2025 Annual Report

60%

Monterey Peninsula Water Management District

The completed Pure Water Monterey project **NOW** provides 60% of the drinking water needed on the Peninsula for housing, jobs, growth, and drought for years to come.

Water Allocation Releases New Supply for Construction and Remodels

For the first time in over 30 years, the Monterey Peninsula Water Management District (District) is releasing water to the seven peninsula cities, the Airport District, and the Department of Defense to support new construction, remodels, and commercial changes. This was made possible by the construction of an expansion to the Pure Water Monterey (PWM) project. To utilize an allocation, projects must have an existing water meter, and their jurisdiction must approve a release of water. Projects requiring a new meter remain subject to the Cease & Desist Order (CDO) meter moratorium until the State acts on the District's current application to modify the CDO. PWM was funded and built by Monterey One Water, Monterey Peninsula Water Management District, and Marina Coast Water. Completed in October of 2025, it now provides 60% of the Peninsula's drinking water for housing, jobs, growth, and drought.

Supply Gets Boost from Storage

Customer demand in 2025 required 3B gallons (gal) of drinking water, the lowest demand since 1957. Water supply sources included 1.2B gal from PWM, 1.1B gal from the Carmel River, 549M gal from Seaside Groundwater sources, and 53M gal from the Sand City Desalination Facility.

At the end of the year, the District had 767M gal stored in the PWM Operating Reserve and 1.4B gal in the Aquifer Storage and Recovery. A total of 2.2B gal of stored water is now banked in the Seaside Basin.

District Asks State to Drop Restrictions on New Water Meters

In October of 2025, the Monterey Peninsula Water Management Board voted unanimously to ask the State Water Board to modify its Cease and Desist Order (CDO) on the Carmel River and allow new water meter connections. This is intended to clear the way to set new meters for housing and jobs on the Peninsula. A decision is expected from the State by summer 2026.

The PWM project is expected to provide a permanent replacement water supply to meet the Monterey Peninsula's needs for decades or serve as an adequate bridge until a desalination plant is fully permitted and built. The CDO was originally issued in 2009 as a result of Cal-Am's excessive pumping from the river. "Cal-Am has not violated its lawful water rights on the Carmel River in the past four years," said Dave Stoldt, District General Manager. "This is a window of opportunity for the community to ease water restrictions in favor of housing and jobs."

Grants Administered by District Bring New Projects to Peninsula

The District continues to manage grants for new projects on the Monterey Peninsula. Duties include: (a) Application coordination and submission; (b) Agreement execution and coordination with the California Department of Water Resources; (c) Invoicing, with documentation, on behalf of the Local Project Sponsors; and (d) Reporting.

In 2025, construction for two grant-funded projects supporting PWM were completed. Final invoicing and reporting will be completed by the District in 2026. The first was an Urban Community Drought Relief Grant from the Department of Water Resources for $11,935,200. The other is a Directed Assistance Grant coordinated by the State Water Resources Control Board for $4,800,000. Overall, the PWM Expansion project garnered over $40 million in grants, with only $15 million to be repaid by local ratepayers over 30 years.

Also in 2025, the District continued administering an Integrated Regional Water Management (IRWM) Implementation Round 2 Grant totaling $1,488,961 for the Monterey Peninsula region. The two funded projects are:
1. Carmel River Floodplain Restoration and Environmental Enhancement (Carmel River FREE), sponsored by Monterey County
2. Olivier Street Stormwater Diversion Project, sponsored by the City of Monterey

The Carmel River FREE project has experienced federal funding-related delays. However, the City of Monterey's Olivier Street Stormwater Diversion Project remains on schedule and is progressing as planned.

Additionally, an IRWM Implementation Round 1 Grant awarded in 2021 will fund construction of the West End Stormwater Improvement Project in 2026. This project, located in a disadvantaged community, is sponsored by Sand City. Two other projects funded under this grant have been completed for the City of Seaside and the Marina Coast Water District.

Permits and Rebates Assure Greater Water Efficiency

The District approved 577 rebates totaling $174,900, saving 1.5M gal of water annually, and issued 941 Water Permits plus 68 Water Use Permits. Staff completed nearly 900 inspections to ensure compliance with indoor and landscape water efficiency standards. Twenty-six landscape permits were issued, covering 104,856 sq. ft. of new and 111,150 sq. ft. of rehabilitated landscapes. These conservation measures create a permanent reduction in demand, easing the need for new supplies. Three Water Distribution System amendments were approved, and nine exemptions were granted for eligible well users. Efforts to promote water efficiency and compliance continue.

Locals Win Big in Summer Splash

Now in its sixth year, the District, in partnership with Cal-Am, once again hosted the Summer Splash Water Challenge Giveaway, a fun, family-oriented conservation game. Participants completed an educational gameboard by visiting the event website and watching water efficiency videos to find the answers. The challenge was designed for families and timed for summer when children were out of school. Completed gameboards were submitted for a sweepstakes drawing. Prizes included high-efficiency clothes washers, iPads, and gift cards. Gameboards were printed in the newspaper, and promoted in Facebook. The June challenge received 485 entries, 48 more than the previous year.

Water Conservation Classes

Staff continued to engage the community on water conservation through various outreach channels. In partnership with Cal-Am, the District hosted 14 virtual classes covering rainwater capture, greywater use, irrigation efficiency, soil improvement through composting, landscape design, and lawn removal. Water-saving devices were distributed at community events, including the Carmel Valley Fiesta, Monterey County Fair, and West End Celebration, and the “Mulch Madness” giveaway was held twice during the year.

The District maintained an active social media presence on Facebook and Instagram, participated in school presentations and assemblies with the Water Awareness Committee for Monterey County, and ran monthly media ads highlighting District programs and activities.

Water Permit Amnesty Program a Huge Success

The Resolution 2024-13 “Amnesty Program” concluded on September 30, 2025. Staff contacted property owners associated with 1,470 open (unfinalized) Water Permits and successfully closed 1,242 permits, achieving an 84% resolution rate. A total of 1.7M gal of District Reserve Allocation was utilized.

The program was generally well-received and significantly reduced a backlog of permits dating back to 1993. Most property owners responded positively once they understood the opportunity to finalize permits with temporary water availability, fee waivers, and staff assistance. Local jurisdictions were cooperative and assisted as necessary.

Remaining open permits are largely attributable to inspection scheduling delays, property owner inaction, jurisdictional permitting delays, or removal of unpermitted fixtures instead of seeking proper authorization.

Staff will continue follow-up efforts. Remaining properties will not have access to District Reserve water and may require jurisdictional allocations or be subject to Regulation XI enforcement. Property owners remain responsible for arranging final inspections when they have a Water Permit.

Pursuit of Fiscal Responsibility

In response to its strategic objectives, District staff proposed a series of financial policies to support its financial stability and long-term sustainability. These include a Reserves Policy, Budget Policy, Unclaimed Monies Policy, and Debt Management Policy, as well as strategies to address the District's pension and other post-employment benefit liabilities. Together, these policies are intended to help the District proactively manage financial obligations, mitigate risk, and plan for anticipated liabilities.

In parallel, the District has taken steps to streamline its financial operations, including clearing prior payables, improving the classification of grant billings, and improving transaction reporting. Staff is also actively working to reduce costs associated with purchasing recycled water from Monterey One Water, in accordance with the PWM water purchase agreement.

The District reached a final settlement with the Monterey Peninsula Taxpayers Association regarding its prior collections of the Water Supply Charge. Following a court ruling in September 2024, staff coordinated with the County to rescind the charge from the 2024–25 property tax bills, and under the terms of the settlement, the District will refund approximately $3.35 million to property owners who paid the Water Supply Charge during the contested period. An average of $44 will be paid to each property owner.

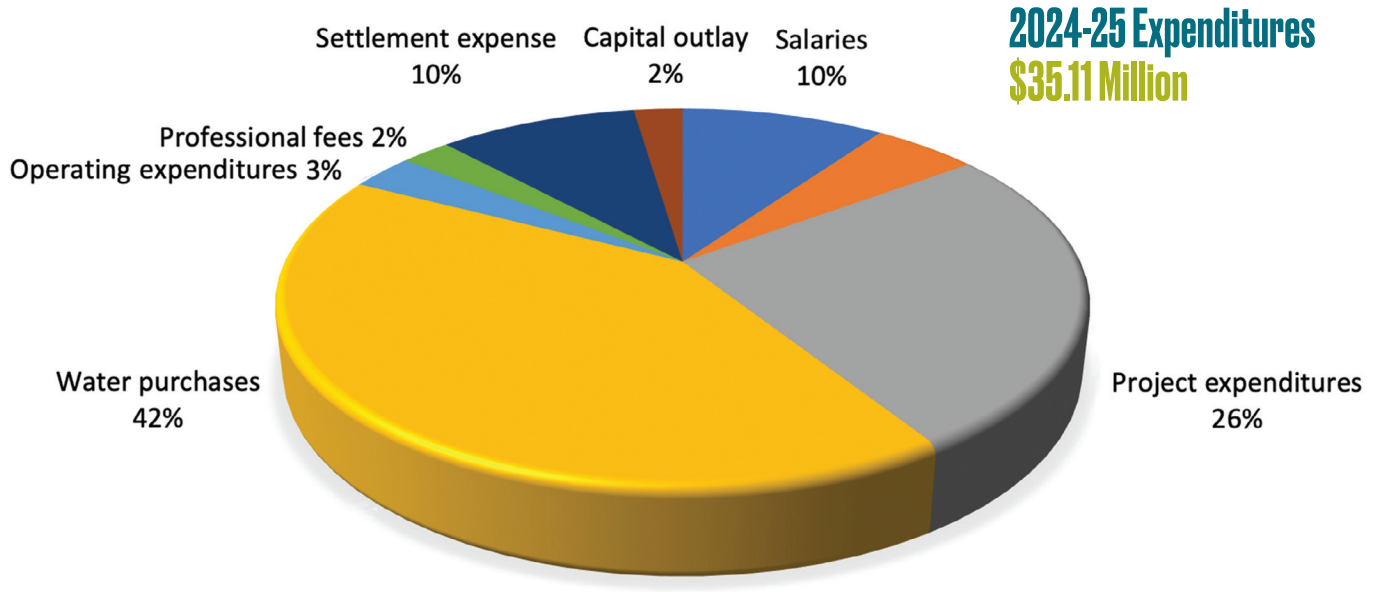
District Awarded Certificate of Financial Excellence

The Pun Group LLP, an independent auditing firm, conducted the District's fiscal year 2024-2025 audit. It received a clean financial audit report with no material weaknesses or deficiencies. The District included the audit in its eleventh consecutive Annual Comprehensive Financial Report (ACFR). The report consists of a set of government financial statements that comply with the accounting requirements promoted by the Government Accounting Standards Board and include relevant statistical information about the District.

In 2025, the Government Finance Officers Association awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its ACFR for the 2024-2025 fiscal year. The District has received the ACFR award for the tenth consecutive year.

How Your Money is Spent

As of June 30, 2025, the District's total fund balance was $28,996,316. The Fiscal Year 2025-2026 budget anticipates expenditures of $42,237,887 as shown below.



Carmel River Environmental Stewardship

In 2025, the District successfully implemented programs to preserve the ecological integrity of the Carmel River by mitigating impacts from water extraction for the community's water supply. They included the Mitigation Program required by the 1990 Water Allocation Environmental Impact Report, the 2006 Aquifer Storage and Recovery (ASR) Phase 1 Environmental Impact Report, and subsequent water rights for ASR diversions. The program comprises river restoration activities, monitoring, and rescuing threatened steelhead from drying sections of the Carmel River and its tributaries. This comprehensive program tracks changes in the riparian corridor, steelhead population, groundwater depth, river flow, and the lagoon environment.

The District continued to monitor dry-back conditions due to impacts from groundwater withdrawal and successfully rescued 7,468 juvenile steelhead from the Carmel River Basin in 2025. Fish were released this season in a variety of locations to track which produces the best adult return rates from the ocean. These release areas included the lagoon, the Carmel River waters that flow year-round, and the Sleepy Hollow Steelhead Rearing Facility. There were 2,379 fish implanted with passive integrated transponder (PIT) tags to track their migration and survival rates. These data are used as performance indicators of the Mitigation Program.

As part of the steelhead monitoring program, staff installed a resistance board weir (adult steelhead counting station) in the lower river in late February. The weir operated 62% of the time while the fish were migrating. Staff counted 79 adult steelhead during this timeframe.

Staff also conducted surveys of redds (steelhead nests). During the 2025 season, 145 steelhead redds, 7 spawning pairs, 14 single adults, and 3 carcasses were observed between the Highway 1 Bridge and Los Padres Dam in the Carmel River. An additional 16 redds were observed upstream of Los Padres Reservoir, and one redd was observed in Garzas Creek.

Pacific Lampreys are currently experiencing a comeback. After being absent from upper Carmel River for over 100 years due to the San Clemente Dam (built in 1921), they returned to the area almost immediately following the dam's removal in November 2015. Approximately 29% more Pacific Lamprey redds were observed in 2025 (818) compared to 2024 (632).

Staff continued to work with the National Marine Fisheries Service (NMFS) on field studies to develop a steelhead population life history model for the watershed. This effort includes tagging fish from the fall population surveys, weir operations, and rescues. These tags are then read by tag detection stations (arrays) at various locations along the Carmel River. Fall population densities trended below average this season and 777 fish were implanted with PIT tags to support these studies and help elucidate long-term trends on steelhead survival.

Steelhead Rearing Channels

In addition, staff continued long-term efforts to monitor water quality conditions and fish passage in the Carmel River Basin to assess impacts to habitat from municipal and private pumping along the Carmel River.

In late fall, District crews carried out the Vegetation Management Program in the active channel of the Carmel River to prevent debris dams and erosion. This work is carried out with a Regional General Permit from the Army Corps of Engineers and a Routine Maintenance Agreement with the California Department of Fish and Wildlife. Vegetation Management includes trimming encroaching vegetation and reducing the hazard posed by downed trees by cutting them into smaller sections in preparation for winter flows. Trash and plastic were also removed from the river's active channel before winter rains washed them into the ocean.