# 2027

# BUDGET WORKSHOP

## SPRWS BOARD OF WATER COMMISSIONERS

JUNE 16, 2026

# TIMELINE OF EVENTS

**JUNE**
Budget Workshop

AUGUST
Full Budget Presentation
+ Further Discussion

SEPTEMBER
Public Meeting
+ Budget Adoption

OCTOBER
Alternative
Budget Adoption

BUDGET WORKSHOP: STAFF PROPOSAL

# STICKING WITH THE PLAN

## Responsible Operations & Maintenance Spending

- Maintaining reliable, high-quality water service while managing costs and preserving affordability for customers.

## Continued Capital Investment Escalation

- Advancing critical infrastructure improvements through the established 10-Year Capital Improvement Program to ensure long-term system reliability and resiliency.

## Strengthening Financial Sustainability

- Continuing the utility's commitment to replenishing cash reserves and achieving targeted reserve levels by Fiscal Year 2030.

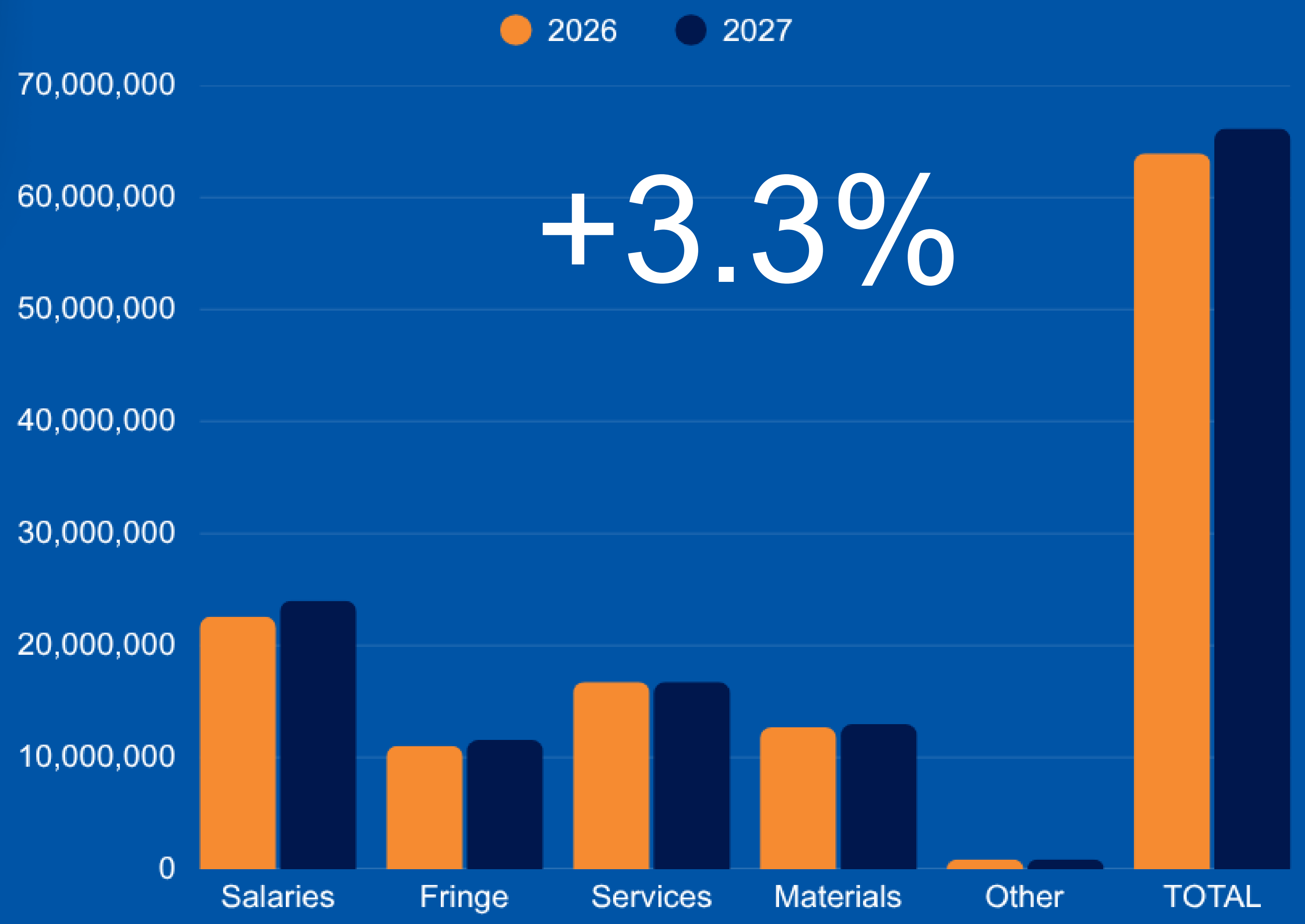
## Operations & Maintenance

# Cost Management


**These numbers reflect initial drafts and will be further refined over the next month and with feedback received during the Budget Workshop.**

The proposed Operations and Maintenance budget reflects our commitment to maintaining affordability while strategically investing in the personnel, services, and infrastructure that most directly impact the quality, reliability, and responsiveness of service provided to our customers.

The majority of the budget increase is attributable to salary and fringe benefit costs associated with contractual cost-of-living adjustments required under collective bargaining agreements, while other expenditures have been carefully managed to support operational needs in a fiscally responsible manner.



# Capital Improvements
# Executing Vision

The proposed 2027 Capital Improvement budget maintains the previous target from our 10 Year Plan.

As a forever Business, SPRWS must commit to maintain a resilient water system. To meet this, we are proposing a capital budget of **$30.1M.** This figures aligns with the previous spending target for FY 2027 in last years budget.

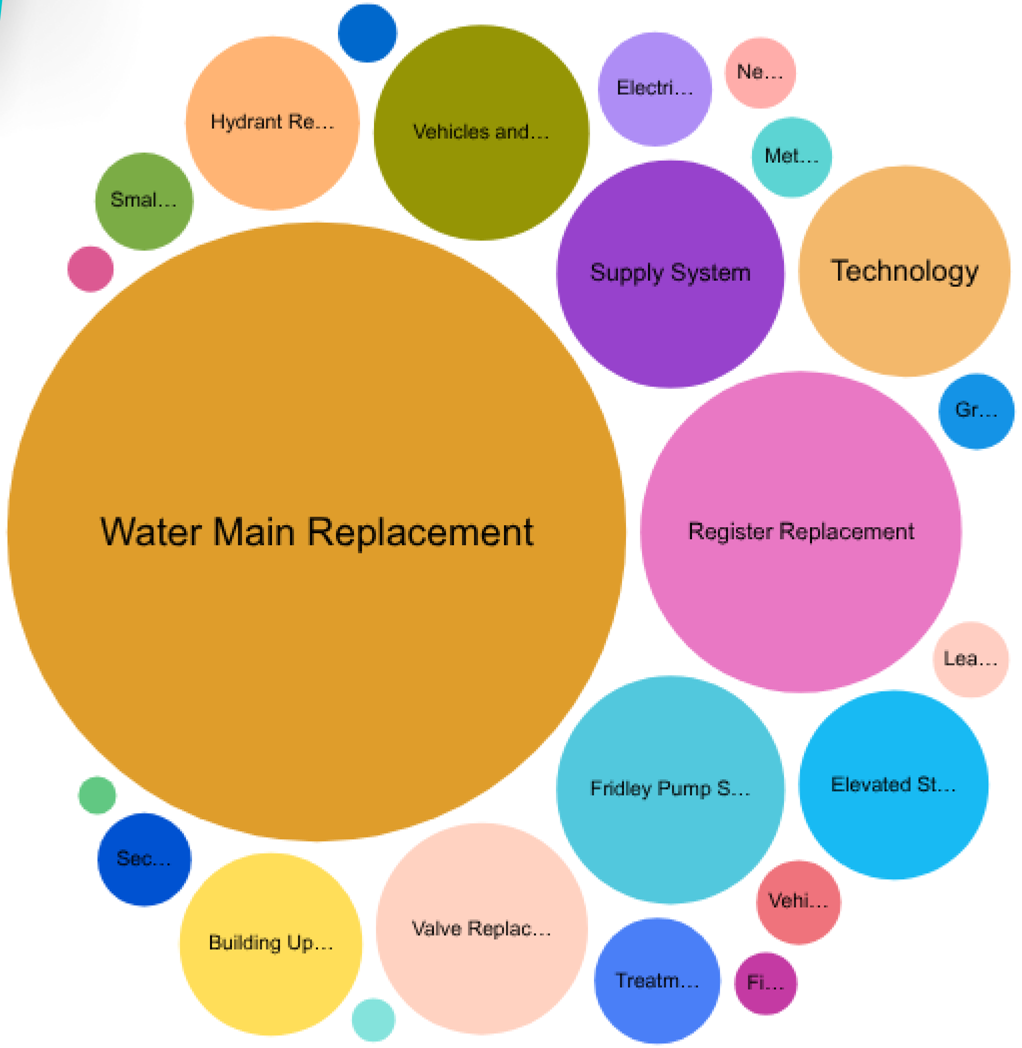
## Capital Improvement Project Highlights

Water Main Replacement: $10,250,000

Register Replacement: $3,500,376

Technology: $1,542,000

Fridley Pump Station: $1,800,000




**2027 Revenue Funded Request:**

**$30.1 Million**

# Proposed Rate Increase

8.5%

## Rate Study Alignment

The proposed rate adjustment reflects the revenue requirements identified through the Cost of Service Study and is designed to ensure the utility can sustainably fund operations, maintain infrastructure, and continue providing reliable service to customers.

## Continued Capital Investments

The proposed Capital Improvement Program budget maintains the previous 10-year spending targets, reflecting the utility's continued commitment to long-term infrastructure investment.

## Replinishing Cash Reserves

The proposed budget is balanced without the use of cash reserves, demonstrating prudent financial stewardship and preserving reserves for future capital needs, emergencies, and unforeseen circumstances.

# CUSTOMER IMPACT

The following shows the impact to 2027 a customer's monthly expenditure compared to 2026 adopted rates assuming average usage which = 15 units/quarter (3,740 gallons of drinking water/month).

**8.5%**

+ $3.03/month
=$38.63/month

$463.56/Year

## Did You Know?

## 1 Gallon = $0.01

# AFFORDABILITY ANALYSIS

| HBI - Water Costs as a Percent of Income at LQI | PPI - Percent of Households Below 200% of FPL | | |
|---|---|---|---|
| | >=35% | 20% to 35% | <20% |
| >=10% | Very High Burden | High Burden | Moderate-High Burden |
| 7% to 10% | High Burden | Moderate-High Burden | Moderate-Low Burden |
| < 7% | Moderate-High Burden | Moderate-Low Burden | Low Burden |

The Household Burden Indicator (HBI), defined as basic water service costs (combined) as a percent of the 20th percentile household income (i.e., the Lowest Quintile of Income (LQI) for the Service Area)

The Poverty Prevalence Indicator (PPI), defined as the percentage of community households at or below 200% of Federal Poverty Level (FPL).
**PPI = 29.1%**

| | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 |
|---|---|---|---|---|---|---|---|---|---|
| Potential Rate Increases | 9.5% | 9.5% | 13.0% | **8.5%** | 8.0% | 7.5% | **5.0%** | **5.0%** | **5.0%** |
| Annual bill for 48,363 gallons used (~16 units/quarter) | $757.76 | $825.88 | $933.24 | $1,012.57 | $1,093.58 | $1,175.59 | $1,234.37 | $1,296.09 | $1,360.90 |
| Household Burden Indicator (HBI) | **2.15%** | **2.27%** | **2.49%** | **2.63%** | **2.75%** | **2.88%** | **2.93%** | **2.99%** | **3.05%** |

2024 Average HBI
(50 Largest US Cities): 2.8%

# CONTINUED AFFORDABILITY ANALYSIS

The EPA's standard affordability benchmark is 2% of median household income on water alone (or 4.5% of median household income if including wastewater). This approach has two major flaws:

- It's tied to median income instead of the most economically vulnerable.
- It uses average consumption instead of basic essential needs.

By focusing on median income and average use, it overlooks the very households and core usage levels that face the greatest affordability challenges.

**SPRWS projections are well within the goal. The values below assume consistent rate increases by SPRWS + wastewater entities.**

| | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 |
|---|---|---|---|---|---|---|---|---|---|
| Median Household Income: MHI (estimates 3% inflation) | $73,055 | $75,246.65 | $77,504.05 | $79,829.17 | $82,224.05 | $84,690.77 | $87,231.49 | $89,848.44 | $92,543.89 |
| Potential Rate Increases - Scenario 3 | 9.5% | 9.5% | 13.0% | **8.5%** | 8.0% | 7.5% | **5.0%** | **5.0%** | **5.0%** |
| Annual bill for 53,856 gallons used (18 units/quarter) | $833.64 | $912.84 | $1,031.50 | $1,119.18 | $1,208.72 | $1,299.37 | $1,364.34 | $1,432.56 | $1,504.18 |
| % of Total Income (Goal: Less than 4.5%) | **1.14%** | **1.21%** | **1.33%** | **1.40%** | **1.47%** | **1.53%** | **1.56%** | **1.59%** | **1.63%** |