



San Antonio Water Company Annual Operating & Capital Improvement Budget

Fiscal Year Ending December 31, 2026

Approved December 16, 2025

General Manager's Message

Dear Board of Directors and Shareholders,

I am pleased to present you with the recommended budget for Fiscal Year 2026 (FY2026). We begin the year in a healthy financial position with the fiscal resources available to continue providing high quality service, continue advancing infrastructure replacement, while maintaining emergency reserves. The presented 2026 budget includes all changes based on the approved 2025 Rate Study.

As presented for FY2026, budget revenue is projected to be \$9.06M and expenditures are projected to be \$10.48M. Expenditures include all expected operating, non-operating and capital costs for the next year.

The Company's anticipated operating (non-capital) expenses total \$4.25M, a 9.2% increase over the previous year's budget. The increase is a result of energy costs and one-time labor charges as we replace retiring members of our team.

Staff is recommending a change to entitlement in 2026. Staff proposes increasing entitlement by 2,000 acre-feet, setting a total company-wide entitlement of 15,000 acre-feet. Over the last five years the Company has spread about 4,000 acre-feet per year on average. Staff is proposing adding half of our average spread into the Company's entitlement for 2026, thereby increasing individual share entitlement from 2.0 acre-feet per share to 2.35 acre-feet per share. At the end of 2026 the Company would offer any 'unused' entitlement to shareholders at an adjusted Tier 2 rate, twice the company's Tier 1 rate. Staff anticipates there will be about 850 acre-feet of unused entitlement at the end of 2026. If the Company successfully sells any unused entitlement at 2x Tier 1 rates the Company would split the sale 50/50 with shareholders who have remained below their entitlement in 2025. Realistically, what this means is that the municipal shareholders would purchase unused entitlement from the Heights, Agriculture and Inactive shares. The Company is expecting to apply any proceeds from the sale of unused entitlement as a credit for future water use in 2027. The sale of 850 acre-feet of entitlement would result in a credit of \$234 per share for all Heights, Agriculture and Inactive shareholders.

Operating revenue is expected to increase slightly from prior year, for a total of \$4.87M. Setting the entitlement at 15,000 acre-feet assumes that rainfall will be near average this upcoming winter. The Company currently has about 18,000 acre-feet in groundwater storage, which will offset any reduction in rainfall in 2026.

Shareholder Revenue in 2026 is anticipated to account for 97% of the company's revenue; funding full operation and a large chunk of capital projects (pipes, pumps and tanks). Remaining revenue comes from lease and interest income.

The Company's budgeted capital expenses total \$6.23M. Projects scheduled for 2026 include continued efforts on the Well 19 pipeline and construction of new company office/yard facilities. The 2026 budget includes a \$2.3M bridge loan to provide funding for the construction of the office/yard facilities. The bridge loan is expected to be paid in full in the 2027 budget year once the Company sells off currently occupied property after the move. All money for the new company office/yard facility is expected to come from the sale of surplus property, not rates.

Our year-end review shows an approximately \$5.2M balance in the Company's capital and operating reserves. Our 2026 budget relies on the use of approximately \$1.4M of our reserve funds for infrastructure replacement, specifically the Modernization Reserves. At the end of 2026 remaining reserves available for use should total about \$3.7M.

I would like to thank every staff member of SAWCo for their hard work and dedication over the last year. They are truly this company's most important asset. I remain thankful to the community for their input, both Committees for their efforts, and the full Board for providing both the vision and guidance necessary as we respond to the ever-changing challenges facing this Company.

A handwritten signature in blue ink, appearing to read "Jim C. Lee". The signature is fluid and cursive, with a large initial "J" and "L".

2026 Quick Data

- Annual Entitlement..... 15,000 acre-feet
(increase of 2,000 AF from 2025)
- Total Company Shares as of January 1, 20266,389 shares
- Active Shares as of January 1, 20266,142 shares
(inactive shares are those shares currently not taking entitlement water)
- Yearly 2026 entitlement per share 2.35 acre-feet
- Total 2026 active share entitlement 14,434 acre-feet

- Estimated 2026 Water Production, by source:

| | |
|------------------------------------|------------------|
| Surface Water..... | 7,502 acre-feet |
| Chino Groundwater Basin..... | 1,272 acre-feet |
| Cucamonga Groundwater Basin..... | 6,030 acre-feet |
| Six Basins Groundwater Basin | 932 acre-feet |
| TOTAL | 15,735 acre-feet |

- Projected 2026 Revenue:

| | |
|---|-------------|
| Shareholder (including settlements and loans) | \$8,861,400 |
| Non-shareholder | \$194,000 |
| TOTAL | \$9,055,400 |

- Projected 2026 Operating Expenses:

| | |
|---------------------------------|---------------|
| Operations and Maintenance..... | (\$2,434,500) |
| General Administrative..... | (\$1,814,000) |
| TOTAL | (\$4,249,500) |

- Projected 2026 Capital Expenses..... (\$6,229,200)

- Projected 2026 Revenue minus Expenses (\$1,423,300)

- Reserves:

Targets:

- Operating Reserves: \$960,000
(3 months of 2025 Budget Operating Expenses)
- Capital Reserves: \$1.3M - \$5.2M
(5% - 20% of 2022 audited property, plant and equipment)

TOTAL TARGET RESERVES:..... \$2.3M - \$6.2M

| | |
|---|-------------|
| Cash on Deposit as of October 2025..... | \$5,183,290 |
| Projected CoD as of December 2025 | \$5,100,000 |
| Projected CoD as of December 2026 | \$3,700,000 |

Company at a Glance

ORGANIZATIONAL

San Antonio Water Company (SAWCO) is a California mutual water company organized under California Corporations Code 14300, regulated under the United States Environmental Protection Agency (USEPA) Safe Drinking Water Act, monitored by the State of California through the Water Code & Health and Safety Code. We also report to the San Bernardino Local Agency Formation Commission (LAFCo).

The Company does not import any water. Instead, we are dependent on our local San Antonio Canyon watershed and groundwater basins. Utilizing local water sources dramatically keeps costs down but also increases the risk associated with long term drought. Currently, our shareholders include most residents of the unincorporated area of San Antonio Heights, the Cities of Upland and Ontario, the Monte Vista Water District, the US Forest Service, the San Bernardino County Flood Control District, local quarries and the proud heritage of remaining local grove irrigators.

HEADCOUNT

The Company's vision is to be an organization that defines excellence in delivering high quality water in a cost-effective manner by meeting shareholder needs and entitlements. We will lead the way for water agencies in the region by developing key strategic partnerships, making maximum use of water capture and delivery facilities and technologies, and attracting high caliber employees by being a recognized employer of choice in the field.

None of this vision would be possible without an innovative, self-managed staff that has pride of ownership for their work product while providing exceptional service. This is all done currently with 11 full-time and 1 part-time employees.

Changes in 2025

- Office: Hired 2 new employees in anticipation of 2 retirements in early 2026
- Field: No change.

STRATEGIC PLAN

In 2015, the Company went through a strategic planning process and out of this process, the following goals were developed:

- Evaluate and Prioritize Projects for Supply Maximization
- Develop Strategic Partnerships Initiate and Further Joint Projects
- Invest in Technology
- Define SAWCo's Assets & Needs
- Develop the Workforce of the Future
- Improve Internal Relationships

In 2026 the Company plans to continue reaching towards our goals by the following actions:

Evaluate and Prioritize Projects for Supply Maximization – Staff completed a 2020 Water Master Plan Update. This update evaluates and prioritizes projects for supply maximization.

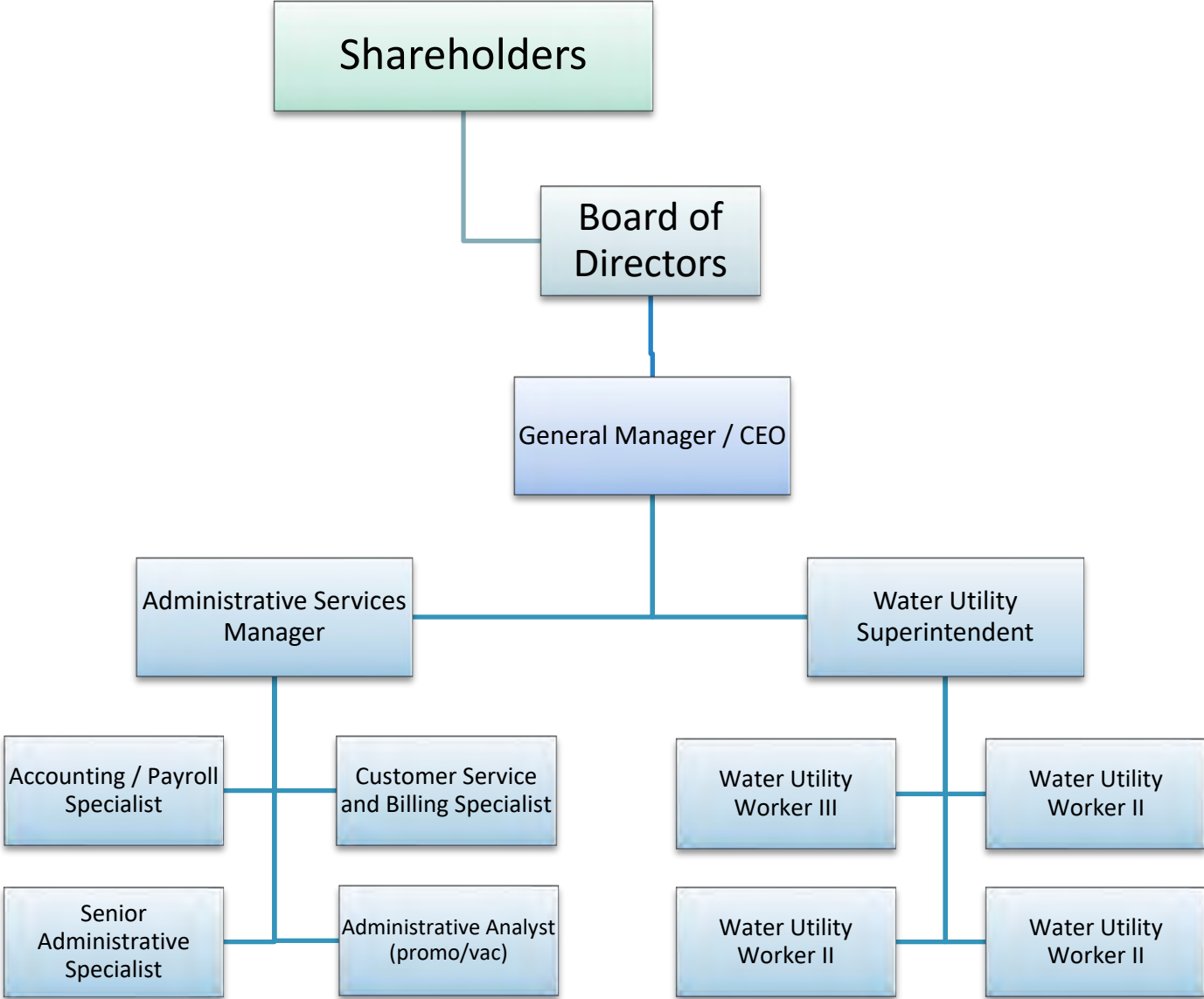
Develop Strategic Partnerships to Initiate and Further Joint Projects – Staff continues to reach-out and build relationships with the different shareholders. We will continue to discuss joint projects that may be beneficial to our shareholders. The Master Plan update may uncover future possibilities.

Define SAWCo's Assets & Needs – The company continues to take on additional responsibilities with limited staff and space. In order to meet these needs, staff is utilizing outside consultants and adjusting priorities. The office is currently not up to seismic code nor is it ADA compliant. To correct these deficiencies would be costly for a building that is over 90 years old. In 2015, the Board formed a committee to start the process of relocating the office and yard into one facility at a property the Company already owns. In 2026, the Company is continuing to address the limited space, safety for its employees, and functionality for its shareholders and staff.

Develop the Workforce of the Future – Management continues to provide ongoing training for current employees and assess the needs of the company. Limited advancement opportunities due to our small staff and a perceived lower benefits package compared to local public water companies continue to hinder the recruitment process. The Company is currently attempting to obtain an eligibility letter from the Federal Government which would allow us to engage CalPERS [Public Employees Retirement System] to compare actual costs and benefits. In 2020, we hired a consultant to perform a benefit and comp study to keep us competitive with the current market.

Improve Relationships – Recent public conversations have exposed a need to improve the distribution of information to our shareholders and employees. It is apparent that misinformation needs to be curtailed and corrected. The Company will conduct a public outreach campaign intended to inform and solicit feedback from our shareholders and employees. Strong leadership will help to carry the company in one direction.

San Antonio Water Company
Organization Chart
Board Approved on December 16, 2025



San Antonio Water Company

2025 ACCOMPLISHMENTS:

- Bid of Forebay Outfall Pipeline (formerly the Paloma Curve Hydraulic Break modernization)
- Construction of Well 31 Pipeline replacement
- State mandated Supply Assessment report
- State mandated Water Audit Validation report

2026 GOALS & OBJECTIVES:

- Revise and improve standard financial reports and reporting policy
- File Urban Water Management Plan with State
- Design of Well 19 Transmission Pipeline
- Construction of Forebay Outfall Pipeline
- Begin construction of new office/yard facilities on 20th Street
- Install stream flow equipment in San Antonio Creek and begin collection of data

FINANCIALS

2026 OPERATING BUDGET OVERVIEW

| | 2026 | 2025 | 2025 | 2025 | 2024 | 2023 | 2022 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | <u>Budget</u> | <u>Budget</u> | <u>Actual thru</u> | <u>Projected</u> | <u>Actual</u> | <u>Actual</u> | <u>Actual</u> |
| | | | <u>Sept</u> | | | | |
| SHAREHOLDER REVENUE | | | | | | | |
| Water Sales - Domestic | \$ 387,400 | \$ 500,000 | \$ 479,349 | \$ 630,000 | \$ 679,343 | \$ 448,434 | \$ 683,293 |
| Water Fixed Charges - Domestic | \$ 591,000 | \$ 261,000 | \$ 177,172 | \$ 264,000 | \$ 264,462 | \$ 264,513 | \$ 263,312 |
| Water Sales - Municipal | \$ 3,322,000 | \$ 3,050,000 | \$ 2,141,888 | \$ 3,050,000 | \$ 3,076,348 | \$ 3,093,095 | \$ 3,019,350 |
| Water Fixed Charges - Municipal | \$ 974,000 | \$ 554,000 | \$ 415,810 | \$ 554,000 | \$ 554,040 | \$ 553,912 | \$ 553,872 |
| Water Sales - Misc. | \$ 280,000 | \$ 275,000 | \$ 206,108 | \$ 274,000 | \$ 273,523 | \$ 315,944 | \$ 372,343 |
| Water Fixed Charges - Misc. | \$ 47,000 | \$ 46,000 | \$ 34,254 | \$ 46,000 | \$ 46,292 | \$ 46,740 | \$ 46,304 |
| Water Fixed Charges - Inactive Shareholders | \$ 50,000 | \$ 45,000 | \$ 34,286 | \$ 50,000 | \$ 51,548 | \$ 50,999 | \$ 51,860 |
| Shareholder Fees | \$ 10,000 | \$ 10,000 | \$ 7,747 | \$ 8,000 | \$ 19,859 | \$ 9,591 | \$ 10,451 |
| Capital Facilities Connection Fee | \$ - | \$ - | \$ 11,506 | \$ 11,506 | \$ 26,238 | \$ - | \$ 5,691 |
| TOTAL | \$ 5,661,400 | \$ 4,741,000 | \$ 3,508,120 | \$ 4,887,506 | \$ 4,991,652 | \$ 4,783,228 | \$ 5,006,476 |
| NON-SHAREHOLDER REVENUE | | | | | | | |
| Development Plan Check Fee | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Miscellaneous Income | \$ 2,000 | \$ 2,000 | \$ 500 | \$ 500 | \$ 11,531 | \$ 325 | \$ 1,356 |
| Plans & Spec Fee | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Construction Permit & Inspection | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Service/Litigation Agreements | \$ - | \$ - | \$ 333 | \$ 333 | \$ 2,173 | \$ 2,094 | \$ 1,348 |
| Ground Lease Income | \$ 62,000 | \$ 74,000 | \$ 45,635 | \$ 79,861 | \$ 62,046 | \$ 74,408 | \$ 74,950 |
| Interest Income | \$ 130,000 | \$ 50,000 | \$ 92,432 | \$ 161,757 | \$ 125,504 | \$ 144,366 | \$ 35,612 |
| Quitclaim of Easements | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 4,440 | \$ - |
| Overhead Income | \$ - | \$ - | \$ 177 | \$ 177 | \$ 1,643 | \$ 1,620 | \$ 1,628 |
| Gain on Sale of Assets | \$ - | \$ - | \$ 28,450 | \$ 28,450 | \$ 35,000 | \$ 357,509 | \$ 343,059 |
| Subtotal: | \$ 194,000 | \$ 126,000 | \$ 167,527 | \$ 271,078 | \$ 237,898 | \$ 584,762 | \$ 457,953 |
| DEPRECIATION & OBSOLESCENCE REVENUE | | | | | | | |
| PFAS Settlement | \$ 900,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Bridge Loan for Campus | \$ 2,300,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Reimb for Bas 6 from CVWD | \$ - | \$ - | \$ - | \$ 191,500 | \$ - | \$ - | \$ - |
| Water Sales from Stored G. W. [D&O Reserves] | \$ - | \$ - | \$ - | \$ - | \$ 189,000 | \$ 250,000 | \$ 250,000 |
| Subtotal: | \$ 3,200,000 | \$ - | \$ - | \$ 191,500 | \$ 189,000 | \$ 250,000 | \$ 250,000 |
| Revenue Total: | \$ 9,055,400 | \$ 4,867,000 | \$ 3,675,647 | \$ 5,350,084 | \$ 5,418,550 | \$ 5,617,990 | \$ 5,714,429 |
| Non-Shareholder as a percentage of Total Revenue: | 2.1% | 2.6% | 4.6% | 8.6% | 7.9% | 14.9% | 12.4% |

| | 2026 | 2025 | 2025 | 2025 | 2024 | 2023 | 2022 |
|---|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | Budget | Budget | Actual thru Sept | Projected | Actual | Actual | Actual |
| FACILITIES & O&M EXPENSES | | | | | | | |
| Operating Facilities | | | | | | | |
| Facility Related Field Labor | \$ 500,000 | \$ - | \$ 376,977 | \$ 502,635 | \$ 440,339 | \$ 426,553 | \$ 324,071 |
| Repairs to Facilities and Equipment | \$ 350,000 | \$ 300,000 | \$ 332,354 | \$ 412,354 | \$ 357,370 | \$ 575,000 | \$ 381,852 |
| Power-Gas & Electric (utilities) | \$ 1,100,000 | \$ 915,000 | \$ 822,994 | \$ 1,097,325 | \$ 968,836 | \$ 921,769 | \$ 1,053,356 |
| Operating Facilities Total: | \$ 1,950,000 | \$ 1,215,000 | \$ 1,532,324 | \$ 2,012,314 | \$ 1,766,545 | \$ 1,923,322 | \$ 1,759,279 |
| Operating Activities | | | | | | | |
| Customer Services/Billing | \$ 11,000 | \$ 11,000 | \$ 10,717 | \$ 11,000 | \$ 10,343 | \$ 11,703 | \$ 67,771 |
| Conservation Activities | \$ 10,000 | \$ 15,000 | \$ 5,058 | \$ 8,000 | \$ 14,071 | \$ 12,502 | \$ 45,204 |
| Operating Activities Total: | \$ 21,000 | \$ 26,000 | \$ 15,775 | \$ 19,000 | \$ 24,414 | \$ 24,205 | \$ 112,975 |
| Other Operating Expense | | | | | | | |
| O&M - All Other | \$ 3,500 | \$ 3,500 | \$ 4,142 | \$ 4,142 | \$ 3,065 | \$ 4,086 | \$ 1,420 |
| Purchased Water | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Supplies (Inventory & Tools Expense) | \$ 15,000 | \$ 20,000 | \$ 8,048 | \$ 10,000 | \$ 18,778 | \$ 22,010 | \$ 8,677 |
| Property Taxes | \$ 245,000 | \$ 245,000 | \$ 153,161 | \$ 240,000 | \$ 280,458 | \$ 240,000 | \$ 249,238 |
| Wtr. Resource Mgmt. (Basin Assm'ts) | \$ 200,000 | \$ 200,000 | \$ 47,972 | \$ 250,000 | \$ 272,113 | \$ 143,000 | \$ 147,002 |
| Loss on Disposal of Asset | \$ - | \$ - | \$ 3,932 | \$ 3,932 | \$ - | \$ - | \$ - |
| Inventory Shrinkage | \$ - | \$ - | \$ 2,710 | \$ 2,710 | \$ 58,720 | \$ - | \$ 2,112 |
| Other Operating Expense Total: | \$ 463,500 | \$ 468,500 | \$ 219,965 | \$ 510,784 | \$ 633,134 | \$ 409,096 | \$ 408,449 |
| O & M Expense Total: | \$ 2,434,500 | \$ 1,709,500 | \$ 1,768,064 | \$ 2,542,098 | \$ 2,424,093 | \$ 2,356,623 | \$ 2,280,703 |
| GENERAL ADMINISTRATIVE EXPENSES | | | | | | | |
| Personnel | | | | | | | |
| Administrative Labor | \$ 600,000 | \$ 540,000 | \$ 467,123 | \$ 622,830 | \$ 557,763 | \$ 550,229 | \$ 292,286 |
| Payroll Taxes | \$ 90,000 | \$ 90,000 | \$ 74,631 | \$ 99,508 | \$ 82,859 | \$ 90,615 | \$ 74,509 |
| Worker's Compensation Insurance | \$ 18,000 | \$ 16,000 | \$ 13,651 | \$ 18,201 | \$ 16,520 | \$ 14,597 | \$ 16,170 |
| Benefit Pay (Vac., Sick, Etc.) | \$ 230,000 | \$ 225,000 | \$ 170,156 | \$ 226,875 | \$ 225,552 | \$ 239,142 | \$ 204,124 |
| Benefit Insurance (Pension, Life, Medical, Dental, Vision) | \$ 275,000 | \$ 260,000 | \$ 218,771 | \$ 291,695 | \$ 264,157 | \$ 265,271 | \$ 246,698 |
| Benefit Administrative Services | \$ - | \$ 1,000 | \$ - | \$ - | \$ 100 | \$ 133 | \$ 100 |
| Personnel Total: | \$ 1,213,000 | \$ 1,132,000 | \$ 944,332 | \$ 1,259,109 | \$ 1,146,950 | \$ 1,159,987 | \$ 833,887 |
| Other | | | | | | | |
| Office/ IT Support | \$ 80,000 | \$ 80,000 | \$ 111,643 | \$ 148,857 | \$ 117,018 | \$ 80,000 | \$ 42,943 |
| Directors Fees & Expenses | \$ 40,000 | \$ 40,000 | \$ 26,203 | \$ 34,938 | \$ 39,021 | \$ 39,272 | \$ 32,540 |
| Liability Insurance (Non-empl. benef.) | \$ 90,000 | \$ 90,000 | \$ 88,189 | \$ 88,189 | \$ 79,622 | \$ 58,979 | \$ 41,692 |
| Communications | \$ 40,000 | \$ 40,000 | \$ 43,562 | \$ 44,000 | \$ 34,434 | \$ 39,986 | \$ 39,757 |
| Dues & Subscriptions | \$ 14,000 | \$ 14,000 | \$ 9,851 | \$ 12,000 | \$ 10,403 | \$ 13,871 | \$ 4,483 |
| Outside Services | \$ 30,000 | \$ 20,000 | \$ 26,282 | \$ 26,282 | \$ 16,611 | \$ 20,000 | \$ 25,486 |
| Taxes - Income | \$ 20,000 | \$ 20,000 | \$ 16,500 | \$ 16,500 | \$ 19,200 | \$ 9,700 | \$ 9,676 |
| Accounting Expense | \$ 25,000 | \$ 23,000 | \$ 23,535 | \$ 23,535 | \$ 21,889 | \$ 19,448 | \$ 76,184 |
| Legal Expense | \$ 240,000 | \$ 240,000 | \$ 165,133 | \$ 220,178 | \$ 260,301 | \$ 264,588 | \$ 151,565 |
| Human Resource Expense | \$ 2,000 | \$ 2,000 | \$ 32,264 | \$ 32,264 | \$ 1,360 | \$ 1,149 | \$ 52,440 |
| All Other | \$ 20,000 | \$ 20,000 | \$ 5,283 | \$ 5,283 | \$ 6,619 | \$ 7,081 | \$ 30,168 |
| Other Total: | \$ 601,000 | \$ 589,000 | \$ 548,446 | \$ 652,026 | \$ 606,476 | \$ 554,074 | \$ 506,934 |
| G. & A. Expense Total: | \$ 1,814,000 | \$ 1,721,000 | \$ 1,492,778 | \$ 1,911,134 | \$ 1,753,427 | \$ 1,714,061 | \$ 1,340,821 |
| Capital Expenditure | | | | | | | |
| Facilities | \$ 2,973,000 | \$ 925,000 | \$ 400,000 | \$ 400,000 | \$ 5,200 | \$ 4,834,129 | \$ 60,000 |
| Campus Construction | \$ 2,970,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Equipment/Studies/Reports | \$ 286,200 | \$ 248,000 | \$ 250,000 | \$ 248,000 | \$ 345,000 | \$ 97,592 | \$ 120,000 |
| CIP Total: | \$ 6,229,200 | \$ 1,173,000 | \$ 650,000 | \$ 648,000 | \$ 350,200 | \$ 4,931,721 | \$ 180,000 |
| Total Revenue: | \$ 9,055,400 | \$ 4,867,000 | \$ 3,675,647 | \$ 5,350,084 | \$ 5,418,550 | \$ 5,617,990 | \$ 5,714,429 |
| Total Expenses excluding CIP: | \$ 4,248,500 | \$ 3,430,500 | \$ 3,260,842 | \$ 4,453,232 | \$ 4,177,520 | \$ 4,070,684 | \$ 3,621,524 |
| Total Expenses including CIP: | \$ 10,477,700 | \$ 4,603,500 | \$ 3,910,842 | \$ 5,101,232 | \$ 4,527,720 | \$ 9,002,405 | \$ 3,801,524 |
| Net Income without D&O funds: | \$ 1,606,900 | \$ 1,436,500 | \$ 414,806 | \$ 705,351 | \$ 1,052,030 | \$ 1,297,306 | \$ 1,842,905 |
| Net Income with D&O funds: | \$ 4,806,900 | \$ 1,436,500 | \$ 414,806 | \$ 896,851 | \$ 1,241,030 | \$ 1,547,306 | \$ 2,092,905 |
| Depreciation | \$ 1,200,000 | \$ 1,100,000 | \$ 900,000 | \$ 1,200,000 | \$ 1,177,551 | \$ 1,033,885 | \$ 947,867 |
| Net income excluding Capital Expenditures less Depreciation | \$ 3,606,900 | \$ 336,500 | \$ (485,194) | \$ (303,149) | \$ 63,479 | \$ 513,421 | \$ 1,145,038 |
| Net income including Capital Expenditures less Depreciation | \$ (2,622,300) | \$ (836,500) | \$ (1,135,194) | \$ (951,149) | \$ (286,721) | \$ (4,418,300) | \$ 965,038 |
| Net income including Capital Expenditures | \$ (1,422,300) | \$ 263,500 | \$ (235,194) | \$ 248,851 | \$ 890,830 | \$ (3,384,415) | \$ 1,912,905 |
| Net income including Capital Expenditures less NSR | \$ (1,616,300) | \$ 137,500 | \$ (402,721) | \$ (22,226) | \$ 652,932 | \$ (3,969,177) | \$ 1,454,952 |

CAPITAL IMPROVEMENTS

Project Title: **SCADA PLC Controller Replacement**

Total Budget: \$40,000

Construction: \$40,000

Schedule:

Installation: February 2027

Location: System Wide

Justification: A water system is controlled in-part through the System Control and Data Acquisition (SCADA) computer network. Communications occur between the central control server and Programmable Logic Controllers (PLCs) located at each facility. PLCs contain instructions on site specific activities ranging from reservoir water levels, chlorination levels and site security alarms. The Company's current PLC inventory contains almost 40 PLCs of differing electronics from different companies programmed by different people, without the benefit of standardization or documentation retained by the Company.

Staff is proposing the modernization of Company PLCs on a multi-year basis, replacing two to four per year. Replacement will include standardization of instruction sets and documentation of each PLC's programming, input and output.

Project Title: **Well Site 19 Pipeline**

Total Budget: \$3,444,000

Design and Permitting: \$443,000 (scheduled for 2026)

Construction Management: \$341,000 (scheduled for 2027)

Construction: \$2,660,000 (scheduled for 2027)

Schedule:

Design: 2026

Construction: 2027

Location:



Justification: The Well 19 drilling and development project was completed in 2023. The next phase is construction of a well head and pump house, including bringing in electricity and the construction of a pipeline to deliver well water into the Company system. Pipeline is estimated to be about 5,400 LF. At an estimated \$500/LF the pipeline is estimated to be \$2.16M construction cost. Wellhead and power is estimated to be \$500,000 for a total estimated construction cost of \$2.66M. Engineering and Construction Management estimated at 29% of construction cost - \$784k

Project Title: **Irrigation SCADA PLC Controller Replacement**

Total Budget: \$80,000

Installation: \$80,000

Schedule:

Installation: March 2027

Location: System Wide

Justification: A water system is controlled in-part through the System Control and Data Acquisition (SCADA) computer network. Communications occur between the central control server and Programmable Logic Controllers (PLCs) located at each facility. PLCs contain instructions on site specific activities ranging from reservoir water levels, chlorination levels and site security alarms. The Company's current PLC inventory contains 12 PLCs, with differing electronics from different companies programmed by different people, without the benefit of standardization or documentation retained by the Company.

Staff is proposing the modernization of Company PLCs on a multi-year basis, replacing two to four per year. Replacement will include standardization of instruction sets and documentation of each PLC's programming, input and output.

Project Title: **Forebay Outfall Modernization** (formerly Paloma Curve Hydraulic Break)

Total Budget: \$2,068,000

Engineering: \$124,000

Construction: \$1,944,000

Schedule:

Design: 2025

Construction: 2026

Location:



Justification: The Paloma Curve Hydraulic Break consists of an abandoned hydrogenator plant owned by the City of Upland and a concrete Hydraulic Break owned by the Company. The facility was designed to convert hydraulic energy into electrical energy and remove any remaining hydraulic energy prior to discharge at the Company's Reservoir Number Four.

During periods of high-water flow (sustained average-or-higher rainfall events) the amount of water flowing through the facility can create significant low frequency vibrations. These events occur only periodically (once every couple of years). The current property owner has requested that the Company eliminate the noise and/or abandon the facility.

Given that the existing facility and penstock pipeline have exceeded their design life the Company approved replacement of facilities from the Forebay down to Reservoir 4, effectively removing the hydraulic break.

Project Title: **Consolidated Facilities**
Architecture and Design: \$283,550 contracted
Construction: \$4,000,000

Schedule:

Design: 2023-2025
Construction: 2026-27

Location:



Justification: The Company currently operates out of two facilities (Operations Yard and Office Building), each over 100 years old. The Company is researching consolidation of both facilities onto a single site.

ENTITLEMENT PROJECTIONS

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sept | Oct | Nov | Dec |
|---|--------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| DOMESTIC | | | | | | | | | | | | |
| Projected Monthly Delivery | 65 | 69 | 63 | 87 | 106 | 121 | 135 | 166 | 121 | 130 | 86 | 94 |
| Projected Cumulative Delivery | 65 | 134 | 197 | 284 | 390 | 511 | 647 | 812 | 934 | 1,063 | 1,150 | 1,244 |
| UPLAND | | | | | | | | | | | | |
| Projected Monthly Delivery | 812 | 705 | 755 | 914 | 1,005 | 1,092 | 1,196 | 1,142 | 908 | 852 | 567 | 646 |
| Projected Cumulative Delivery | 812 | 1,516 | 2,271 | 3,184 | 4,190 | 5,281 | 6,477 | 7,619 | 8,527 | 9,379 | 9,946 | 10,591 |
| MONTE VISTA | | | | | | | | | | | | |
| Projected Monthly Delivery | 0 | 133 | 133 | 135 | 135 | 133 | 133 | 0 | 0 | 0 | 0 | 0 |
| Projected Cumulative Delivery | 0 | 133 | 266 | 401 | 536 | 669 | 802 | 802 | 802 | 802 | 802 | 802 |
| ONTARIO | | | | | | | | | | | | |
| Projected Monthly Delivery | 0 | 116 | 116 | 116 | 116 | 116 | 113 | 0 | 0 | 0 | 0 | 0 |
| Projected Cumulative Delivery | 0 | 116 | 232 | 348 | 464 | 580 | 693 | 693 | 693 | 693 | 693 | 693 |
| HOLIDAY ROCK CO | | | | | | | | | | | | |
| Projected Monthly Delivery | 18 | 10 | 24 | 34 | 32 | 40 | 40 | 32 | 32 | 24 | 24 | 12 |
| Projected Cumulative Delivery | 18 | 28 | 52 | 86 | 118 | 158 | 198 | 230 | 262 | 286 | 310 | 322 |
| RED HILL GOLF COURSE | | | | | | | | | | | | |
| Projected Monthly Delivery | 4 | 2 | 12 | 32 | 32 | 46 | 58 | 58 | 58 | 46 | 46 | 32 |
| Projected Cumulative Delivery | 4 | 6 | 18 | 50 | 82 | 128 | 186 | 244 | 302 | 348 | 394 | 426 |
| MINOR GROVE IRRIGATORS | | | | | | | | | | | | |
| Projected Monthly Delivery | 1 | 1 | 1 | 3 | 1 | 4 | 6 | 8 | 10 | 8 | 6 | 4 |
| Projected Cumulative Delivery | 1 | 2 | 3 | 6 | 7 | 11 | 17 | 25 | 35 | 43 | 49 | 53 |
| | TOTAL | | | | | | | | | | | |
| COMPANY TOTAL (EX. INACTIVE) | | | | | | | | | | | | |
| Projected Monthly Delivery | 900 | 1,036 | 1,104 | 1,321 | 1,427 | 1,552 | 1,681 | 1,405 | 1,130 | 1,060 | 729 | 788 |
| Projected Cumulative Consumption | 900 | 1,935 | 3,039 | 4,360 | 5,786 | 7,338 | 9,020 | 10,425 | 11,555 | 12,615 | 13,343 | 14,131 |
| | 6.37% | 7.33% | 7.81% | 9.34% | 10.10% | 10.98% | 11.90% | 9.95% | 7.99% | 7.50% | 5.16% | 5.57% |
| Straight Line Mnthly Ent | 1,201.67 | 1,201.67 | 1,201.67 | 1,201.67 | 1,201.67 | 1,201.67 | 1,201.67 | 1,201.67 | 1,201.67 | 1,201.67 | 1,201.67 | 1,201.67 |
| Cumulative Mnthly Ent | 1,202 | 2,403 | 3,605 | 4,807 | 6,008 | 7,210 | 8,412 | 9,613 | 10,815 | 12,017 | 13,218 | 14,420 |
| Active Share Ent | 14,420 | 14,420 | 14,420 | 14,420 | 14,420 | 14,420 | 14,420 | 14,420 | 14,420 | 14,420 | 14,420 | 14,420 |

| Projected Production | | | | | | | | | | | | |
|-----------------------------|------|-------|-------|-------|-------|-------|--------|--------|--------|-------|-------|--------|
| Gravity (V Screen + Tunnel) | 601 | 667 | 727 | 862 | 800 | 730 | 678 | 555 | 496 | 488 | 443 | 453 |
| Gravity Cumulative | 601 | 1,269 | 1,996 | 2,858 | 3,658 | 4,388 | 5,066 | 5,621 | 6,117 | 6,605 | 7,049 | 7,502 |
| Chino | 0.29 | 0.21 | - | 0.70 | 0.05 | 68.28 | 109.20 | 104.52 | 101.78 | 70.94 | 18.68 | 797.35 |
| Chino Cumulative | 0 | 1 | 1 | 1 | 1 | 70 | 179 | 283 | 385 | 456 | 475 | 1,272 |
| Cucamonga | 430 | 302 | 345 | 438 | 560 | 649 | 730 | 711 | 494 | 451 | 397 | 522 |
| Cucamonga Cumulative | 430 | 732 | 1,077 | 1,515 | 2,075 | 2,724 | 3,454 | 4,164 | 4,659 | 5,110 | 5,507 | 6,030 |
| Six Basins | 92 | 83 | 106 | 97 | 113 | 110 | 115 | 115 | 101 | - | - | - |
| Six Basins Cumulative | 92 | 175 | 281 | 378 | 491 | 600 | 716 | 831 | 932 | 932 | 932 | 932 |