

SAUSALITO-MARIN CITY SANITARY DISTRICT

RESOLUTION NO. 1115

A RESOLUTION APPROVING THE FISCAL YEAR 2026/2027 BUDGET

RESOLVED, by the Board of Directors of the Sausalito-Marín City Sanitary District, Marin County, California as follows:

1. The attached Fiscal Year 2026/2027 Budget is approved.

* * * * *

I certify that the foregoing Resolution was duly and regularly adopted by the Board of Directors of the Sausalito-Marín City Sanitary District, Marin County, California, at a meeting held on June 2, 2026, by the following vote:

AYES, and in favor thereof, Directors: Beers, McKibben, Rheiner, Rycerski & Thornton

NOES, Directors:

ABSTAIN, Directors:

ABSENT, Directors:



APPROVED:

A handwritten signature in blue ink, appearing to read 'Dan Rheiner', written over a horizontal line.

Dan Rheiner, Board President

A handwritten signature in blue ink, appearing to read 'Catherine A. Bondanza', written over a horizontal line.

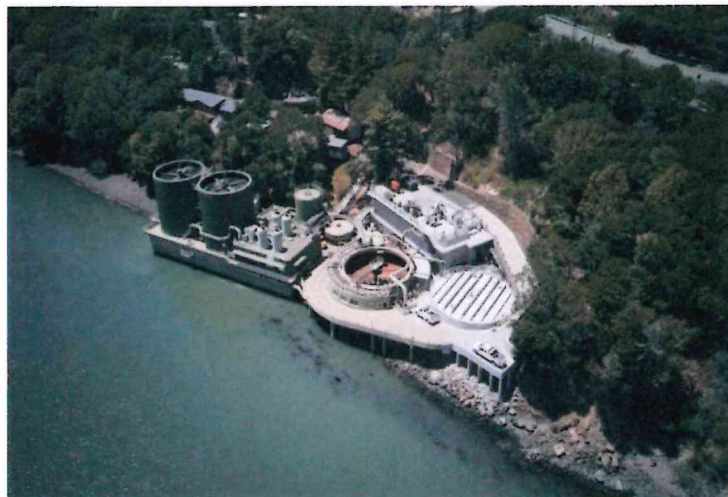
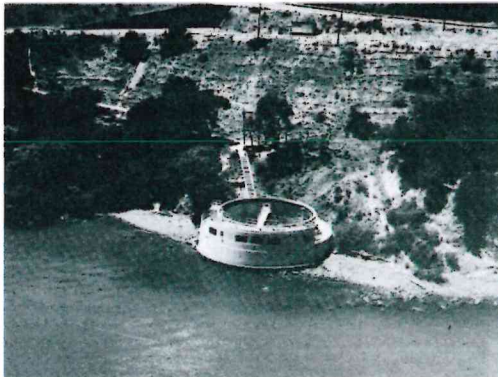
Catherine A. Bondanza, Board Secretary



Budget

FY 2026/2027

Board Adopted by Resolution No. 1115
June 2, 2026





Sausalito-Marín City Sanitary District Budget FY 2026/2027

Executive Summary

OVERVIEW

The Sausalito-Marín City Sanitary District (SMCSD) is governed by an elected five-member Board of Directors and provides wastewater collection, conveyance and treatment services to the City of Sausalito and unincorporated areas within the District's boundaries including Marin City. Wastewater conveyance and treatment services are also provided on a contract basis to the Tamalpais Community Services District (TCSD) which includes Muir Woods National Monument, and to the National Park Service (Forts Baker, Barry and Cronkite, Marine Mammal Center and Cavallo Point Resort). The District operates and maintains a complex infrastructure system, thereby protecting our community's public health, the environment and San Francisco Bay. It serves approximately 10,000 equivalent dwelling units (EDUs) and a population of approximately 18,000.

On behalf of all ratepayers and the community, the District operates and maintains a wastewater treatment plant designed to fully treat wastewater under: Primary (I), Secondary (II) and Tertiary (III) treatment levels up to 1.8 million gallons per day (MGD) during average dry weather flow. During wet weather flow, the plant is designed to provide up to 9.0 MGD of full primary and secondary treatment and up to 6.0 MGD of tertiary treatment. The treatment plant is capable of receiving up to 12.0 MGD through blending of secondary and tertiary treatment. The conveyance system consists of eleven pump stations, and approximately five miles of pipelines. The District's treatment plant is located in Fort Baker and has a ground lease agreement with the National Park Service through 2049.

BUDGET

In preparation for the FY 2026/2027 Budget, many factors and assumptions are made in a conservative approach to maintain a sustainable financial condition. Utilizing extensive financial planning, accurate expense projections, and timely rate setting has allowed the District to maintain a strong financial position and capacity to undertake many capital projects. These major improvements in the wastewater system operations, maintenance, and capital infrastructure improve redundancy, reliability, capacity, and safety.

In 2017, a significant long-term commitment was made with the sale of revenue bonds to fund the Treatment and Wet Weather Flow Upgrade Project, Coloma Pump Station Replacement Project and Generator Reliability Improvement Project. The bonds were issued for \$33,630,000 with an annual average debt service of \$2,158,000 over 25 years and the funds have been fully utilized. The current capital projects budgeted for FY 2026/2027 are rate funded. These projects include rehabilitation of the City of Sausalito collection system, design of primary digester improvements and nutrient reduction study.

The District maintains a stable financial condition by proactively addressing its future funding needs with an adopted 5-year rate plan using the Proposition 218 process. In March 2024, the District completed a rate study to develop the sewer service charges for FY 2024/2025 to FY 2028/2029. The study determined the funding needed for the system's operating, capital, and debt service costs over the next 5 years. The residential sewer rate structure includes both a fixed (72%) and volumetric (28%) component to determine the rate for our ratepayers equitably.

The District's reserve target balance continues to track its financial model. The purpose of the Reserve Policy is to ensure the District has adequate reserve funding to meet its short and long-term operating, maintenance, and capital obligations. Establishment of the policy prepares and strengthens the District's financial stability against uncertainty and risk, provides adequate reserves for debt covenants, and minimizes potential customer sewer service charge fluctuations caused by unanticipated expenditures.

In March 2024, the Reserve Policy was amended to include a category for the pension and medical unfunded accrued liabilities (UAL). The District continues to address the pension and medical liabilities with the implementation of the two trusts, California Employers' Pension Prefunding Trust (CEPPT) and California Employers Retiree Benefit Trust (CERBT), but added the UAL to the Reserve Policy as these amounts will be partially rate-funded per the 2024 Rate Study.

REVENUE

The FY 2026/2027 Budget includes a total revenue projection of \$16,351,093, a 30% increase (\$3,764,810) from the previous fiscal year resulting from the transfer of Interprise funds from the City of Sausalito. The Operating Revenue (service contracts, sewer service charges, and miscellaneous income) increased from \$10,764,282 to \$14,525,093, a total increase of 35%. The sewer service charge revenue projection increased from \$7,916,290 to \$11,932,217, a total increase of 51%.

The budgeted Non-Operating Revenue which consists of property tax and interest revenue, increased from \$1,822,000 to \$1,826,000. The District optimizes its investments between Local Agency Investment Fund (LAIF) and the United States Treasury Bills with JP Morgan Chase.

On May 7, 2024, the SMCS D Board adopted the 5-year rate study by HF&H, Inc. (a third-party financial consultant) and new rates for FY 2024/2025 to FY 2028/2029 (see tables below).

The objective of the study was to allocate charges in the best possible manner to District customers and provide the necessary revenue for the District to support its operations and maintenance activities along with making progress on its capital improvement program over the next five years. An important feature of the study report is the phasing in of rate changes to minimize rate increases to the District's customers. The result of the phasing is a smoother rate transition over the five years.

An extensive analysis of the District's long-term financial condition was completed. The analysis considers operating and capital improvement expenses projected over the next ten years. The financial analysis has determined that the sewer service charge rates for the conveyance and treatment services should be increased to keep up with the cost of goods, services, supplies, equipment, and construction costs. These increases will maintain customer rate stability and limit possible larger increases at the end of the five-year rate plan period if there are no small annual adjustments to keep pace with expenses.

Lastly, staff completed an analysis of operational expenses and capital improvement costs specific to sewer collection service for the unincorporated areas of the District's jurisdiction, including Marin City and floating homes. This funding pays for sewer collection pipeline and pump station maintenance, repair, and upgrades in the unincorporated service areas. The study report recommended increasing the annual unincorporated sewer collection charge over the next five years to cover District expenses.

On August 22, 2025, SMCS D took ownership of the sewer collection system serving the City of Sausalito. The SMCS D adopted the sewer collection rate schedule previously adopted by the City of Sausalito which extends through FY 2028/29. The rate schedule is shown in Table #2 below. Starting in FY 26/27, all ratepayers will have a single line item on their property tax bills for sewer service charges. This charge will include collections, conveyance and treatment. The collections portion of the sewer service charge differs for the City of Sausalito and Unincorporated areas. See Table #1 for the Unincorporated Collection Charges or Table #2 for the City of Sausalito Collection Charges.

TABLE 1: Annual Unincorporated Sewer Collection Charges

Customer Class	Current Rates	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Single Family (Per EDU)	\$387	\$446	\$453	\$460	\$467	\$474
Multifamily (Per DU)	\$341	\$378	\$384	\$389	\$395	\$401
Floating Homes (Per DU)	\$290	\$331	\$336	\$341	\$346	\$351
Non-Residential (Per EDU)	\$387	\$446	\$453	\$460	\$467	\$474

TABLE 2: Annual City of Sausalito Sewer Collection Charges

City of Sausalito Residential Rates

FIXED CHARGE: Residential customers are charged on a per Dwelling Unit (DU) basis, according to the unit rate assigned for each customer classification.

VOLUMETRIC CHARGE: A volumetric charge is also added to each parcel’s bill based on the prior February water usage, annualized over 12 months, for that parcel in the prior fiscal year.

The volumetric charge is based on 100 cubic feet (CCF) of water use. One CCF = 748 gallons.

Customer Class	Current Rates	Proposed Rates				
		2024/25 (COS)	2025/26 (5%)	2026/27 (5%)	2027/28 (5%)	2028/29 (5%)
Fixed Charges (\$/Year/Dwelling Unit)						
Single-Family	\$730.27	\$637.57	\$669.45	\$702.92	738.07	\$774.97
Single-Family Attached	\$396.84	\$417.54	\$438.42	\$460.34	\$483.36	\$507.53
Duplexes	\$396.89	\$378.32	\$397.24	\$417.10	\$437.96	\$459.86
Multi-Family	\$351.44	\$311.08	\$326.63	\$342.96	\$360.11	\$378.12
Volumetric Charges (\$ per CCF per year)						
All Residential Customers	\$1.27	\$2.77	\$2.91	\$3.06	\$3.21	\$3.37

City of Sausalito Non-Residential (Industrial/Commercial) Rates

FIXED CHARGE: Non-Residential customers are charged on a per Equivalent Dwelling Unit (EDU), with one EDU equal to 61 hundred Cubic Feet (CCF) of water use per year. One CCF = 748 gallons.

VOLUMETRIC CHARGE: A volumetric charge is also added based on the annual water meter usage for the prior fiscal year across all customer classifications.

The volumetric charge is based on 100 cubic feet (CCF) of water use.

Customer Class	Current Rates	Proposed Rates				
		2024/25 (COS)	2025/26 (5%)	2026/27 (5%)	2027/28 (5%)	2028/29 (5%)
Fixed Charges (\$/Year/Dwelling Unit)						
All Commercial and Industrial	\$657.08	\$637.57	\$669.45	\$702.92	\$738.07	\$774.97
Volumetric Charges (\$ per CCF per year)						
All Commercial and Industrial	\$1.27	\$2.77	\$2.91	\$3.06	\$3.21	\$3.37

TABLE 3: Total Annual Sewer CONVEYANCE and TREATMENT Charges

	Current Rate	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Single Family (per EDU)	\$999	\$1,033	\$1,053	\$1,074	\$1,096	\$1,117
Multifamily (per DU)	\$875	\$874	\$892	\$910	\$928	\$947
Floating Homes (per DU)	\$753	\$765	\$781	\$797	\$813	\$829
Non-Residential (per EDU)	\$999	\$1,033	\$1,053	\$1,074	\$1,096	\$1,117

OPERATING EXPENSES

The District is responding to increased utility, insurance, cybersecurity, and regulatory costs, while also identifying opportunities to reduce expenses through careful analysis and planning. Taking ownership of the City of Sausalito collection system has substantially increased maintenance and repair costs resulting in an overall increase in Operating Expenses by 23% (\$371,784).

- Salaries and benefits, which make up a significant portion of the Operating Budget (54%), increased by 8% (\$223,978). This increase is the result of budgeting for 11 full-time employees in FY 2026/2027, compared to 9 employees in the previous fiscal year.

The salaries of all employees were analyzed, with qualified incentives and a 4% cost-of-living increase, as outlined in the Memorandum of Understanding, factored into the calculations. In addition, overtime, on-call, and vacation buy-back expenses from the previous year were reviewed to allow for a more accurate projection.

Regarding staffing, a new law, AB 2561, requires the District to report on the status of job vacancies before the governing body on an annual basis. This requirement is connected to the Memorandum of Understanding (MOU) between the District and the International Union of Operating Engineers (IOUOE), as both parties are subject to the Meyers-Milius-Brown Act (MMBA). AB 2561 expands the MMBA by imposing new obligations on public agencies to publicly address staffing vacancies.

As it relates to the FY 2026/2027 Budget, the current vacancy rate is 8.3%. The District plans to hire two new employees and the Budget reflects that cost. Additionally, for recruitment purposes, the District approved a three-year MOU dated July 1, 2024, that aligns employee compensation with current market rates—a positive step in maintaining competitiveness and retention.

It should be noted for FY 26/27 the CalPERS Pension Unfunded Accrued Liabilities (UAL) payments of \$214,277 for “classic” employees and \$6,900 for “PEPRA” employees, are not reflected in OPS Budget as these payments will be funded from the California Employers’ Pension Prefunding Trust (CEPPT) 115 Trust.

As a reminder, the District planned for the UAL in May 2022 by contributing \$3 million directly to CalPERS Pension Pool and funded a CEPPT 115 Trust investing \$1.2 million using investment Strategy 2. As of March 31, 2026 the balance in this account is \$1,299,597. By funding the trust, the District can fund required pension contributions, including any pension liabilities, ongoing payroll contributions, and administrative costs. In addition, funds have been allocated in the Reserve Policy that will be rate funded.

The retiree health payments of \$190,686 are not reflected in OPS Budget as these payments will be funded from the California Employer Retiree Benefit Trust (CERBT). In 2013, the Board adopted Resolution No. 993, authorizing a contract with CalPERS to prefund retiree health benefits through participation in CERBT. Since that time, the District has made contributions to the trust, resulting in a balance of \$2,600,186 as of March 31, 2026. In addition, funds have been allocated in the Reserve Policy that will be rate-funded.

- Chemical expenses decreased by 1%. SMCSD utilizes the Bay Area Chemical Consortium (BACC), a cooperative of more than 50 public wastewater and water agency members, to receive optimum pricing contracts for bulk demand rates.
- Fuel costs increased by 24% due to the addition of backup generators at all critical pump stations to improve reliability and maintain capacity.
- The General & Administrative category remain relatively unchanged, showing a decrease of 0.3%.

The District budgets for the Residential Sewer Rate Lifeline Rebate Program. For qualified residential customers, the program provides a 5% rebate on the current year sewer service charges. The program is available to District residential customers who pay for sewer service charges and are enrolled in the Pacific Gas and Electric’s (PG&E) California Alternate Rate for Energy (CARE) or Family Electric Rate Assistance (FERA) programs.

Additionally, \$30,000 is allocated to the Private Sewer Lateral Rehabilitation Assistance Program to provide grants up to \$2,000 to ratepayers of the District where it owns and operates the collection system. The program provides grants to property owners for the repair or replacement of their private sewer laterals to reduce Inflow & Infiltration (I&I) into the District’s wastewater conveyance system thereby reducing sanitary sewer overflows.

RATE FUNDED CAPITAL

The current Capital Improvement Program (CIP) includes needed rehabilitation of District infrastructure projects addressing compliance with new discharge regulations, reduction of peak wet weather overflows, improvement of treatment plant performance and repair/replacement of aging infrastructure.

The FY 2026/2027 Annual Capital Improvement Program Budget of \$2,836,699 includes \$2,200,000 for Rate Funded Capital Projects, \$177,699 for Capital Outlay to allow for one-time purchases of equipment, and \$459,000 for Renewal & Replacement of District facilities. The District's Rate Funded Capital Improvement Program consists of multi-year projects funded annually based on the phase and timeline of the projects.

REVENUE BOND & DEBT SERVICE

The debt service included in the FY 2026/2027 Budget relates to the District's 2017 Revenue Bonds, which were issued to finance capital improvements to the wastewater treatment plant and sewer system. The bonds were issued in the original principal amount of \$33,630,000 and carry an average annual debt service of approximately \$2,154,000 over a 25-year term. As of July 1, 2026, the outstanding principal balance is \$25,130,000

RESERVES

The District annually updates the Reserve Policy to accurately reflect the proposed budget. The District's reserve maintains all target balances thereby ensuring stability in the current and future planned rates. The FY 2026/2027 Reserve Policy requirement is \$14,060,575 which includes Medical and Pension Liabilities.

FUTURE VISION

The District continues to plan finances with a long-range outlook. The newly adopted 5-year sewer service rate schedule for FY 2024/25 to FY 2028/29 ensures adequate revenue is available to support the District's operations, maintenance, capital improvements, debt, and reserves. Also, adequate funding and timely implementation of the Capital Improvement Program allows us to achieve our mission of protecting human health, the environment and the San Francisco Bay; meeting requirements of our National Pollutant Discharge Elimination System (NPDES) Regional Water Quality Control Board Operating Permit; staying ahead of the ever-changing regulatory environment; and maintaining safe and effective working conditions for our staff.

The District can only achieve this vision and meet these requirements of efficient and effective wastewater conveyance and treatment by continuing capital and operational improvements to the wastewater system. The Plant Wet Weather Upgrade Project, Coloma Pump Station Improvements, Generator Reliability Improvements, Primary Clarifier Rehabilitation, Plant Electrical Upgrades, Beach Force Main Rehabilitation and Biosolids Handling Upgrades have been completed. Continued improvements will primarily focus on the City of Sausalito collection system to eliminate sanitary sewer overflows.

The District will continue to provide wastewater conveyance and treatment service to the National Park Service and Tamalpais Community Services District through service agreements.

The District recently renewed its 5-year National Pollutant Discharge Elimination System (NPDES) permit with the State Regional Water Quality Board. Evolving regulatory compliance standards to improve discharge water quality continue to pose challenges, both from a permitting standpoint and funding required to make needed capital infrastructure improvements.

Lastly, there is a continued effort to keep the District focused on the key areas of the 2026-2031 Strategic Plan. The District recently completed its annual review and update of the Plan. The annual review, update and adoption signify the importance of the Plan to the District, its Board of Directors, and employees along with the effort placed on achieving continuous improvement in every facet of District operation. The Strategic Plan serves as a framework for decision-making over the next five-year period.

The FY 2026/27 Budget supports the following Strategic Plan goals:

- Protect Public Health and the Environment
- Compliance
- Maintain Financial Stability
- Develop a High Performing Team
- Implementation of the Capital Improvement Program
- Technology
- Tributary Agencies
- Enhance Internal and External Communication

In closing, this year's budget has utilized the District's Budget Development Process, which includes the participation and review by the entire Staff and Board of Directors. The Board, Management, and Staff continue to commit to operating the District innovatively and effectively and ensure that public funds entrusted to us are used efficiently.

Sincerely,



Kevin Rahman, PE
Acting General Manager/District Engineer

SAUSALITO MARIN CITY SANITARY DISTRICT FY 2026/2027 BUDGET

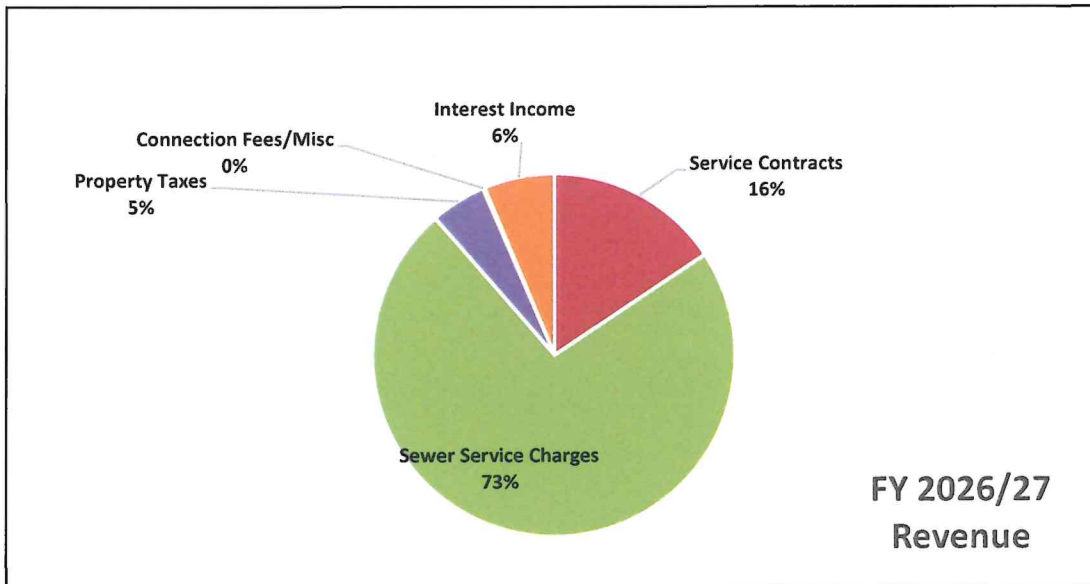
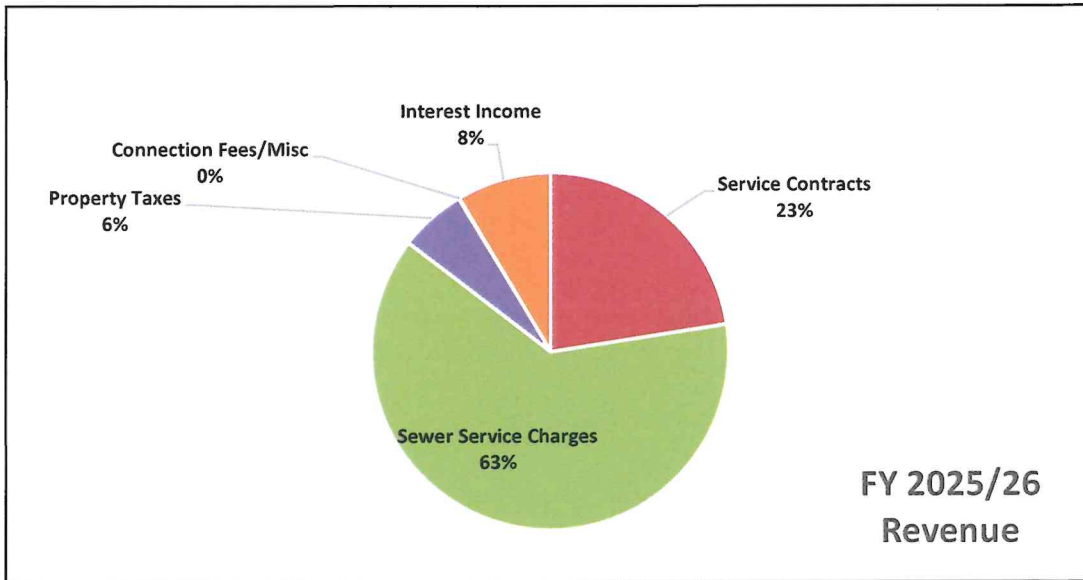
	Budget FY 25/26	Budget FY 26/27	% Change	% Total
Revenue				
5500 · Service Contracts	2,840,062	2,563,936	-10%	16%
5030 · Sewer Service Charges	7,916,290	11,932,217	51%	73%
5040 · Property Taxes	750,000	800,000	7%	5%
5080 · Connection Fees/Misc	7,930	28,940	265%	0%
5200 · Interest Income	1,072,000	1,026,000	-4%	6%
Total Revenue	12,586,283	16,351,093	30%	100%
Expense				
Operating Expense				
6000 · Salaries & Benefits				
6010 · Salary	1,976,068	2,125,324	8%	40%
6020 · Payroll Taxes	134,595	162,587	21%	3%
6030 · Retirement	270,708	230,164	-15%	4%
6040 · Employee Benefits	259,174	331,190	28%	6%
6045 · Workers Comp	46,139	61,397	33%	1%
Total 6000 · Salaries & Benefits	2,686,683	2,910,661	8%	54%
6100 · Operations				
6105 · Chemicals	281,050	277,167	-1%	5%
6110 · Fuel	13,352	16,502	24%	0%
6115 · Permits & Fees	136,998	157,253	15%	3%
6120 · Waste Disposal	119,084	143,644	21%	3%
6130 · Vehicle & Equip Maint	28,351	20,951	-26%	0%
6135 · Safety	30,701	17,798	-42%	0%
6125 · Materials & Supplies	45,252	40,241	-11%	1%
6160 · Monitoring & Testing	82,065	84,635	3%	2%
6210 · Utilities	524,298	544,821	4%	10%
6151 · City of Sausalito M & R	25,425	325,000	1178%	6%
6201 · Unincorp. Collection M & R	84,371	71,371	-15%	1%
6152 · Conveyance & Treatment M & R	253,871	297,219	17%	6%
Total 6100 · Operations	1,624,818	1,996,602	23%	37%
6300 · General & Administrative				
6310 · Professional Development	18,526	21,683	17%	0%
6320 · Professional Services	213,405	195,821	-8%	4%
6330 · Insurance	151,333	155,419	3%	3%
6340 · Administrative Expenses	83,835	92,964	11%	2%
Total 6300 · General & Administrative	467,099	465,887	0%	9%
Total Operating Expense	4,778,600	5,373,150	12%	100%
Net	7,807,683	10,977,943	41%	
Capital Expense				
Capital Projects (Rate Funded)	5,334,916	2,200,000	-59%	78%
Capital Outlay	290,767	177,699	-39%	6%
Repair & Replacement	28,000	459,000	1539%	16%
Total Capital Expense	5,653,683	2,836,699	-50%	100%
6500 · Revenue Bond Expense	2,154,000	2,154,000	0%	76%
Transfer	0	5,987,245	N/A	100%

**SAUSALITO MARIN CITY SANITARY DISTRICT
FY 2026/2027 BUDGET
Revenue/Expense Detail by Category**

	Unincorporated Collections	City of Sausalito Collections	Conveyance & Treatment	Budget FY 26/27
Revenue				
5500 · Service Contracts			2,563,936	2,563,936
5030 · Sewer Service Charges	831,379	3,774,349	7,326,488	11,932,217
5040 · Property Taxes			800,000	800,000
5080 · Connection Fees/Misc			28,940	28,940
5200 · Interest Income			1,026,000	1,026,000
Total Revenue	831,379	3,774,349	11,745,364	16,351,093
Expense				
Operating Expense				
6000 · Salaries & Benefits	204,064	204,064	2,502,532	2,910,661
6100 · Operations	71,371	341,284	1,583,947	1,996,602
6300 · General & Administrative	-	43,628	422,259	465,887
Total Operating Expense	275,435	588,976	4,508,738	5,373,150
Net	555,944	3,185,373	7,236,626	10,977,943
Capital Expense				
Capital Projects (Rate Funded)		2,000,000	200,000	2,200,000
Capital Outlay			177,699	177,699
Repair & Replacement			459,000	459,000
Total Capital Expense	0	2,000,000	836,699	2,836,699
6500 · Revenue Bond Expense			2,154,000	2,154,000
Transfer	555,944	1,185,373	4,245,927	5,987,245

SAUSALITO-MARIN CITY SANITARY DISTRICT FY 2026/2027 BUDGET

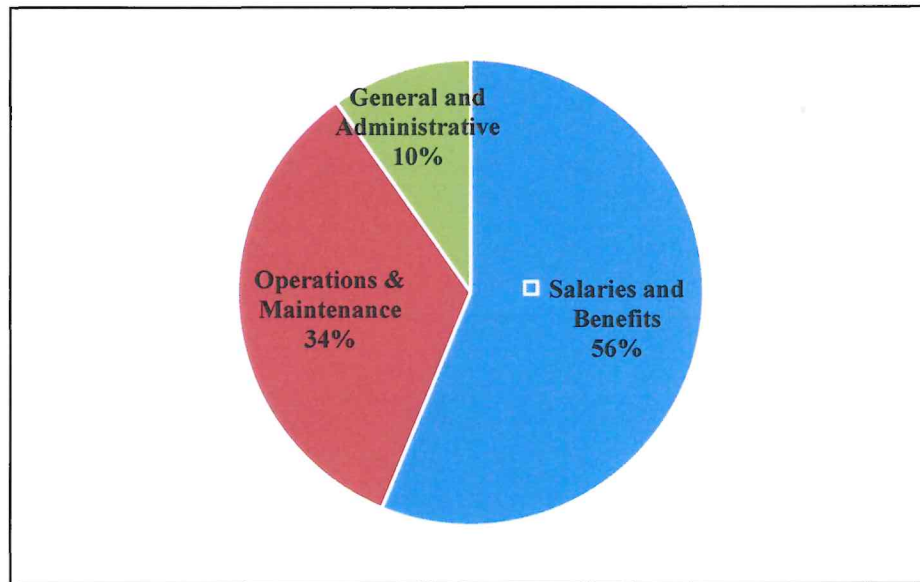
REVENUE	FY 25/26	% Total	FY 26/27	% Total
Service Contracts	2,840,062	23%	2,563,936	16%
Sewer Service Charges	7,916,290	63%	11,932,217	73%
Property Taxes	750,000	6%	800,000	5%
Connection Fees/Misc	7,930	0%	28,940	0%
Interest Income	1,072,000	9%	1,026,000	6%
REVENUE TOTAL	12,586,282	100%	16,351,093	100%



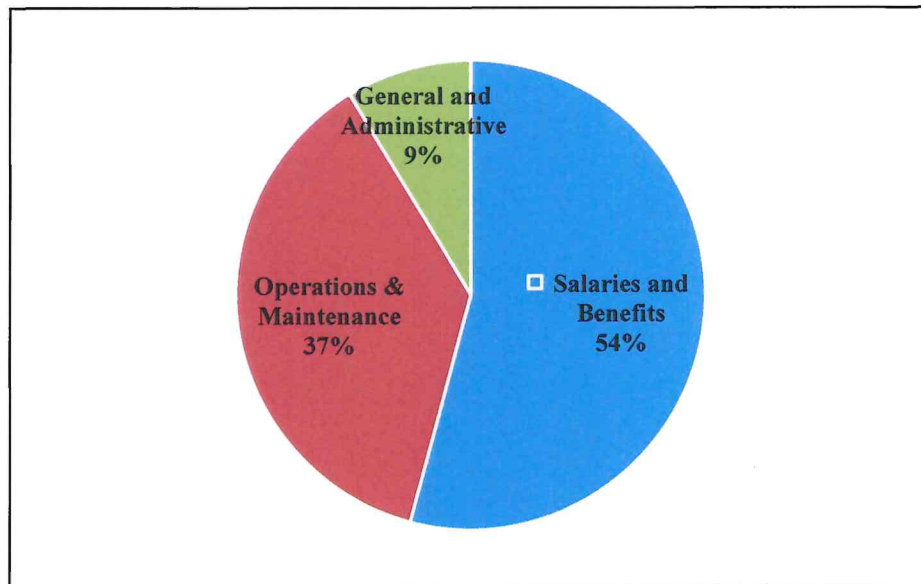
SAUSALITO MARIN CITY SANITARY DISTRICT FY 2026/2027 BUDGET

OPERATING EXPENSE	FY 25/26	% Total	FY 26/27	% Total
Salaries and Benefits	2,686,683	56%	2,910,661	54%
Operations & Maintenance	1,624,818	34%	1,996,602	37%
General and Administrative	467,099	10%	465,887	9%
OPERATING EXPENSE TOTAL	4,778,600	100%	5,373,150	100%

FY 25/26



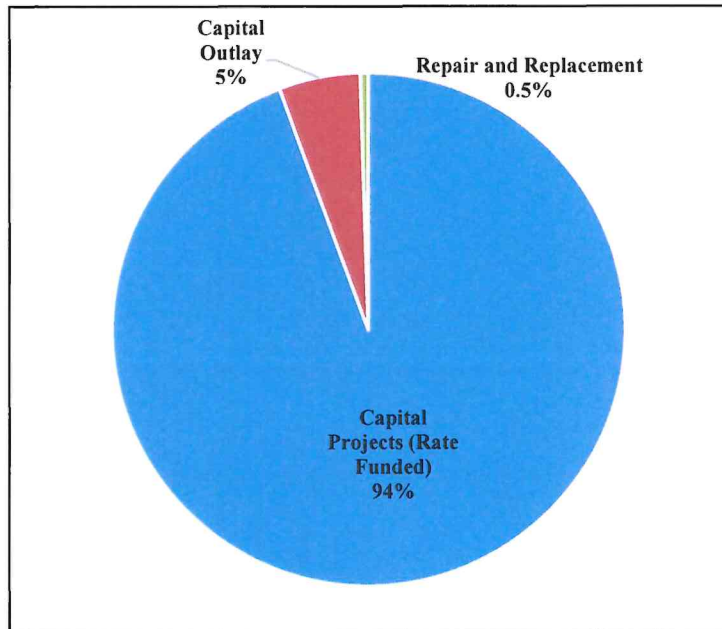
FY 26/27



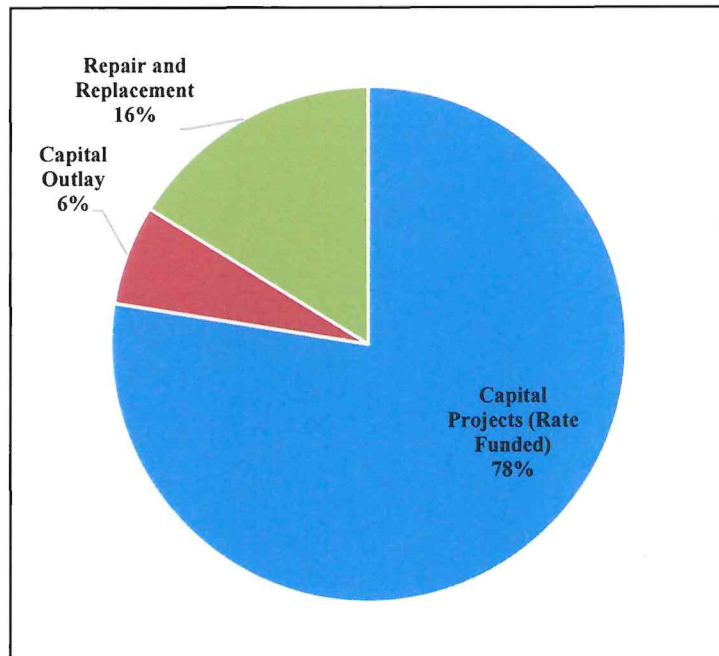
SAUSALITO MARIN CITY SANITARY DISTRICT FY 2026/2027 BUDGET

CAPITAL	FY 25/26	% Total	FY 26/27	% Total
Capital Projects (Rate Funded)	5,334,916	94.4%	2,200,000	78%
Capital Outlay	290,767	5.1%	177,699	6%
Repair and Replacement	28,000	0.5%	459,000	16%
CAPITAL TOTAL	5,653,683	100%	2,836,699	100%

FY 25/26

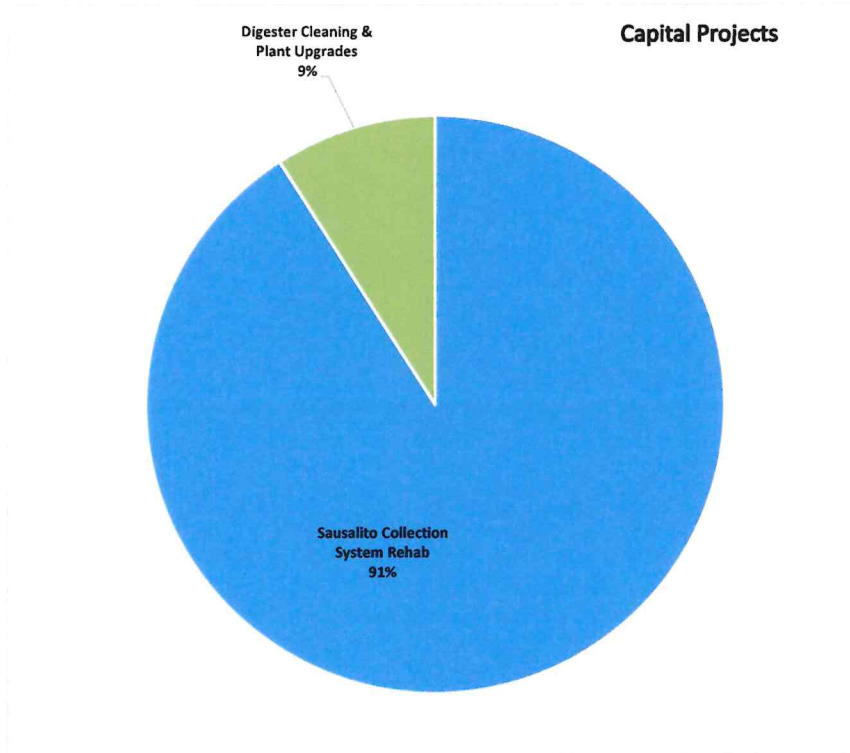


FY 26/27



**SAUSALITO-MARIN CITY SANITARY DISTRICT
FY 2026/2027 BUDGET**

CAPITAL PROJECTS - RATE FUNDED	Phase	FY 26/27	% Total
Sausalito Collection System Rehab Hot Spots	Construction	2,000,000	91%
Digester Cleaning & Plant Upgrades	Construction	200,000	9%
CAPITAL PROJECTS TOTAL		2,200,000	100%



**SAUSALITO-MARIN CITY SANITARY DISTRICT
FY 2026/2027 BUDGET
RESERVE POLICY**

RESERVE TYPE	DISASTER RECOVERY	CAPITAL	SELF-INSURANCE AND DEDUCTIBLE	REPAIR AND REPLACEMENT	WORKING CAPITAL	MEDICAL AND PENSION LIABILITIES	TOTAL
PURPOSE	Provide additional capital funding for emergency recovery until long-term funding is arranged from rate increases, loans, debt.	Provide capital for major capital projects in 10 year capital program.	Provide funding for the deductibles of the various insurance policies carried by the District.	Provide capital for renewal and replacement of equipment and appurtenant assets.	Provide working capital for operating expense cash flow during year.	Provide funding for Unfunded Accrued Liabilities (UAL) for Medical (OPEB) & Pension	
<u>CURRENT RESERVE LEVELS</u>							
FY 2026/27 - FISCAL YEAR ENDING BALANCE (Projected)	\$2,500,000	\$6,654,000	\$100,000	\$220,000	\$2,686,575	\$1,900,000	\$14,060,575
<u>LONG RANGE TARGET LEVEL GOALS</u>							
TARGET BALANCE	\$2,500,000	\$6,654,000	\$100,000	\$220,000	\$2,686,575	\$1,900,000	\$14,060,575
CRITERIA	One-year of average annual 10-year CIP cash funded capital expense.	1.5 times the average annual 10-year CIP expense. Includes debt service payments.	To be adjusted if there are changes to policy coverages or deductibles.	Two-years of average annual renewal replacement costs	Six-months of annual operation and maintenance expenses.	The amount is the difference between balances of established trust accounts & actuarial UAL	
MINIMUM BALANCE	\$1,250,000	\$2,154,000	\$100,000	\$110,000	\$895,525	\$250,000	\$4,509,525
CRITERIA	Minimum funding to aid in disaster recovery.	Funding to cover the 10-year CIP debt service and other restricted reserve obligations.	Minimum funding for the deductible portion for the various insurance policies carried by the District.	One-year of average annual renewal and replacement costs.	Two months of annual operation and maintenance expenses. Also funding to cover any restricted reserve obligations.	Minimum funding to reduce the UAL for CalPERS Medical (OPEB) & Pension	
<u>**OTHER RESERVE GUIDELINES</u>							
Reserve funding priorities: Disaster Recovery, Capital, Self-Insurance and Deductible, Repair & Replacement, Operating and Medical & Pension Liabilities Maintain adequate Capital Reserve to fund CIP, however debt financing may be required for major upgrades. Maintain R&R Reserve to avoid debt financing of assets needing repair and replacement. Use moderate rate increases to minimize rate shock (e.g., phase in increases, avoid excessive increases followed by decreases). Rates are adjusted to keep pace with inflationary cost increases. When reserve balances allow, inter-fund borrowing and transfer may occur as a means of rate stabilization and to permit responses justifying spending of entire reserve amount.							

SAUSALITO-MARIN CITY SANITARY DISTRICT FY 2026/2027 BUDGET

RESERVE	FY 26/27	% Total
Disaster Recovery	2,500,000	18%
Capital	6,654,000	47%
Self-Insurance and Deductible	100,000	1%
Repair and Replacement	220,000	2%
Operating	2,686,575	19%
Medical & Pension Liabilities	1,900,000	14%
RESERVE TOTAL	14,060,575	100%

