewater siphon.
- Blowoff structure.
- Preconstruction Inspection.
- Site prep & safety planning.
- Developed scope of work.
- Access roads improved.
- Pre-planned outage.
- Contractor Selection process.
- Coatings improvements, pipe invert.
- Water up siphon.

Total	Pre-2026	2026
\$ 10,810	\$ 362	\$ 10,448



Generator Replacement - Multi-Site

- Generators, end of useful life.
- Evaluate backup power options and air emission constraints.
- Procure long-lead capital equipment
Install new Generators at Pumping Plants.
- Improve Reliability.
- Pilot installations at HSY and PIC



Total	Pre-2026	2026	2027	2028	2029	2030
\$ 30,346	\$ 1,278	\$ 5,480	\$ 6,240	\$ 6,237	\$ 6,002	\$ 5,109

Multi-Use Buildings - Bouse Maintenance Yard & HQ

- Design and construction for (2) new Maintenance Buildings.
- Bouse Maintenance Yard Building to give fleet maintenance a dedicated and safe workspace.
- The two buildings share a similar scope and were packaged under one project to allow for savings in design and construction.



	Total	Pre-2026	2026
\$	5,704	\$ 2,212	\$ 3,492

