



Central Alabama Water

2026

Proposed Budgets

Act 2025-297



Act 2025-297

- 11-50-300.06(a)
 - A regional board shall assure that the rates for water and other services are reasonable and that industry best practices are followed. A regional board shall assure that the regional board operates its system or systems efficiently, in compliance with applicable laws and regulations, including this division, and **exclusively for the benefit of the customers** of the regional board.

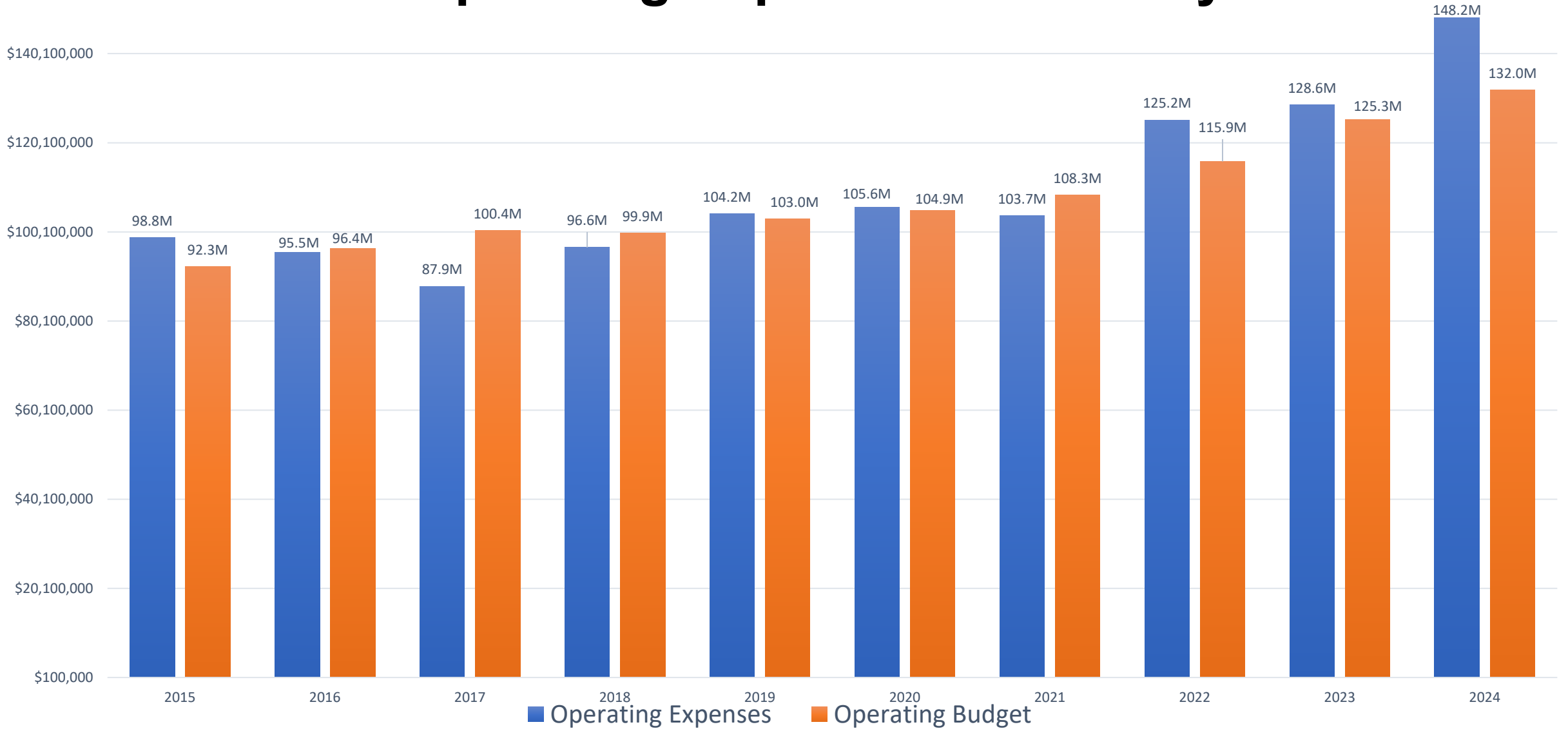
Act 2025-297

- 11-50-300.06(c)(1)
 - A regional board may not make payments to any municipality, county, or other entity except for **reasonable consideration** in payment for goods or services **required** in the operation or management of the systems operated by the regional board.

Historical Perspective



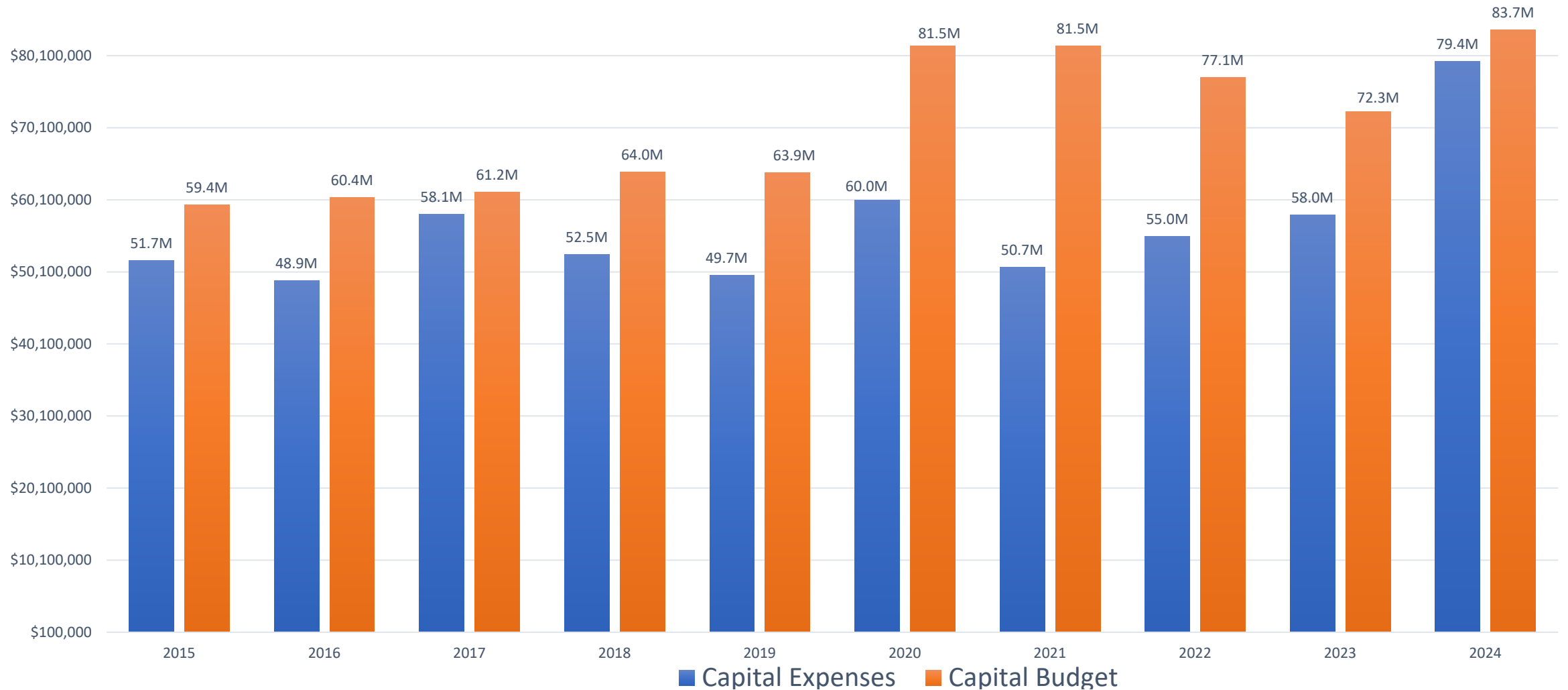
Actual Operating Expenses - Last 10 years



Projected 2025 Actuals

	O&M	Amount
Total O&M Expense Budget		\$142,479,983
Total O&M Projected Actuals		149,794,498
	(Over) Under	(\$7,314,515)
	% (Over) Under	(5.13%)

Actual Capital Expenses - Last 10 years



Proposed 2026 budget



Key Points

- Budget was primarily prepared prior to the CEO being retained
- More cuts can be made, but more time is needed to research/analyze
- Budget is being presented as a stop-gap measure to avoid letting the 2025 budget roll over
- Goal is to bring an amended budget in the first Quarter

Key Points

- Reduced from previous draft by approximately \$2M
- Includes maintaining the current number of employees and not filling open positions
- FY2026 labor cost does not include merit or wage increases
- Increased health care, OPEB and pension costs
- Reduced O&M overtime by 10,046 hours (14.95%)

Key Points

- Reduced fuel, travel and non-stock uniforms
- Rebid chemical contracts resulting in additional savings
- Eliminated some expenses in alignment with Act 2025-297

O&M Expenses by Category

Category	2026 Net Budget	2025 Net Budget	\$ Variance	% Variance
Labor	\$51,833,329	\$53,613,909	(\$1,780,580)	(3.32%)
Employee Related Expenses	19,268,890	18,356,642	912,248	4.97%
Power	13,217,074	13,217,075	-	-
Trans & Distrib Maintenance Materials	9,803,589	9,061,872	741,718	8.19%
License Fees	5,430,182	5,293,727	136,455	2.58%
Chemicals	8,183,996	9,724,641	(1,540,645)	(15.84%)
Legal	1,680,000	1,260,000	420,000	33.33%
Legal Settlement	1,336,000	-	1,336,000	100.00%
Lab Support & Purification Maintenance	2,133,650	2,463,850	(330,200)	(13.40%)
Outsourced Security	1,604,176	1,875,969	(271,793)	(14.49%)
Insurance	3,545,392	4,020,000	(474,608)	(11.81%)
Electrical & Pump Maintenance	393,500	509,500	(116,000)	(22.77%)
Billing Expense	1,536,000	1,235,000	301,000	24.37%
Other Operation & Maint. Expenses	14,548,501	15,873,650	(1,325,148)	(8.35%)
Consultants	5,368,375	5,974,148	(605,773)	(10.14%)
Total Operation & Maintenance	\$139,882,655	\$142,479,982	(\$2,597,326)	(1.82%)

O&M Expenses by Department

Department	2026 Net Budget	2025 Net Budget	\$ Variance	% Variance
Executive	\$2,533,352	\$2,073,679	\$459,674	22.17%
Board	224,726	219,484	5,241	2.39%
Company Wide	37,739,964	35,491,692	2,248,272	6.33%
Business System & Operations	3,269,487	2,140,240	1,129,247	52.76%
Internal Auditor	343,215	287,093	56,121	19.55%
Public Relations	932,227	1,659,043	(726,816)	(43.81%)
Customer Support Services	7,910,088	8,115,093	(205,005)	(2.53%)
Call Center	2,320,904	2,463,711	(142,806)	(5.80%)
Human Resources	3,894,329	4,317,743	(423,414)	(9.81%)
Wellness Health Mgt	100,000	322,066	(222,066)	(68.95%)
Water Watchers	-	222,060	(222,060)	(100.00%)
Information Tech	5,746,766	6,695,980	(949,214)	(14.18%)
Total	\$65,015,057.70	\$64,007,882.92	\$1,007,174.78	1.57%

O&M Expenses by Department continued

Department	2026 Net Budget	2025 Net Budget	\$ Variance	% Variance
Accounting	\$1,648,961	\$1,480,932	\$168,029	11.35%
Cashier & Remittance Proc.	723,423	873,637	(150,214)	(17.19%)
Purchasing	3,104,299	3,321,915	(217,616)	(6.55%)
EnviroLab & Water Quality	3,755,436	4,247,086	(491,650)	(11.58%)
Water Treatment	20,646,067	22,757,915	(2,111,848)	(9.28%)
Security	2,762,746	3,034,842	(272,096)	(8.97%)
Water Resources	10,902,319	10,830,675	71,644	0.66%
SCADA	1,893,160	1,918,000	(24,840)	(1.30%)
Ind & Comm Accounts	162,215	331,158	(168,943)	(51.02%)
E&M Shop	5,657,590	6,218,303	(560,713)	(9.02%)
System Development	1,498,557	1,571,624	(73,067)	(4.65%)
Distribution	18,330,057	17,644,178	685,879	3.89%
Engineering	784,667	1,023,034	(238,367)	(23.30%)
Mapping & Records	484,469	570,739	(86,270)	(15.12%)
Water Accountability	1,216,768	1,262,766	(45,998)	(3.64%)
Meter Dist. & Maintenance	1,296,863	1,385,295	(88,431)	(6.38%)
Total	\$74,867,597.64	\$78,472,099.29	(\$3,604,501.65)	(4.59%)
All Department Totals	\$139,882,655.34	\$142,479,982.21	(\$2,597,326.87)	(1.82%)

Labor Expenses by Department

Department	2026 Net Budget	2025 Net Budget	\$ Variance	% Variance
Executive	\$2,478,552	\$1,978,044	\$500,509	25.30%
Board	167,976	107,984	59,991	55.56%
Company Wide	-	165,000	(165,000)	(100.00%)
Business System & Operations	629,408	626,486	2,922	0.47%
Internal Auditor	334,580	277,050	57,530	20.77%
Public Relations	411,027	410,743	284	0.07%
Customer Support Services	7,015,482	7,103,823	(88,341)	(1.24%)
Call Center	2,311,454	2,445,919	(134,464)	(5.50%)
Human Resources	1,827,098	1,874,493	(47,395)	(2.53%)
Water Watchers	-	188,760	(188,760)	(100.00%)
Information Technology	1,888,884	2,031,555	(142,671)	(7.02%)
Total	\$17,064,460.86	\$17,209,855.29	(\$145,394.43)	(0.84%)

Labor Expenses by Department

Department	2026 Net Budget	2025 Net Budget	\$ Variance	% Variance
Accounting	\$1,500,087	\$1,355,257	\$144,830	10.69%
Cashier & Remittance Proc.	682,976	828,820	(145,844)	(17.60%)
Purchasing	1,601,849	1,759,206	(157,357)	(8.94%)
EnviroLab & Water Quality	2,313,136	2,415,762	(102,626)	(4.25%)
Water Treatment	6,409,101	6,693,737	(284,636)	(4.25%)
Security	887,886	916,555	(28,669)	(3.13%)
Water Resources	3,458,254	3,424,242	34,012	0.99%
SCADA	911,005	1,076,740	(165,735)	(15.39%)
Ind & Comm Accounts	134,137	269,370	(135,233)	(50.20%)
E&M Shop	2,948,170	3,167,080	(218,910)	(6.91%)
System Development	1,398,895	1,465,951	(67,055)	(4.57%)
Distribution	9,313,337	9,467,798	(154,461)	(1.63%)
Engineering	641,103	834,039	(192,936)	(23.13%)
Mapping & Records	413,999	483,174	(69,175)	(14.32%)
Water Accountability	1,119,418	1,160,446	(41,028)	(3.54%)
Meter Dist. & Maintenance	1,035,513	1,085,875	(50,361)	(4.64%)
Total	\$34,768,868	\$36,404,053	(\$1,635,185)	(4.49%)
All Department Totals	\$51,833,329	\$53,613,909	(\$1,780,580)	(3.32%)

FY2026 Capital Budget



Capital Expenses – 5 Years

	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
Budget	\$81,484,428	\$77,089,198	\$72,307,526	\$83,711,540	\$115,630,710	\$75,762,704
Actual Expense	50,728,028	55,048,393	57,981,461	79,354,818	76,578,610	
Variance	\$30,756,400	\$22,040,805	\$14,326,065	\$4,356,722	\$39,052,100	

FY2025 actual capital expenses are as of 10/31/25.

Capital Budget

Budget Line Item - Description	Drivers	FY2026 Proposed Budget
Lake Purdy Dam Stability Rehabilitation - Construction Phase - WIFIA	Risk	\$ 22,000,000
SMFP Solids Handling - Construction Phase	Reg	\$ 5,000,000
Fuel Island for Main Campus	Risk	\$ 500,000
CPS New Roof for Pump Pits 1&2	Risk	\$ 400,000
Cahaba PS PAC Feed Systems	Risk	\$ 350,000
WFP Blower System	Risk	\$ 250,000
WFP Hypo, Liquid Lime, & Chem Building Electrical Upgrade	Risk	\$ 500,000
RVS Interstate 459 Interchange (16")	Capacity	\$ 380,000
SAP Implementation and Annual Updates	Perform	\$ 300,000
Total		\$ 29,680,000

Capital Budget Contd.

Budget Line Item - Description	Drivers	FY2026 Proposed Budget
1A - New Distribution Mains and Hydrants (New Developments)	M & R	\$ 2,000,000
1C - Meters and Metering Technologies	M & R	\$ 4,000,000
1D - Replace Distribution Mains - WIFIA	M & R	\$ 15,000,000
1E - Replace Distribution Services - WIFIA	M & R	\$ 5,125,000
1F – Water Plants Filter Media	M & R	\$250,000
1H - Tank Maintenance and Repairs - WIFIA	M & R	\$ 2,500,000
1I - Repair/Replace Pumps, Motors, Generators	M & R	\$ 2,000,000
1K - Service Line Replacement - Distribution Department Only	M & R	\$ 3,000,000
1L-Repair/Replace Distribution Hydrants and Valves	M & R	\$ 2,000,000
Total for Budget Item 1A -1L		\$ 35,875,000.00

Capital Budget Contd.

Budget Line Item - Description	Drivers	FY2026 Proposed Budget
2 - Office Furniture & Equipment	M & R	-
3 - Transportation Equipment	M & R	\$ 2,000,000
4 - General Equipment	M & R	\$ 800,000
5 - Maintenance & Repairs to Existing Facilities	M & R	\$ 3,000,000
6 - Information Technology/GIS	M & R	\$ 500,000
99 - Distribution Mains, Hydrants & New Customer Tap Fees	M & R	(\$ 4,120,900)
Capitalized Operation & Maintenance		\$ 8,028,604
Total Amount		\$ 10,207,704
2026 TOTAL BUDGET		\$ 75,762,704

WIFIA TOTAL

\$44,625,000.00

Conclusion



Conclusion

- The budget as presented supports a 0% rate increase, assuming CAW can issue subordinate debt in 2026 to defease the Revenue Anticipation Bond of approximately \$62M that is due in September 2026.

Question

- What happens if CAW cannot issue debt in 2026?

Budget Assuming RAB Payoff from Reserves

		Aug-26
Total Operating Revenues	\$ 235,575,738	\$ 157,050,492
Total Revenue Requirements	\$ (211,171,759)	\$ (140,781,173)
Beginning Fund Balance (1)	\$ 48,307,785	\$ 48,307,785
WIFIA Reimbursement (2)	\$ 22,000,000	\$ 22,000,000
Surplus/Deficit	\$ 24,403,979	\$ 16,269,319
Transfer/Payment from Reserves	\$ (62,715,000)	\$ (62,715,000)
Ending Fund Balance	\$ 31,996,764	\$ 23,862,104
Operating Expenditures	\$ 139,896,525	\$ 139,896,525
Days Cash on Hand	83	62
CIP Funding Excluding SRF	\$ -	\$ -
CIP Funding Exclusively through WIFIA	\$ 28,000,000	\$ 28,000,000

Estimated 12/31/25 Balance based on 11/30/25 balance less \$5.50M to account for capital spending in December.

Includes an estimated \$9.0M in WIFIA reimbursements for Q4 of 2025.

Questions?



Thank You!

