



Discussion Item

Review Proposed MPWMD Fiscal Year 2026-2027 Budget

May 28, 2026 Special Meeting
Budget Workshop

Staff contact: Nishil Bali

Budget Book TOC

- Resolution
- Transmittal Letter
- Mission/Vision Statement
- Decade of Water Supply Projects
- Strategic Goals (2026-27)
- Expenditures (Fund & Division)
- Project Expenditures
- 3-Year Capital Improvement Plan
- Capital Asset Purchases
- Capital Asset Replacement Schedule

Budget Book TOC (continued)

- Revenues
- Reimbursements
- Reserve Analysis
- Organization Chart
- Division Budgets
- Policies
- Glossary

Budget Overview

Budget Calendar

- 03/13 Budget Memo Sent
- 04/10 Budget Request Received
- 4/22 - 4/30 Team Management Review
- 05/28 Budget Workshop
- 06/15 Budget Adoption

Budget Overview

Budget Policy (Adopted November 2025)

1. Adopt a balanced annual budget, fund long-term needs, and maintain minimum reserve levels.
2. Budgeted expenditures may not exceed estimated revenues plus the approved and planned use of fund balances accumulated in prior years and payments related to Board-approved debt.
3. District will seek outside funding sources and grants to leverage District revenues.
4. Permits and fees shall be structured to fully recover service costs while striving to achieve objectives in the District's Strategic Plan.

Budget Overview

Budget Policy Continued (Adopted November 2025)

5. Proposed budgets will invest in projects that meet the District's strategic priorities, such as increasing water supply at fair prices.
6. When proposing budgets, staff shall explore ways to provide services in an efficient and economical fashion.
7. Any expenditure reductions will generally minimize impact on District constituents and avoid significant adverse impacts on existing service levels, unless approved by the Board.
8. Services will be proposed to minimize environmental impacts and/or improve the environment pursuant to statutory guidelines.

Budget Overview

- Based on the current projection of the District's funding sources
- Original Division requests submitted were reviewed and adjustments made – Project expenditure groupings changed (Hydrologic and IRWM in Water Resources)
- New look and presentation - Format of the budget same as the previous year
- Use of reserves - \$2.7 million
- General Reserve balance estimate - \$16.5 million (meets/exceeds Reserves policy)

Budget Overview

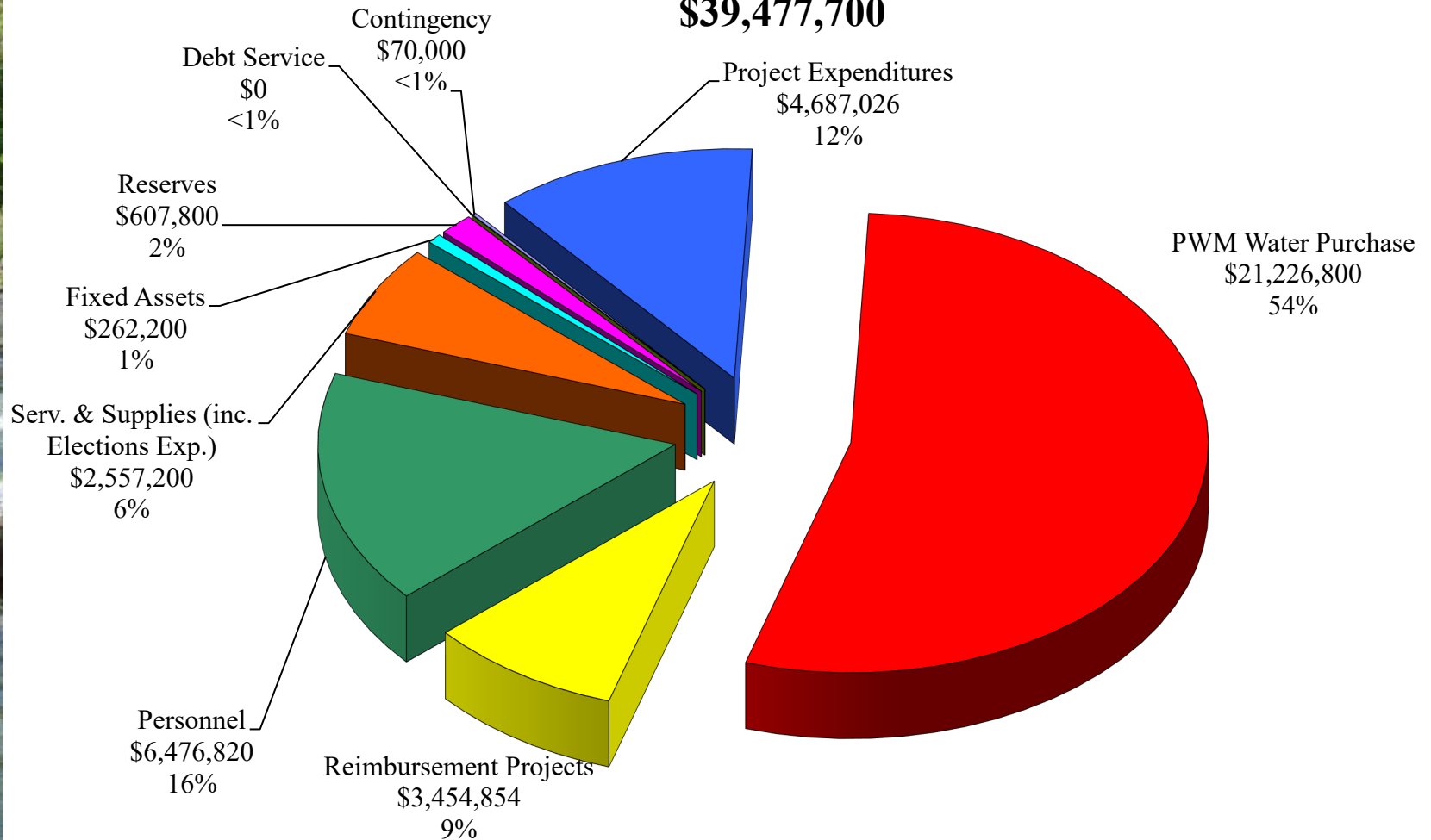
- Proposed FY 2026-2027 budget \$39,437,700
- Lower than the FY 2025-2026 budget (6.63%)
- Full year of User Fee revenues included in this proposed budget
 - Based on estimated Cal-Am collection of water revenues
- Full year of Property Tax Revenue
- Full year of PWM Water Sales Revenue
- Monitor collection & make adjustments during mid-year budget process

Budget Expenditures

EXPENDITURE SUMMARY

Fiscal Year 2026-2027

\$39,477,700



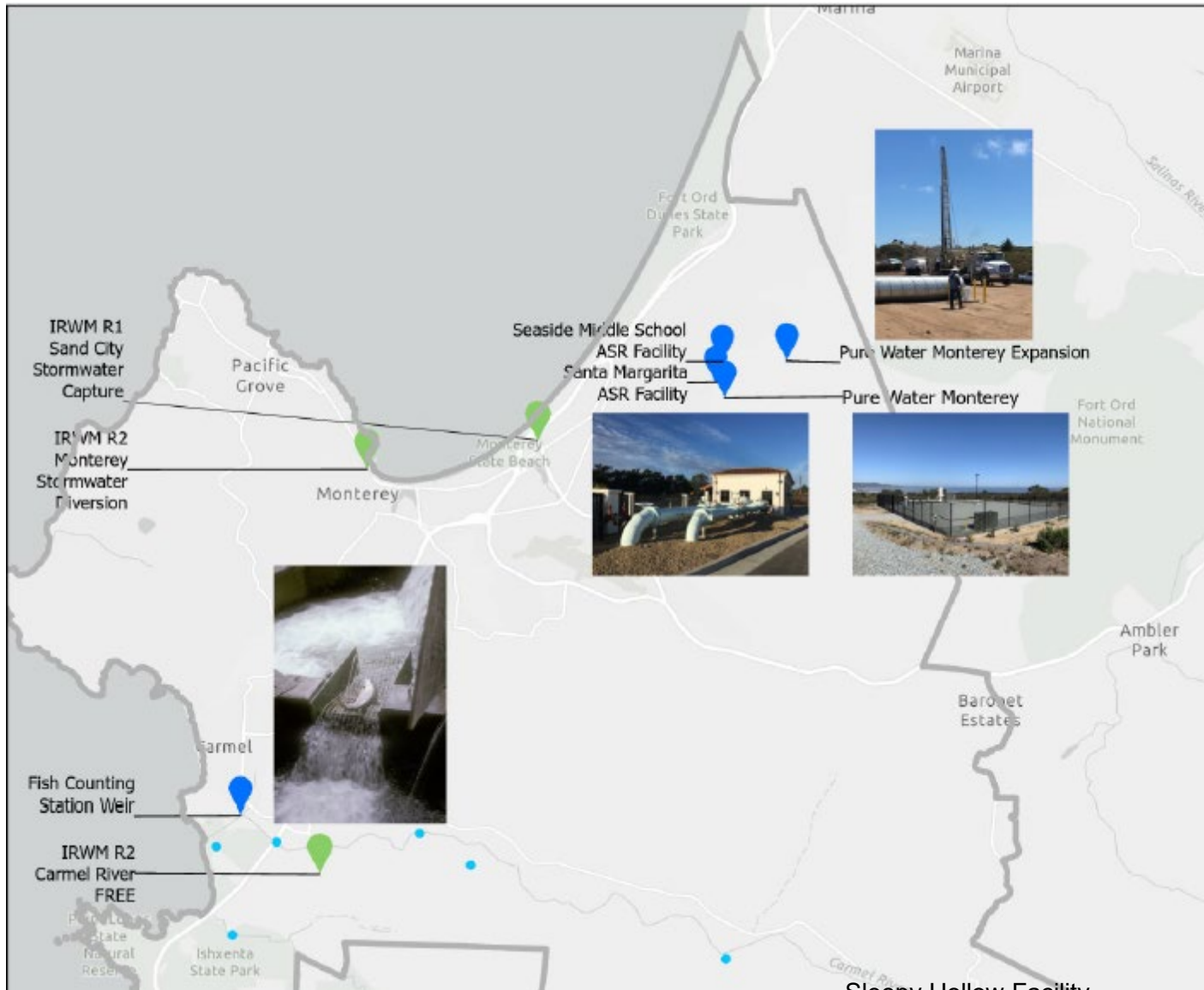
Budget Expenditures

	<u>25-26</u> (\$M)	<u>26-27</u> (\$M)	<u>△</u> (\$M)	<u>△</u> (%)
Personnel	\$6.21	\$6.57	\$0.36	5.81%
Services/ Supplies	2.11	2.31	0.19	9.17%
Project / Program Exp.	33.39	29.95	(3.43)	(10.29%)
Reserves	0.53	0.61	(0.08)	15.55%
TOTAL	\$42.24	\$39.43	(\$2.8)	(6.63%)

Project Expenditures

	<u>25-26</u> (\$M)	<u>26-27</u> (\$M)
Augment Water Supply	\$30.36	\$4.96
Protect Environment	1.77	0.47
Manage Water Demand	0.89	0.87
General (Wholesale/Acquisition)	-	23.22
TOTAL	\$33.03	\$29.52


District Projects



Sleepy Hollow Facility

Project Expenditures

Augment Water Supply



■ ASR	\$ 749,458
■ Operations & Maintenance	449,458
■ Santa Margarita	300,000
■ New Projects	475,000
■ Seaside Basin Watermaster	231,623
■ Hydrologic	894,100
■ IRWM	2,539,896

Project Expenditures

Manage Demand



■ Water Distribution Permitting	\$ 57,000
■ Demand Management	100,000
■ Water Conversation	
■ Conservation Programs	229,000
■ Rebate Programs	370,000
■ Non-Functional Turf Replacement	100,000


Project Expenditures

Protect Environment



■ Riparian Mitigations	\$ 41,500
■ Aquatic Resources Fisheries	
■ Sleepy Hollow Facility	321,954
■ Steelhead	103,875
■ Lagoon Mitigation	1,000

General (Wholesale/Retail Acquisition)



■ PWM Water Purchase	\$ 20,086,800
■ Drought Reserve	1,140,000
■ Public Acquisition of Water System	1,840,000
■ Board Room Renovation	150,000

Services

Services & Supplies:

■ Public Outreach	\$242,000 (>100%)
■ IT Services	\$331,000 (10.67%)
■ Bank Charges	\$25,100 (-63.09%)
■ Office Supplies	\$26,300 (-43.69%)
■ Professional Services	\$358,100 (-12.91%)
■ Legal Services	\$420,000 (5%)

Services contracted:

- Legislative Services
- Public Outreach
- Legal Services
- Information Technology
- Geographical Information System
- Audit Services

Fixed Assets



■ Conference Room Upgrade	\$ 150,000
■ Vehicle Replacement	82,000
■ Building and Equipment	25,000
■ Operating Equipment	12,000
■ Office Equipment	5,000
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Total Fixed Assets	\$ 274,000

2026-27 Strategic Goals

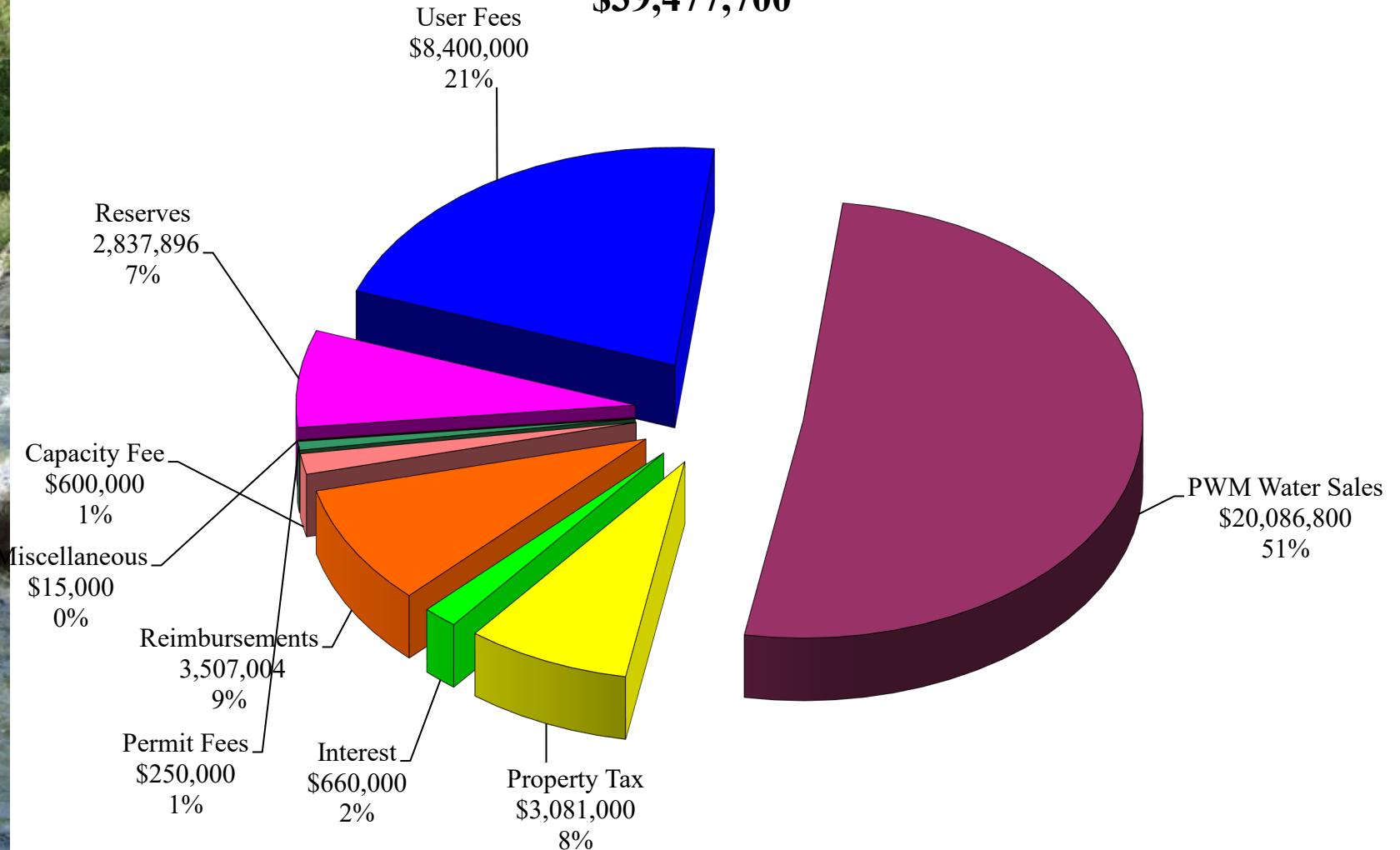
Highest	Seek Modification of Cease-and-Desist Order	Operating Budget (General Manager)
	Implement Public Ownership of Monterey Water System	\$1.84M
	Collaborate on Protecting Assets in the Seaside Groundwater Basin	\$0.85M
Mid-level	Implement State Policies on Conservation	Operating Budget (Water Demand)
	Optimize Aquifer Storage & Recovery (ASR)	\$0.48M
	Update & Prioritize District Rules & Regulations	Operating Budget (Water Demand)
	Advance Los Padres Dam Alternatives	Operating Budget (Water Resources)
Ongoing	Protect, Enhance, and Maintain Financial Health	Operating Budget (Finance/Admins Svc.)
	Ratepayer Advocacy	Operating Budget (General Manager)

Estimated Revenues


REVENUE SUMMARY

Fiscal Year 2026-2027

\$39,477,700




Revenues

A vertical image of a river with a small waterfall, surrounded by lush green trees and rocks, is positioned on the left side of the slide.


Operating Revenues (+4.4% over prior year)	\$33,092,800
Reimbursements & Grants (-55.58% over prior year)	3,507,004
General Reserve	2,755,896
Asset Replacement Reserve	82,000
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Total Revenue	\$39,437,700

Operating Revenues




■ User Fee (+7.69%)	\$8,400,000
■ Property Tax (2.7%)	3,081,000
■ PWM Water Sales (+4.16%)	20,086,800
■ Capacity Fee (0%)	600,000
■ Permit Fee (0%)	250,000
■ Interest (-12%)	660,000
■ Other Revenues	15,000
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Total District Revenue	\$33,092,800

Reimbursements and Grants

A vertical photograph of a river with white water rapids, surrounded by lush green trees and rocks, positioned on the left side of the slide.

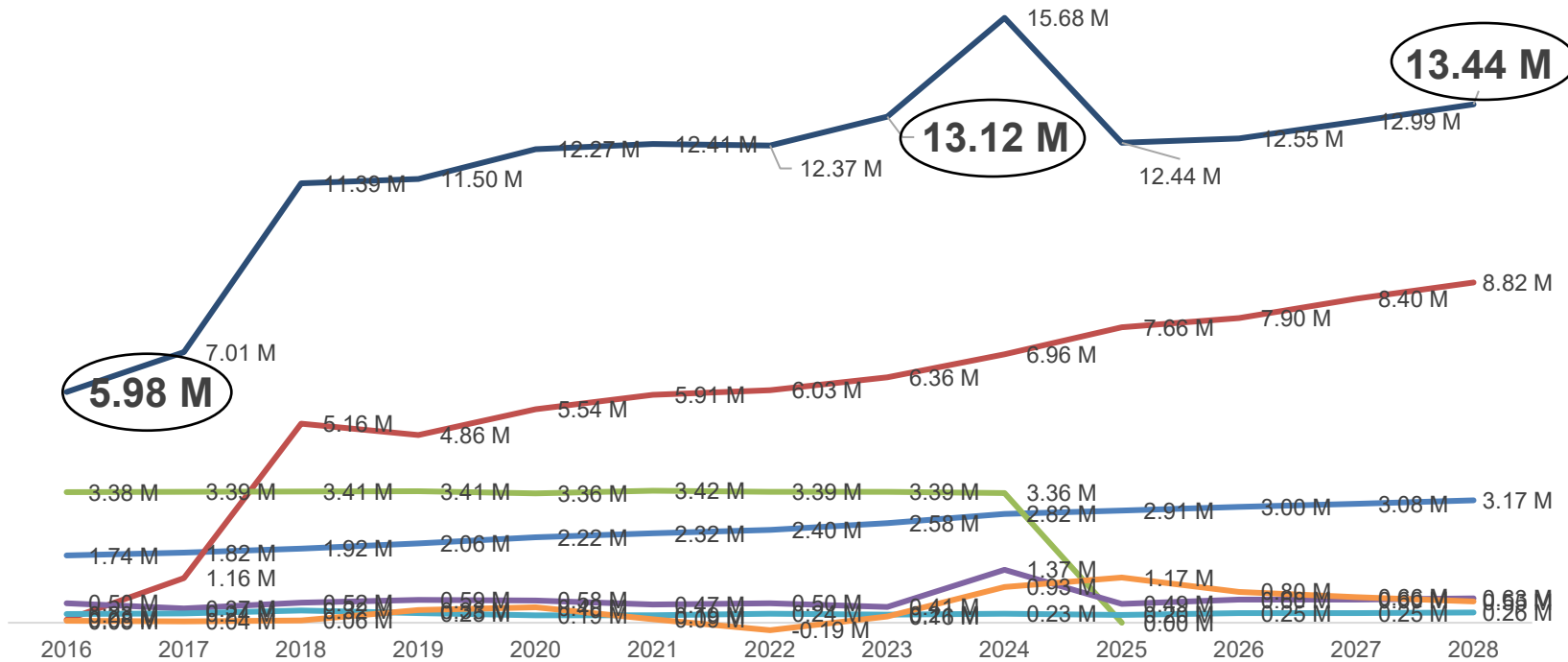
■ Cal-Am Reimbursement	\$ 799,458
■ Grants	2,494,896
■ Deed Restrictions	65,000
■ Watermaster Reimbursement	37,000
■ Reclamation Project	38,650
■ Other (WDS Permits/Legal Fees)	72,000
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Total Reimbursement Revenue	\$3,507,004

Sources and Uses

A vertical photograph of a waterfall cascading over rocks in a lush green forest, positioned on the left side of the page.

Personnel, Services & Supplies	\$8,879,020
Other Expenditures (incl. Water Sales)	29,950,880
Reserves (Pension, OPEB, Asset Replacement)	607,800
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Total uses	\$ 39,437,700
District Revenues	\$33,092,800
Project Reimbursements	3,507,004
Use of Reserves (General, Asset Replacement)	2,837,896
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Total sources	\$39,437,700

Operating Revenues (projection)



— Property taxes

— Water supply charge

— Permit fees

— Total

— User fees

— Connection charges, net of refunds


— Investment income

Obligations/Commitments

District's future obligations/commitments:

PWM Drought Reserve	3.8 million
Pension Obligation	7.5 million
OPEB Obligation	4.8 million
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Total	\$ 16.1 million

Reserve Contribution



■ General Reserve	\$ -
■ Pension Reserve	100,000
■ OPEB Reserve	100,000
■ Asset Replacement Reserve	407,800
TOTAL	<hr/> 607,800

Estimated Reserves

Fiscal Year Ending

	<u>06/30/2026</u> (estimated)	<u>06/30/2027</u> (proposed)
Reserves:		
Asset Replacement	\$2,264,100	\$2,671,900
Flood/Drought	500,000	500,000
Pension/OPEB	1,600,000	1,800,000
General Reserve	19,292,364	16,536,468
Total	\$23,656,464	21,426,368
Water Reserves:	Amount	Acre-Feet
PWM Operating & Drought	\$7,931,616	3,275 AF
ASR Storage	-	5,308 AF

Recommendation

- Staff recommends that the Board discuss the proposed FY 2026-2027 Budget and give general direction to staff
- No formal action is required at this meeting
- June 15, 2026 Board meeting to adopt FY 2026-2027 Budget

For More Information

- Staff reports and presentation materials can be found on the District's website at:

www.mpwmd.net

- PowerPoint presentations will be posted on the website the day after the meeting.