



FY26 Budget Message for Medford Water Commission

To: Board of Commissioners
From: Brad Taylor, General Manager
Date: May 7, 2025

Dear Commissioners,

I am pleased to present the proposed FY26 Operating and Capital Budget for Medford Water Commission, totaling \$89.1 million. This budget reflects our commitment to delivering safe, reliable, and affordable drinking water to our community while addressing the challenges of aging infrastructure, regulatory requirements, and economic pressures. Guided by our mission to safeguard public health and the strategic direction provided by this Board, the FY26 budget aligns with our core values of safety, reliability, and affordability.

Budget Overview and Strategic Alignment

The FY26 budget supports our strategic plan, which prioritizes infrastructure resilience, water quality, affordability, and sustainability. Key highlights include:

- **Operating Budget:** \$18.2 million to fund daily operations, including water treatment, distribution, customer service, and compliance with Oregon Health Authority and federal regulations. This represents a 5% increase from 2025, driven by inflation in labor, materials, and energy costs.
- **Capital Budget:** \$33.9 million for critical infrastructure investments, including the Medford Operation Center in addition to addressing aging assets, building new infrastructure to keep up with growth, and enhanced resilience against natural disasters.
- **Rate Adjustments:** A proposed 15% water rate increase, to cover rising costs and fund capital improvements. For an average household using 10,000 gallons per month, this equates to \$37.58. Keeping rates affordable by representing less than 1% median household income in Medford.

This budget aligns with the Government Finance Officers Association (GFOA) best practices by ensuring transparency, stakeholder engagement, and a focus on long-term financial health. It balances immediate operational needs with investments to safeguard our water system for future generations.



Economic and Operational Context

Like many utilities, we face economy-wide inflation, supply chain constraints, and increasing regulatory demands. Costs for pipes, chemicals, and labor have outpaced general inflation. Additionally, our service area is growing, with more customers projected, requiring expanded capacity. Despite these challenges, we have mitigated cost increases by leveraging reserves, securing federal funding, and pursuing operational efficiencies, such as energy rebates.

Our water system remains robust, consistently meeting Oregon Health Authority and EPA standards for water quality. In FY25, we completed a Water Treatment plant filter addition and Water Quality Improvement Project at Duff (new filters). We also expanded transmission infrastructure to provide a more resilient water supply in accordance with the requirements of the Oregon Resiliency Plan. However, key infrastructure projects must be undertaken now for us to maintain our vision of being the Rogue Valley's trusted municipal water provider for present and future generations.

Community Engagement and Transparency

We provide an opportunity for community engagement throughout the budget process and welcome public feedback during June 4th, 2025, public hearing.

The budget process culminated in two study sessions held in May 2025 and final budget document will be available online via www.Medfordwater.org, to ensure transparency.

Key Investments and Outcomes

The FY26 budget funds several priority initiatives:

1. **Rogue Valley Water Supply Resiliency Project:** provides a more resilient water supply system and increases water quality to meet the growing needs of the Rogue Valley.
2. **Information Technology:** SCADA enables real-time monitoring and control of critical infrastructure by collecting data on water flow, pressure, and quality, to ensure regulatory compliance. This project includes modernization improvements that are aimed at keeping up with cyber security and risks from bad actors.
3. **Affordability Programs:** our Customer Care Program provides assistance for low-income households including \$20 thousand annually.
4. **Infrastructure Modernization:** the new Operation Center will be vital for the delivery of essential services and for the protection of the community.

These investments will deliver measurable outcomes, including system reliability and increased capacity.

Financial Strategy and Rate Impacts

Medford Water Commission performs a rate study to develop a financial plan and cost-based rates necessary to meet operation and maintenance (O&M) expenses and adequately fund the capital improvement plan. The establishment of final revenue responsibilities is a Board policy decision.



Looking Ahead

The FY26 budget positions the Medford Water Commission to meet current and future challenges while upholding our commitment to reliable, affordable, and sustainable water services. Over the next decade, our 10-Year Capital Improvement Plan will guide investments to replace aging assets and enhance resilience. We will continue to engage our community, refine rate structures to reflect usage patterns, and pursue grants to offset costs.

I extend my gratitude to the Board for your leadership, our staff for their dedication, and our customers for their trust and feedback. I respectfully request your approval of the FY26 budget at the June 4th, 2025, Board meeting, following the final public hearing.

General Manager,

Medford Water Commission



**Total Resources and
Requirements**

\$89,179,517

**MEDFORD WATER COMMISSION
WATER FUND**

SCHEDULE OF BUDGET AND ACTUAL RESOURCES AND REQUIREMENTS

WATER FUND	Actual FY23	Actual FY24	Budget FY25	Estimated FY25	Proposed FY26
RESOURCES					
Water Revenue	\$22,740,601	\$24,591,649	\$23,500,000	\$25,500,000	\$29,500,000
Work Order and Fee Revenue	\$969,032	\$1,144,650	\$900,000	\$1,015,000	\$600,000
Investment Income	\$187,278	\$462,563	\$50,000	\$450,000	\$250,000
System Development Charges	\$961,663	\$1,520,300	\$500,000	\$1,500,000	\$750,000
Forest Product Revenue	\$0	\$463,153	\$300,000	\$407,870	\$400,000
Grant Revenue	\$1,222	\$607,830	\$2,430,000	\$2,425,000	\$25,000
Miscellaneous Income	\$72,739	\$584,957	\$50,000	\$915,000	\$50,000
Debt Proceeds	\$18,541,277	\$32,639,684	\$19,000,000	\$19,748,935	\$0
Total resources from operations	\$43,473,812	\$62,014,786	\$46,730,000	\$51,961,805	\$31,575,000
Transfer from other funds	\$0	\$18,980,526	\$0	\$0	\$4,328,126
Beginning fund balance available for appropriation (7/1)	\$15,491,840	\$18,474,828	\$9,528,598	\$12,094,950	\$18,206,714
Total resources	\$58,965,652	\$99,470,140	\$56,258,598	\$64,056,755	\$54,109,840
REQUIREMENTS					
Administration & General	\$983,668	\$785,836	\$1,003,435	\$1,107,043	\$1,230,069
Customer Service, Collection & Meter Reading	\$2,335,924	\$2,748,020	\$2,960,757	\$2,861,430	\$2,915,670
Distribution	\$4,180,955	\$3,356,262	\$5,318,596	\$4,078,205	\$5,101,207
Distribution Pumping	\$471,575	\$489,938	\$601,592	\$535,988	\$786,017
Purification	\$3,312,066	\$3,159,214	\$3,810,155	\$3,724,837	\$4,251,746
Source of Supply	\$1,258,313	\$1,999,121	\$1,569,465	\$1,372,184	\$1,642,676
Supply Pumping	\$675,722	\$753,321	\$997,273	\$894,547	\$1,136,545
Transmission	\$337,444	\$297,616	\$370,311	\$377,660	\$491,958
Work Order and Fee Expense	\$900,409	\$1,034,407	\$600,000	\$844,778	\$600,000
Total operating requirements	\$14,456,075	\$14,623,735	\$17,231,584	\$15,796,672	\$18,155,888
Debt Service	\$0	\$0	\$3,210,000	\$868,063	\$1,838,250
Capital Expenditures	\$24,698,297	\$71,395,929	\$5,596,000	\$5,596,000	\$20,721,987
Operating Contingency Reserve	\$0	\$0	\$250,000	\$0	\$250,000
Special - One Time Payment (CAWD Dissolution)	\$0	\$480,526	\$0	\$0	\$0
Transfers Out	\$1,336,451	\$875,000	\$24,800,918	\$23,589,306	\$588,000
Total nonoperating requirements	\$26,034,748	\$72,751,455	\$33,856,918	\$30,053,369	\$23,398,237
Total before ending fund balance	\$40,490,823	\$87,375,190	\$51,088,502	\$45,850,041	\$41,554,125
Unappropriated ending fund balance (6/30)	\$18,474,828	\$12,094,950	\$5,170,096	\$18,206,714	\$12,555,715
Total requirements	\$58,965,652	\$99,470,140	\$56,258,598	\$64,056,755	\$54,109,840



MEDFORD WATER COMMISSION
CONSTRUCTION AND INFRASTRUCTURE REPLACEMENT FUND
SCHEDULE OF BUDGET AND ACTUAL RESOURCES AND REQUIREMENTS

CONSTRUCTION AND INFRASTRUCTURE REPLACEMENT FUND	Actual FY23	Actual FY24	Budget FY25	Estimated FY25	Proposed FY26
RESOURCES					
Investment Income	\$841,380	\$1,295,351	\$175,000	\$775,000	\$280,000
Transfer from Water Fund	\$1,336,451	\$875,000	\$6,807,000	\$6,807,000	\$588,000
Beginning fund balance available for appropriation (7/1)	\$28,066,808	\$30,244,639	\$13,639,113	\$13,434,464	\$21,016,464
Total resources	\$30,244,639	\$32,414,990	\$20,621,113	\$21,016,464	\$21,884,464
REQUIREMENTS					
Transfer to Water Fund	\$0	\$18,980,526	\$0	\$0	\$4,328,126
Unappropriated ending fund balance (6/30)	\$30,244,639	\$13,434,464	\$20,621,113	\$21,016,464	\$17,556,338
Total requirements	\$30,244,639	\$32,414,990	\$20,621,113	\$21,016,464	\$21,884,464

MEDFORD WATER COMMISSION
BOND PROJECT FUND
SCHEDULE OF BUDGET AND ACTUAL RESOURCES AND REQUIREMENTS

BOND PROJECT FUND	Actual FY23	Actual FY24	Budget FY25	Estimated FY25	Proposed FY26
RESOURCES					
Investment Income	-	-	\$250,000	\$1,000,000	\$125,500
Debt Proceeds	-	-	\$40,000,000	\$40,260,856	\$0
Transfer from Water Fund	-	-	\$17,993,918	\$16,782,306	\$0
Beginning fund balance available for appropriation (7/1)	-	-	\$0	\$0	\$13,059,713
Total resources	-	-	\$58,243,918	\$58,043,162	\$13,185,213
REQUIREMENTS					
Administration & General	-	-	\$525,000	\$273,083	\$3,200
Total Operating requirements	-	-	\$525,000	\$273,083	\$3,200
Contingency Reserve	-	-	\$5,000,000	\$143,759	\$0
Capital Expenditures	-	-	\$44,422,848	\$44,566,607	\$13,182,013
Total nonoperating requirements	-	-	\$49,422,848	\$44,710,366	\$13,182,013
Total before ending fund balance	-	-	\$49,947,848	\$44,983,449	\$13,185,213
Unappropriated ending fund balance (6/30)	-	-	\$8,296,070	\$13,059,713	\$0
Total Requirements	-	-	\$58,243,918	\$58,043,162	\$13,185,213



Medford Water Commission FY26 Proposed Operating Budget

	Actual FY23	Actual FY24	Budget FY25	Estimate FY25	Proposed FY26
▲					
Administration and General	983,668	785,836	1,003,435	1,107,043	1,230,069
Customer Service / Meter Reading	2,335,924	2,748,020	2,960,757	2,861,430	2,915,670
Distribution	4,180,955	3,356,262	5,318,596	4,078,205	5,101,207
Distribution Pumping	471,575	489,938	601,592	535,988	786,017
Purification	3,312,066	3,159,214	3,810,155	3,724,837	4,251,746
Source of Supply	1,258,313	1,999,121	1,569,465	1,372,184	1,642,676
Supply Pumping	675,722	753,321	997,273	894,547	1,136,545
Transmission	337,444	297,616	370,311	377,660	491,958
Work Order and Fee Expense	900,409	1,034,407	600,000	844,778	600,000
Total	14,456,075	14,623,735	17,231,584	15,796,672	18,155,888



Administration and General

Category	Actual FY23	Actual FY24	Budget FY25	Estimate FY25	Proposed FY26 ▼
Payroll Taxes and Benefits	8,681,854	9,363,411	10,078,532	9,758,902	10,707,499
Labor Expense	7,790,532	8,274,055	9,379,835	10,094,617	8,700,887
Other	1,497,442	1,153,453	1,364,773	1,213,750	1,480,672
Contract Services Expense	177,925	255,475	294,100	229,923	549,981
Franchise Tax	335,940	373,044	414,500	405,314	473,790
Software Expense	170,392	349,278	420,575	298,956	452,605
Insurance	159,201	150,780	171,363	164,676	176,946
Fuel	103,936	89,317	117,000	85,528	105,000
Vehicle/Equipment	41,917	40,751	48,896	58,944	53,327
Grants & Incentives	16,617	17,074	25,750	25,000	25,000
Clearing	-17,992,087	-19,280,802	-21,311,889	-21,228,567	-21,495,638
Total	983,668	785,836	1,003,435	1,107,043	1,230,069

Project Name	Actual FY23	Actual FY24	Budget FY25	Estimate FY25	Proposed FY26 ▼
Engineering Support	873,980	690,452	977,326	974,124	809,370
Inspection and Patrolling	457,811	441,799	303,790	468,363	511,584
Water Efficiency	352,756	398,782	462,049	435,678	425,440
Transportation/Equipment	290,273	292,671	370,787	298,295	388,904
Annex	-896,162	-1,060,070	0	-1,148,778	0
Duff	370,910	316,891	0	419,361	0
Service Center	454,004	575,256	0	549,268	0
Transportation/Equipment/Fleet Clearing	-919,905	-869,945	-1,110,517	-889,268	-905,229
Total	983,668	785,836	1,003,435	1,107,043	1,230,069



Customer Service & Meter Reading

Category	Actual FY23	Actual FY24	Budget FY25	Estimate FY25	Proposed FY26 ▼
Labor Expense	1,645,774	1,848,466	2,090,249	2,063,205	1,997,262
Other	149,756	333,774	272,001	253,241	305,184
Credit Card/Bank Fees	263,175	267,823	275,000	225,625	260,000
Postage	155,330	191,679	190,000	199,000	215,000
Vehicle/Equipment	70,750	52,031	73,507	66,910	74,224
Bill Processing	51,139	54,247	60,000	53,449	64,000
Total	2,335,924	2,748,020	2,960,757	2,861,430	2,915,670

Project Name	Actual FY23	Actual FY24	Budget FY25	Estimate FY25	Proposed FY26 ▼
Customer Service	1,519,732	1,953,268	2,131,712	2,018,248	2,031,104
Meter Reading and Collection	816,192	794,752	829,045	843,182	884,566
Total	2,335,924	2,748,020	2,960,757	2,861,430	2,915,670



Distribution

Category	Actual FY23	Actual FY24	Budget FY25	Estimate FY25	Proposed FY26 ▼
Labor Expense	2,314,636	1,998,402	3,160,322	2,437,667	2,943,999
Other	998,294	675,069	1,169,087	873,385	1,191,013
Contract Services Expense	437,275	335,838	520,150	406,025	540,415
Vehicle/Equipment	409,346	320,198	433,671	329,499	383,341
Insurance	21,404	26,755	35,366	31,629	42,439
Total	4,180,955	3,356,262	5,318,596	4,078,205	5,101,207

Project Name	Actual FY23	Actual FY24	Budget FY25	Estimate FY25	Proposed FY26 ▼
Meters	1,092,622	1,063,439	1,293,097	1,258,826	1,450,884
Valves	1,021,975	573,917	1,380,638	771,720	966,856
Service Lines	678,215	512,073	769,314	374,657	688,302
Mains	460,903	342,188	681,977	414,829	580,497
Hydrants	247,378	132,179	255,032	408,732	344,779
Reservoirs	195,868	187,345	246,667	240,299	297,034
Cross Connection Control	273,593	175,881	238,531	199,583	246,173
Fire Service	0	151,150	130,094	166,053	217,881
Service Center Control Equipment	196,024	165,116	221,875	193,664	214,464
Service Center Control Equipment	0	22,974	55,000	22,984	55,900
Transportation/Equipment		15,359	12,450	16,052	17,089
Sample Stations	14,376	6,663	22,825	5,474	14,289
Potholing Expense	0	7,978	11,095	5,332	7,059
Total	4,180,955	3,356,262	5,318,596	4,078,205	5,101,207



Distribution Pumping

Category	Actual FY23	Actual FY24	Budget FY25	Estimate FY25	Proposed FY26 ▼
Labor Expense	171,812	154,672	190,847	161,287	351,841
Electricity	210,369	243,638	289,397	279,765	312,549
Contract Services Expense	38,698	42,946	60,644	49,372	66,651
Other	30,569	28,633	29,788	25,291	31,328
Vehicle/Equipment	17,713	17,040	26,936	16,631	18,873
Insurance	2,414	3,009	3,979	3,642	4,775
Total	471,575	489,938	601,592	535,988	786,017

Project Name	Actual FY23	Actual FY24	Budget FY25	Estimate FY25	Proposed FY26 ▼
Inspections	108,934	110,520	112,737	129,337	176,103
Brookdale	89,272	74,665	92,950	62,786	110,109
Lone Pine	53,264	95,332	86,087	100,467	103,910
Stanford	46,710	52,812	77,141	69,993	93,771
Archer	60,522	28,291	52,291	47,362	69,788
Hillcrest	27,167	39,703	47,512	43,132	57,416
Angelcrest	29,008	26,434	42,320	28,520	55,475
Stardust	14,914	17,954	35,058	17,692	45,074
Pierce Heights	11,168	10,451	27,402	16,484	38,025
Barneburg	30,615	33,776	28,093	20,215	36,346
Total	471,575	489,938	601,592	535,988	786,017



Purification

Category	Actual FY23	Actual FY24	Budget FY25	Estimate FY25	Proposed FY26 ▼
Labor Expense	1,930,487	2,066,817	2,126,855	1,985,732	2,310,286
Chemicals	405,554	551,754	904,390	1,141,777	1,094,695
Other	826,560	383,508	585,444	426,796	633,193
Insurance	48,826	65,398	77,837	80,990	93,404
Contract Services Expense	76,357	62,782	79,460	54,047	81,049
Vehicle/Equipment	24,282	28,955	36,169	35,495	39,119
Total	3,312,066	3,159,214	3,810,155	3,724,837	4,251,746

Project Name	Actual FY23	Actual FY24	Budget FY25	Estimate FY25	Proposed FY26 ▼
Duff WTP Operations	2,367,553	2,040,698	2,386,804	2,252,732	2,618,941
Big Butte Springs	261,563	401,855	551,912	731,779	722,141
Water Quality and Compliance	353,358	481,389	490,507	425,486	486,450
Ozonation	242,901	124,903	227,673	166,292	250,982
Duff WTP Building and Grounds	86,690	110,369	153,259	148,548	173,232
Duff WTP Equipment	0	0	0	0	0
Total	3,312,066	3,159,214	3,810,155	3,724,837	4,251,746



Source of Supply

Category	Actual FY23	Actual FY24	Budget FY25	Estimate FY25	Proposed FY26 ▼
Labor Expense	724,303	810,455	681,701	659,074	742,493
Contract Services Expense	407,665	1,050,763	711,095	539,907	700,470
Other	76,265	94,122	125,064	122,099	142,166
Water Master Support	29,427	18,683	32,000	30,381	32,640
Vehicle/Equipment	15,357	18,511	10,891	12,835	14,449
Insurance	5,296	6,587	8,715	7,888	10,458
Total	1,258,313	1,999,121	1,569,465	1,372,184	1,642,676

Project Name	Actual FY23	Actual FY24	Budget FY25	Estimate FY25	Proposed FY26 ▼
Forest Stand Improvements	412,232	638,614	705,782	481,570	697,537
Rogue Watershed Management	417,992	871,714	431,019	451,644	424,734
BBS Watershed Management	276,441	339,132	267,636	285,688	336,208
BBS Patrol House and Grounds	142,001	143,868	135,524	135,321	150,215
Rogue River Intake	9,648	5,793	29,081	17,855	33,484
Transportation/Equipment		0	424	106	498
Total	1,258,313	1,999,121	1,569,465	1,372,184	1,642,676



Supply Pumping

Category	Actual FY23	Actual FY24	Budget FY25	Estimate FY25	Proposed FY26 ▼
Electricity	573,836	635,994	787,000	751,718	849,960
Labor Expense	37,067	57,869	134,351	91,692	199,497
Contract Services Expense	33,913	20,671	44,824	20,811	47,120
Other	21,919	27,156	18,831	18,242	27,484
Vehicle/Equipment	3,941	5,336	7,107	5,197	6,290
Insurance	5,046	6,295	5,160	6,887	6,194
Total	675,722	753,321	997,273	894,547	1,136,545

Project Name	Actual FY23	Actual FY24	Budget FY25	Estimate FY25	Proposed FY26 ▼
Duff WTP High Service Pumps	347,547	372,624	500,738	453,877	536,918
Rogue River Intake	163,756	194,412	268,428	239,630	292,964
Martin Pressure Control Station	55,366	61,863	79,325	60,522	103,223
Conrad Pressure Control Station	58,621	69,530	76,962	63,958	103,142
Rossanley Pressure Control Station	41,845	43,670	60,817	60,834	86,602
Rancheria Pumps	6,285	3,524	9,145	10,393	10,415
BBS Pumps	2,301	7,698	1,858	5,333	3,281
Control Equipment	0	0	0	0	0
Total	675,722	753,321	997,273	894,547	1,136,545



Transmission

Category	Actual FY23	Actual FY24	Budget FY25	Estimate FY25	Proposed FY26 ▼
Labor Expense	273,236	233,807	285,162	298,094	406,696
Other	37,330	39,633	46,208	40,824	48,188
Vehicle/Equipment	19,099	22,122	28,021	26,845	28,626
Contract Services Expense	7,702	1,957	10,350	11,661	7,763
Insurance	78	97	571	236	685
Total	337,444	297,616	370,311	377,660	491,958

Project Name	Actual FY23	Actual FY24	Budget FY25	Estimate FY25	Proposed FY26 ▼
BBS Line #1	116,078	123,460	106,937	157,634	129,444
Cathodic Protection	38,925	45,220	83,064	31,753	127,538
BBS Line #2	84,680	75,264	89,622	99,767	116,937
Coal Mine	34,541	26,876	40,011	47,034	53,413
Nichols Gap	48,480	16,870	34,751	28,407	48,510
Transmission - Roads	14,740	9,926	15,927	13,065	16,116
Total	337,444	297,616	370,311	377,660	491,958



Work Order and Fee Expense

Category	Actual FY23	Actual FY24	Budget FY25	Estimate FY25	Proposed FY26 ▼
Customer Installations Expense	400,115	545,067	324,695	408,445	325,000
Fee Project Expense	243,564	438,494	152,425	365,325	150,000
Air Release Valve Expense	224,054	16,490	101,625	50,013	100,000
Bulk Water Sales Expense	15,098	18,253	10,235	13,874	13,000
Hydrant Device Expense	15,567	14,942	8,800	4,900	9,000
Large SVC Con Expense	2,012		2,220	2,221	3,000
Purchase Price Variance		0		0	
Stock (Inventory) Sales Cost of Goods Sold		1,161		0	
Total	900,409	1,034,407	600,000	844,778	600,000

Project Name	Actual FY23	Actual FY24	Budget FY25	Estimate FY25	Proposed FY26 ▼
Work Order and Fee Expense	900,409	1,034,407	600,000	844,778	600,000
Total	900,409	1,034,407	600,000	844,778	600,000