

***Mendocino County Russian River Flood Control &
Water Conservation Improvement District***

STAFF REPORT

Agenda Item 7: Draft Fiscal Year 2026-2027 Budget

Monday, May 4, 2026

The Strategic Plan relevant priority is **Governance and Operational Excellence** - ensuring sound and sustainable management of District finances.

- An annual budget sharpens understanding and provides reflection on the progress of District strategic plan goals.
- The budget helps to avoid surprises and maintain fiscal control of the public resources managed by the District.
- The budget is how the District Board sets the annual price per acre foot and manages adequate and responsible reserves.

Discussion

The following table shows the preliminary draft of Fiscal Year 2026-2027 Budget, beginning July 1, 2026. Attached is the more detailed Preliminary Draft Budget Worksheet. The Board is invited to provide comments and questions.

As per Board direction at the April 6, 2026 Board Meeting budget workshop, the budget has been reworked to include both surplus sales and use of reserves as budgeted revenue, as well as full potential expenses in line items previously indicating a possible use of reserves. More information in the pages to follow with changed line items highlighted in green.

SUMMARY	FY 2025/26	FY 2025/26	FY 2025/26	FY 2026/27	Change	Change
	APPROVED Budget	APPROVED Adjustment	Actuals Projected to 6/30/26	PROPOSED Budget 4/5/26	from previous year budget in \$	from previous year budget in %
TOTAL REVENUE	\$ 616,040	\$ 616,040	\$ 652,957	\$ 713,300	\$ 97,260	16%
less TOTAL EXPENSE	\$ 616,000	\$ 616,000	\$ 390,290	\$ 713,300	\$ 97,300	16%
equals	\$ 40	\$ 40	\$ 262,667	\$ -		

The total revenue from the April draft increased by \$40,000 from \$673,300 to \$713,300.

The total expenses from the April draft increased by \$40,000 from \$673,300 to \$713,300.

The price per acre foot remained the same at \$72.00, both contracted and surplus, though surplus sales to Redwood Valley Water are determined as per the stipulated judgment.

Recommended Action:

Provide feedback and direction to GM in preparation of the Final Proposed Fiscal Year 2026-2027 Budget Public Hearing at the June 1, 2026 Board Meeting.

Attachment:

Draft Budget Worksheet with explanations and historical charts.

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Prepared and submitted to the Board of Trustees by: Elizabeth Salomone, General Manager

Preliminary Budget Worksheet for May 4, 2026 Board Meeting, Pg 1 of 5

Green Highlighted Cells: These were new or moved lines from the previous version.

REVENUE & USE OF RESERVES		FY 2025/26	FY 2025/26	FY 2025/26	FY 2026/27	Change	Change
		APPROVED Budget	APPROVED Adjustment	Actuals Projected to 6/30/26	PROPOSED Budget 5/4/26	from previous year budget in \$	from previous year budget in %
4001.1	Water Sales, Contracted	\$ 524,040	\$ 524,040	\$ 490,739	\$ 568,368	\$ 44,328	8%
4001.2	Water Sales, transferred from contracts	\$ -	\$ -	\$ 49,500			
4002	Water Sales, uncontracted surplus	\$ -	\$ -	\$ -	\$ 3,312		
4010	Water Application Fees	\$ -	\$ -	\$ -	\$ 1,600		
4050	Property Taxes	\$ 65,000	\$ 65,000	\$ 65,000	\$ 70,000	\$ 5,000	8%
4080	Interest, LAIF	\$ 18,000	\$ 18,000	\$ 17,800	\$ 19,000	\$ 1,000	6%
4082	Interest, CA CLASS	\$ 9,000	\$ 9,000	\$ 15,000	\$ 16,000	\$ 7,000	78%
4100	Other income	\$ -	\$ -	\$ 918	\$ -	\$ -	
n/a	Use of Water Supply Reliability Reserves			\$ 14,000	\$ 35,020		
TOTAL REVENUE & USE OF RESERVES		\$ 616,040	\$ 616,040	\$ 652,957	\$ 713,300	\$ 97,260	16%

- Price Per Acre Foot: The cost per acre foot (af) would be \$72 for FY 26/27, a \$6 per af increase. This number is used to budget for all types of water sales.
- Line 4001.1 Water Sales Contracted: Based on 7,894 af currently under contract.
- Line 4001.2 Water Sales, transferred: Budgeted in line 4001.1 but differentiated in projected actuals based on 2025 contracted water transferred to surplus by Customers.
- Line 4002 Water Sales, Uncontracted Surplus: Based on the current uncontracted amount of 46 af. This will likely be contracted during the Fiscal Year and actuals reported in line 4001.1
- Use of Water Supply Reliability Reserves: Reserves will only be used if total costs for Water Supply Expenses exceeds the fully budgeted amount.
- See end of report for information historical rate setting.

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Preliminary Budget Worksheet for May 4, 2026 Board Meeting, Pg 2 of 5

		FY 2025/26	FY 2025/26	FY 2025/26	FY 2026/27	Change	Change
	WATER SUPPLY EXPENSES	APPROVED	APPROVED	Actuals	PROPOSED	from	from
		Budget	Adjustment	Projected to	Budget	previous year	previous year
				6/30/26	5/4/26	budget in \$	budget in %
5020	Water Rights - Compliance TOTAL:	\$ 28,000	\$ 21,500	\$ 31,800	\$ 51,000	\$ 29,500	137%
5020.01	Annual Fees	\$ 18,000	\$ 17,000	\$ 17,000	\$ 18,000	\$ 1,000	6%
5020.02	Legal Counsel	\$ 3,000	\$ 2,000	\$ -	\$ 5,000	\$ 3,000	150%
5020.03	Engineering	\$ 3,000	\$ 2,000	\$ -	\$ 3,000	\$ 1,000	50%
5020.04	Meter Maintenance	\$ 2,000	\$ 500	\$ 300	\$ 1,000	\$ 500	100%
5020.05	Meter & Data Mgmt	\$ 2,000	\$ -	\$ 500	\$ 4,000	\$ 4,000	
5020.05	New Meter Purchases			\$ 14,000	\$ 20,000		
5030	USGS Streamflow Gage	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ -	0%
5031.01	Inland Water & Power Commission JPA	\$ 10,000	\$ 5,000	\$ 5,000	\$ 76,000	\$ 75,000	1420%
5040	Channel Maintenance	\$ 20,000	\$ 20,000	\$ 6,000	\$ 30,000	\$ 10,000	50%
5050	Water Supply Projects Total	\$ 237,000	\$ 248,500	\$ 154,460	\$ 236,000	\$ (12,500)	-5%
5031.00	Grants & Funding Analysis	\$ 5,000	\$ 3,000	\$ -	\$ -	\$ (3,000)	-100%
5056	License Change Petition	\$ 10,000	\$ 35,000	\$ 35,000	\$ 12,000	\$ (23,000)	-66%
5057	LAFCo Applications	\$ 10,000	\$ 10,000	\$ 22,460	\$ 25,000	\$ 15,000	150%
5058	Demand Management Pilot	\$ 2,000	\$ -	\$ -	\$ -	\$ -	
5059	Trans Basin Diversion	\$ 110,000	\$ 110,000	\$ 67,000	\$ 140,000	\$ 30,000	27%
5060	Lake Mendocino Increased Storage Capacity	\$ 100,000	\$ 90,500	\$ 30,000	\$ 59,000	\$ (31,500)	-35%
	TOTAL WATER SUPPLY EXPENSES	\$ 310,000	\$ 310,000	\$ 212,260	\$ 408,000	\$ 195,740	-24%

- Grey cells are a breakdown of the total above.
- Line 5020.05 New Meter Purchases was moved from “Other Expenses” and a cost-of-doing-business expense for water right compliance. If the costs exceed the budget, the Board will be asked to consider a budget adjustment to either use unexpended funds from another line item or draw upon reserves.
- Line 5031.01 IWPC: Projected actual is based on IWPC’s FY 2025-26 budget.
- Line 5040 Channel Maintenance: Additional funds of \$20,000 included from previous version.
- Line 5056 License Change Petition: Additional funds of \$5,000 included from previous version.
- Line 5057 LAFCo Applications: Additional funds of \$20,000 included from previous version.
- Line 5059 Trans Basin Diversion: Projected actual is based on IWPC’s FY 2025-26 budget and includes District internal costs (legal.)
- Line 5060 Lake Mendocino Increased Storage Capacity (formally labeled “Coyote Valley Dam Modernization”): Projected actual is based on IWPC’s FY 2025-26 budget and includes District internal costs (legal.)
- Note: The pale green cells indicate expenditures related to IWPC operations and projects expenses and include District internal costs for those projects. QuickBooks reporting breaks out project expenses.

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Preliminary Budget Worksheet for May 4, 2026 Board Meeting, Pg 3 of 5

PAYROLL EXPENSES		FY 2025/26	FY 2025/26	FY 2025/26	FY 2026/27	Change	Change
		APPROVED	APPROVED	Actuals	PROPOSED	from	from
		Budget	Adjustment	Projected to	Budget	previous year	previous year
				6/30/26	4/5/26	budget in \$	budget in %
5001	Gross Wages	\$ 145,000	\$ 145,000	\$ 150,000	\$ 155,000	\$ 10,000	7%
5002	CalPERS Employer Expense	\$ 13,000	\$ 13,000	\$ 9,500	\$ 13,000	\$ -	0%
5003	CalPERS 457 Expense	\$ 5,000	\$ 5,000	\$ 4,500	\$ 5,000	\$ -	0%
5004	Health Insurance	\$ 17,000	\$ 17,000	\$ 17,000	\$ 18,000	\$ 1,000	6%
5005	Medicare	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,500	\$ 500	25%
5006	FICA (Federal Taxes)	\$ 10,000	\$ 10,000	\$ 10,000	\$ 11,000	\$ 1,000	10%
5007	CalPERS 1959 Survivor Billing	\$ 100	\$ 100	\$ 100	\$ 100	\$ -	0%
5008	CalPERS GASB-68 Fees	\$ 900	\$ 900	\$ 430	\$ 600	\$ (300)	-33%
5009	Unfunded Pension Liability	\$ 9,000	\$ 9,000	\$ 9,000	\$ 10,000	\$ 1,000	11%
5011	Employee Bonus	\$ 5,000	\$ 5,000	\$ 2,800	\$ 5,000	\$ -	0%
TOTAL PAYROLL EXPENSES		\$ 207,000	\$ 207,000	\$ 205,330	\$ 220,200	\$ 13,200	6%

- No changes from previous month.

GENERAL & ADMINISTRATIVE EXPENSES		FY 2025/26	FY 2025/26	FY 2025/26	FY 2026/27	Change	Change
		APPROVED	APPROVED	Actuals	PROPOSED	from	from
		Budget	Adjustment	Projected to	Budget	previous year	previous year
				6/30/26	4/5/26	budget in \$	budget in %
5100	Consulting - General	\$ 43,000	\$ 40,000	\$ 27,700	\$ 31,500	\$ (8,500)	-27%
5101	Accounting	\$ 10,000	\$ 8,000	\$ 4,000	\$ 4,000	\$ (4,000)	-50%
5102	Audit	\$ 10,000	\$ 10,000	\$ 9,500	\$ 11,000	\$ 1,000	10%
5103	Engineering	\$ -	\$ 2,000	\$ 1,000	\$ 2,000	\$ -	0%
5104	Administrative Support	\$ 8,000	\$ 5,000	\$ 1,500	\$ 3,000	\$ (2,000)	-40%
5105	Legal-general	\$ 5,000	\$ 5,000	\$ 7,000	\$ 10,000	\$ 5,000	100%
5109	Human Resources	\$ 2,000	\$ 2,000	\$ 1,700	\$ 1,500	\$ (500)	-25%
5110	Strategic Planning	\$ 8,000	\$ 8,000	\$ 3,000	\$ -	\$ (8,000)	-100%
5120	Vehicle: Fuel, Repairs, Maintenance	\$ 2,000	\$ 2,000	\$ 1,500	\$ 3,000	\$ 1,000	50%
5130	Insurance	\$ 14,000	\$ 14,000	\$ 8,000	\$ 10,000	\$ (4,000)	-29%
5140	Local Agency Formation Commission	\$ 1,500	\$ 1,500	\$ 1,000	\$ 1,100	\$ (400)	-27%
5150	Memberships, ACWA & CSDA	\$ 7,000	\$ 3,000	\$ 2,500	\$ 2,500	\$ (500)	-17%
5160	Office Operating Expenses	\$ 7,000	\$ 14,000	\$ 14,000	\$ 14,000	\$ -	0%
5161	Rent & Utilities	\$ 5,000	\$ 5,000	\$ 5,000	\$ 8,000	\$ 3,000	60%
5170	Training & Conferences	\$ 5,000	\$ 5,000	\$ 3,500	\$ 1,000	\$ (4,000)	-80%
5180	Stipends, meetings	\$ 13,000	\$ 13,000	\$ 10,000	\$ 12,000	\$ (1,000)	-8%
5190	Property Tax Admin Fees	\$ 1,500	\$ 1,500	\$ 1,500	\$ 2,000	\$ 500	33%
5200	Election	\$ 0.00	\$ 0.00	\$ -	\$ -	\$ -	
TOTAL GENERAL & ADMINISTRATIVE EXPENSES		\$ 99,000	\$ 99,000	\$ 74,700	\$ 85,100	\$ (13,900)	16%

- No changes from previous version.

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TOTAL EXPENSES	FY 2025/26	FY 2025/26	FY 2025/26	FY 2026/27	Change	Change
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TOTAL PAYROLL EXPENSES	\$ 207,000	\$ 207,000	\$ 205,330	\$ 220,200	\$ 13,200	6%
TOTAL WATER SUPPLY EXPENSES	\$ 310,000	\$ 310,000	\$ 212,260	\$ 408,000	\$ 98,000	32%
TOTAL GENERAL & ADMINISTRATIVE EXPENSES	\$ 99,000	\$ 99,000	\$ 74,700	\$ 85,100	\$ (13,900)	-14%
TOTAL EXPENSES	\$ 616,000	\$ 616,000	\$ 492,290	\$ 713,300	\$ 97,300	16%

SUMMARY	FY 2025/26	FY 2025/26	FY 2025/26	FY 2026/27	Change	Change
	APPROVED Budget	APPROVED Adjustment	Actuals Projected to 6/30/26	PROPOSED Budget 4/5/26	from previous year budget in \$	from previous year budget in %
TOTAL REVENUE	\$ 616,040	\$ 616,040	\$ 652,957	\$ 713,300	\$ 97,260	16%
less TOTAL EXPENSE	\$ 616,000	\$ 616,000	\$ 492,290	\$ 713,300	\$ 97,300	16%
equals	\$ 40	\$ 40	\$ 160,667	\$ -		

Reserves and Bank Accounts

RESERVES	FY 2025/26	FY 2025/26	FY 2025/26	FY 2026/27	Change	Change
	APPROVED Budget	APPROVED Adjustment	Actuals as of 3/30/26	PROPOSED Budget 4/5/26	from previous year budget in \$	from previous year budget in %
Capital (15% of fixed assets + 10% operating expense budget)	\$ 92,000	\$ 92,000	\$ 92,000	\$ 101,330	\$ 9,330	9%
Emergency (Emergency: 25% of fixed assets)	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ -	0%
Operating (Operating: 50% of operating expense budget)	\$ 308,000	\$ 308,000	\$ 308,000	\$ 356,650	\$ 48,650	14%
Water Supply Reliability (Remainder)						
Water Supply Reliability held in LAIF	\$ 92,814	\$ 185,814	\$ 115,000	\$ 57,020	\$ 57,980	102%
Water Supply Reliability held in CLASS	\$ 255,258	\$ 255,258	\$ 258,000	\$ 258,000	\$ -	100%
RESERVES TOTALS:	\$ 798,072	\$ 891,072	\$ 823,000	\$ 823,000	\$ -	0%

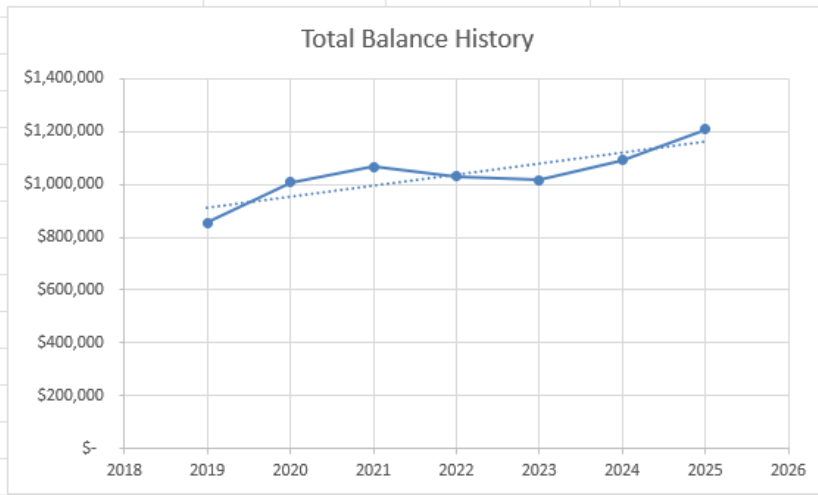
- Water Supply Reliability Reserve has no target minimum but consists of “overflow” funds not used to meet the other three reserve accounts. The annual target minimum increases in three accounts are managed by moving funds from the Water Supply Reliability Reserve, which may not be a sustainable practice. The Board will be considering an expansion of the reserve policies to address this.

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Total Account Balance History

Year	Operations	Reserves	Total Balance
2019	\$ 381,368	\$ 474,440	\$ 855,808
2020	\$ 521,167	\$ 485,605	\$ 1,006,772
2021	\$ 576,677	\$ 489,718	\$ 1,066,395
2022	\$ 488,866	\$ 541,140	\$ 1,030,006
2023	\$ 315,565	\$ 699,713	\$ 1,015,278
2024	\$ 423,108	\$ 668,793	\$ 1,091,901
2025	\$ 410,476	\$ 798,072	\$ 1,208,548



Price Per Acre Foot of Water History

