



# Whale Rock Commission Report

Whale Rock Commission Meeting – May 8, 2025  
Agenda Item 7 – 2025-26 Whale Rock Reservoir Budget

**FROM:** Aaron Floyd, Utilities Director  
**PREPARED BY:** Mychal Boerman, Utilities Deputy Director - Water  
**SUBJECT:** 2025-26 Whale Rock Reservoir Budget

## RECOMMENDATION

Adopt the 2025-26 Whale Rock Reservoir Budget.

## DISCUSSION

### Summary

Pursuant to the Supplemental Agreement for the Construction and Operation of the Whale Rock Project, San Luis Obispo County (February 1961), the Whale Rock Commission has the powers and duties to consider and approve the annual budget (Attachment E - Section C3). In alignment with this agreement, staff have developed a proposed budget and proposed member agency contributions that considers Operating, Salaries and Benefits, Capital, and Electrical Pumping expenditures. These member agency contributions are summarized in the tables below.

**Table 1 – 2025-26 Agency Contributions**

	City of San Luis Obispo (55.05%)	Cal Poly State University (33.71%)	California Men's Colony (11.24%)
<b>Total Contribution</b>	<b>\$1,626,461</b>	<b>\$995,967</b>	<b>\$332,088</b>
O&M Allocation <sup>1</sup>	\$770,597	\$471,877	\$157,339
CIP Contribution	\$93,507	\$57,259	\$19,092
<b>CIP Reserve Contribution</b>	<b>\$762,357</b>	<b>\$466,831</b>	<b>\$155,657</b>

**Table 2 – 2025-26 Forecasted Pumping Charges**

	City of San Luis Obispo (1,100 AF)	Cal Poly State University (1,100 AF)	California Men's Colony (300 AF)	Dairy Creek (50 AF)
<b>Forecasted Pumping Charges</b>	<b>\$306,306</b>	<b>\$306,306</b>	<b>\$83,538</b>	<b>\$13,923</b>

<sup>1</sup> O&M Allocation does not include electricity costs associated with pump station operation. Participants should budget for the total of "Total Contribution" (Table 1) plus "Forecasted Pumping Charges" (Table 2).

The next sections describe the detailed budgets from which the recommendations above are derived. Additional sections on recommending capital reserve contributions are also included.

### Detailed Budgets

Table 3 contains budget totals organized by cost categories and subcategories.

<b>Table 3 – Detailed Budgets</b>	<b>2024-25 Adopted Budget</b>	<b>2025-26 Proposed Budget</b>	<b>2026-27 Forecasted Budget</b>
<b>Capital Asset Expenses</b>	<b>\$2,451,801</b>	<b>\$1,554,704</b>	<b>\$2,394,845</b>
Capital Expenses	\$1,236,506	\$169,859	\$1,010,000
Legacy Projects	\$1,720,295		
Transfers to/from Capital Reserves	<b>\$(505,000)</b>	\$1,384,845	\$1,384,845
<b>Salaries and Benefits</b>	<b>\$706,958</b>	<b>\$795,293</b>	<b>\$768,900</b>
Salaries	\$504,086	\$554,675	\$514,770
Benefits	\$202,873	\$240,618	\$254,130
<b>Operating Budget</b>	<b>\$1,370,294</b>	<b>\$1,321,593</b>	<b>\$1,324,290</b>
Office Expenses	\$2,000	\$8,466	\$8,466
Operating Materials & Supplies	\$93,100	\$93,050	\$93,250
Services and Supplies	\$194,980	167,828	\$182,853
Travel, Meeting, and Dues	\$9,350	\$8,200	\$8,200
Utilities – Electrical Pumping	\$760,225	\$710,073	\$687,100
Utilities – Other	\$28,036	\$32,400	\$33,000
General Government	\$282,603	\$301,576	\$311,421
<b>Revenues</b>	<b>\$2,808,758</b>	<b>\$3,671,589</b>	<b>\$4,488,036</b>
Charges for Services	\$2,070,252	\$1,399,812	\$1,399,091
Charges for Electricity	\$760,255	\$710,073	\$687,100
Charges for Contribution to Capital Reserves	\$0	\$1,554,704	\$2,394,845
Other Revenue	\$7,000	\$7,000	\$7,000
<b>Net Revenue (Revenue minus Expenditures)<sup>1</sup></b>	<b>\$1,720,295</b>	<b>\$0</b>	<b>\$0</b>

<b>Ending Year Balance</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>
<b>Capital Reserve Balance</b>	<b>\$2,017,683</b>	<b>\$3,402,528</b>	<b>\$4,787,373</b>
<b>Unreserved Fund Balance</b>	<b>\$1,280,168</b>	<b>\$1,280,168</b>	<b>\$1,280,168</b>

Tables including descriptions of the subcategories, more granular budget data, and detailed capital projects forecasts are included as attachments A, B, and C. A copy of the Whale Rock Fund Analysis is included as attachment D.

### Capital Reserve Balances and Recommendations

Capital reserve balance and staff recommendations for capital reserves in 2025-26 are outlined in Table 4. These recommendations will be reviewed annually to ensure that reserve balances are sufficient to cover capital needs and to try to reduce the frequency of large year-to-year variations in capital costs. Staff are recommending increasing capital reserve contributions over the next two fiscal years in anticipation of 200549-Whale Rock Pump Station Electrical Repairs (A and B), which is scheduled for construction in 2027-28. Staff anticipate recommending a \$4,000,000 utilization of capital reserves across all partner agencies for 200549-Whale Rock Pump Station Electrical Repairs (A and B) in 2027-28.

<b>Table 4 – Capital Reserves and Recommendations</b>	<b>City of San Luis Obispo (55.05%)</b>	<b>Cal Poly State University (33.71%)</b>	<b>California Men's Colony (11.24%)</b>
<b>2024-25 Capital Reserve Balance</b>	\$1,189,754	\$585,005	\$242,922
<b>2025-26 Capital Reserve Contributions</b>	\$762,357	\$466,831	\$155,657
<b>2025-26 Capital Reserve Balance</b>	\$1,952,112	\$1,051,837	\$398,579

This would result in the net capital contributions for 2025-26 outlined in Table 5.

<b>Table 5 – Net Capital Contributions</b>	<b>City of San Luis Obispo (55.05%)</b>	<b>Cal Poly State University (33.71%)</b>	<b>California Men's Colony (11.24%)</b>
<b>2025-26 Net Capital Contributions</b>	\$855,865	\$524,091	\$174,749

Staff will evaluate capital reserve levels and contributions on an annual basis to reassess for sufficiency. Staff will continue to research best practices relative to capital reserve levels and will present finding to the Whale Rock Commission at a future meeting.

### Agency Contributions

The Whale Rock Commission members' contributions are summarized in Table 1 and Table 2. The largest expenditure increases, relative to the previous year, are primarily related to increased contributions to capital reserves for 200549-Whale Rock Pump Station Electrical Repairs (A and B).

A year-over-year summary of Whale Rock Commission members' contributions are included in Table 6.

<b>Table 6 – Year-Over- Year Agency Contributions</b>	<b>2023-24 Actual Contributions</b>	<b>2024-25 Adopted Budget</b>	<b>2025-26 Proposed Budget</b>
<b>City of San Luis Obispo (55.05%)</b>	<b>\$1,202,058</b>	<b>\$1,476,364</b>	<b>\$1,932,767</b>
O&M Allocation	\$684,116	\$721,170	\$770,597
CIP Contribution	\$339,862	\$402,694	\$855,865
Pumping Charges	\$178,080	\$352,500	\$306,306
<b>Cal Poly State University (33.71%)</b>	<b>\$952,015</b>	<b>\$970,201</b>	<b>\$1,302,273</b>
O&M Allocation	\$418,920	\$441,610	\$471,877
CIP Contribution	\$284,695	\$246,591	\$524,091
Pumping Charges	\$248,400	\$282,000	\$306,306
<b>California Men’s Colony (11.24%)</b>	<b>\$317,994</b>	<b>\$355,193</b>	<b>\$415,626</b>
O&M Allocation	\$139,681	\$147,247	\$157,339
CIP Contribution	\$69,393	\$82,221	\$174,749
Pumping Charges	\$108,920	\$125,725	\$83,538
<b>Total Member Contributions</b>	<b>\$2,472,067</b>	<b>\$2,801,758</b>	<b>\$3,650,666</b>

## ENVIRONMENTAL REVIEW

The California Environmental Quality Act does not apply to the recommended action, because the action does not constitute a “Project” under CEQA Guidelines Sec. 15278.

## ALTERNATIVES

***The Whale Rock Commission members may elect not to approve the budget as proposed or may elect to modify elements of the proposed budget.*** This alternative is not recommended as the proposed budget allocates funding for staffing, electrical costs, Capital Improvement Projects, and costs for other essential functions related to the safety of Whale Rock Reservoir and delivery of raw water from the reservoir for basic health and safety needs.

## ATTACHMENT

- A – Descriptions of Account Subcategories
- B – Detailed Budgets (Account Level Detail)
- C – Capital Project Forecast
- D – Whale Rock Fund Analysis
- E – Supplemental Agreement for the Construction and Operation of the Whale Rock Project, San Luis Obispo County (February 1961)