



DRAFT AGENDA
Special Meeting
Board of Directors
Workshop on Proposed Fiscal Year 2026-27 Budget
Monterey Peninsula Water Management District

Monday, May 28, 2026 at 6:00 p.m. [PST]

Meeting Location: MPWMD – Main Conference Room
 5 Harris Court, Building G, Monterey, CA 93940

[This is an in-person meeting. Remote participation via Zoom may be offered, but it is optional and not required for the meeting to proceed. **Please note the meeting will proceed as normal even if there are technical difficulties accessing Zoom.** The District will do its best to resolve any technical issues as quickly as possible.]

To Join via Zoom- Teleconferencing means, please click the link below:

<https://mpwmd-net.zoom.us/j/82904619692?pwd=0F3uXf3d29tk1necYsm102oarMeVXb.1>

Webinar ID: **829 0461 9692** | Passcode: **052826** | To Participate by Phone: **(669) 900-9128**

For detailed instructions on how to connect to the meeting, please click the link below:

<https://www.mpwmd.net/instructions-for-connecting-to-the-zoom-meetings/>

The public may also view the live broadcast of the meeting on Comcast Channel 24 or the live webcast on AMP <https://accessmediaproductions.org/> scroll down to the bottom of the page and select AMP 1.

Copies of the agenda packet are available for review on the District website (www.mpwmd.net) and at 5 Harris Court, Bldg. G, Monterey, CA.

Under the Brown Act, public comment for matters on the agenda must relate to that agenda item and public comments for matters not on the agenda must relate to the subject matter jurisdiction of this legislative body. This is a warning that if a member of the public attending this meeting remotely or in-person violates the Brown Act by failing to comply with these requirements, then the Chair may request that speaker be muted. If a member of the public attending this meeting in-person engages in disruptive behavior that disturbs the orderly conduct of the meeting, they may be removed from the meeting after a warning.

<p><u>Board of Directors</u> Ian Oglesby, Chair – Mayoral Representative Rebecca Lindor, Vice-Chair – Division 3 Alvin Edwards – Division 1 George Riley – Division 2 Karen Paull – Division 4 Marianne Gawain – Division 5 Kate Daniels – Monterey County Board of Supervisors Representative</p> <p><u>General Manager</u> David J. Stoldt</p> <p><u>Assistant General Manager</u> Mike McCullough</p>	<p><u>Mission Statement</u> Sustainably manage and augment the water resources of the Monterey Peninsula to meet the needs of its residents and businesses while protecting, restoring, and enhancing its natural and human environments.</p> <p><u>Vision Statement</u> Model ethical, responsible, and responsive governance in pursuit of our mission.</p> <p><u>Board’s Goals and Objectives</u> Are available online at: https://www.mpwmd.net/who-we-are/mission-vision-goals/</p>
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CALL TO ORDER / ROLL CALL

PLEDGE OF ALLEGIANCE

ADDITIONS AND CORRECTIONS TO THE AGENDA – *The General Manager will announce agenda corrections and proposed additions, which may be acted on by the Board as provided in Sections 54954.2 of the California Government Code.*

DISCUSSION ITEMS – *Discussion Only. No action will be taken by the Board. Public Comment will be received. Please limit your comments to three (3) minutes per item.*

1. Review Proposed Fiscal Year 2026-2027 Budget for the District and Accompanying Resolution No. 2026-05

Recommended Action: The Board will review the proposed budget for FY 2026-2027. General direction will be given to staff, but the Board will take no formal action. The Board is scheduled to consider adoption of the budget at the regular monthly meeting on Monday, June 15, 2026. Some issues the Directors may discuss in relation to the proposed Budget could be brought forward for further consideration at future meetings of the Board.

ADJOURNMENT

Board Meeting Schedule		
Monday, June 15, 2026	Regular	6:00 p.m.
Monday, July 20, 2026	Regular	6:00 p.m.

Accessibility

In accordance with Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), MPWMD will make a reasonable effort to provide written agenda materials in appropriate alternative formats, or disability-related modification or accommodation, including auxiliary aids or services, to enable individuals with disabilities to participate in public meetings. MPWMD will also make a reasonable effort to provide translation services upon request. Submit requests at least 48 hours prior to the scheduled meeting date/time to Sara Reyes, Board Clerk by e-mail at sara@mpwmd.net or at (831) 658-5610.

Options for Providing Public Comment

Attend In-Person

The Board meeting will be held in the Main Conference Room at **5 Harris Court, Building G, Monterey, CA 93942** and has limited seating capacity.

Submission of Written Public Comment

Send written comments to District Office, 5 Harris Court, Building G, Monterey, CA or online at comments@mpwmd.net. Include the following subject line: "PUBLIC COMMENT ITEM #" (insert the agenda item number relevant to your comment). Written comments must be received by 2:00 PM on the day of the meeting. All submitted comments will be provided to the Board of Directors, compiled as part of the record, and placed on the District's website as part of the agenda packet for the meeting. Correspondence is not read during the public comment portion of the meeting.

Instructions for Connecting to the Zoom Meeting can be found at

<https://www.mpwmd.net/instructions-for-connecting-to-the-zoom-meetings/>

Refer to the Meeting Rules to review the complete Rules of Procedure for MPWMD Board and Committee Meetings:

<https://www.mpwmd.net/who-we-are/board-of-directors/meeting-rules-of-the-mpwmd/>

ITEM: DISCUSSION ITEM**1. REVIEW PROPOSED FISCAL YEAR 2026-2027 BUDGET FOR THE DISTRICT AND ACCOMPANYING RESOLUTION 2026-04****Meeting Date:** May 28, 2026 **Budgeted:** N/A**From:** David J. Stoldt,
General Manager **Program/
Line Item No.:** N/A**Prepared By:** Nishil Bali **Cost Estimate:** N/A**General Counsel Review:** N/A**Committee Recommendation:** N/A**CEQA Compliance:** This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.

SUMMARY: The proposed budget for Fiscal Year (FY) 2026-2027 is attached as **Exhibit 1-B**. The budget allocates funding for District operations, strategic priorities, and anticipated capital and program needs, while reflecting changes in revenue sources and related economic conditions. The proposed budget assumes the continued collection of User Fee revenue from California American Water ratepayers and the discontinuation of the Water Supply Charge. Other revenue sources, including Property Tax, Pure Water Monterey (PWM) water sales, Capacity Fees, Permit Fees, and various reimbursements, are expected to continue.

Proposed expenditures and revenues total \$39,437,700, representing a 6.63% decrease from the revised midyear FY 2025–2026 budget. The decline is primarily attributable to reduced project expenditures, partially offset by modest increases in other categories. A sectional breakdown of the proposed budget is provided below, with additional detail and justification included in the transmittal letter within the budget document.

Description	Amount
Personnel	\$6,571,820
Services and Supplies	2,307,200
Project Expenditures	29,950,880
Reserves	607,800
Total	\$39,437,700

The FY 2026-2027 budget continues to allocate funding for the District’s key capital priorities, such as pursuing public ownership of the Monterey Water system, evaluating alternatives to increase Aquifer Storage and Recovery injection capacity, protecting assets in the Seaside Groundwater Basin, advancing Los Padres Dam alternatives, and completing adoption of the Urban Water Management Plan.

The budget also supports key operational priorities, including seeking modification of the Cease and Desist Order, implementing State Conservation policies, updating Rules and Regulations,

and Ratepayer Advocacy. In addition, the budget maintains existing services for ASR operations, continuation of the Carmel River mitigation program, rebate management, permitting, inspections, and public outreach.

RECOMMENDATION: Staff recommends that the Board discuss the proposed FY 2026-2027 budget and give general direction to staff to prepare the final budget document for adoption at the June 15, 2026, Board Meeting. No formal action is required at this meeting.

BACKGROUND: The annual budget process began with the collection of requests from all divisions, followed by detailed review and revisions by managers and the General Manager. This process resulted in a proposed FY 2026–27 budget of \$39,477,700, which includes \$23,659,154 in reimbursement funding from grants, California American Water, and other agencies, as well as \$20,086,000 in PWM water sales.

Staff reviewed and considered the Budget Policy adopted by the Board in October 2025 and developed a proposed budget that sustainably supports current and planned capital improvement needs, operating and service costs, and District programs. A summary of the budget policy is provided below for reference.

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.
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.

The proposed budget presented to the Board remains consistent with the above objectives, maintains the District’s programs and services, and provides funding for the adopted strategic goals.

EXHIBITS

1-A Draft Resolution No. 2026-04

1-B Draft Fiscal Year 2026-2027 Proposed Budget



EXHIBIT 1-A

**Draft
RESOLUTION NO. 2026-04**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
ADOPTING THE BUDGET FOR FISCAL YEAR 2026-2027**

WHEREAS, the General Manager has proposed a budget for Fiscal Year 2026-2027, a copy of which is on file at the District's office; and

WHEREAS, the Board of Directors has examined, and deliberated on, the budget during meetings held on May 28, 2026, and June 15, 2026.

THEREFORE, BE IT RESOLVED by the Board of Directors of the Monterey Peninsula as follows:

1. That the said Budget, as presented at the June 15, 2026 Board of Directors Meeting, is hereby approved and adopted as the budget for the Monterey Peninsula Water Management District for Fiscal Year 2026-2027.
2. That the General Manager may delegate the authority to implement this resolution to the Chief Financial Officer/ Administrative Services Manager.
3. That the General Manager or designee is authorized and directed to transfer funds from one activity to another within a given Division, as such times are appropriate, in accordance with generally accepted accounting principles and consistent with the objectives outlined in the approved budget.
4. That the Board may adopt amendments to this adopted budget through Board without requiring a new resolution.
5. That any contract for professional services, or other expenditures for procuring equipment, supplies or services, included in the budget that exceeds \$25,000 shall be executed by the General Manager upon approval by the Board of Directors at a meeting of the Board of Directors and pursuant to the District's Purchasing Policy adopted on April 15, 2024.

PASSED AND ADOPTED on this ____th day of _____ 2026 on a motion by Director _____, seconded by Director _____, by the following vote:

AYES:
NAYS:
ABSENT:

I, David J. Stoldt, Secretary to the Board of Directors of the Monterey Peninsula Water Management District, hereby certify that the foregoing resolution was duly adopted on the _____th day of _____ 2026.

Dated: _____

David J. Stoldt
Secretary to the Board

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2026 Adopted



Monterey Peninsula Water Management
District FISCAL YEAR 2026-27
Budget Draft

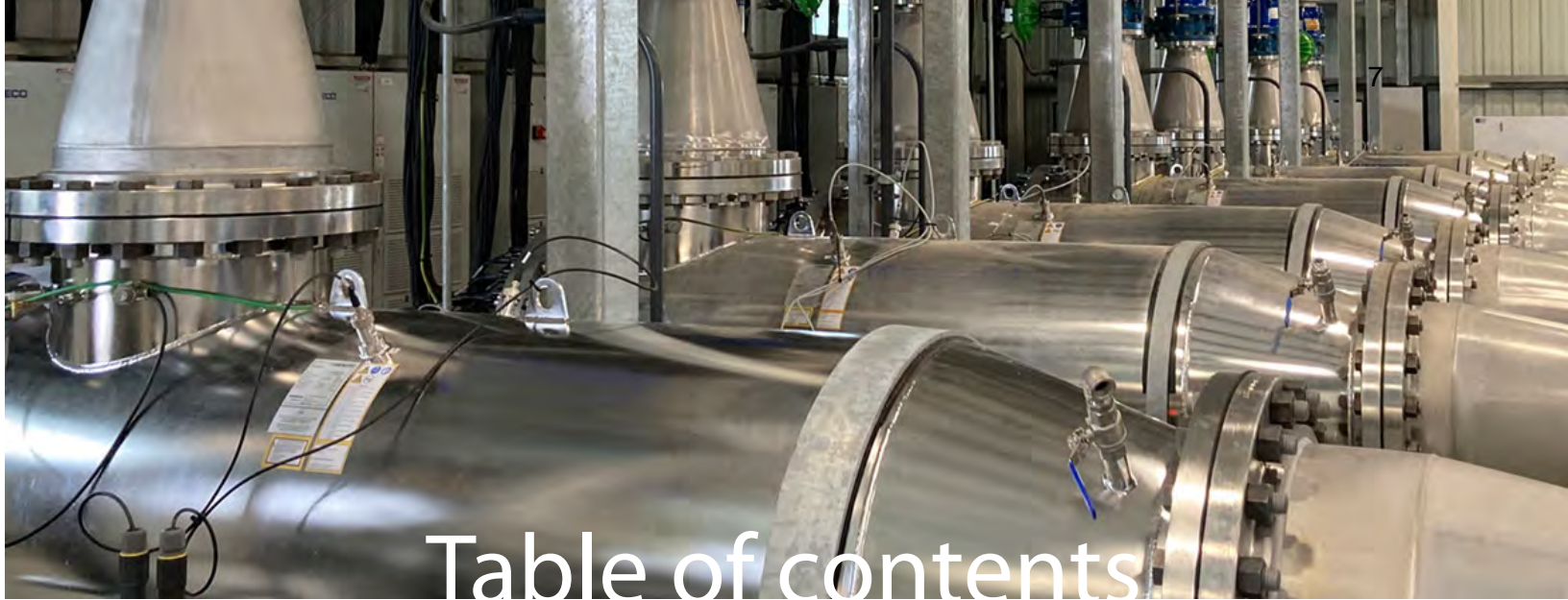


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MONTEREY PENINSULA WATER MANAGEMENT DISTRICT

BOARD OF DIRECTORS

Alvin Edwards	District 1
George Riley	District 2
Rebecca Lindor, Vice-Chair	District 3
Karen Paull	District 4
Marianne Gawain	District 5
Ian Oglesby, Chair	Mayoral Representative
Kate Daniels	Monterey County Board of Supervisors Representative

MANAGEMENT

David Stoldt, General Manager	Mike McCullough, Assistant General Manager
Nishil Bali, CFO/Administrative Services	Jonathan Lear, Water Resources
Mollie Wooden, Water Demand	Thomas Christensen, Environmental Resources

INTRODUCTION

- A. RESOLUTION**
- B. TRANSMITTAL LETTER**
- C. DISTRICT MISSION AND VISION STATEMENT**
- D. DISTRICT PURPOSE AND ACTIVITIES**
- E. STRATEGIC PRIORITIES**
- F. BUDGET CALENDAR**



DRAFT RESOLUTION NO. 2026-04

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
ADOPTING THE BUDGET FOR FISCAL YEAR 2026-2027**

WHEREAS, the General Manager has proposed a budget for Fiscal Year 2026-2027, a copy of which is on file at the District's office; and

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THEREFORE BE IT RESOLVED by the Board of Directors of the Monterey Peninsula as follows:

1. That the said budget as presented at the June 15, 2026 Board of Directors Meeting is hereby approved and adopted as the budget for the Monterey Peninsula Water Management District for Fiscal Year 2026-2027.
2. That the General Manager may delegate the authority to implement this resolution to the Chief Financial Officer/ Administrative Services Manager.
3. That the General Manager or designee is authorized and directed to transfer funds from one activity to another within a given fund, as such times are appropriate, in accordance with generally accepted accounting principles and consistent with the objectives outlined in the approved budget.
4. That the Board may adopt amendments to this adopted budget through the Board without requiring a new resolution.
5. That any contract for professional services, or other expenditures for procuring equipment, supplies or services, included in the budget that exceeds \$25,000 shall be executed by the General Manager upon approval by the Board of Directors at a meeting of the Board of Directors and pursuant to the District's Purchasing Policy adopted on April 15, 2025.

PASSED AND ADOPTED this 15th day of June 2026 on a motion by Director Oglesby and seconded by Director Anderson, by the following vote:

AYES:

NAYS:

ABSENT:

I, David J. Stoldt, Secretary to the Board of Directors of the Monterey Peninsula Water Management District, hereby certify that the foregoing is a resolution duly adopted on the 15th day of June 2026.

Dated: June 15, 2026

David J. Stoldt
Secretary to the Board



June 15, 2026

Chair Oglesby and Board Members
 Monterey Peninsula Water Management District
 5 Harris Court, Building G
 Monterey, California 93940

Dear Chair Oglesby and Board Members:

Budget Overview

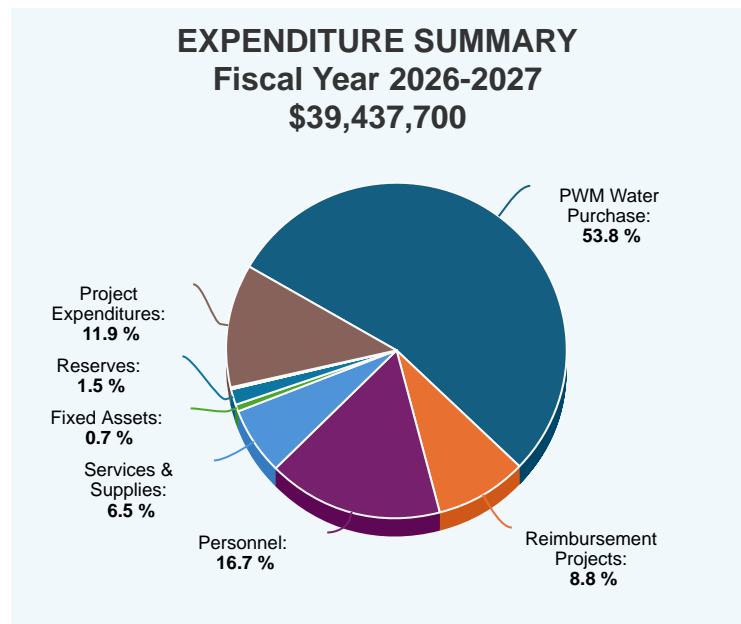
This letter presents the recommended budget for the Monterey Peninsula Water Management District for Fiscal Year (FY) 2026–2027. The proposed budget provides funding to sustain the District’s current programs and services while advancing its strategic priorities. It reflects updates to existing funding sources and includes revenue projections based on current economic conditions and approved rate adjustments. In preparing this year’s budget, staff continued to adhere to the strategy of adopting balanced budgets, which includes the use of fund balance for FY 2026-2027. The budget includes the collection of User Fee revenue from ratepayers of California American Water and revenue and expenses related to the billing of Pure Water Monterey (PWM) water sales. The budget excludes the collection of the Water Supply Charge (WSC) that has been collected as part of the annual Property Tax collections in prior years.

After compilation of the original requests from all Divisions, a detailed review by Division Managers and the General Manager, the proposed budget includes expenditures and revenues for FY 2026-2027 totaling \$39,437,700, of which \$23,659,154 or approximately 60% includes estimated reimbursement funds from California American Water ratepayers, grants, and other agencies.

Expenditures

As shown in the graph on the right and in the expenditures portion of the FY 2026-2027 Budget, the budgeted expenditures of \$39,437,700 are lower than the final budget for FY 2025-2026 by 6.63%. The project expenditures portion of the budget includes \$29,518,680 for District projects such as Aquifer Storage Recovery (ASR) 1 & 2, Pure Water Monterey (Groundwater Replenishment Project), local water projects, as well as for mitigation projects, conservation, and rebate program activities. Project expenditures for water supply projects total \$4,965,051 and include expenditures for the ASR, Hydrological monitoring, and Integrated Resource Implementation Management

(IRWM) Projects. This year, the District expects PWM water purchase costs of \$20,086,800 that includes increased water supplies from the PWM Expansion, which began in November 2025. The Expansion is expected to provide 5,750 acre-feet (AF) of water annually after the performance start date. The budget



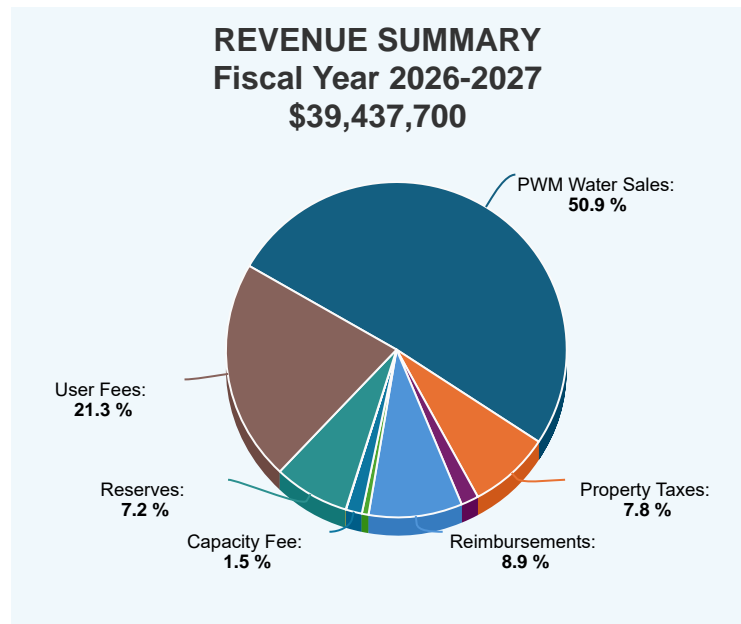
includes the purchase and sale of water at the rate of \$3,800 per AF based on an expected purchase of 5,286 AF in FY 2026-2027, as well as an additional 300 AF of purchase for the PWM Drought reserve. Any changes in budget, resulting from a change in the water rate will be reflected in the mid-year budget adjustment. The budget assumes that the District will meet its PWM operating reserve requirement of 2,875 AF of water by the end of FY2025-26 with no injections necessary in FY2026-27.

Major budget changes from FY 2025-2026 include \$1,840,000 for Monterey Water System Acquisition expenses, \$1,140,000 to purchase water for the Drought Reserve, \$800,000 for redrilling of Seaside Basin Monitoring wells, and \$475,000 for new projects related to expansion of ASR well capacity, storm water diversion and recycling, and water rights application. Other major project expenditures include \$374,458 for ASR operations, \$425,829 for the operation of the Sleepy Hollow fish rearing facility and related fish rescue activities, \$894,100 for lagoon and hydrologic monitoring, \$192,500 for conservation-related activities, and \$350,000 for water conservation rebates, which is reimbursable by Cal-Am ratepayers. The District's outreach budget has been moved from the Capital projects budget to Operations budget in the General Manager's office.

Project sponsorship and remaining grant funding of \$2,494,896 for the Integrated Resource Water Management (IRWM) projects is being carried forward to FY2026-2027. The proposed budget assumes the completion of the PWM expansion project and related grant reimbursements in FY2025-2026, with no carry-forward in FY2026-2027. The budget for legal expenses is \$420,000, which is about 5% higher than the previous fiscal year.

Revenues

The FY 2026-2027 estimated revenues total \$39,437,700. This is slightly lower than the revised budget for FY 2025-2026, primarily due to reductions in revenue from Water Supply Charge that are offset by additional expected user fee revenues and the sale of water from PWM Expansion. This budget includes an estimated collection of \$8,400,000 in User Fee revenue, a 7.7% increase in collection of revenues from ratepayers of California American Water from the prior year. Property tax revenues are projected to be \$3,081,000, which is 2.7% higher than the amount budgeted in FY 2025-2026. PWM water sales revenue in the amount of \$20,086,800 are based on 5,286 AF of water delivery. Capacity Fees are estimated to be \$600,000, higher than typical in most years, due to new commercial and housing projects. Permit fee revenues are budgeted at \$250,000, which is in line with revenue estimates from prior fiscal years. Projected revenues also include reimbursements of \$454,458 from Cal-Am ratepayers for ASR 1 and ASR 2 operational costs, \$350,000 from Cal-Am ratepayers for rebates, \$37,000 for services provided to the Seaside Basin Watermaster, and an estimated \$2,494,896 from grant funds.



Reserves

The following table summarizes the projected ending balances in the reserve accounts. These are based on estimates that will change depending on actual revenues and expenditures.

Reserves	Estimated Balance 06/30/2026	FY 2026-2027 Change	Projected Balance 06/30/2027
Pension Reserve	\$ 800,000	\$ 100,000	\$ 900,000
OPEB Reserve	\$ 800,000	\$ 100,000	\$ 900,000
Asset Replacement Reserve	\$ 2,264,100	\$ 407,800	\$ 2,671,900
Flood/Drought Reserve	\$ 500,000	\$ -	\$ 500,000
Compensated Absences (new)	\$ -	\$ -	\$ -
Capital Projects Reserve (new)	\$ -	\$ -	\$ -
Debt Reserve	\$ -	\$ -	\$ -
General Operating Reserve (estimated)	\$ 19,292,364	\$ (2,755,896)	\$ 16,536,468
Total	\$ 23,656,464	\$ (2,148,096)	\$ 21,508,368

As the table above indicates, the general reserve is estimated to have a balance of approximately \$16.54 million, which is subject to change based on actual spending and collections. The total estimated reserves for FY 2026-27 are \$21.51 million. The proposed budget includes \$407,800 set-aside for Asset Replacement reserve and \$100,000 each for the Pension and Other Post Employment Benefit (OPEB) reserves. In FY 2026-27, staff proposed reserve policies that added new reserves, such as those for Compensated Absences (CA), Capital Projects (CP), and Rate Stabilization, among others, along with minimum target levels for each proposed reserve. Some of these reserves, including CA and CP, will be funded at the end of FY 2025-26 if the District receives excess revenues as indicated in the reserves policy.

Major Changes

In the revenue section, PWM Water Sales revenue continues to be higher due to increases in expected water sales from PWM Expansion, which is offset somewhat by a drop in water rates. The proposed FY 2026-27 budget is lower than prior budgets due to the expected completion of the PWM Expansion project in FY 2025-26 and reduction of association grant revenues. The Integrated Regional Water Management grants continue to be higher than typical (\$2.49 million) due to deferred project spending from project sponsors from prior years.

In the expenditure section, key budget changes from FY 2025-26 include the projected purchase of \$20.1 million of water from PWM, \$1.84 million for Monterey Water System Acquisition, \$1.14 million of water for the District's drought water reserve, and \$0.8 million for redrilling of Seaside basin monitoring wells. Reimbursable projects from the IRWM grants, Cal-Am, and ASR reimbursements (excluding purchase of water) make up about \$3.51 million of expenditures.

Respectfully submitted:

David J. Stoldt
General Manager

Nishil Bali
Chief Financial Officer/ Administrative
Services Manager



MISSION STATEMENT

Sustainably manage and augment the water resources of the Monterey Peninsula to meet the needs of its residents and businesses while protecting, restoring and enhancing its natural and human environments.

VISION STATEMENT

Model ethical, responsible, and responsive governance in pursuit of our mission.



VALUES



Transparency & Accountability



Honesty and Integrity



Leadership



Professionalism and Respect



Stewardship of Environmental Resources



Equity and Inclusivity



Financial Responsibility



Pursuit of Excellence

DISTRICT PURPOSE AND ACTIVITIES

Introduction

In Monterey County, there is no issue that causes more discussion than water supply and management. Whether it is Steelhead on the Carmel River, slant wells in Marina, or agricultural supply in the Salinas Valley, everyone has an opinion on water. In the past several years, however, one opinion shared by the majority of the Monterey Peninsula has been about the positive role played by the Monterey Peninsula Water Management District.

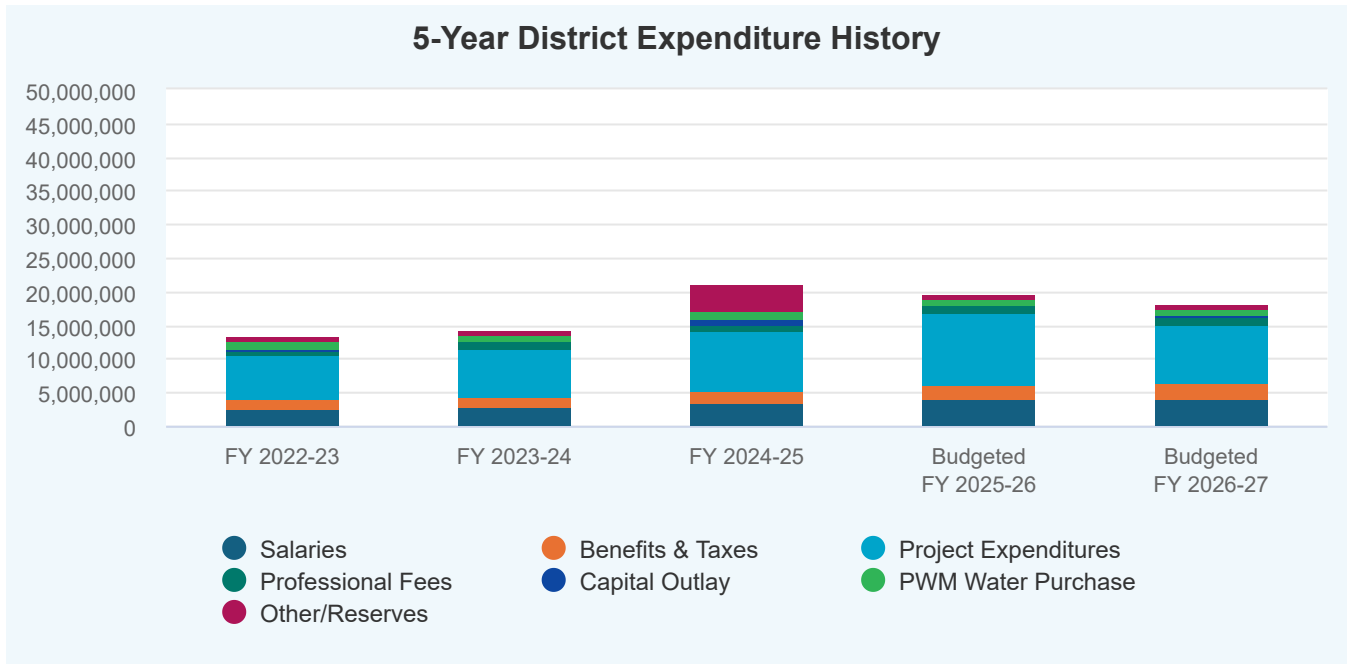
Originally formed in 1978 to provide a water supply solution, to promote water conservation, and to perform environmental stewardship, the Water Management District has continually strived to meet the ever-changing needs of the community while staying true to its enabling legislation. Many people forget that in the late 1980s and early 1990s, the District introduced two separate water supply projects that would have provided well over 20,000 acre-feet of water per year and permanently solved the Monterey Peninsula's current water supply issues. Those two projects, among others, were either voted down or abandoned for lack of community or legislative support.

A Focus on Water Supply

Nevertheless, the District persisted in its goal of creating new water and did so by creatively examining where this water could be found. From the expansion of the Paralta Well (in 1993) and the creation of the Pebble Beach Reclamation Project (1994) to the establishment of Aquifer Storage and Recovery (1998) and Pure Water Monterey Projects, the Water Management District is responsible for over 8,900 acre-feet annually of new water supply for the Monterey Peninsula. Working with Monterey One Water, the District brought an expansion of Pure Water Monterey online later this year, which added another 2,250 acre-feet (AF) of supply annually. A summary of the major water supply projects developed by the District is provided below:

- 💧 Completion of Paralta Well in 1993, which increased water supply by more than 900 AF.
- 💧 Completion of the Carmel Area Wastewater District/Pebble Beach Community Services District Reclamation project in 1994, which increased water supply by 1000 AF for irrigation to golf courses.
- 💧 Aquifer Storage and Recovery (ASR). Since its inception in 1998, ASR has diverted more than 15,750 AF of water from the Carmel River for storage to the overdrafted Seaside Groundwater basin.
 - 2009 - Completion of Santa Margarita ASR wells
 - 2014 - Completion of Middle School ASR wells
 - 2020 - Completion of Water Treatment Facility allowing production for customer service from the Middle School ASR wells.
- 💧 Pure Water Monterey (PWM) project: Since its inception in 2020, more than 22,000 AF of PWM has been injected in the Seaside Groundwater basin.
 - 2020 - Operation begun.
 - 2022 - Completion of the final two of four deep injection wells.
 - 2025- Project expanded by 2,250 AF per year.

The District's continued focus on augmenting water supply is reflected in the District's expenditures on water projects in the last five years.



As shown in the chart above, the District’s expenditures on water projects (blue and green segments in chart) have been \$5 to \$20 million each year. Since Pure Water Monterey began production, the District’s expenditure on purchased water for resale to Cal-Am (dark blue in chart) has gone from \$6 million to over \$20 million expected in FY 2026-27.

Since 2013, the District has spent over \$45 million out-of-pocket on water projects, and obtained State and Federal grants and loans for over \$50 million more.

Conserving at the Same Time

While the District was working on new water supply, it was also focused on making better use of the Monterey Peninsula’s existing water supply through conservation and efficiency measures. The State Water Resources Control Board Order in 1995, compelling the local water retailer to reduce its illegal pumping from the Carmel River, was an initial motivating factor in these efforts, but it was the recurrence of drought in 2013-16 combined with the adoption of tiered water rates and years of conservation outreach efforts by the District that truly brought the public’s acceptance of reduced water use to its current level. Through its outreach and legislative efforts, the District helped the Monterey Peninsula reduce its overall water consumption by almost 44%. From 1997 through 2025, the residents and businesses in the area decreased usage from 17,000 acre-feet of water per year to below 9,500. The methods included rebates for water-efficient appliances and fixtures, distribution of thousands of free water-saving devices, updated outdoor irrigation regulations, and mandatory retrofits for commercial properties. Overall use and per-capita consumption were reduced substantially, without rationing. The data on consumption since the drought ended indicates that the community has adapted to more efficient use of water for the long term.

Environmental Stewardship

The Monterey Peninsula is one of the most beautiful places in the country. That’s why millions of visitors travel here each year. Its residents are fiercely protective of its natural environment. When the Water Management District was created in 1978, community members were already concerned about the impact of water extraction on the Carmel River. People familiar with the Carmel River observed the loss of native streamside vegetation (riparian) and the subsequent erosion of the streambanks. In addition, the steelhead fishery was struggling as long reaches of the Carmel River went dry as water was diverted for the community’s water supply.

Strong interest in environmental stewardship resulted in the Carmel River Management Plan (adopted in 1984), which guided the District's first efforts at repairing streambanks along the Carmel River to prevent erosion and restoring the streamside habitat to improve conditions for fish and wildlife. Then, in 1988, the District started rescuing steelhead from drying reaches of the Carmel River as part of the Interim Relief Plan. This work was then formalized as part of the District's Mitigation Program associated with the 1990 Water Allocation Environmental Impact Report (EIR), which found that significant impacts would occur to the Carmel River without mitigation for water extraction. Today, the current Mitigation Program is based on the findings associated with the EIR and the Water Rights associated with Aquifer Storage and Recovery. The work has restored miles of streambank and saved thousands of threatened steelhead by relocating them to the Sleepy Hollow Steelhead Rearing Facility before their release back to the Carmel River in winter.

Listening to the Voters

On November 6, 2018, voters within the Water Management District passed initiative Measure J by 56% (23,757 voted yes) to 44% (18,810 voted no). Measure J directed that, if feasible, the District shall acquire through negotiation, or eminent domain, if necessary, all assets of California American Water for the benefit of the District as a whole. The District initiated the eminent domain process in October 2023 and is presently pursuing the acquisition of the Monterey Water System.

Transparency

Drawing on renewed mission, values, and vision statements, the Water Management District's staff and Board of Directors have created a culture of transparency and honest communication with its constituents, businesses, other organizations, and municipalities. Tough decisions are part of any public agency's day, but when those decisions involve a critical public service like water, they have a considerable impact. Before making those decisions at the committee and board levels, the District often meets with the public to receive their input before formally discussing and voting on the issue at hand. As stewards of the public's money, the Water Management District takes its budgeting and accounting processes extremely seriously. Its financial reporting has earned the District back-to-back Certificates of Achievement in Financial Reporting from the prestigious Government Finance Officers Association of the United States and Canada for the tenth consecutive year and a certificate honoring its transparency from the California Special Districts Association, most recently for February 2024 through March 2027.

The District continues to serve the needs of the residents, businesses, and organizations on the Monterey Peninsula with stability, transparency, and honesty. While the individuals on its Board of Directors change, the District is steadfast in its commitment to its mission of "sustainably managing and augmenting the water resources of the Monterey Peninsula to meet the needs of its residents and businesses while protecting, restoring, and enhancing its natural and human environments."

DISTRICT AT-A-GLANCE

The following information is designed to give the reader an overview of the typical operations that the budget supports. The statistics below are for Water Year 2025-26.

- 876 | AF (Acre-feet) of rainwater injected into Seaside Groundwater Basin
- 2,553 | AF stored in the Pure Water Monterey Operating Reserve
- 5,268 | AF in the Aquifer Storage and Recovery banked storage
- 1183 | Maintain production records for Cal-Am, Seaside, and private wells
- 3,500 | AF of water sold to Cal-Am



- 1,913 | Property Inspections
- 298 | Compliance with Water efficiency
- 25 | Non-Residential property inspections
- 47 | Water Permits for New and Refurbished landscapes
- 844 | Permits Issued
- 71 | Water Use Permits
- 889 | Approved Rebates
- 13 | Online Courses on Conservation

- 7,468 | Juvenile Steelhead rescues
- 163 | Redds were observed
- 2,681 | Fish were implanted with PIT tags



- \$46.58 M | Proposed District Budget
- \$39.94M | Proposed Capital/Project Budget
- 26 | Full-Time Employees
- 50+ | Contracts

DISTRICT 2026 STRATEGIC GOALS AND OBJECTIVES

ADOPTED MARCH 16, 2026

Highest Priority Goals

Goal #1: Seek Modification of Cease and Desist Order

Objectives:

- 💧 Engage State Water Board on modifying the Cease and Desist Order (CDO) & moratorium on new meters, regulatory triggers, and reporting.
- 💧 Exert legal rights to a timely hearing, if necessary.
- 💧 Keep local jurisdictions and public aware of progress.
- 💧 Develop strategy to ensure Advice Letter gets filed at CPUC if successful at State Water Board.

Goal #2: Implement Public Ownership of Monterey Water System as Directed by the Voters

Objectives:

- 💧 Pursue “bench trial” on the public “right to take,” including discovery and due diligence.
- 💧 Resolve latent powers (LAFCO) issue.
- 💧 Plan for financing, rates, staffing, and operations.
- 💧 Provide timely information to the public.

Goal #3: Collaborate on Protecting Assets in the Seaside Groundwater Basin

Objectives:

- 💧 Collaborate with Seaside Basin Watermaster, and other stakeholders.
- 💧 Evaluate requirements for additional storage of water – sources, cost, infrastructure, amounts, timing.
- 💧 Communicate District activities, studies, and/or results to public.

Mid-Level Goals

Goal #4: Implement State Policies Related to “Conservation as a California Way of Life”

Objectives:

- 💧 Maintain focus on long-term supply and demand forecasting to inform future needs.
- 💧 Implement/monitor new regulatory requirements (Urban Water Management Plan, Water Use Efficiency Standards, Non-Functional Turf policy, annual Supply and Demand Assessment, etc.)
- 💧 Provide timely information to the public on programs.

Goal #5: Optimize ASR (Aquifer Storage & Recovery)

Objectives:

- 💧 Examine alternatives for increasing ASR injection capacity.
- 💧 Implement preferred alternative.

Goal #6: Update & Prioritize District Rules & Regulations

Objectives:

- 💧 Conform District rules to new State regulatory requirements.

- 💧 Identify and revise outdated rules & regulations.
- 💧 Simplify where possible.

Goal #7: Advance Los Padres Dam Alternatives

Objectives:

- 💧 Engage with Cal-Am, consultant AECOM, and fisheries regulators on (i) flood study, and (ii) cultural resources study.
- 💧 Continue working with County Water Resources Agency on flood safety study.
- 💧 Ensure public outreach on any proposed alternative with respect to cost, timing, and outcomes.

Develop strategy and timing for possible change petition to water rights.

Ongoing Goals

Goal #8: Protect, Enhance, and Maintain District's Financial Health

Objectives:

- 💧 Complete refund of Water Supply Charge to District constituents.
- 💧 Consider cost of service analysis of District capacity fees and permit fees.
- 💧 Ensure fiscal stability in face of litigation activities, Pure Water Monterey reserve accumulation, refunds, & other.
- 💧 Regularly report on exposure, risk policy, grants.
- 💧 Maintain GFOA award and CSDA transparency certificate of compliance.
- 💧 Continue to develop strategy for PERS and OPEB liabilities in budget planning.

Goal #9: Provide Ratepayer Advocacy

Objectives:

- 💧 Provide testimony in General Rate Case.
- 💧 Communicate rate-related issues through public outreach.
- 💧 Monitor costs and conditions of approval of desalination project.
- 💧 Monitor proposed legislation as may affect constituents.


BUDGET PROCESS CALENDAR

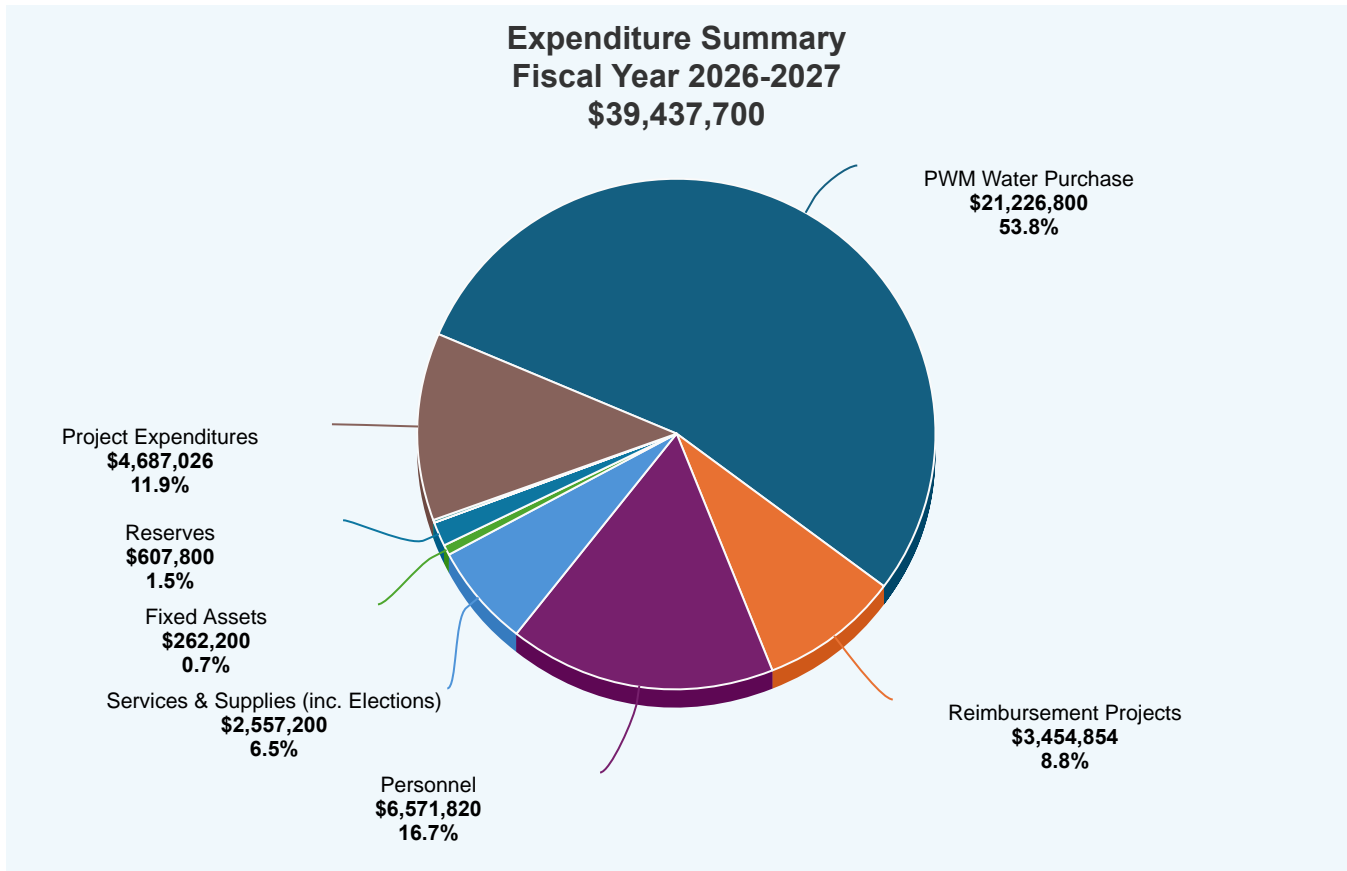
2026 Target Dates	Action	Responsibility
March 13	Budget Memorandum and Forms Distributed	Finance/Admin. Services
April 10	Budget Request Forms Due to ASD	Division Managers
April 22 - April 30	Budget Review Sessions	Team Management
May 18	Board Adopts Resolution for Appropriation Limit Public Hearing for Vacancies under GC 3502.3	Board of Directors
May 28	Proposed Budget Presented to Board Budget Workshop	Board of Directors
June 15	Board Adopts Budget	Board of Directors



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EXPENDITURES

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- A. Expenditure Summary Chart**
 - B. Expenditure Comparison by Year**
 - C. Expenditure by Operating Fund**
 - D. Labor Allocation by Operating Funds**
 - E. Expenditures by Division**
 - F. Project Expenditure**
 - G. Capital Improvement Plan**
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 - I. Capital Asset Replacement/Repair Schedule**



BUDGET COMPARISON BY YEAR

	FY 2023-2024 Revised	FY 2025-2026 Revised	FY 2026-2027 Adopted	FY 2026-2027 Change	Percentage Change
Expenditures					
Personnel					
Salaries	\$3,536,000	\$4,042,800	\$4,096,000	\$53,200	1.32%
Retirement	1,034,774	1,152,714	1,383,884	231,170	20.05%
Unemployment Compensation	10,100	10,100	10,100	-	-%
Auto Allowance	11,000	11,000	11,000	-	-%
Deferred Compensation	17,483	21,614	22,605	991	4.59%
Temporary Personnel	10,000	10,000	10,000	-	-%
Workers Compensation	100,901	107,950	114,341	6,391	5.92%
Employee Insurance	494,497	541,035	582,532	41,497	7.67%
Employee Insurance - Retirees	190,387	190,387	205,280	14,893	7.82%
Medicare & FICA Taxes	77,153	82,188	87,178	4,990	6.07%
Personnel Recruitmen	51,000	10,000	10,000	-	-%
Other Benefits	3,500	3,500	3,500	-	-%
Moving Expense Reimbursement	5,000	1,500	1,500	-	-%
Staff Development	31,100	26,400	33,900	7,500	28.41%
Total Personnel	5,572,894	6,211,188	6,571,820	360,632	5.81%
Services and Supplies					
Board Member Comp	37,000	37,000	37,000	-	-%
Board Expenses	10,000	10,000	7,500	(2,500)	-25.00%
Rent	29,200	30,000	30,000	-	-%
Utilities	41,200	45,200	51,200	6,000	13.27%
Telephone	51,000	40,800	40,900	100	0.25%
Facility Maintenance	76,000	95,100	95,100	-	-%
Bank Charges	25,100	68,000	25,100	(42,900)	-63.09%
Office Supplies	24,700	46,700	26,300	(20,400)	-43.68%
Courier Expense	7,600	7,600	7,600	-	-%
Postage & Shipping	7,500	30,500	8,900	(21,600)	-70.82%
Equipment Lease	13,200	13,200	13,200	-	-%
Equip. Repairs & Maintenance	5,100	5,100	5,100	-	-%
Printing/Duplicating/Binding	2,100	2,600	3,100	500	19.23%
IT Supplies/Services	293,600	299,100	331,000	31,900	10.67%
Operating Supplies	34,389	26,100	27,500	1,400	5.36%
Legal Services	945,241	400,000	420,000	20,000	5.00%
Professional Fees	431,625	411,200	358,100	(53,100)	-12.91%
Transportation	59,542	58,700	60,200	1,500	2.56%
Travel	21,000	32,600	40,100	7,500	23.01%
Meeting Expenses	21,200	17,200	28,700	11,500	66.86%
Insurance	300,000	342,000	360,000	18,000	5.26%
Legal Notices	32,600	5,700	3,700	(2,000)	-35.09%
Membership Dues	47,900	54,900	51,900	(3,000)	-5.46%
Public Outreach	3,500	5,500	247,500	242,000	4400.00%
Assessors Administration Fee	34,000	25,100	24,000	(1,100)	-4.38%
Miscellaneous	28,000	3,500	3,500	-	-%
Total Services and Supplies	2,582,297	2,113,400	2,307,200	193,800	9.17%
Project Expenditures					
FIXED ASSETS	70,100	37,200	262,200	225,000	32.70%
PROJECT EXPENDITURES					40.79%
Project Expenses	2,645,710	2,592,862	4,687,026	2,094,164	-11.18%

BUDGET COMPARISON BY YEAR

	FY 2023-2024 Revised	FY 2025-2026 Revised	FY 2026-2027 Adopted	FY 2026-2027 Change	Percentage Change
PWM Water Purchase	15,663,750	22,651,200	21,226,800	(1,424,400)	52.94%
Reimbursement Projects	14,089,171	7,786,042	3,454,854	(4,331,188)	-20.16%
ELECTION EXPENSE	250,000	250,000	250,000	-	-%
Contingency	70,000	70,000	70,000	-	-%
Total Project Expenditures	32,788,731	33,387,304	29,950,880	(3,436,424)	-10.29%
Reserves					
Flood/Drought Reserve	171,056	-	-	-	-%
Asset Replacement Reserve	313,000	326,000	407,800	81,800	25.09%
Pension Reserve	100,000	100,000	100,000	-	-%
OPEB Reserve	100,000	100,000	100,000	-	-%
Total Reserves	684,056	526,000	607,800	81,800	15.55%
Total Expenditures	41,627,978	42,237,892	39,437,700	(2,800,192)	-6.63%

* Percentages reductions/additions from FY 2025-26

EXPENDITURES BY OPERATING FUND

	Mitigation	Water Supply	Conservation	Total
Expenditures				
Personnel				
Salaries	\$1,307,000	\$1,569,000	\$1,220,000	\$4,096,000
Retirement	393,984	542,883	447,017	1,383,884
Unemployment Compensation	4,000	4,100	2,000	10,100
Auto Allowance	1,500	6,700	2,800	11,000
Deferred Compensation	3,391	13,563	5,651	22,605
Temporary Personnel	3,300	3,500	3,200	10,000
Workers Comp. Ins.	58,957	47,464	7,920	114,341
Employee Insurance	194,111	210,611	177,810	582,532
Employee Insurance - Retirees	68,427	68,427	68,427	205,280
Medicare & FICA Taxes	53,351	19,446	14,381	87,178
Personnel Recruitment	3,300	3,500	3,200	10,000
Other Benefits	1,200	1,300	1,000	3,500
Moving Expense Reimbursement			1,500	1,500
Staff Development	10,550	10,650	12,700	33,900
Total Personnel	2,103,071	2,501,144	1,967,606	6,571,820
Services and Supplies				
Board Member Comp	12,200	13,000	11,800	37,000
Board Expenses	2,500	2,600	2,400	7,500
Rent	12,100	12,500	5,400	30,000
Utilities	17,100	18,100	16,000	51,200
Telephone	13,700	14,400	12,800	40,900
Facility Maintenance	31,400	33,300	30,400	95,100
Bank Charges	8,300	8,800	8,000	25,100
Office Supplies	8,200	8,700	9,400	26,300
Courier Expense	2,500	2,700	2,400	7,600
Postage & Shipping	2,900	3,000	3,000	8,900
Equipment Lease	4,400	4,600	4,200	13,200
Equip. Repairs & Maintenance	1,700	1,800	1,600	5,100
Printing/Duplicating/Binding	200	200	2,700	3,100
IT Supplies/Services	101,000	107,100	122,900	331,000
Operating Supplies	5,700	5,700	16,100	27,500
Legal Services	126,000	231,000	63,000	420,000
Professional Fees	109,900	116,600	131,600	358,100
Transportation	26,500	26,600	7,100	60,200
Travel	12,900	13,500	13,700	40,100
Meeting Expenses	9,100	9,800	9,800	28,700
Insurance	118,800	126,000	115,200	360,000
Legal Notices	1,300	1,400	1,000	3,700
Membership Dues	16,900	17,800	17,200	51,900
Public Outreach	81,700	86,600	79,200	247,500
Assessors Administration Fee	7,900	8,400	7,700	24,000
Miscellaneous	1,000	1,300	1,200	3,500
Total Services and Supplies	735,900	875,500	695,800	2,307,200

EXPENDITURES BY OPERATING FUND

	Mitigation	Water Supply	Conservation	Total
Project Expenditures				
FIXED ASSETS	86,600	91,800	83,800	262,200
PROJECT EXPENDITURES				
Project Expenses	1,081,662	2,671,531	933,833	4,687,026
PWM Water Purchase	-	21,226,800	-	21,226,800
Reimbursement Projects	2,494,896	411,958	548,000	3,454,854
ELECTION EXPENSE	82,500	87,500	80,000	250,000
CONTINGENCY	23,800	25,200	21,000	70,000
Total Project Expenditures	3,769,458	24,514,789	1,666,633	29,950,880
Reserves				
Asset Replacement Reserve	134,574	138,652	134,574	407,800
Pension Reserve	34,000	36,000	30,000	100,000
OPEB Reserve	34,000	36,000	30,000	100,000
Total Reserves	202,574	210,652	194,574	607,800
Total Expenditures	\$6,811,003	\$28,102,085	\$4,524,613	\$39,437,700

LABOR ALLOCATION BY OPERATING FUNDS

	Mitigation	Water Supply	Conservation	Total
General Manager				
General Manager	15%	60%	25%	100%
Assistant General Manager	15%	60%	25%	100%
Board Clerk / Executive Assistant	25%	50%	25%	100%
Administrative Services				
CFO/ASD Mgr	33%	34%	33%	100%
Accountant	33%	34%	33%	100%
HR Coordinator/Contract Specialist	33%	34%	33%	100%
Accounting/Office Specialist	33%	34%	33%	100%
Office Specialist I/II	33%	34%	33%	100%
Water Resources				
Water Resources Manager	10%	90%	0%	100%
Distict Engineer	25%	75%	0%	100%
Assistant Hydrologist	10%	90%	0%	100%
Assistant Hydrologist	10%	90%	0%	100%
Water Resources Tech I/II	10%	90%	0%	100%
Water Demand				
Water Demand Manager	0%	20%	80%	100%
Conservation Analyst	0%	75%	25%	100%
Conservation Analyst	0%	25%	75%	100%
Conservation Rep II	0%	0%	100%	100%
Conservation Rep I	0%	0%	100%	100%
Conservation Technician	0%	0%	100%	100%
Administrative Assistant	0%	0%	100%	100%
Environmental Resources				
Environmental Resources Manager	80%	20%	0%	100%
Senior Fisheries Biologist	100%	0%	0%	100%
Associate Fisheries Biologist	100%	0%	0%	100%
Assistant Fisheries Biologist	100%	0%	0%	100%
River Maintenance Specialist	90%	10%	0%	100%
Environmental Progams Specialist	100%	0%	0%	100%
Average Percentage	33%	36%	32%	

EXPENDITURES BY DIVISION

	General Manager's Office	Financial & Administrative Services	Water Resources	Environmental Resources	Water Demand	Total
Expenditures						
Personnel						
Salaries	\$705,000	\$678,000	\$792,000	\$904,000	\$1,017,000	\$4,096,000
Retirement	387,225	184,135	180,212	285,494	346,818	1,383,884
Unemployment Compensation	-	3,100	3,000	3,000	1,000	10,100
Auto Allowance	11,000	-	-	-	-	11,000
Deferred Compensation	22,605	-	-	-	-	22,605
Temporary Personnel	-	10,000	-	-	-	10,000
Workers' Comp.	3,038	4,529	46,951	53,244	6,579	114,341
Employee Insurance	89,611	83,753	113,697	136,194	159,277	582,532
Employee Insurance - Retirees	-	205,280	-	-	-	205,280
Medicare & FICA Taxes	1,954	43,023	15,156	13,175	13,870	87,178
Personnel Recruitment	-	10,000	-	-	-	10,000
Other Benefits	300	2,300	300	300	300	3,500
Moving Expense						
Reimbursement	-	1,500	-	-	-	1,500
Staff Development	9,900	6,000	6,000	4,500	7,500	33,900
Total Personnel	1,230,633	1,231,620	1,157,316	1,399,907	1,552,344	6,571,820
Services and Supplies						
Board Member Comp	\$-	37,000	\$-	\$-	\$-	37,000
Board Expenses	7,500	-	-	-	-	7,500
Rent	-	16,800	6,600	6,600	-	30,000
Utilities	-	50,000	600	600	-	51,200
Telephone	5,100	25,600	5,400	1,800	3,000	40,900
Facility Maintenance	-	95,100	-	-	-	95,100
Bank Charges	-	25,100	-	-	-	25,100
Office Supplies	3,100	20,000	600	600	2,000	26,300
Courier Expense	-	7,600	-	-	-	7,600
Postage & Shipping	300	7,500	600	-	500	8,900
Equipment Lease	-	13,200	-	-	-	13,200
Equip. Repairs & Maintenance	-	5,100	-	-	-	5,100
Printing/Duplicating/Binding	600	-	-	-	2,500	3,100
IT Supplies/Services	-	306,000	-	-	25,000	331,000
Operating Supplies	1,500	2,000	4,000	5,000	15,000	27,500
Legal Services	-	420,000	-	-	-	420,000
Professional Fees	200,000	133,100	-	-	25,000	358,100
Transportation	-	6,600	22,600	26,000	5,000	60,200
Travel	23,100	4,000	4,000	4,000	5,000	40,100
Meeting Expenses	16,500	11,000	-	200	1,000	28,700
Insurance	-	360,000	-	-	-	360,000
Legal Notices	-	3,100	600	-	-	3,700
Membership Dues	42,000	4,000	2,600	800	2,500	51,900
Public Outreach	247,500	-	-	-	-	247,500
Assessors Administration Fee	-	24,000	-	-	-	24,000
Miscellaneous	400	3,100	-	-	-	3,500
Total Services and Supplies	547,600	1,579,900	47,600	45,600	86,500	2,307,200

EXPENDITURES BY DIVISION

	General Manager's Office	Financial & Administrative Services	Water Resources	Environmental Resources	Water Demand	Total
Project Expenditures						
FIXED ASSETS	\$155,100	\$107,100	-	-	-	\$262,200
PROJECT EXPENDITURES						-
Project Expenses	1,840,000	-	1,716,197	810,329	320,500	4,687,026
PWM Water Purchase		-	21,226,800	-	-	21,226,800
Reimbursement Projects	-	-	2,514,896	406,958	533,000	3,454,854
ELECTION EXPENSE	-	250,000	-	-	-	250,000
CONTINGENCY	-	70,000	-	-	-	70,000
Total Project Expenditures	1,995,100	427,100	25,457,893	1,217,287	853,500	29,950,880
Reserves						
Asset Replacement Reserve	-	\$407,800	-	-	-	\$407,800
Pension Reserve	-	100,000	-	-	-	100,000
OPEB Reserve	-	100,000	-	-	-	100,000
Total Reserves	-	607,800	-	-	-	607,800
Total Expenditures	\$3,773,333	\$3,846,420	\$26,662,809	\$2,662,794	\$2,492,344	\$39,437,700

PROJECT/PROGRAM EXPENDITURES

Objective	Timeline	Total	Account	Division	Reimbursable	Source/ Reimbursement
AUGMENT WATER SUPPLY						
Operations Modeling						
1-1-2	Los Padres Dam Long Term Plan					
A	Fish Passage	Ongoing		35-03-786015	ERD	
1-1-3	PWM/MPWSP Operations Model (CRBHM & SGBM)					
		June	\$69,974	35-03-786038	WRD	
Water Supply Projects						
1-2-1	Water Project 1 (Aquifer Storage Recovery 1)					
A	Santa Margarita Site - Site Work					
	2 Land easement	Spring/Summer	\$200,000	35-04-786004	WRD	
	3 Small Projects Design	Fall/Winter	\$100,000	35-04-786004	WRD	
	7 Electrical Study	Ongoing		35-04-786004	WRD	
B	ASR - Operations & Maintenance					
	1 Operations support	Ongoing	\$50,000	35-04-786005	WRD	Yes CAW
	2 Water quality lab analysis	Ongoing	\$13,000	35-04-786005	WRD	Yes CAW
	3 Electrical power	Ongoing	\$250,000	35-04-786005	WRD	Yes CAW
	4 Supplemental Sampling and Analysis Plan (SSAP)	Ongoing	\$52,658	35-04-786005	WRD	Yes CAW
	6 RWOCB General Permit Fees	Ongoing	\$3,800	35-04-786005	WRD	Yes CAW
	7 Maintenance	Ongoing	\$75,000	35-04-786005	WRD	
	8 Calibrate portable meter for Water Rights	Ongoing	\$5,000	35-04-786005	WRD	
	9 Well Rehabilitation	Once		35-04-786005	WRD	Yes CAW
	10 Install Inline SDI Instrumentation	Once		35-04-786005	WRD	Yes CAW
1-4-1	Water Rights Permits Fees					
		Ongoing	\$5,000	35-03-781200	WRD	Yes CAW
1-5-1	Ground Water/Seaside Basin Project					
A	Other Seaside Basin Model					
		Ongoing	\$182,613	35-03-786010	WRD	
B	Geochemical Mixing Study					
		Ongoing	\$11,510	35-03-786010	WRD	
1-16-1	New Projects					
A	ASR Well Capacity Expansion					
		Summer	\$200,000	35-03-786019	WRD	
B	Water Right 20808D Application					
		Summer	\$25,000	35-03-786019	WRD	
C	Stormwater Diversion and Recycling Program					
		Ongoing	\$250,000	35-03-786019	WRD	
Seaside Basin Watermaster						
A	MMP implementation (non-labor portion)					
		Ongoing	\$35,000	35-04-786003	WRD	Yes
B	MPWMD monitor well maintenance (pumps)					
		Ongoing	\$1,000	35-04-786003	WRD	Yes
C	Replace QED pump					
		Ongoing	\$1,000	35-04-786003	WRD	Yes
D	ROE renewal for Ft Ord Dunes State Park access					
		Ongoing	\$500	35-04-786003	WRD	Yes
Hydrologic						
2-5-1	Carmel Valley					
A	Monitor Carmel River near Carmel (USGS)					
		Ongoing		35-04-785600	WRD	
B	Water quality chemical analyses					
		Ongoing		35-04-781510	WRD	
C	Fractured rock well monitoring					
		Ongoing		35-04-785507	WRD	
D	Waders/Field Clothing					
		Ongoing		35-04-785502	WRD	
2-5-3	District Wide					
A	Stream flow monitoring program					
	1 Miscellaneous equipment	Ongoing	\$12,000	35-03-785502	WRD	
	6 Upgrade MPWMD Gaging Stations	Summer-Fall	\$9,000	35-03-785502	WRD	
	A. Above Los Padres Gage - Install	Summer-Fall	\$-	35-03-785502	WRD	
	7 Arborist	Ongoing	\$4,000	35-03-785502	WRD	
	8 Hydstra Licanse for Web Plots	Ongoing	\$15,000	35-03-785502	WRD	
	9 Stream Gage Dashboard	Once	\$-	35-03-785502	WRD	
	10 Doppler Current Meter	Once	\$-	35-03-785502	WRD	
	11 Redrill Seaside Basin Monitor Wells	Once	\$800,000	35-03-785502	WRD	Watermaster (\$45,000)
	2 Data line rental - 14 sites	Ongoing	\$5,000	35-03-781602	WRD	
	3 Hydstra Time Series Software Annual Support	Ongoing	\$9,000	35-03-781602	WRD	
	4 Hydstra / TierraTech consulting - report customizat	Summer-Fall	\$10,000	35-03-781602	WRD	

PROJECT/PROGRAM EXPENDITURES

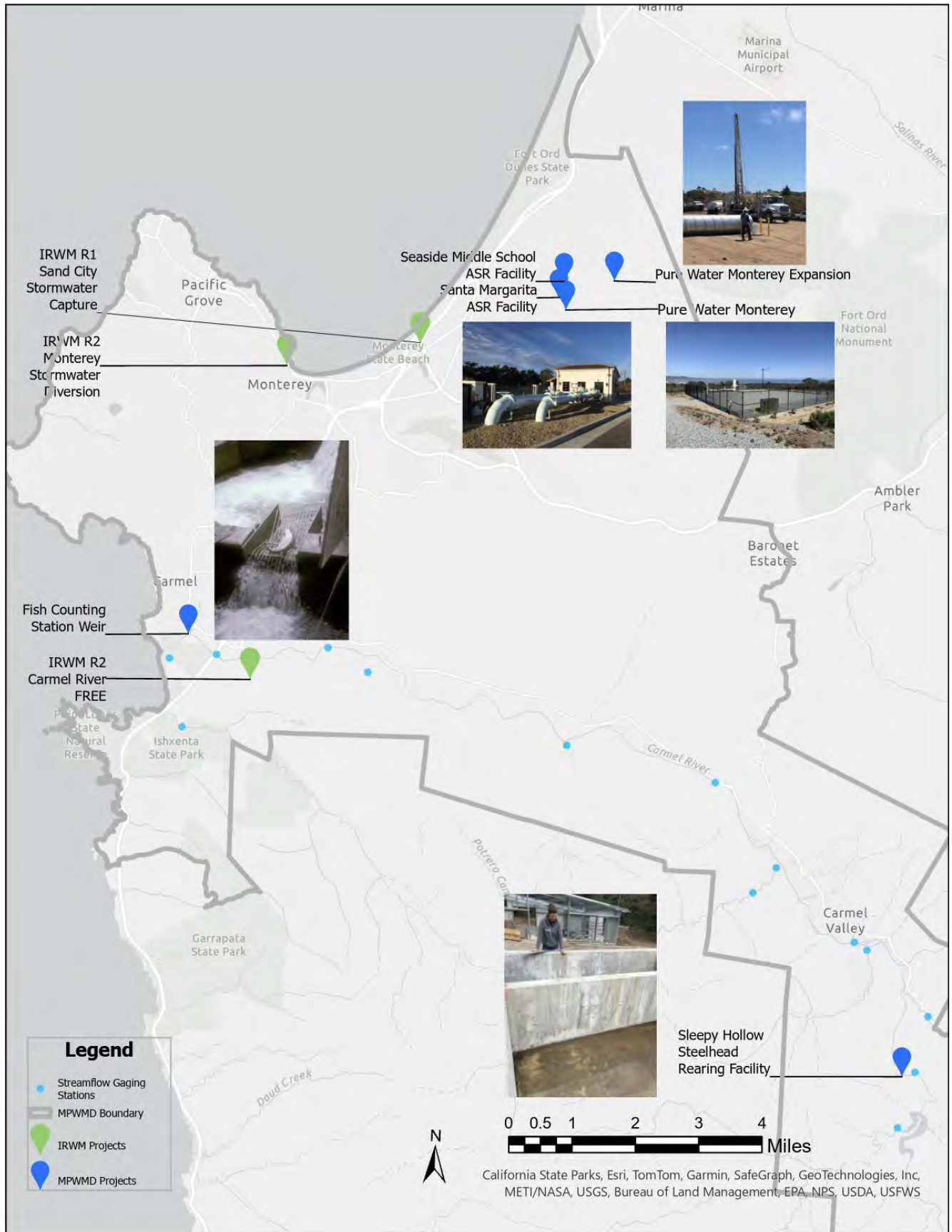
Objective	Timeline	Total	Account	Division	Reimbursable	Source/ Reimbursement
5 Purchase cellular modems	Summer-Fall	\$8,600	35-03-781602	WRD		
B Other Hydrologic Monitoring						
1 Monitor well conversions	Ongoing	\$2,000	35-03-785502	WRD		
2 Annual Well Reporting	Ongoing	\$3,000	35-03-781602	WRD		
3 Misc. equipment (2 well probes)	Ongoing	\$5,000	35-03-781602	WRD		
4 Replacement rain/temp stations (incl site fencing)	Ongoing	\$-	35-03-781602	WRD		
5 Replacement XD's and rugged cables	Ongoing	\$2,500	35-03-781602	WRD		
6 Analysis Software (AQ/QA Rockworks)	Ongoing	\$2,500	35-03-785502			
7 Replacment water quality probe(s)	Ongoing	\$2,000	35-03-785502	WRD		
10 Field Laptops	Ongoing	\$1,000	35-03-785502	WRD		
11 Bathemetric Monitoring Equipment	Once	\$-	35-03-785502	WRD		
12 Hydrologic Monitoring		\$-	35-04-781602	ERD		
13 Well Reporting		\$3,500	35-04-781195	ERD		
Integrated Regional Water Management						
2-6-1 Integrated Regional Water Management						
A Prop 1 coordination	Ongoing		24-03-785505	WRD		
C Implementation Grant Round 1&2	Ongoing	\$2,494,896	24-03-785521	WRD	Yes	DWR
1-17-1 Urban Water Management Plan (carry-over)	One-time	\$45,000	35-03-786019	WRD		
AUGMENT WATER SUPPLY PROJECTS TOTAL		\$4,965,051			\$3,031,854	\$1,933,197

PROJECT/PROGRAM EXPENDITURES

Objective	Timeline	Total	Account	Division	Reimbursable	Source/ Reimbursement
PROTECT ENVIRONMENTAL QUALITY						
Riparian Mitigations						
2-1-1	Irrigation Program					
A	Operate and maintain 4 well systems	Ongoing	\$1,000	24-03-785011		ERD
B	Operate and maintain District project systems	Ongoing	\$18,000	24-03-785012		ERD
2-1-2	Riparian Corridor Management					
A	Maintain and diversify plantings at District projects	Ongoing		24-03-787030		ERD
1	Seed collection and propagation	Ongoing	\$1,000			
2	Riparian corridor maintenance (projects/equipment	Ongoing	\$1,000	24-03-787080		ERD
2-1-3	Riparian Monitoring Program					
A	Vegetation and soil moisture monitoring	Ongoing	\$500	24-03-787021		ERD
2-1-4 A	Address Vegetation Hazards, Permitting, and Remove Trash	Ongoing	\$20,000	24-03-787040		ERD
Aquatic Resources Fisheries						
2-3-1	Sleepy Hollow Facility Operations					
A	General operations and maintenance	Ongoing	\$128,655	24-04-785813		ERD
B	Road maintenance	June	\$20,000	24-04-785813		ERD
C	Replacement of standby generator fuel	Ongoing	\$10,000	24-04-785813		ERD
D	Generator maintenance service	Spring	\$7,000	24-04-785813		ERD
E	Replace/Maintain Rotary Drum Screen	Spring		24-04-785813		ERD
F	Operations Consultant with Web Support	Ongoing	\$38,949	24-04-785813		ERD
G	Power	Ongoing	\$60,000	24-04-785816		ERD
I	Design/Construct Rearing Channel and Quarantine Tar	2025	\$32,350	24-04-785812		ERD
A	ESA Section 10 SHSRF Evaluations (PIT Tag)	Ongoing	\$25,000	24-04-785814		ERD NOAA/NMFS
B	FBA's & WRA's NMFS Winter/Spring LPD Studies (C	Ongoing		24-04-785814		ERD NOAA/NMFS
C	Supplies/Expenses NMFS Winter/Spring LPD Studies	Ongoing		24-04-785814		ERD NOAA/NMFS
2-3-2	Conduct Juvenile Rescues					
B	Water Resources Assistant	Ongoing	\$71,875	24-04-785814		ERD
D	Recalibrate backpack electro-fisher	Ongoing	\$1,000	24-04-785822		ERD
E	Waders and Field Clothes	Ongoing	\$7,000	24-04-785822		ERD
F	On-call weekend fish rescue crew leader	Ongoing		24-04-785814		ERD
2-3-3	Rescue & Transport Smolts					
A	Smolt rescue supplies	Feb-May	\$2,000	24-04-785833		ERD
2-3-4	Monitoring of Adult Steelhead Counts					
B	Resistance Board Weir Construction/Training/Installat	Winter 2024	\$10,000	24-04-785851		ERD
2-3-5	Adult & kelt rescue and transport	Ongoing	\$1,000	24-04-785840		ERD
2-3-6	Contracted Aquatic Invertebrate Identification & Retrainin	Oct.	\$6,000	24-04-785860		ERD
2-3-7	Carmel River & Lagoon Water Quality Monitoring Sampl	Ongoing	\$5,000	24-04-785870		ERD
Lagoon Mitigation Activities						
2-4.1	Monitoring					
A	Bi-annual inter-agency cooperative Steelhead survey	June/Dec	\$1,000	24-04-785871		ERD
PROTECT ENVIRONMENTAL QUALITY TOTAL			\$468,329		\$25,000	\$443,329

PROJECT/PROGRAM EXPENDITURES

Objective	Timeline	Total	Account	Division	Reimbursable	Source/ Reimbursement
WATER DEMAND						
Water Distribution System Permitting						
4-0-1	Permit Processing Assistance	Ongoing	\$25,000	26-05-785503	WDD	Yes Applicant
4-0-2	Hydrogeologic Impact Review	Ongoing	\$2,000	26-05-785503	WDD	Yes Applicant
4-0-3	County Fees - CEQA Posting and Recording	Ongoing	\$10,000	26-05-785503	WDD	Yes Applicant
4-0-4	WDS Permit Package Review (MPWMD Counsel)	Ongoing	\$20,000	26-05-785503	WDD	Yes Applicant
Demand Management						
4-1-1	Rule Implementation/Enforcement					
	A Deed Restriction recording	Ongoing	\$65,000	26-05-781900	WDD	Yes Applicant
	B CEQA Compliance	Fall	\$20,000	26-05-780100	WDD	
	C Deed Restriction Legal Review	Ongoing	\$15,000	26-03-781900	WDD	Yes Applicant
Water Conservation						
4-2-1	Conservation Programs					
	A CII Outreach	Ongoing	\$10,000	26-05-781130	WDD	
	B Brochures	Ongoing	\$2,500	26-05-781140	WDD	
4-2-2	Conservation Programs					
	A Best management practices	Ongoing	\$12,000	26-05-781155	WDD	
	B Advertising/Webvertising	Ongoing	\$50,000	26-05-781115	WDD	CAW (Half)
	C Conservation Website Maintenance	Ongoing	\$20,000	26-05-781160	WDD	CAW (Half)
	D Conservation devices - nonreimbursable	Ongoing	\$60,000	26-05-781187	WDD	
	E Conservation & efficiency workshops/training	Ongoing	\$37,000	26-05-781182	WDD	CAW (Half)
	K Pressure Reducing Valve Program	Ongoing	\$10,000	26-05-781190	WDD	
	L Linen/Towel Program	Ongoing	\$30,000	26-05-781180	WDD	
	O Mulch Program	Ongoing	\$10,000	26-05-781175	WDD	
4-2-3	Rebate Program					
	A CAW	Ongoing	\$350,000	26-05-781412	WDD	Yes CAW
	B Seaside Municipal	Ongoing		26-05-781499	WDD	
	C Non-CAW (MPWMD funded)	Ongoing	\$20,000	26-05-781499	WDD	
	E Non-Functional Turf Replacement Program	Ongoing	\$100,000	26-05-781490	WDD	
WATER DEMAND TOTAL			\$868,500			\$515,500 \$353,000
GENERAL - WHOLESALE / RETAIL ACQUISITION						
1-5-1	Ground Water Replenishment Project (PWM)					
	C Drought Reserve (300 ac ft)	One-time	\$1,140,000	35-03-786021	WRD	
	D PWM Water Purchase (5,286 ac ft)	Ongoing	\$20,086,800	35-03-786017	WRD	Yes CAW
1-14-1	Monterey Water System Acquisition	Ongoing				
1-14-1 A	Acquisition - Phase 4	Ongoing	\$613,334	35-01-786200	GMO	
	Acquisition - Phase 4	Ongoing	\$613,333	24-01-786200	GMO	
	Acquisition - Phase 4	Ongoing	\$613,333	26-01-786200	GMO	
1-17	Board Room Renovation Project					
	Board Room Renovation	One-time	\$50,000	24-01-786200	GMO	
	Board Room Renovation	One-time	\$50,000	26-01-786200	GMO	
	Board Room Renovation	One-time	\$50,000	35-01-786200	GMO	
GENERAL - WHOLESALE/ RETAIL ACQUISITION TOTAL			\$23,216,800			\$20,086,800 \$3,130,000
PROJECT EXPENDITURES TOTAL			\$29,518,680			\$23,659,154 \$5,915,026



LARGE PROJECTS AND CAPITAL IMPROVEMENT PLAN

Division	Project Description	Estimated FY 2025-2026	Budgeted FY 2026-2027	Projected FY 2027-2028	Projected FY 2028-2029	Funding Source
Water Purchases						
WRD	PWM Water Purchase*	\$13,275,500	\$14,619,500	\$19,284,012	\$20,086,800	District Revenues
WRD	PWM Operating Reserve Fund**	1,896,500	668,320	3,367,188	-	District Revenues
WRD	PWM Drought Reserve Fund**	0	1,140,000	1,200,000	1,660,000	District Revenues
SUBTOTAL		\$15,172,000	\$16,427,820	\$23,851,200	\$21,746,800	
Funded From District Revenues						
GMO	Local Water Projects	100,000	-	50,000	100,000	District Revenues
WRD	Update Seaside Basin Model	132,613	182,600	182,600	182,600	District Revenues
WRD	Santa Margarita (Chemical room upgrade)	377,000	396,787	400,000	500,000	District Revenues
GMO	Water Allocation Process	200,000	-	-	-	District Revenues
WRD	PWM/MPWSP Operations Model	69,974	69,974	50,000	50,000	District Revenues
GMO	Monterey Water System Acquisition	400,000	1,840,000	2,000,000	1,500,000	District Revenues
ALL	Capital Assets	70,100	92,200	110,640	132,768	District Revenues
SUBTOTAL		\$1,349,687	\$2,581,561	\$2,793,240	\$2,465,368	
Reimbursed from Grants or Reimbursements						
WRD	Aquifer Storage & Recovery - Phase 1 & 2	465,958	374,454	393,177	412,836	CAW
WRD	IRWM Implementation - Round 1	381,279	1,111,542	-	-	DWR Grant
WRD	IRWM Implementation - Round 2	434,319	1,383,354	-	-	DWR Grant
GMO	PWM Expansion Grant	5,795,080	-	-	-	Grants
SUBTOTAL		\$7,076,636	\$2,869,350	\$393,177	\$412,836	
TOTAL		\$23,598,323	\$21,878,731	\$27,037,617	\$24,625,004	

* Assumes 5,286 AF of water purchase in FY 2026-27 and 5,750 AF of water purchase in FY 2027-28

** Assumes 300 AF of PWM Drought Reserve in FY 2026-27 and FY 2027-28.

Renewal and Replacement of facilities is captured in the Capital Asset Replacement Schedule

MAJOR CAPITAL BUDGETS AND GRANTS

The following section provides details on the District’s major capital and grant projects that are included in the FY 2026-27 budget.

A. Project: Integrated Resource Water Management (IRWM) Grants

1) Grant 1: IRWM IR1

Grant Amount	Spent to-date (Q3-FY 25-26)
\$2,238,904	\$1,127,361.87

This IRWM IR1 grant will help improve regional water self-reliance security and will make improvements to water infrastructure systems to address flooding, offering increased protection against seawater intrusion, and the use of recycled water, among other benefits. Three of the four projects under this grant are located in disadvantaged communities. This grant represents effective collaboration among the Regional Water Management Group’s seventeen members. Additional details are provided below:

Coe Avenue Recycled Water Distribution Pipeline, Marina Coast Water District (complete): This new distribution line allows for the delivery of recycled water from the existing trunk main on General Jim Moore Boulevard to recycled water users located along the project alignment. The primary benefit is a reliable, recycled water supply. Marina Coast Water District estimates that switching Coe Avenue customers to recycled water will save approximately 200 acre-feet of potable water per year.

Hamilton, Ellis & Martin Plaza Apartments (formerly Del Monte Manor Apartments) Low Impact Development Improvement Project, City of Seaside, complete (severely disadvantaged community block group): The project protects approximately 0.57 acres from regular flooding and results in about 11-acre feet per year of stormwater infiltration in years with normal or above-normal precipitation. The project will reduce urban runoff pollutant loads, including trash and debris, currently discharged to the Monterey Bay National Marine Sanctuary. The project includes permanent educational signage to inform the public about the benefits of the bioswale and subsurface infrastructure.

West End Stormwater Improvement Project, City of Sand City (severely disadvantaged community census tract): The project will treat approximately 5 acres within the West End neighborhood. The project will reduce the total suspended solids entering Monterey Bay by an average of 383 kilograms/year.

2) Grant 2: IRWM IR2

Grant Amount	Spent to-date (Q3-FY 25-26)
\$1,488,961	\$105,426.69

This grant provides funding for two multi-benefit projects that meet the IRWM program objectives of increasing water supply, improving water quality, and environmental protection.

Carmel River Floodplain Restoration and Environmental Enhancement Project, County of Monterey, in progress: The Floodplain Restoration Component of the CRFREE Project will restore approximately 92 acres of floodplain and install native habitat plants on the restored land. The owner of Project land, Big Sur Land Trust (BSLT), will provide postconstruction access to Ohlone Costanoan Esselen Nation and Esselen Tribe of Monterey County members to collect native materials for cultural purposes.

Additionally, approximately 23 acres of land in the south Carmel River floodplain east of SR 1 will be elevated above the 100-year floodplain to create an agricultural preserve. The agricultural preserve land was historically in agricultural use and was donated for the land's restoration and preservation.

Olivier Street Stormwater Diversion, City of Monterey, in progress. (severely disadvantaged community block group): Stormwater will be added to City and regional sewer flows that are treated and will serve to augment the regional water supply. The project will provide approximately 15 acre-feet per year of recycled water supply.

B. Project: Pure Water Monterey Expansion (expected completion)

The Pure Water Monterey (PWM) expansion project has created a drought-resistant and independent water supply to meet Monterey County's water supply challenge. By providing an estimated additional 2,250 acre-feet per year (AFY) it will be used to (a) build an operating reserve to address exigent impacts created by irregular weather patterns, drought conditions, and climate; (b) offset loss of surface water storage; and (c) serve customer demand.

The District sought and received the following two grants for the development of the PWM Expansion that were completed in FY 2025-26.

1) **Grant 1: URBAN COMMUNITY DROUGHT RELIEF**

Grant Amount

\$11,935,206

This PWM project was provided through the California Department of Water Resources (DWR) for the Urban & Multi-Benefit Drought Relief Grant program. The funding will increase the production and injection capacity of purified recycled water to support the potable water supply on the Monterey Peninsula. The U.S. Bureau of Reclamation previously gave around \$20 million in grants for the Pure Water Monterey Project. Since its inception in early 2020, the PWM project has injected more than 15,000 AF of purified water into the Seaside Groundwater Basin. Pure Water Monterey is the first potable reuse project in Northern California.

2) **Grant 2: STATE WATER RESOURCES CONTROL BOARD**

Grant Amount

\$4,800,000

In August 2021, the District, with support from Monterey One Water (M1W), received funding for an additional component of the PWM expansion project, adding a sixth deep injection well. The grant allowed the completion, planning, design, and construction of this additional injection well to further strengthen the water supply in a community facing a severe water supply challenge.

This deep injection well has been designed to: (i) use of excess capacity in the advanced water purification facility to produce more water, offsetting sources that may be constrained by drought; (ii) build an operational reserve in the ground during dry, normal, or wet years creating longer-term drought resilience; and (iii) create redundancy and operational flexibility.

CAPITAL ASSET PURCHASES

Capital Assets	Division	Cost	Account Number
Conference Room Upgrades	ASD	\$ 150,000	XX-02-916000
Two Rav4s Hybrid SUVs*	ASD	82,000	XX_02-914000
Accela Programming for WDS Module	WDD	25,000	XX-05-751550
HVAC unit replacement (Unit #3)*	ASD	20,000	XX-02-725000
Four laptops for replacement	ASD	18,000	XX-02-751550
Ipad and laptop replacement	WDD	4,500	XX-02-751550
Electro Fisher (LR24)*	ERD	12,000	XX-02-913000
HP Printer Replacement*	ASD	5,000	XX-02-912000
Total Capital Assets		\$ 316,500	

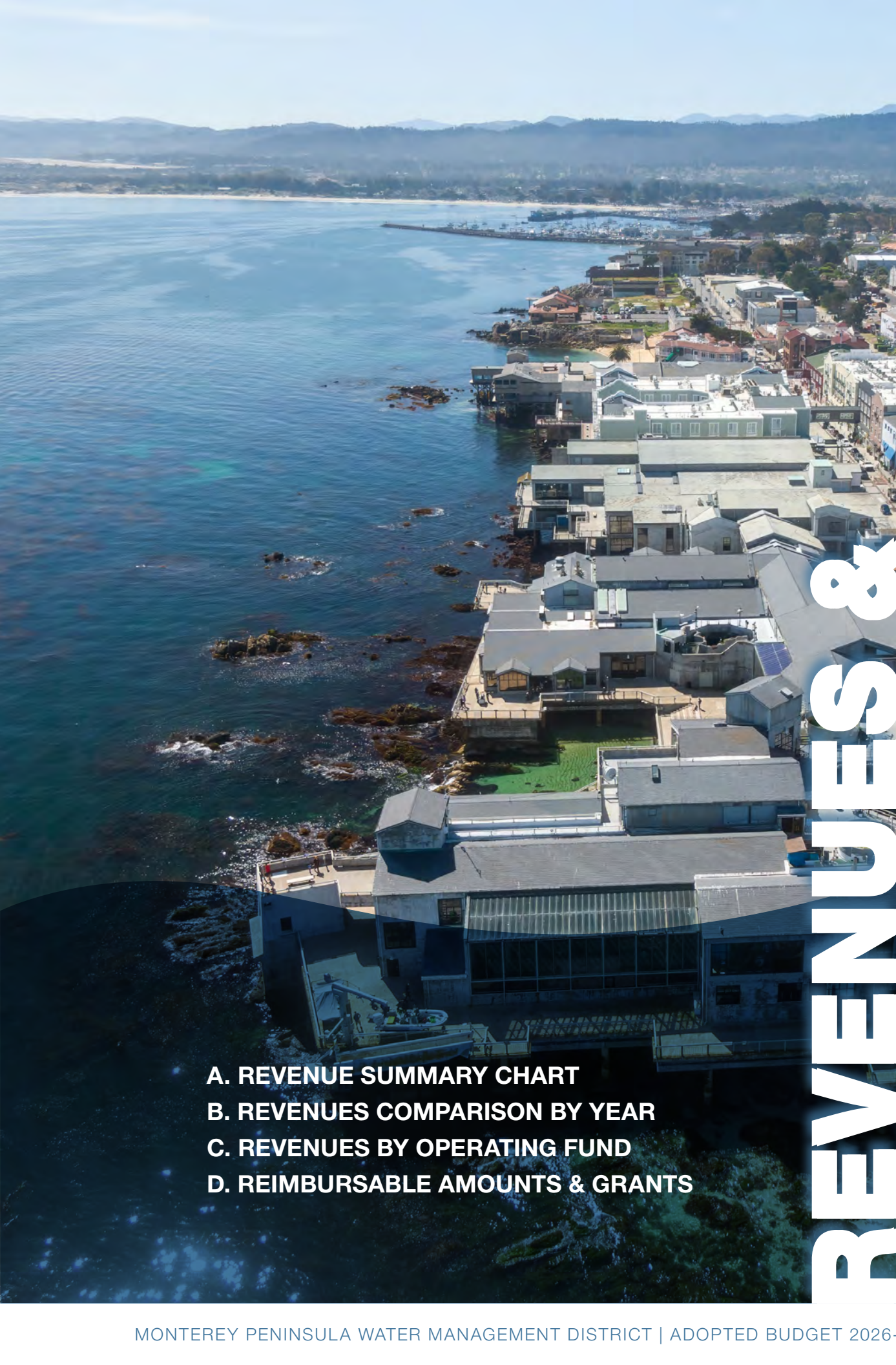
* Only items in 90000 series to be capitalized

CAPITAL ASSET REPLACEMENT/REPAIR SCHEDULE

No.	Item	Replacement Cost	Replace in Fiscal Year	Prior Years Accrual	Balance Left to Accrue	Accrual this Fiscal Year	Accrual Balance	Remarks
1	1/2 Ton Pickup	\$55,000	2026-2027	\$55,000	\$0	\$0	\$55,000	Unit 1, '03 Ram 1500
2	Orthoimagery	\$33,000	2026-2027	\$33,000	\$0	\$0	\$33,000	Updated 10/08
3	Chipper	\$25,000	2026-2027	\$25,400	\$0	\$0	\$25,400	Chipper (P&E Dept)
4	Harris Court A/C Unit #3	\$15,000	2026-2027	\$15,400	\$0	\$0	\$15,400	Air Conditioner
5	Multifunction Plotter/Scanner	\$10,000	2026-2027	\$25,500	\$0	\$0	\$25,500	Replace 2 separate units
6	1/2 Ton Pickup	\$55,000	2026-2027	\$43,000	\$12,000	\$6,000	\$49,000	Unit 7, '14 F150 4x4
7	Honda Insight	\$14,000	2026-2027	\$25,500	\$0	\$0	\$25,500	Unit 5, '10 Honda Insight Hybrid
8	1/2 Ton Pickup	\$55,000	2026-2027	\$45,900	\$9,100	\$4,600	\$50,500	Unit 4, '99 F150 4x4
9	Harris Court A/C Unit #4	\$15,000	2026-2027	\$15,500	\$0	\$0	\$15,500	Air Conditioner
10	1 Ton Pickup	\$47,000	2026-2027	\$60,000	\$0	\$0	\$60,000	Unit 11, '03 Ram D 3500
11	Ford Escape	\$30,000	2026-2027	\$30,500	\$0	\$0	\$30,500	Unit 14, '09 Ford Escape
12	Harris Court A/C Unit #5	\$15,000	2026-2027	\$15,300	\$0	\$0	\$15,300	Air Conditioner
13	Telephone System	\$10,000	2026-2027	\$13,500	\$0	\$0	\$13,500	Avaya Phone System
14	Chevy Bolt EV Unit 17-01	\$35,400	2027-2028	\$35,400	\$0	\$0	\$35,300	Unit 17-01, 2017 Chevy Bolt EV
15	Chevy Bolt EV Unit 17-02	\$35,400	2027-2028	\$35,400	\$0	\$0	\$35,300	Unit 17-02, 2017 Chevy Bolt EV
16	1 Ton Pickup (Dump/Auto-Crane)	\$47,000	2027-2028	\$60,200	\$0	\$0	\$60,200	Unit 6, '96 F350 D 4x4
17	1 Ton Pickup Unit #3 (Replaced with Dump Truck)	\$47,000	2027-2028	\$40,600	\$6,400	\$1,100	\$41,700	Unit 3, '97 3500 D 4x4
18	Information System (Servers)	\$70,000	2028-2029	\$48,600	\$21,400	\$3,700	\$52,500	Dell Servers in Service 21/22
19	1/2 Ton Pickup (4 Door 4X4) Unit 18-01	\$55,000	2029-2030	\$28,100	\$26,900	\$3,700	\$31,800	Unit 18-01 Pool Vehicle
20	Server Room Air Conditioner	\$14,000	2029-2030	\$6,900	\$7,100	\$900	\$7,800	Air Conditioner
21	Harris Court A/C Unit #1 (York 3-ton)	\$15,000	2030-2031	\$11,400	\$3,600	\$500	\$11,900	Air Conditioner
22	1/2 Ton Pickup Unit 20-01	\$55,000	2031-2032	\$18,300	\$36,700	\$3,500	\$21,800	Unit 20-01, '95 F150
23	1/2 Ton Pickup WEIR	\$55,000	2031-2032	\$17,700	\$37,300	\$3,800	\$21,500	Fishries Division (WEIR Project)
24	3/4 Ton Pickup	\$45,000	2032-2033	\$15,600	\$29,400	\$2,700	\$18,300	Unit 9, '03 Ram 2500
25	Doppler Current Meter	\$35,000	2032-2033	\$12,600	\$22,400	\$2,100	\$14,700	Doppler Meter Equipment
26	Board Room A/V Equipment	\$17,000	2032-2033	\$15,600	\$1,400	\$100	\$15,700	A/V Equipment
27	Harris Court A/C Unit #2 (Ruud 5-ton)	\$15,000	2034-2035	\$6,800	\$8,200	\$700	\$7,500	Air Conditioner
28	Admin Bldg	\$2,921,189	50 years	\$398,400	\$2,522,789	\$90,200	\$488,600	Administration building
29	Sleepy Hollow Facility	\$2,541,228	50 years	\$246,000	\$2,295,228	\$47,900	\$293,900	Sleepy Hollow upgraded facility
30	ASR Bldg 1/Wells 1 & 2	\$4,607,176	50 years	\$566,600	\$4,040,576	\$84,300	\$650,900	ASR 1st Building/Wells
31	ASR Bldg 2 (Chemical Bldg)	\$7,563,450	50 years	\$633,200	\$6,930,250	\$144,200	\$777,400	ASR Treatment Facility Bldg
32	ASR Backflush	\$441,000	50 years	\$57,100	\$383,900	\$7,800	\$64,900	ASR Backflush
Totals		\$18,993,843		\$2,658,000		\$407,800	\$3,065,800	

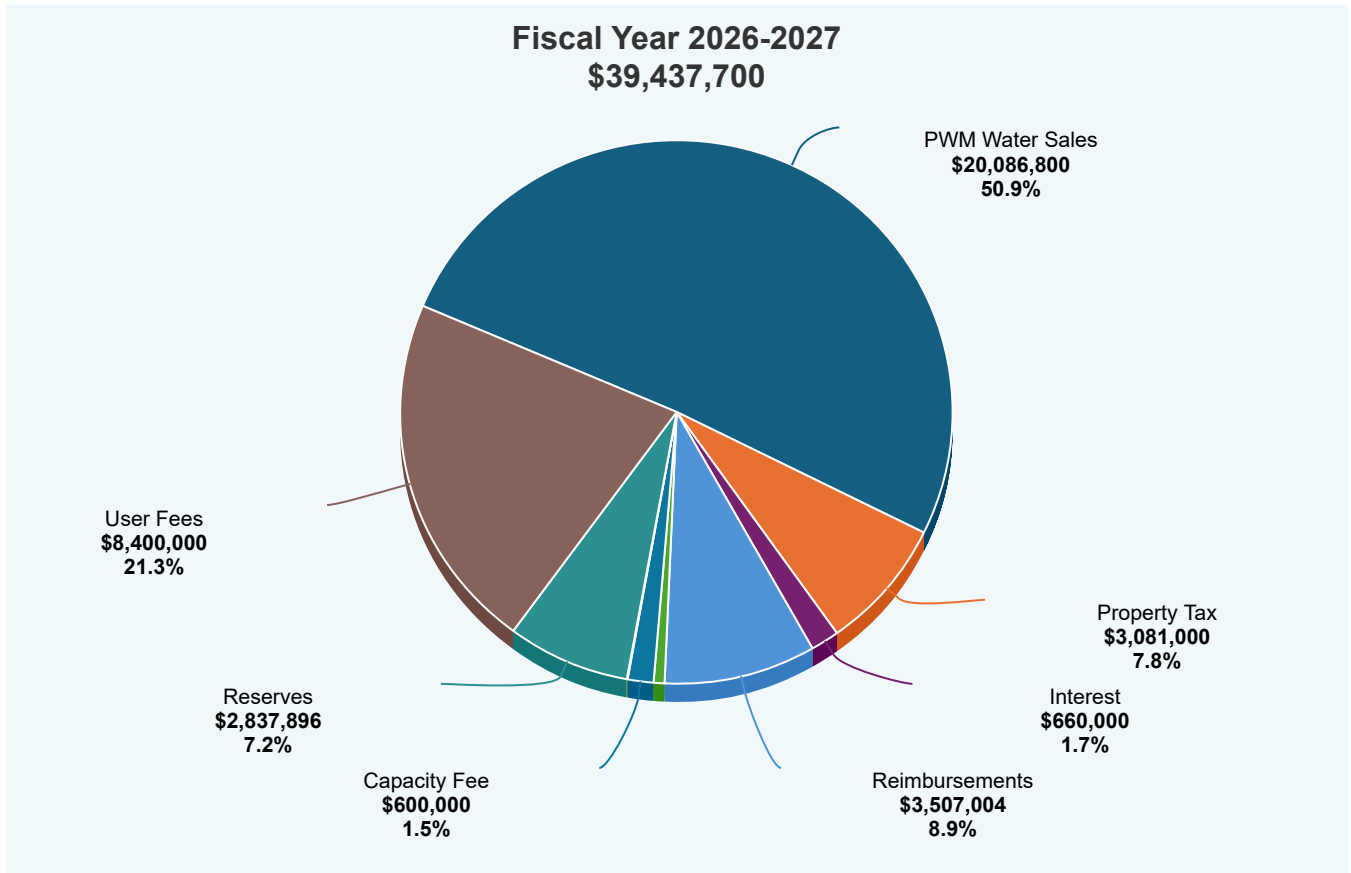


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- A. REVENUE SUMMARY CHART**
- B. REVENUES COMPARISON BY YEAR**
- C. REVENUES BY OPERATING FUND**
- D. REIMBURSABLE AMOUNTS & GRANTS**

REVENUES & RESERVES



ESTIMATED REVENUES COMPARISON BY YEAR

	FY 2024-2025 Revised	FY 2025-2026 Revised	FY 2026-2027 Adopted	FY 2026-2027 Change	Percentage Change
Revenue					
District Revenues					
Property Taxes	\$2,900,000	\$3,000,000	\$3,081,000	81,000	2.70%
Permit Fees - WDD	150,000	200,000	200,000	-	0.00%
Permit Fees - WDS	48,000	50,000	50,000	-	0.00%
Capacity Fee	400,000	600,000	600,000	-	0.00%
User Fees	7,400,000	7,800,000	8,400,000	600,000	7.69%
PWM Water Sales	14,619,500	19,284,012	20,086,800	802,788	4.16%
Interest Income	700,000	750,000	660,000	(90,000)	-12.00%
Other	15,000	15,000	15,000	-	0.00%
Total District Revenues	\$26,232,500	\$31,699,012	\$33,092,800	1,393,788	4.40%
Reimbursements					
Reimbursements - CAW	\$1,193,950	\$815,958	\$799,458	(16,501)	-2.02%
Reimbursements - PWM Project	11,356,830	5,795,080	-	(5,795,080)	-100.00%
Reimbursements - Reclamation Tank	-	-	-	-	0.00%
Reimbursements - Watermaster	39,600	37,000	37,000	-	0.00%
Reimbursements - Reclamation	79,000	33,080	38,650	5,570	16.84%
Reimbursements - FEMA	-	-	-	-	0.00%
Reimbursements - Other	40,000	52,000	57,000	5,000	9.62%
Reimbursements - Recording Fees	60,000	65,000	65,000	-	0.00%
Reimbursements - Legal Fees	15,000	15,000	15,000	-	0.00%
Grants (IRWM)	1,271,693	1,081,504	2,494,896	1,413,392	130.69%
Total Reimbursements	\$14,056,073	\$7,894,622	\$3,507,004	(4,387,619)	-55.58%
Other					
Debt Reserve	-	-	-	-	
Pension Reserve	-	-	-	-	
OPEB Reserve	-	-	-	-	
Capital Project Reserve	-	-	-	-	
Compensated Absences Reserve	-	-	-	-	
Rate Stabilization Reserve	-	-	-	-	
Asset Replacement Reserve	-	-	82,000	82,000	0.00%
General Reserve	993,350	2,645,258	2,755,896	110,638	4.18%
Water Supply Charge Reserve	3,353,245	-	-	-	
Total Other	4,346,595	2,645,258	2,837,896	192,638	7.28%
Total Revenue	44,635,168	42,238,892	39,437,700	(2,801,193)	-6.63%

REVENUES BY OPERATING FUND

	Mitigation	Water Supply	Conservation	Total
Revenue				
District Revenues				
Property Taxes	\$308,100	\$2,310,750	\$462,150	\$3,081,000
Permit Fees - WDD	-	-	200,000	200,000
Permit Fees - WDS	-	-	50,000	50,000
Capacity Fee	-	600,000	-	600,000
User Fees	1,680,000	5,040,000	1,680,000	8,400,000
PWM Water Sales	-	20,086,800	-	20,086,800
Interest	211,200	231,000	217,800	660,000
Other	5,000	5,000	5,000	15,000
Total District Revenues	2,204,300	28,273,550	2,614,950	33,092,800
Reimbursements				
Reimbursements - CAW	-	449,458	350,000	799,458
Reimbursements - Watermaster	-	37,000	-	37,000
Reimbursements - Reclamation	-	38,650	-	38,650
Reimbursements - Recording Fees	-	-	65,000	65,000
Reimbursements - Legal Fees	-	-	15,000	15,000
Grants (IRWM)	2,494,896	-	-	2,494,896
Reimbursements - Other	-	-	57,000	57,000
Total Reimbursements	2,494,896	525,108	487,000	3,507,004
Other				
General Reserve	2,082,746	(729,272)	1,402,422	2,755,896
Asset Replacement Reserve	27,060	28,700	26,240	82,000
Total Other	2,109,806	(700,572)	1,428,662	2,837,896
Total Revenue	\$6,809,002	\$28,098,086	\$4,530,612	\$39,437,700

REIMBURSABLE AMOUNTS & GRANTS

Reimbursement Source	2026-27	
CAW - ASR 1 Operation	\$	374,458
CAW - Conservation Rebates		350,000
CAW - Conservation Programs - Advertising, website, workshop		53,500
Watermaster - Incl. \$45,000 for well redrilling		82,000
NOAA - Aquatic Resources Fisheries (Pit Tag)		25,000
Grants - IRWM Implementation - Round 1		1,111,542
Grants - IRWM Implementation - Round 2		1,383,354
Grants - PWM Project (expected completion)		-
Direct Bill - Deed Restriction		65,000
Direct Bill - Legal Reimbursement		15,000
Direct Bill - WDS Permitting, Hydrogeologic Analysis, etc.		57,000
Total Reimbursements	\$	3,516,854

ANALYSIS OF RESERVES

Summary	Mitigation Fund	Water Supply Fund	Conservation Fund	Totals
Pension Reserve	\$ 298,000	\$ 276,000	\$ 226,000	\$ 800,000
OPEB Reserve	298,000	276,000	226,000	800,000
Asset Replacement Reserve	1,115,451	766,016	382,633	2,264,100
Flood/Drought Reserve	500,000	0	0	500,000
General Operating Reserve (estimated)	8,955,622	4,596,218	7,827,467	21,379,307
Estimated Reserve Balance as of 06/30/2026	11,167,073	5,914,234	8,662,100	25,743,407
Pension Reserve Analysis (409000)				
06/30/2026 Balance (above)	\$ 298,000	\$ 276,000	\$ 226,000	\$ 800,000
Fiscal Year 2026-2027 Budgeted	34,000	36,000	30,000	100,000
06/30/2027 Budgeted Balance	332,000	312,000	256,000	900,000
OPEB Reserve Analysis (409500)				
06/30/2026 Balance (above)	\$ 298,000	\$ 276,000	\$ 226,000	\$ 800,000
Fiscal Year 2026-2027 Budgeted	34,000	36,000	30,000	100,000
06/30/2027 Budgeted Balance	332,000	312,000	256,000	900,000
Asset Replacement Reserve Analysis (406500)				
06/30/2026 Balance (above)	\$ 1,115,451	\$ 766,016	\$ 382,633	\$ 2,264,100
Fiscal Year 2026-2027 Budgeted	134,574	138,652	134,574	407,800
Fiscal Year 2025-2026 Use	(27,060)	(28,700)	(26,240)	(82,000)
06/30/2027 Budgeted Balance	1,222,965	875,968	490,967	2,589,900
Flood/Drought Reserve Analysis (407000)				
06/30/2026 Balance (above)	\$ 500,000	\$ 0	\$ 0	\$ 500,000
Fiscal Year 2026-2027 Budgeted	0	0	0	0
06/30/2027 Budgeted Balance	500,000	-	-	500,000
General Operating Reserve Analysis (410000)				
06/30/2026 Balance (above)	\$ 8,955,622	\$ 4,596,218	\$ 7,827,467	\$ 21,379,307
Fiscal Year 2025-2026 Estimated	(29,378)	(2,028,188)	(29,378)	(2,086,943)
Fiscal Year 2026-2027 Budgeted	(2,082,746)	729,272	(1,402,422)	(2,755,896)
06/30/2027 Budgeted Balance	6,843,499	3,297,302	6,395,667	16,536,468

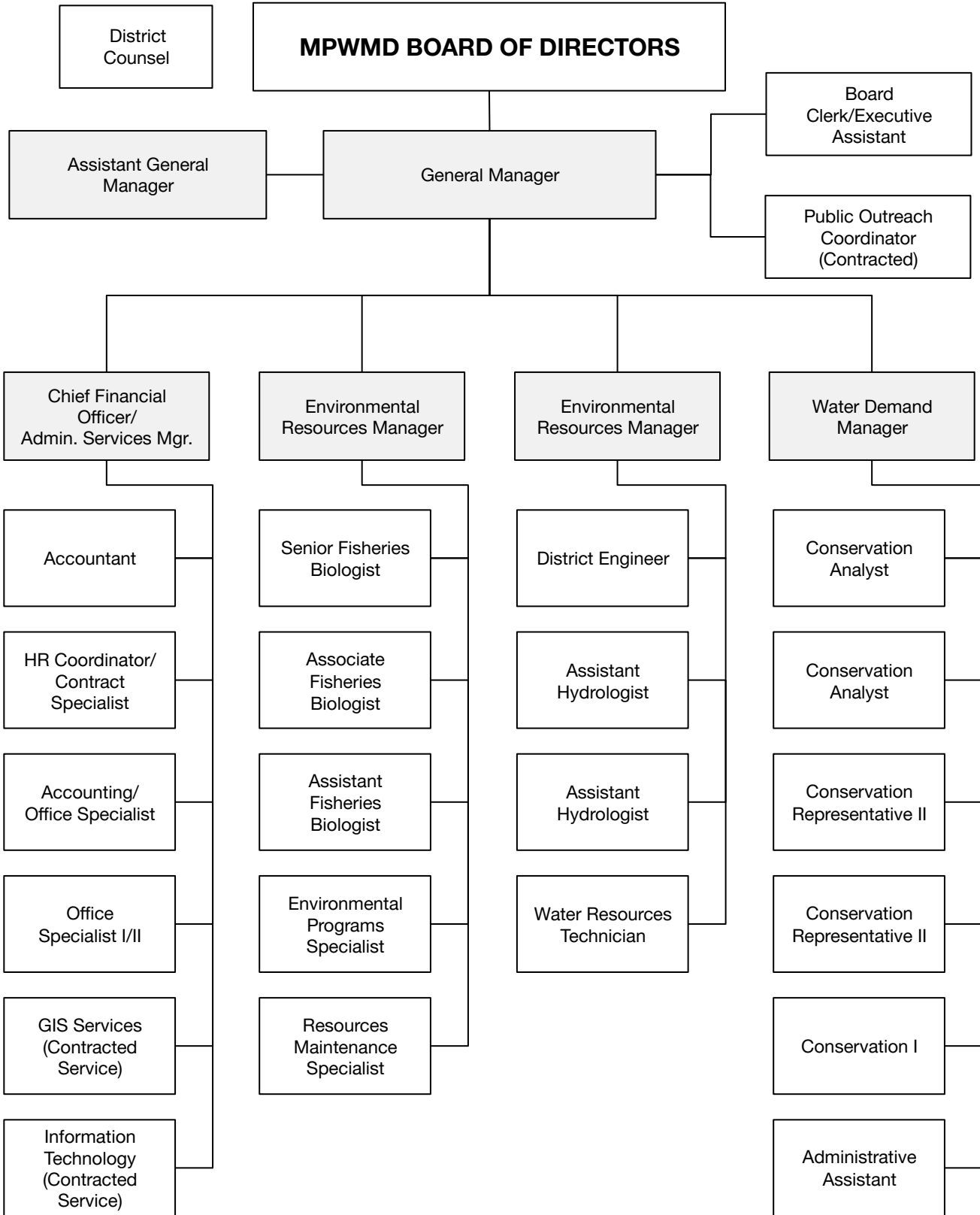
New reserves such as Compensated Absences, Capital Projects, and Rate Stabilization Reserve that were added in FY2025-26, will be reflected next fiscal year when funded.



- A. GENERAL MANAGER'S OFFICE**
- B. ADMINISTRATIVE SERVICES**
- C. WATER RESOURCES**
- D. WATER DEMAND**
- E. ENVIRONMENTAL RESOURCES**

DIVISION BUDGET

DISTRICT ORGANIZATION CHART



GENERAL MANAGER'S OFFICE

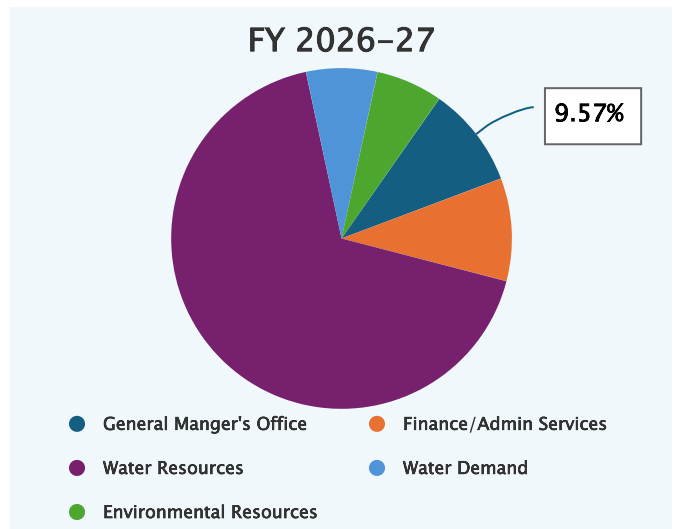
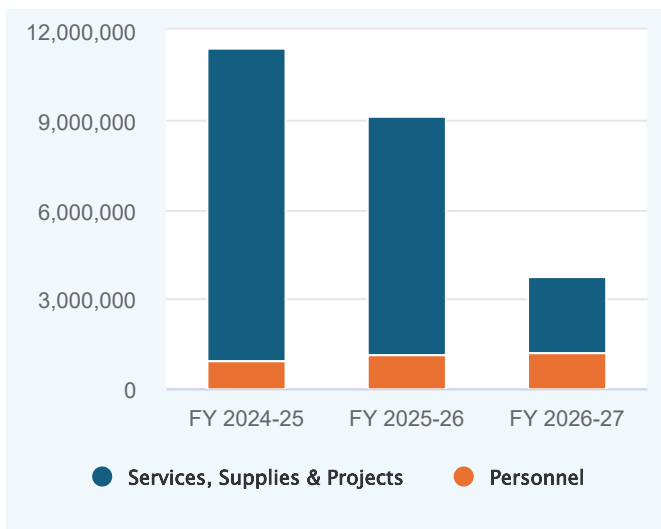
The General Manager's Office activities include strategic planning, oversight of divisional activities and execution, public outreach, coordination and oversight of budget and financial activities, management of the District's legal strategies, support for the Board of Directors and Committees. Priorities for next fiscal year include advancing the entry plan of the new Assistant General Manager, lifting the Cease and Desist Order, and advancing the acquisition of the Monterey Water System.

The services provided include general management of District activities on a day-to-day basis, strategic planning, program and activity evaluation, staff meetings and evaluations, meeting with jurisdictions and interest groups, regular interaction and direction with financial personnel, regular interaction and review of performance of District legal team, coordination of Board schedule and activities, preparation of Board packages and minutes.

Classification	FY 2024-25 Adopted	FY 2025-26 Adopted	FY 2026-27 Adopted	FY 2026-27 Change
General Manager	1	1	1	0
Assistant General Manager	0	1	1	0
Executive Assistant	1	1	1	0
Financial Analyst	1	0	0	0
TOTAL POSITIONS	3	3	3	0
TOTAL DISTRICT-WIDE POSITIONS*	28	28	28	0

* Two positions are contracted

	FY 2024-2025 Revised	FY 2025-2026 Adopted	FY 2026-2027 Adopted	FY 2026-2027 Change
Expenditures				
Personnel				
Salaries	\$ 562,000	\$ 676,000	\$ 705,000	29,000
Retirement	289,916	323,826	387,225	63,399
Auto Allowance	11,000	11,000	11,000	-
Deferred Compensation	17,483	21,614	22,605	991
Workers Compensation	5,554	5,935	3,038	(2,897)
Employee Insurance	63,438	80,229	89,611	9,382
Medicare & FICA Taxes	1,390	1,852	1,954	102
Other Benefits	300	300	300	-
Staff Development	3,000	2,400	9,900	7,500
Total Personnel	954,081	1,123,156	1,230,633	107,477
Services and Supplies				
Board Expenses	10,000	10,000	7,500	(2,500)
Telephone	1,000	5,100	5,100	-
Office Supplies	1,500	1,500	3,100	1,600
Postage & Shipping	300	300	300	-
Printing/Duplicating/Binding	600	600	600	-
Operating Supplies	3,389	1,500	1,500	-
Professional Fees	280,000	245,100	200,000	(45,100)
Travel	7,000	23,100	23,100	-
Meeting Expenses	2,000	12,500	16,500	4,000
Membership Dues	40,000	42,000	42,000	-
Public Outreach	3,500	6,000	247,500	241,500
Miscellaneous	400	400	400	-
Total Services and Supplies	349,689	348,100	547,600	199,500
Project Expenditures				
Project Expenses	50,000	25,000	150,000	125,000
Measure J-related	675,500	600,000	1,840,000	1,240,000
Reimbursement Projects	11,356,830	9,259,106	-	(9,259,106)
Fixed Assets	-	5,100	5,100	-
Total Project Expenditures	12,082,330	9,889,206	1,995,100	(7,894,106)
Total Expenditures	\$ 13,386,100	\$ 11,360,462	\$ 3,773,333	(7,587,129)



FINANCIAL & ADMINISTRATIVE SERVICES

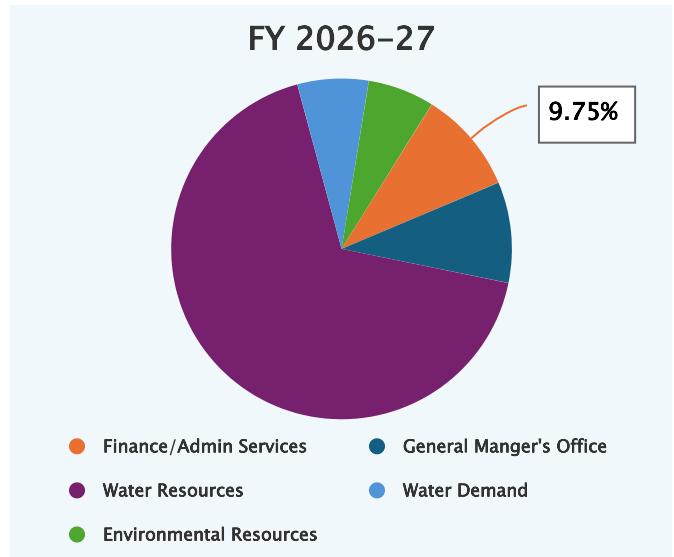
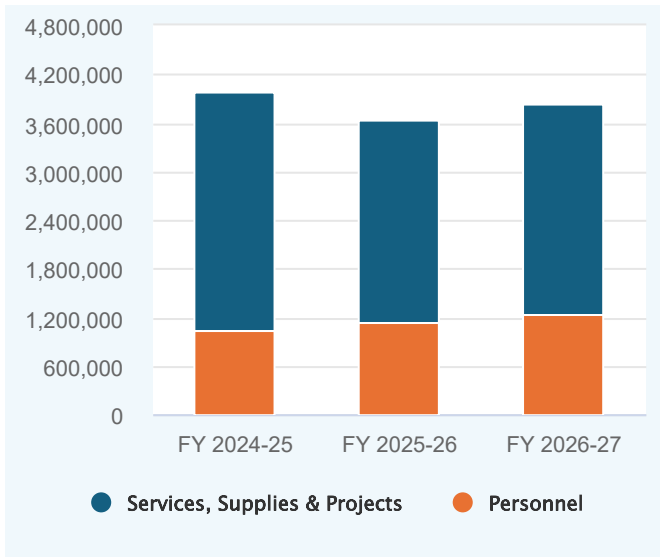
The Finance & Administrative Services Department activities include treasury, payables, revenue and debt management, procurement, payroll, safety, risk management, human resources, records management, building services and repairs, administrative support and work in support of District-wide program and activities, and information technology services.

The services provided include cash and investment management, day-to-day accounting and budget operations for the District and Pebble Beach Reclamation Project, internal and external financial reporting, grant administration, debt administration, overseeing District's financial obligations, management of assets, payroll administration, acquisition and payment of all goods and services, financial aspect of risk management, administering safety training programs, accident investigation, recruitment, selection, development and maintenance of personnel policies and procedures, employee development/training, employee recognition, legal issues and labor relations activities, and fulfilling public records requests. Additional services provided are the administration of benefit programs, overseeing workers compensation and ensuring compliance with DMV requirements. This department also maintains the District wide records management program, the repair & maintenance and improvements of the District's information and communication technology systems.

Classification	FY 2024-25 Adopted	FY 2025-26 Adopted	FY 2026-27 Adopted	FY 2026-27 Change
CFO/Administrative Services Mgr.	1	1	1	0
Accountant	1	1	1	0
HR Coordinator/Contract Specialist	1	1	1	0
Accounting Office Specialist	1	1	1	0
Office Specialist	1	1	1	0
Information Technology Manager (Contracted)	1	1	1	0
GIS Specialist (Contracted)	0.5	0.5	0.5	0
HR Analyst (Contracted, as needed)	0.5	0.5	0.5	0
TOTAL POSITIONS	7.0	7.0	7.0	0
TOTAL DISTRICT-WIDE POSITIONS*	28	28	28	0

* Two positions are contracted

	FY 2023-2024 Revised	FY 2024-2025 Revised	FY 2026-2027 Adopted	FY 2026-2027 Change
Expenditures				
Personnel				
Salaries	\$ 600,000	\$ 639,000	\$ 678,000	\$ 39,000
Retirement	133,692	151,926	184,135	32,209
Unemployment Compensation	3,100	3,100	3,000	(100)
Temporary Personnel	10,000	10,000	10,000	-
Workers Compensation	7,762	7,965	4,529	(3,436)
Employee Insurance	69,146	74,136	83,753	9,617
Employee Insurance - Retirees	190,387	190,387	205,280	14,893
Medicare & FICA Taxes	37,676	39,860	43,023	3,163
Personnel Recruitmen	51,000	10,000	10,000	-
Other Benefits	2,300	2,300	2,300	-
Moving Expense Reimbursement	5,000	1,500	1,500	-
Staff Development	7,600	6,000	6,000	-
Total Personnel	1,117,663	1,136,173	1,231,520	95,347
Services and Supplies				
Board Member Comp	37,000	37,000	37,000	-
Rent	16,000	16,800	16,800	-
Utilities	40,000	44,000	50,000	6,000
Telephone	36,000	25,600	25,600	-
Facility Maintenance	76,000	95,100	95,100	-
Bank Charges	25,100	68,000	25,100	(42,900)
Office Supplies	20,000	42,000	20,000	(22,000)
Courier Expense	7,600	7,600	7,600	-
Postage & Shipping	6,000	29,100	7,500	(21,600)
Equipment Lease	13,200	13,200	13,200	-
Equip. Repairs & Maintenance	5,100	5,100	5,100	-
IT Supplies/Services	293,600	289,100	306,000	16,900
Operating Supplies	2,000	2,000	2,000	-
Legal Services	945,241	400,000	420,000	20,000
Professional Fees	55,100	166,100	133,100	(33,000)
Transportation	2,000	6,600	6,600	-
Travel	4,000	4,000	4,000	-
Meeting Expenses	18,000	11,000	11,000	-
Insurance	300,000	342,000	360,000	18,000
Legal Notices	32,000	5,100	3,100	(2,000)
Membership Dues	3,500	4,000	4,000	-
Assessors Administration Fee	34,000	25,100	24,000	(1,100)
Miscellaneous	27,600	3,100	3,100	-
Total Services and Supplies	1,999,041	1,641,600	1,579,900	(61,700)
Project Expenditures				
Election Expense	250,000	250,000	250,000	-
Contingency	70,000	70,000	70,000	-
Fixed Assets	70,100	75,100	107,100	32,000
Total Project Expenditures	390,100	395,100	427,100	32,000
Reserves	513,000	526,000	607,800	81,800
Total Expenditures	\$ 4,019,804	\$ 3,698,873	\$ 3,846,320	147,447



WATER RESOURCES

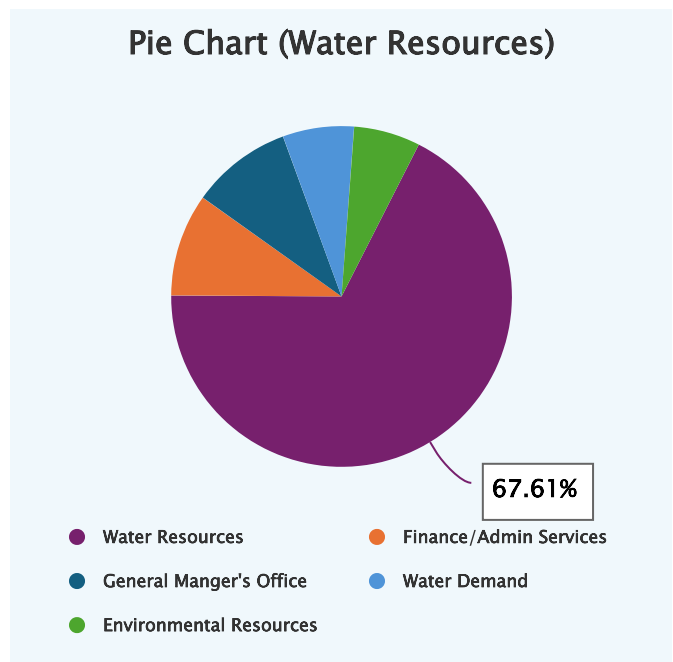
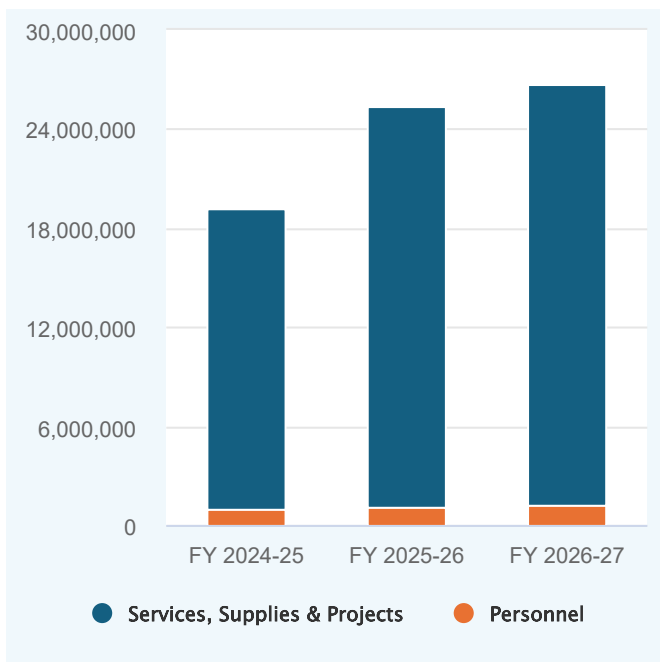
Division activities include review and investigation of proposed water supply projects, evaluation of proposed Carmel River water rights decisions, preservation of existing District water rights, coordination of Water Distribution System permits, and coordination of water resource management throughout the District. Program responsibilities and services provided include surface and groundwater data collection and reporting programs, quarterly water supply strategies and budgets for Cal-Am’s main and satellite water distribution systems. WRD staff coordinates closely with the Environmental Resources Division and Water Demand Divisions on certain activities to more efficiently share internal staff resources and expertise.

- 💧 **Water Supply** – Develop and implement plans for water supply augmentation projects; design, permit, construct, operate Seaside Basin ASR projects; analyze water supply project alternatives; operate water resources simulation models. Analysis of impacts and benefits of proposed water supply projects; review and completion of environmental compliance documents under the California Environmental Quality Act and National Environmental Policy Act).
- 💧 **Water Rights** – Coordinate District review of proposed Carmel River water rights issued by the State Water Resources Control Board; track and preserve existing District water rights; prepare applications for changes to District water rights.
- 💧 **Water Resources Management** – Prepare quarterly water supply strategy budgets; participate in annual Carmel River Low Flow Memorandum of Agreement process; conduct monitoring and management functions as part of Seaside Basin Watermaster Monitoring & Management Plan; provide technical assistance and expert testimony on Cal-Am rate cases before the CPUC; prepare annual Mitigation Program reports; coordinate Monterey Peninsula Water Operations quarterly meetings.
- 💧 **Hydrologic Monitoring Program** – Conduct: (a) precipitation monitoring, (b) streamflow monitoring, (c) reservoir and groundwater storage monitoring, (d) surface water and groundwater production monitoring, (e) surface water and groundwater quality monitoring, and (f) Carmel River lagoon water level, quality, bathymetric and habitat monitoring.
- 💧 **Water Use and Permitting** – Collect, analyze and report data from approximately 1,000 wells and other sources for annual District-wide water production summary; coordinate with Water Demand Divisions on Water Distribution System permitting.
- 💧 **Integrated Regional Water Management (IRWM)** – Facilitate the development and implementation of a comprehensive IRWM Plan for the Monterey Peninsula region, including projects involving Carmel River resources, groundwater, recycled water, desalination, stormwater, flood control, ecosystem restoration, water conservation, and public recreation; conduct stakeholder outreach; prepare grant applications for specific projects; administer grant funds on behalf of the District and local area project proponents.

Classification	FY 2024-25 Adopted	FY 2025-26 Adopted	FY 2026-27 Adopted	FY 2026-27 Change
Water Resources Manager	1	1	1	0
District Engineer	1	1	1	0
Associate Hydrologist	0	0	0	0
Meter Program Coordinator	1	0	0	0
Assistant Hydrologist	2	2	2	0
Water Resources Tech I/II	0	1	1	0
TOTAL POSITIONS	5	5	5	0
TOTAL DISTRICT-WIDE POSITIONS	28	28	28	0

* Two positions are contracted

	FY 2024-2025 Revised	FY 2025-2026 Adopted	FY 2026-2027 Adopted	FY 2025-2026 Change
Expenditures				
Personnel				
Salaries	\$ 712,000	\$ 770,000	\$ 792,000	22,000
Retirement	139,348	154,580	180,212	25,632
Unemployment Compensation	3,000	3,000	3,000	-
Workers Compensation	46,279	49,638	46,951	(2,687)
Employee Insurance	94,720	101,556	113,697	12,141
Medicare & FICA Taxes	14,014	14,873	14,873	-
Other Benefits	300	300	300	-
Staff Development	6,000	6,000	6,000	-
Total Personnel	1,015,662	1,099,946	1,157,033	57,087
Services and Supplies				
Rent	6,600	6,600	6,600	-
Utilities	600	600	600	-
Telephone	7,000	5,400	5,400	-
Office Supplies	600	600	600	-
Postage & Shipping	600	600	600	-
Operating Supplies	3,000	4,000	4,000	-
Transportation	18,000	19,600	22,600	3,000
Travel	1,000	4,000	4,000	-
Legal Notices	600	600	600	-
Membership Dues	600	2,600	2,600	-
Total Services and Supplies	38,600	44,600	47,600	4,400
Project Expenditures				
Project Expenses	1,061,455	511,197	1,716,197	1,205,000
PWM Water Purchase	16,290,300	22,651,200	21,226,800	(1,424,400)
Reimbursement Projects	823,950	1,101,504	2,514,896	1,413,392
Total Project Expenditures	18,175,705	24,263,901	25,457,893	1,193,992
Total Expenditures	\$ 19,229,967	\$ 25,408,447	\$ 26,662,526	1,255,479



ENVIRONMENTAL RESOURCES

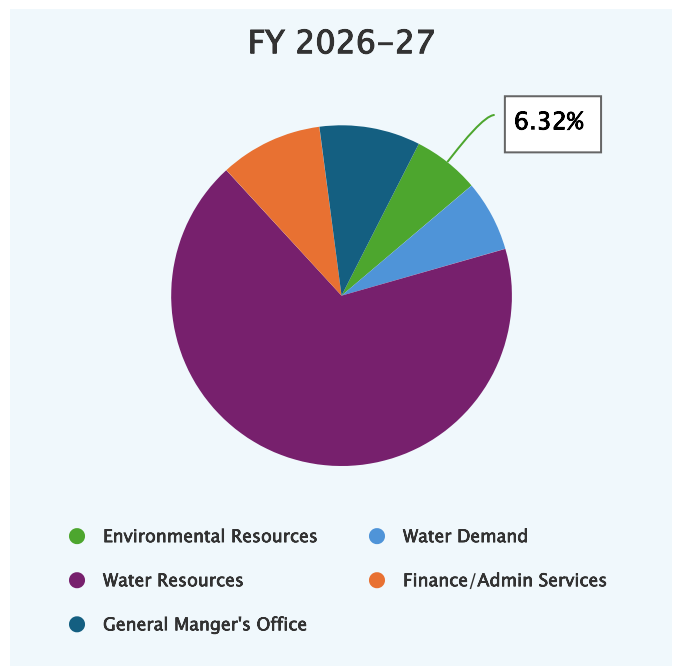
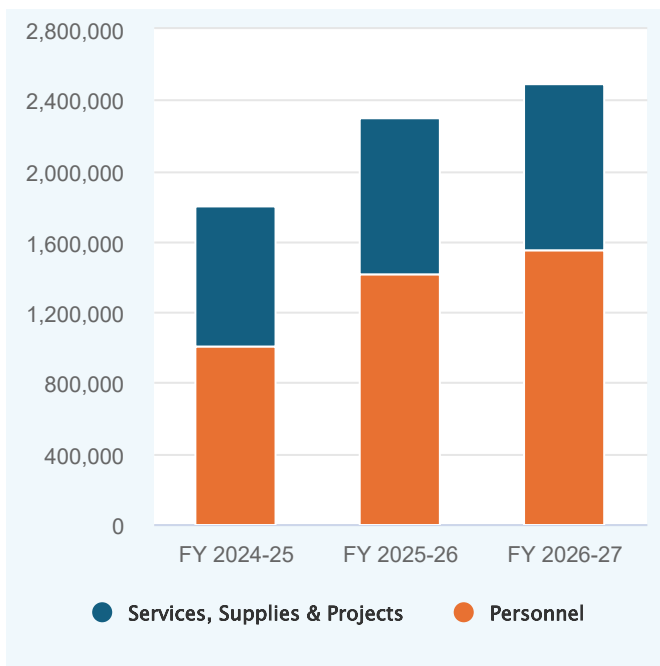
Program responsibilities and services provided include the implementation of the District's Mitigation Program. These include fishery protection activities in the Carmel River basin, river restoration activities, vegetation management, and the annual Carmel River Memorandum of Agreement among Cal-Am, CDFG and the District that governs reservoir releases to the lower Carmel River during the low-flow season. ERD staff coordinate closely with the Water Resources Divisions on certain activities to more efficiently share internal staff resources and expertise.

- 💧 Fisheries Resource Program – Rescue stranded steelhead from the Carmel River; rear rescued fish at the Sleepy Hollow Rearing Facility (SHSRF); rescue downstream migrant smolts in spring and transport them to a holding facility or the ocean; prevent stranding of early fall and winter migrant juvenile steelhead; rescue steelhead kelts and
- 💧 Carmel River Mitigation Program – Conduct Carmel River restoration projects, including problem assessment, design, bid preparation, permit acquisition, construction management, and project monitoring; install, operate, and maintain high-volume irrigation systems along the lower Carmel River; monitor and assess streamside conditions; provide technical assistance to river front property owners; determine erosion potential; enforce District rules for the Carmel River; rescue steelhead and operate the Sleepy Hollow Steelhead Rearing Facility; provide technical analysis and advice to agencies responsible for Carmel River lagoon management.
- 💧 Vegetation Management – The District inspects the Carmel River for downed trees and vegetation encroachment and makes selective cuts to help reduce the potential for bank erosion or impacts to public or private infrastructure. The goal of the program is to have a relatively open channel for flow and debris but preserve the habitat value of

Classification	FY 2023-24 Adopted	FY 2024-25 Adopted	FY 2025-26 Adopted	FY 2025-26 Change
Environmental Resources Manager	1	1	1	0
Senior Fisheries Biologist	0	1	1	0
Associate Fisheries Biologist	1	0	0	0
Associate Fisheries Biologist	1	1	1	0
Assistant Fisheries Biologist	1	1	1	0
Environmental Programs Specialist	1	1	1	0
Resources Maintenance Specialist	1	1	1	0
TOTAL POSITIONS	6	6	6	0
TOTAL DISTRICT-WIDE POSITIONS	28	28	28	0

* Two positions are contracted

	FY 2024-2025 Revised	FY 2025-2026 Adopted	FY 2026-2027 Adopted	FY 2026-2027 Change
Expenditures				
Personnel				
Salaries	\$ 784,000	\$ 997,000	\$ 904,000	44,000
Retirement	201,031	223,628	285,493	22,598
Unemployment Compensation	3,000	3,000	3,000	-
Workers Compensation	50,671	48,674	53,244	2,604
Employee Insurance	113,664	126,468	136,194	8,203
Medicare & FICA Taxes	11,353	11,994	13,175	640
Other Benefits	300	3,200	300	-
Staff Development	4,500	4,500	4,500	-
Total Personnel	1,168,519	1,418,464	1,399,906	78,045
Services and Supplies				
Rent	6,600	6,600	6,600	-
Utilities	600	600	600	-
Telephone	3,000	1,800	1,800	(1,200)
Office Supplies	600	600	600	-
Operating Supplies	4,500	2,600	5,000	1,600
Transportation	16,000	26,000	26,000	-
Travel	4,000	4,000	4,000	-
Meeting Expenses	200	200	200	-
Membership Dues	700	800	800	-
Total Services and Supplies	36,200	43,200	45,600	400
Project Expenditures				
Project Expenses		1,164,365	810,329	45,954
Reimbursement Projects		422,458	406,958	(357,993)
Fixed Assets	70,000			
Total Project Expenditures	70,000	1,586,823	1,217,287	(312,038)
Total Expenditures	\$ 1,274,719	\$ 3,048,487	\$ 2,662,793	(233,593)



WATER DEMAND

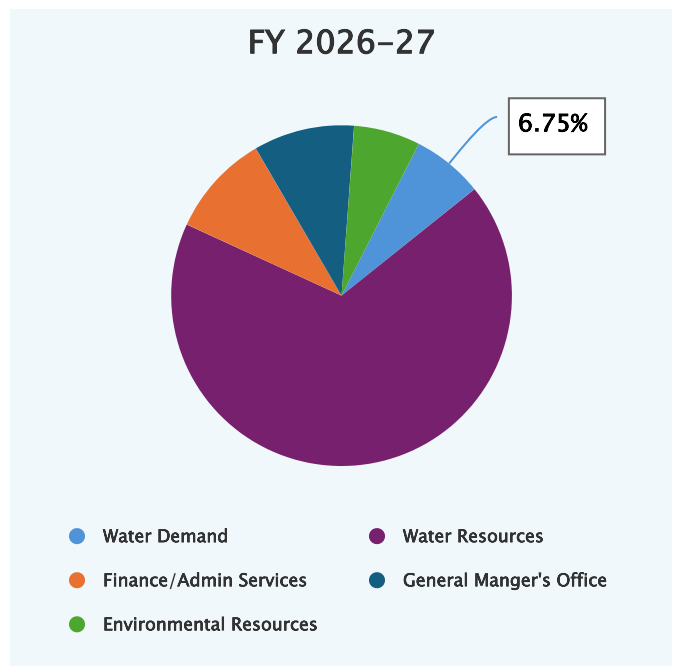
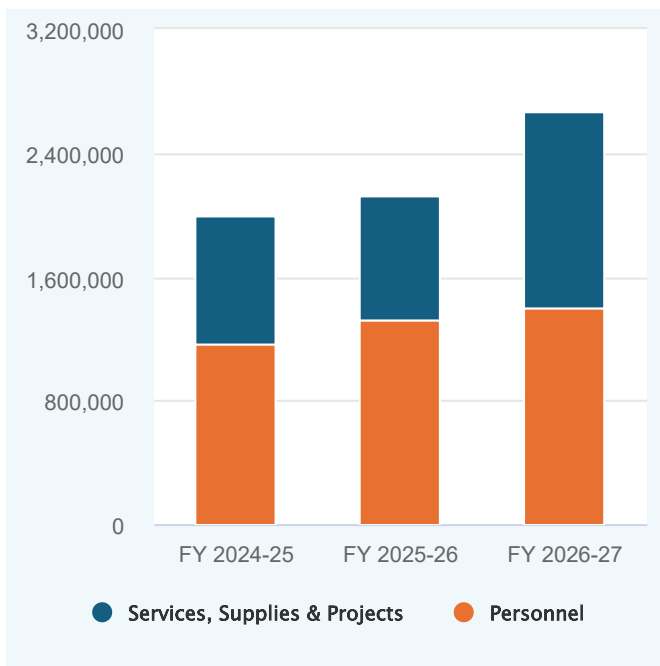
The Water Demand Division provides information and programs to achieve efficient water use and maximize available supplies. This is achieved through community education and outreach, development of incentives and training programs, and by implementing and enforcing permitting and conservation regulations, thereby reducing the community's need for potable water. The Water Demand Division strives to provide responsive and accurate customer service that exceeds the expectations of the people we serve.

Services include permit review and processing, conservation program administration and reporting, site visits and inspections, water waste and rationing enforcement, rebate program administration, and data management and data systems design related to demand management. Other services include project and program coordination and training with eight local cities and counties, local water purveyors, local and statewide agencies, builders, contractors, architects, realtors and others. This also includes reviewing and processing applications for WDS permits; making determinations of level of review, making technical findings; coordinating staff, consultant, and District Counsel work on WDS permits; prepare findings; issue WDS permits. The Water Demand Division also reviews projects for environmental compliance related to water supply, collaborates with jurisdictions to ensure efficiency standards for development projects, assists with rate-making, and proposes policies and programs to encourage and promote indoor and outdoor water efficiency, conservation, reuse, alternative water sources, and nonresidential best management practices.

Classification	FY 2024-25 Adopted	FY 2025-26 Adopted	FY 2026-27 Adopted	FY 2026-27 Change
Water Demand Manager	1	1	1	0
Conservation Analyst	2	2	2	0
Conservation Technician	1	1	1	0
Conservation Representative II	2	2	2	0
Administrative Assistant	1	1	1	0
Enforcement (temporary)	0	0	0	0
TOTAL POSITIONS	7	7	7	0
TOTAL DISTRICT-WIDE POSITIONS*	28	28	28	0

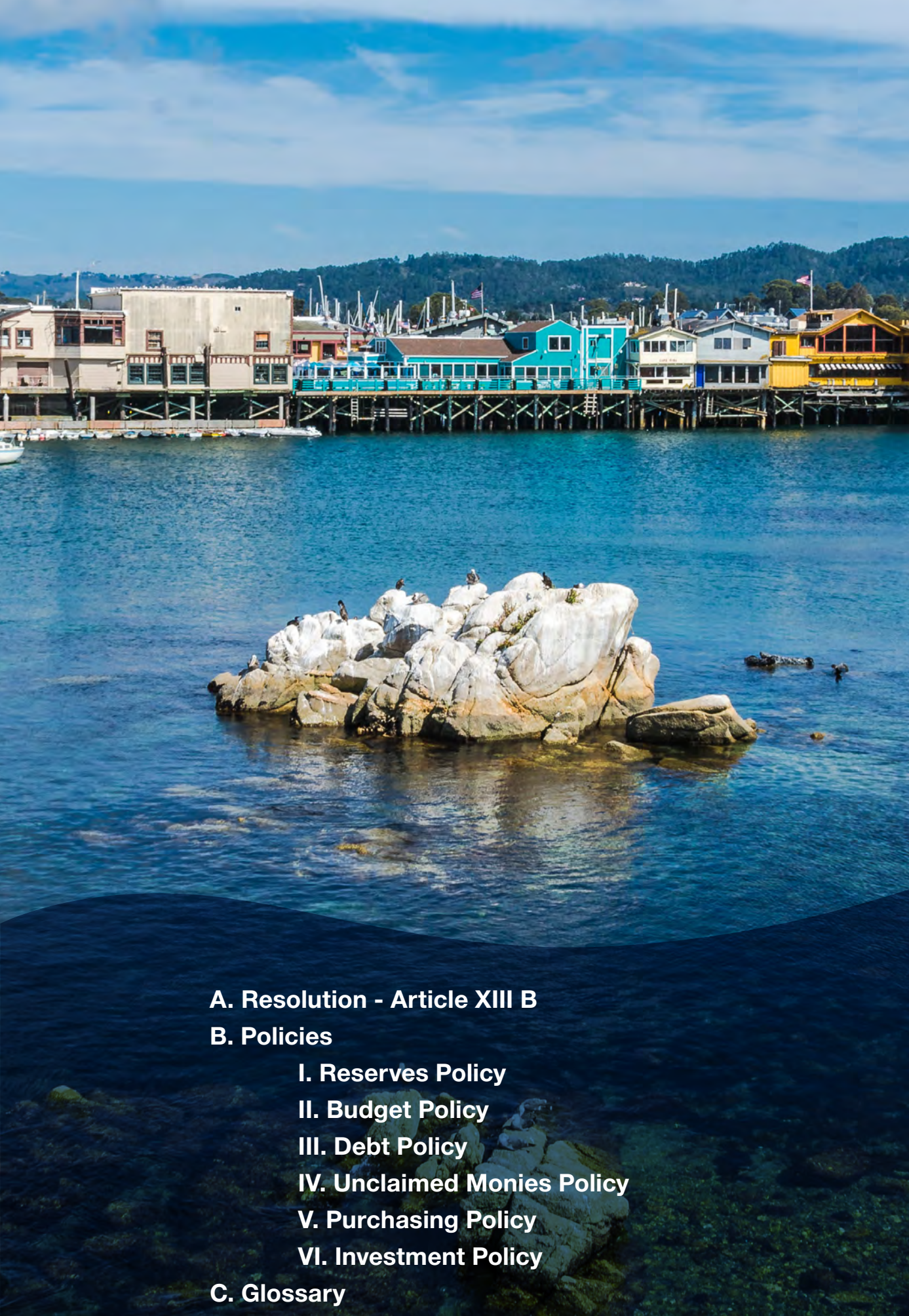
* Two positions are contracted

	FY 2024-2025 Revised	FY 2025-2026 Adopted	FY 2026-2027 Adopted	FY 2026-2027 Change
Expenditures				
Personnel				
Salaries	\$ 788,000	\$ 945,080	\$ 1,017,000	71,920
Retirement	214,839	298,754	346,818	48,064
Unemployment Compensation	1,000	1,000	1,000	-
Workers Compensation	3,531	6,454	6,579	125
Employee Insurance	136,376	147,931	159,277	11,346
Medicare & FICA Taxes	11,416	13,609	13,870	261
Other Benefits	300	300	300	-
Staff Development	10,000	7,500	7,500	-
Total Personnel	1,165,462	1,420,628	1,552,344	131,716
Services and Supplies				
Telephone	4,000	2,900	2,900	-
Office Supplies	2,000	2,000	2,000	-
Postage & Shipping	600	500	500	-
Printing/Duplicating/Binding	1,500	2,000	2,000	-
IT Supplies/Services	35,000	10,000	10,000	-
Operating Supplies		16,000	15,000	(1,000)
Transportation	5,000	6,500	5,000	(1,500)
Travel	5,000	2,500	2,500	-
Meeting Expenses	1,000	1,000	1,000	-
Membership Dues	3,000	2,500	2,500	-
Total Services and Supplies	57,100	45,900	43,400	(2,500)
Project Expenditures				
Project Expenses	771,500	659,300	853,500	194,200
Public Outreach		-	-	-
Total Project Expenditures	771,500	659,300	853,500	194,200
Total Expenditures	\$ 1,994,062	\$ 2,125,828	\$ 2,449,244	323,416





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A. Resolution - Article XIII B

B. Policies

I. Reserves Policy

II. Budget Policy

III. Debt Policy

IV. Unclaimed Monies Policy

V. Purchasing Policy

VI. Investment Policy

C. Glossary

APPENDICES



RESOLUTION NO. 2026-02

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
ESTABLISHING AN APPROPRIATIONS LIMIT FOR FISCAL YEAR 2026-2027**

WHEREAS, Article XIII (B) of the California Constitution requires that each local government agency annually establish an appropriations limit; and

WHEREAS, the Monterey Peninsula Water Management District desires to establish its appropriations limit for the purpose of setting its budget.

THEREFORE, BE IT RESOLVED, that the Board of Directors of the Monterey Peninsula Water Management District hereby determines that the 20246-20257 appropriations limit for the District is \$2,497,245 based on a 2026-2027 multiplier of 1.04932, as shown on **Attachment 1**.

PASSED AND ADOPTED on this 19th day of May, 2026 on a motion by Director Oglesby, seconded by Director Edwards, by the following vote:

AYES: Oglesby, Daniels, Edwards, Lindor, Paull, Lindor, and Riley.

NAYS: None

ABSENT: None

I, David J. Stoldt, Secretary to the Board of Directors of the Monterey Peninsula Water Management District, hereby certifies that the foregoing is a resolution duly adopted on the 19th day of May 2026.

Dated: May 19, 2026

A handwritten signature in blue ink that reads "David J. Stoldt".

David J. Stoldt
Secretary to the Board



Reserves Policy



RESERVES POLICY

The Reserves Policy is designed to establish guidelines for the fiscal stability of the District and provide the rules and procedures on how the District will manage Reserves. In addition, this policy is intended to document the appropriate Reserve levels to protect the District's creditworthiness. Specifically, this policy establishes the amounts that the District will strive to maintain in its Reserves, how the Reserves will be funded, and the conditions under which the Reserves may be used.

The District will establish and maintain reserve balances to:

1. Guard its stakeholders and residents against service disruption in the event of temporary or unexpected revenue shortfalls, economic uncertainties, local disasters, financial hardships, or unpredicted one-time expenditures.
2. Provide for fluctuations in revenues and expenditures while ensuring adequate cash flow.
3. Set-aside capital planning reserves for the maintenance, replacement, and upkeep of District facilities or equipment.
4. Demonstrate continued creditworthiness to bond rating agencies and comply with relevant debt covenants.

Background:

Government Accounting Standards Board (GASB) Standard 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. This Statement classifies fund balance into five categories: nonspendable, restricted, committed, assigned, and unassigned, based on the relative strength of the constraints that control how specific amounts can be spent. The District reserves in this policy will be generally treated as an assigned fund balance, except for general reserves, which may be treated as unassigned. Any transfer of funds from the reserve may only be made upon Board approval or as part of the budget adoption. The policy establishes the following guidelines:

1. Types of Reserves and Reserve Levels: The District establishes various reserves to meet anticipated liabilities and risks. In order to provide liquidity adequate to meet the needs and demands of providing government services, including unanticipated reductions in revenues or unplanned increases in expenses, reserve levels will be maintained and managed within the District's Cash balance and Investment accounts. The policy does not create a separate working capital reserve; instead, unassigned or assigned general reserve may be considered as part of the District's Working Capital.

The policy formalizes the following District reserves and establishes minimum reserve levels as under:

- a) **General Reserve:** The purpose of the General Reserve is to provide funding for District operations during a reduction in expected or budgeted revenues and unexpected cash shortages, expenses, or losses. The policy establishes a General Reserve target of 50% of the fiscal year's operating budget, generally supporting six months of operations. The operating budget will generally exclude pass-through expenditures. In case of expected on-time expenses or liabilities not covered by other Reserves, including legal liabilities, the minimum target of the General Reserve may be increased to cover the expected payout for such expenses or liabilities.
- b) **Assets Replacement Reserve:** Reserve for replacement costs of facilities, vehicles, and equipment in service. Contributions toward this Reserve will be guided by the total anticipated cost of the facility or facility improvements, spread out over the depreciable life of the asset or the number of years before the asset needs to be replaced.

- c) **Debt Reserve:** Set-aside reserve to contribute towards the District's debt payments. The reserve will follow guidelines established by bond or debt covenants, generally targeting accumulated reserves of at least one year of the district's total debt service.
 - d) **Pension Reserve:** Reserve to accumulate resources towards the payment of the District's unfunded accrued pension liability (UAL), to buffer increases in the District's PERS payments, and contribute towards a potential Section 115 Trust Fund. Contributions towards this reserve will be generally made to target the specified funded ratio for the District's defined benefit plans at the California Public Employees Retirement System.
 - e) **Other Post Employment Benefit (OPEB) Reserve:** Reserve to contribute towards the payment of the District's unfunded accrued OPEB liability and to contribute towards a potential Section 115 Trust Fund. Contributions to this reserve will be generally made to target the specified funded ratio for the District's OPEB plan.
 - f) **Flood/Drought Reserve:** Set-aside reserve to provide capital in the event of a local disaster or emergency. No set contributions are assigned to this reserve.
 - g) **Capital Project Reserve:** Reserve to accumulate resources for ongoing or future capital expenditures, including new vehicles, equipment, facilities, technology projects, and capital projects that meet the maintenance needs of existing or new District facilities. This reserve may be created in the future and funded annually at the discretion of the General Manager or designee as part of the budget process.
 - h) **Compensated Absences Reserve:** Reserve to pay for accumulated, paid-for employee leaves like vacation and sick time that is owed by the District to employees but has not yet been taken or paid out. New accounting standards, particularly GASB Statement 101, require governments to recognize these liabilities more broadly for both current and future use of leave, whether paid as time off or cashed out upon termination. The minimum target level for this reserve will be the expected employee payout in the next three years, or 25% of the Compensated Absences liability recorded for the preceding fiscal year.
 - i) **Rate Stabilization Reserve:** Reserve to mitigate the impact of fluctuating revenues or increased expenses on customer rates and manage potential rate fluctuations caused by drought, conservation efforts, or unexpected changes in demand. This reserve may be created in the future. The District will maintain water rate structures that are adequate to ensure that any enterprise or special revenue funds remain firmly and separately self-supporting, including the cost of operation, infrastructure maintenance and replacement, indirect cost recovery, and debt service. Contributions towards this reserve may be determined by a rate model when utility rates are adopted, or set during the adoption of the budget.
2. **Funding Reserves:** Funding will generally come from excess revenues over expenses or one-time revenues and will generally be proposed and funded during the budget adoption.
 3. **Conditions for Use of Reserves:** It is the intent of the District to limit use of the Reserves to address unanticipated and non-recurring needs. Reserves shall not normally be applied to recurring annual operating expenses. Reserves may, however, be used to allow time for the District to restructure its operations in a deliberate manner, with such use in the context of an adopted long-term plan. It shall be the District's policy to draw down general reserves consistent with the following priorities:
 - a) The use of reserves for their designated purpose.
 - b) The use of reserves to offset unanticipated increases in expenditures for current programs or projects.
 - c) The use of reserves to offset shortfalls in the collection of revenues.

- d) The use of reserves for one-time expenditure that generates ongoing cost savings or cost avoidance or generates ongoing revenue enhancements.
 - e) e. The use of reserves for a one-time expenditure that leverages the expenditure of significant public or private investment in the District by other entities.
4. Investment of Reserves: The cash balance in assigned reserves will be deposited or invested as consistent with the District's Investment Policy and other applicable governmental fiscal policies.
5. Replenishment of Reserves: In the event that Reserves are used, resulting in a balance below minimum targets, a plan will be developed and included to replenish reserves to their minimum level within a reasonable timeframe, generally not to exceed five years.
6. Excess of Reserves: In the event that the Reserves exceed the minimum balance requirements, any excess Reserves may be used in the following ways:
 - a) Fund accrued liabilities, including but not limited to debt service, pension, and other post-employment benefits as directed, or approved as part of the annual budget resolution. Priority will be given to those items that relieve budget or financial operating pressure in future periods.
 - b) Appropriate to lower the amount of bonds needed to fund capital projects in the District's capital plan, if applicable.
 - c) One-time expenses that do not increase recurring operating costs and cannot be funded through current revenues. Emphasis will be placed on one-time uses that reduce future operating costs.
7. Assignment of Reserves: General reserve surplus (excess over minimum target levels) arising due to additional revenues over expenses in the District's funds at fiscal year-end may be assigned to select reserves below after the close of the fiscal year in the following order:
 - a) Excess General Reserve arising from capacity fees that are over budget is assigned to the District's Capital Projects Reserve.
 - b) Excess General Reserve after Step A is assigned to Compensated Absences Liability to bring it to the minimum target level.
 - c) Excess General Reserve after Step B is assigned to the OPEB and/or Pension reserves to bring them to the minimum target levels.
 - d) Assignment for all remaining reserves is to be proposed during budget adoption or during mid-year budget amendment(s).
8. Periodic Review: The District shall periodically review the minimum target reserve levels and percentages of surplus funds to be assigned in light of changing conditions.



Budget Policy



BUDGET POLICY

The District's budget policy commits to a balanced operating budget and supports financial strategies that sustainably fund current and proposed capital improvement needs, cost of services, operating budgets, and programs. The level of budgetary control for the District will be at the Division level. Budgetary changes requiring increases to the budget at the Division level will require Board approval. This budget policy clarifies and formalizes most elements of the budget strategies adopted by the Board in 2005. The policy establishes the following guidelines for the District.

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.
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.



Debt Policy



DEBT MANAGEMENT POLICY

The Debt Management Policy provides guidelines for managing the District's debt obligations. The policy outlines the circumstances under which the District can utilize debt for short- or long-term purposes and establishes parameters for debt issuance, including types of debt, debt limits, controls, and debt administration procedures. The policy establishes the following guidelines:

1. **Purpose and Goals:** The purpose of the policy is to ensure responsible and prudent debt management practices that support the District's long-term financial health and creditworthiness.
 - a) The District will plan the use of debt in a manner that sustains financing payments at manageable levels.
 - b) Debt will be issued for a capital project only when the magnitude of costs justifies debt financing; the project meets a critical need; if a secure revenue source is identified to repay the debt; and when it is an appropriate means to achieve a fair allocation of costs between current and future beneficiaries.
 - c) The District will make every effort to use pay-as-you-go financing for capital improvement projects. Debt financing for a project may be used if the overall project cost exceeds anticipated available resources.
2. **Approval:** All debt issuances will be approved by the District Board. Where Official Statements (OS) are issued for debt, the OS will be approved by the Board as a non-consent item.
3. **Criteria:** Debt financing will only be used for long-term capital improvement projects with a useful life exceeding the term of the financing and for which the project revenues or specific identified revenue sources are sufficient to service the long-term debt, i.e. the term for repayment of long-term financing for capital improvements will not exceed the expected useful life of the project, and the District will not issue long-term debt to finance current operations. Refunding opportunities will be identified by periodic review of outstanding debt obligations. Refunding will be considered when there is a net economic benefit from the refunding.
4. **Attention to Creditworthiness:** Debt will be issued to maintain financial flexibility and minimize borrowing costs. The District shall seek to maintain the highest possible credit ratings for debt instruments, striving to at least maintain an investment grade standing (ranging from AAA to BBB) in the municipal market without compromising the District's policy objectives.
5. **Types of Financing Instruments:** The District may consider various types of debt instruments to finance long-term capital projects, including but not limited to revenue bonds, bond or grant anticipation notes, general obligation bonds (when allowed), certificates of participation, lease-financing, tax increment financing, special tax bonds, conduit financing, lines of credit, bank loans, and capital leases. These debt issuances may involve the services of externally qualified consultants such as Municipal Advisors, Bond Counsel, Underwriters, and Fiscal Agents to issue and manage debt. Generally, the District may use a lease-purchase method of financing for equipment if the lease rates are more favorable than the District's expected overall investment rate of return.
6. **Debit Limits:** Debt issuances may be restricted by existing debt covenants, including minimum debt coverage ratios. If applicable, the District will not incur general obligation indebtedness for public improvements that exceed in aggregate 15% of the assessed value of all real and personal property of the District as specified in the California Government Code Section 43605. Unless specific compelling reasons exist, the District will not consider "balloon" bond repayment schedules consisting of low annual payments and one large payment due at the end. The District will only issue fixed-rate debt. Such debt provides absolute certainty, at the time of the bond sale, as to the level of principal and interest owed annually.

7. Reporting and Controls:

- a) The District will comply with ongoing disclosure requirements associated with the agency's debt as stipulated by the Securities and Exchange Commission, Rule 15c2-12, and monitor compliance with those requirements. Staff will be responsible for ongoing disclosure information to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system, as well as reporting requirements issued by the California Debt and Investment Advisory Commission.
- b) The District shall establish and maintain a system of record keeping and reporting to comply with bond covenants, ensure that the proceeds of the proposed debt issuance will be directed to the intended use, and meet the arbitrage rebate compliance requirements as required by the tax code. The District will monitor all forms of debt annually in conjunction with the budget preparation process and report concerns and remedies, if necessary, to the Board. As part of its recordkeeping, the District shall maintain the following documents for the term of each issue of debt:
 - i. A copy of the debt closing transcript(s) and other relevant documentation in connection with the closing of the issue of debt.
 - ii. A copy of all material documents relating to capital expenditures financed by debt proceeds, including (without limitation) construction contracts, purchase orders, invoices, trustee requisitions, and payment records, reimbursed with debt proceeds, and records identifying the assets or portion of assets that are financed or refinanced with debt proceeds.
 - iii. Copies of records of investments, investment agreements, arbitrage reports, and underlying documents, including trustee statements.

8. Use of Debt Proceeds: The District will monitor the use of debt proceeds and the use of debt-financed assets (e.g., facilities, furnishings, or equipment) throughout the term of the debt and beyond if stipulated to ensure compliance with covenants and restrictions set forth in applicable financing documents, resolutions, and tax certificates.



Unclaimed Monies Policy

Mulch Madness 2025



UNCLAIMED MONIES POLICY

This policy establishes the District's escheatment guidelines while recognizing associated State requirements. In California, local agencies (including cities, counties, and special districts) have specific legal obligations concerning unclaimed property or cash under California Government Code Sections 50050 et seq., which provide a framework for local agencies to manage and eventually claim unclaimed money while ensuring proper notification to potential claimants.

Definitions:

- 💧 Escheatment: This is the process by which unclaimed money in the custody of a local agency can become the property of that agency. In accordance with Government Code 50050, "Except as otherwise provided by law, money, excluding restitution to victims, that is not the property of a local agency that remains unclaimed in its treasury or the official custody of its officers for three years is the property of the local agency after notice if not claimed or if no verified complaint is filed and served. At any time after the expiration of the three years, the treasurer of the local agency may cause a notice to be published once a week for two successive weeks in a newspaper of general circulation published in the local agency."
- 💧 Unclaimed property: Unclaimed property includes various financial assets that have remained inactive or have had no owner contact for a specific time, generally three years, such as bank accounts, uncashed checks, stocks, insurance benefits, wages, and the contents of safe deposit boxes.
- 💧 Dormancy period: This refers to the time frame (currently three years) where the owner has not interacted with the property or shown any interest.

This policy establishes the following guidelines:

1. Unclaimed Monies/Property: Unclaimed monies will become the property of the District at the end of the dormancy period (currently three years) as established by State law after the District has published once a week for two successive weeks in a newspaper of general circulation published in the local agency. Staff will make good faith efforts to contact the owner or payee before the dormancy period ends. The District may choose to deposit unclaimed property with the County Treasurer or the State Treasurer pursuant to the relevant Government Code.
2. Unclaimed Rebates: The District does not consider rebate payments as unclaimed monies or property and reserves the right to rescind rebates that remain uncollected within one year of issuance, and after District staff has made an additional attempt to contact the applicant of the rebate to collect it.



Purchasing Policy



1. CHAPTER: GENERAL INFORMATION

1.1. INTRODUCTION

Controlling regulations for the Purchasing function are set forth in the District's enabling legislation, California Government Codes Sections 54202, the State of California Special District Uniform Accounting and Reporting Procedures, and the California Water Code. In the event of any conflict between the Purchasing Policies and any enabling legislation of the District, the enabling legislation shall take precedence.

- 1.1.1. Purpose: The purpose of this manual is to define the practices and policies governing the procurement of supplies, materials, equipment and services, including construction and capital improvements to carry out the mission of the District. The goal of this policy is to ensure that all equipment, supplies, and services required for the operation of the District are available in a timely manner, are procured at the lowest possible cost and/or best value, and that the purchasing system supports and complements maintenance of accurate property records, internal control, and financial record keeping.
- 1.1.2. Scope: This policy and attendant procedures apply to locating a source, ordering, transportation, receipt, payment, and record keeping for all equipment, supplies, and services resulting in the expenditure of District funds.
- 1.1.3. Responsibilities: The General Manager has overall responsibility for ensuring that the provisions of this policy are followed. Authority for day-to-day operation of the purchasing system is delegated to the CFO/Administrative Services Manager who, in turn, may further delegate specific limited purchasing authority and other administrative activities. The CFO/Administrative Services Manager is responsible for proposing policy revisions and for staff training regarding purchasing procedures.
- 1.1.4. Construction Projects: The District has adopted the California Uniform Public Construction Cost Accounting Act (hereinafter "CUPCCAA") and its contracting policies for projects consisting of: 1) new construction, maintenance, alterations or repairs, and 2) the purchasing of materials, supplies and equipment related to new construction, alterations, maintenance or repairs.

1.2. ETHICS AND ACCOUNTABILITY

The General Manager (and his/her designee) serves as the Purchasing Agent and is charged with the responsibility and authority for coordinating and controlling the District's purchasing function in accordance with Purchasing Policies.

- 1.2.1. Each Division/Department is responsible for facilitating prudent, efficient, and cost-effective purchases. Division/Department Managers are responsible for ensuring that staff members in their divisions adhere to the policies and procedures herein established. They have a supervisory responsibility to ensure purchases are made within budget constraints. Managers are responsible for training members of their divisions on correct purchasing procedures. All employees requesting the purchase of supplies, equipment, or services are expected to be familiar with this policy and follow the procedures established.
- 1.2.2. All purchases shall be limited to the approved Division budget or as otherwise authorized by Board, General Manager or Division Managers. Purchasing dollar limits specified in the Purchasing Policies are "per order" unless otherwise indicated.
- 1.2.3. Applicable competitive bidding categories, authorization limits or contract award procedures will be based on unit cost, total purchase cost for consolidated bid items, or fiscal year aggregates in the case of standing purchase orders or similar ongoing purchasing arrangements. Departments/Divisions shall:
 - 1.2.3.1. Anticipate requirements sufficiently in advance to allow adequate time to obtain goods in accordance with best purchasing practices.

- 1.2.3.2. Maximize coordination of purchases to take advantage of cost savings for bulk purchases of commonly used goods and services.
 - 1.2.3.3. Identify the account from which purchases will be made and provide evidence that the purchase is budgeted.
 - 1.2.3.4. Provide a business justification for each purchase.
 - 1.2.3.5. Provide appropriate documentation that goods or services have been received, including properly signed off packing/receiving slips and confirmation that items have been received in good condition.
 - 1.2.3.6. Minimize urgent and sole source purchases and provide written findings and/or documentation when such purchases may be necessary.
 - 1.2.3.7. Prohibit splitting orders or projects for the purpose of avoiding procurement requirements or authorization limits.
 - 1.2.3.8. Invoices related to contracts or purchases authorized by the Board, General Manager or Division Managers can be approved for payment by the Division Managers or their designee.
- 1.2.4. All personnel engaged in the purchasing function shall exercise good judgment in the use and stewardship of District resources, and all Purchasing functions shall be conducted with absolute integrity and objectivity. Purchases are subject to public scrutiny; employees shall follow a strict rule of personal conduct that will not compromise the District in the conduct of its business.

2. CHAPTER: PURCHASING METHODS

2.1. PETTY CASH

Departments may request petty cash for use in purchasing small or immediately needed items, for expenditures that would be impractical to process through the Purchase Order system. Petty cash “banks” may be established and maintained for this purpose as authorized by the General Manager or CFO/Administrative Services Manager.

- 2.1.1. Division Managers or designee shall be responsible for assuring compliance with the petty cash policy and procedures, and for the security of petty cash in their Division.
- 2.1.2. Division staff may make small or urgent purchases in amounts not to exceed \$150 per request. Multiple petty cash slips shall not be used to “split” orders to circumvent this limit.
- 2.1.3. Petty cash slips shall include account numbers and business justification for the purchase and be signed by appropriate supervisory staff.
- 2.1.4. Petty cash may not be “loaned” to any individual for any reason.

The petty cash “bank” will be replenished based on submittal of signed petty cash slips and receipts to the Office Specialist for expenditures made. The Administrative Services Department shall periodically audit Department’s petty cash “bank”.

2.2. CREDIT CARDS

Under certain circumstances, use of a District credit card may be the most appropriate method for purchases. Designated employees shall receive a District-issued credit card with their name and Monterey Peninsula Water Management District embossed on the card. All cards will be kept in a safe place and released for use only under the authority of the designated employee. A designated employee may authorize use of the card by another staff member under certain limited circumstances.

- 2.2.1. District credit cards will be distributed on an as-needed basis to staff at the discretion of the General Manager. Delegated spending authority will be consistent with spending limits f as indicated in Chapter 2.4.
- 2.2.2. District credit cards shall be utilized for purchase of supplies and materials and shall not be used to contract for purchase of services, including professional services.
- 2.2.3. All purchases by credit card shall be shipped or delivered to a District address.
- 2.2.4. All credit card purchases must be documented in the same fashion as regular purchases including properly signed off packing/receiving slips, confirmation that goods have received in good condition and business justifications for the purchases.
- 2.2.5. If sales tax has not been paid at the time of purchase, this must be noted so that the Administrative Services Division can ensure that sales/use tax is paid to the State.
- 2.2.6. Restricted uses: District credit cards shall not be used for the following types of purchases:
 - 2.2.6.1. Cash advances
 - 2.2.6.2. Routine gasoline purchases for District vehicles
 - 2.2.6.3. Items available from routine purchase orders
 - 2.2.6.4. Machinery that requires a maintenance agreement
 - 2.2.6.5. Personal items or to purchase alcohol
 - 2.2.6.6. Prize money or payables that may require the issuance of a 1099

District credit cards may be used for the purchase of supplies and equipment, providing the purchases are not routine, and where use of the credit card is the most efficient method of payment. (e.g., ordering publications from a professional organization or paying for something that is needed immediately).
- 2.2.7. Telephone or Internet Order: If an employee opts to use the District credit card to place a telephone or internet order, the employee must obtain a detailed confirmation of the order from the vendor. Upon receipt of the order, the packing slip shall be attached to the back of the order confirmation and then forwarded to the accounts payable clerk for reconciliation with the monthly statement or invoice. When using the District credit card for airline travel over the internet, an official receipt or itinerary showing exact costs shall be obtained.
- 2.2.8. Travel: The District credit card may be used for seminar/training expenses such as registration fees, airline reservations, hotel, rental car, and meals. Original itemized receipts must be retained for following the statement procedures. If a District credit card is used, the receipt will be submitted along with any invoice in the District's Document Management System¹ with the Credit Card company² as the vendor. If an employee has used a personal credit card or cash for an approved purchase, copies of receipts shall be attached to an Expense Claim form and forwarded to the Accounting Specialist with appropriate account numbers.
- 2.2.9. Gasoline Cards: Gasoline credit cards are located in each vehicle. They are for use by staff to make routine purchases of gas, oil, lubricants, and other supplies and services for maintenance of District vehicles only when traveling for field work. They are not to be used for food or purchase of non-automotive products. Receipts should be turned into the Accounting Specialist.
- 2.2.10. District related entertainment: The District credit card may be used to pay for meals and/or other appropriate events when entertaining guests on behalf of the District, such as:
 - 2.2.10.1. Advisory board, commission members, or other District officials
 - 2.2.10.2. Oral interview board panelists

¹ DocuWare as of 4/2024

² U.S. Bank as of 4/2024

2.2.10.3. Such expenses reasonably borne by the District for entertaining guests at meetings, conferences, or other related District business.

The cardholder copy of receipts shall be provided to the Accounting Specialist with the appropriate account numbers, including the affiliation of guest(s) entertained, the names of the individuals in attendance, as well as the specific nature of the District business.

Statement processing: Cardholding employees shall submit original receipts with appropriate account numbers attached to their statement copy and forward to the Accounting Specialist. Receipts provided for credit card purchases must include a detailed itemization of the items purchased, and amounts added for shipping, gratuities, etc. The Accounting Specialist shall be responsible for collecting receipts for credit card transactions from cardholders, verifying them against the statements, and processing payment as soon as possible to avoid finance charges.

Disputes: If items purchased with a District credit card are found defective, incorrect or no longer needed, the cardholder has the responsibility of returning the item(s) to the merchant. If the merchant refuses to replace or correct a defective item, exchange a wrong item, or give a refund for an unneeded item, then this purchase is considered to be in dispute and will not be paid until resolved.

2.3. PURCHASE REQUISITIONS

Departments shall submit requests for goods and equipment by standard Requisition through the financial system. Signature authority for Requisitions shall be the same as that for Purchase Orders. Departments shall submit completed Requisitions for purchases in excess of \$500, excluding purchases that do not require a Purchase Order as detailed in Chapter 5.

2.4. PURCHASING LIMITS

Authorized approvers of Requisitions and Contracts shall be generally limited as indicated in the table below:

\$1 to \$500	Staff as delegated by Division Manager
\$1 to \$10,000	Managers/District Engineer or designees
\$1 to \$25,000	General Manager or Designee
Above \$25,000	Board Approval

Once a Purchase order or contract has been approved, Managers/District Engineer are authorized to sign on contracts as long as they meet District contract requirements including, but not limited to insurance, indemnification, licensing, and any requirements imposed by regulation or grants.

2.5. CONTRACTS FOR GOODS AND SERVICES

2.5.1. District contracts shall be consistent with State and Federal laws and shall be fully executed prior to the performance of any contract work. Each contract shall be approved as to form by the District Counsel unless such contract is developed consistent with a template pre-approved as to form by the District Counsel(in which case the individual contract need not receive separate attorney approval).

2.5.2. Multi-year agreements are encouraged for ongoing general services and consultant/professional services with a defined scope of work such as, but not limited to, janitorial and landscape maintenance, attorneys, consultants, and printer leases. The annual value of multi-year contracts and single year contracts with options to renew shall be considered in obtaining the appropriate signature authority. Any renewal periods for such contracts shall require a contract amendment, including proper signatures, executed prior to performance of the additional work or provision of the additional goods.

- 2.5.3. The General Manager or designee may approve alternative selection, evaluation, and award procedures for a specific contract or class of contracts (except as provided herein), if available information demonstrates that a substantial cost savings, enhancement in quality or performance, or other public benefit will result from use of the alternative contracting method. The alternative contracting method shall meet the purpose and goals of the Purchasing Policies and shall substantially promote the public interest in a manner that could not be achieved by complying with the competitive procurement methods otherwise available under the Purchasing Policies.
- 2.5.4. In the event of emergency or urgent circumstances, the General Manager or designee has the authority to authorize contracts and follow up with Board at the earliest opportunity. Except in an emergency or urgent circumstance, as approved by the General Manager, no work shall commence, until all required contract documentation (e.g., insurance certificates and endorsements, licenses, permits) has been provided to the District.

2.6. TYPES OF CONTRACTS

- 2.6.1. Standing Supply Agreements:
Division Managers or designees may negotiate Standing Supply Agreements with vendors for purchase of repetitive-use, non-capital equipment.
- 2.6.2. Master Service Agreements:
Division Managers or designees may establish Master Service Agreements with specific vendors to provide services over time. A Contract/Task Order including a written outline of the scope of work and payment terms is required for services made through Master Service Agreements; a new contract for each purchase is unnecessary. Contract dollar limits and signature authority are applicable, and requirements such as insurance and indemnification may vary depending on the type of service required. Funds shall be encumbered in an adequate amount to complete the task or order; unused funds will be unencumbered following completion of the purchase.
- 2.6.3. Cooperative Purchase Agreements:
The District has the authority to: join with other public jurisdictions in Cooperative Purchasing Agreements; buy directly from a vendor at a price established by competitive bidding by another public jurisdiction in substantial compliance with this document, even if the District has not joined with that public agency in a formal agreement; and, purchase from the United States of America, any State, Municipality or other public corporation, or agency, without following formal purchasing procedures. A Purchase Order is required for purchases made through Cooperative Purchase Agreements, subject to approvals and dollar limitations accordingly.
- 2.6.4. Consultant and Professional Services Agreements:
Contracts may be awarded through a competitive or negotiated process based on solicitation of qualifications and proposals of at least three providers (which may be waived at the discretion of the General Manager based on State law³, and for sole source, urgent and emergency purchases, or as otherwise provided in the Purchasing Policy). Such procedures shall have the express purpose of obtaining contractual services of the highest quality together with the most cost-effective pricing. Proposals and/or Qualifications solicited for Professional Services may be evaluated based on criteria other than pricing, as defined in the solicitations (such as demonstrated competence and professional qualifications), and the District may then negotiate with the most responsive and responsible vendor.
- 2.6.5. Grant Funded Projects:
For grant-funded projects, the District shall follow any procurement requirements imposed under the grant agreement or required for use of grant funding.

³ Exceptions to competitive solicitation may be allowed where the nature of the subject of the contract is such that competitive proposals would be unavailing or would not produce an advantage, and the advertisement for a competitive bid would thus be undesirable, impractical, or impossible (Graydon v Pasadena Redev. Agency (1980) 104 Cal.App.3d 631, 635).

2.6.6. Contracts for Non-Public Works Projects, Goods, and General Services

Contracts may be established for non-public works projects and purchases of goods and general (i.e., non-consultant) services, utilizing informal or formal processes for submission of proposals or bids generally in accordance with the criteria below, unless a purchase is deemed as a sole source, single source or recurring software as a service that the District has been using.

\$1 to \$10,000 Informal solicitation recommended.

\$10,000 to \$25,000 Informal solicitation required; formal solicitation recommended.

\$25,000 & above Formal solicitation required.

The above thresholds will apply except for negotiated Professional Services Contracts, sole source, and urgent/emergency purchases as defined under Chapter 5 of this policy.

2.6.7. Contracts for Public Projects:

Accounting procedures were established by the California Uniform Public Construction Cost Accounting Commission and are detailed in the Commission's Accounting Policies and Procedures Manual (CUPCCAA). PCC §22000-22050 describe both the informal and formal bidding procedures, project dollar thresholds, bidding and noticing requirements, rejection of bids, the definition and procedure for emergency Public Projects, and other mandates related to CUPCCAA.

Rather than the District's Purchasing Policy, Public Projects are subject to definitions, terms and conditions specified in the California Uniform Public Construction Cost Accounting Act (CUPCCAA), Public Contract Code Section 2200, et seq., as may be amended from time to time. PCC § 22002(c), as may be amended, defines a "Public Project" as:

- a) "Public project" means any of the following:
 - i. Construction, reconstruction, erection, alteration, renovation, improvement, demolition, and repair work involving any publicly owned, leased, or operated facility.
- b) "Public project" does not include maintenance work. For purposes of this section, "maintenance work" includes all of the following:
 - i. Routine, recurring, and usual work for the preservation or protection of any publicly owned or publicly operated facility for its intended purposes.
 - ii. Minor repainting or repair work.
 - iii. Landscape maintenance, including mowing, watering, trimming, pruning, planting, replacement of plants, and servicing of irrigation and sprinkler systems.

The General Manager or designee is authorized to award Public Project contracts solicited through CUPCCAA informal bidding processes. Contracts exceeding the informal bid limit set forth in Public Contract Code(as it may be revised from time to time), are let in accordance with CUPCCAA formal bidding procedures, and awarded by the Board.

In accordance with Government Code, the District Engineer shall have authority to review and approve the plan or design of any construction work or work of improvement to public property, for contracts for construction subject to approval by the General Manager. For contracts to be awarded by the Board, the District Engineer shall review such plans and designs and shall recommend the approval of such plan or design by the Board as part its of award of such contract.

2.7. CHANGE ORDERS, TASK ORDERS, AND CONTRACT AMENDMENTS

A substantial change to a Purchase Order or Contract (i.e., pricing, terms and conditions, specifications and/or scope of work) shall be documented as a Change Order, Task Order, or Contract Amendment.

- 2.7.1. General Manager and Division Managers/District Engineer may sign Change Orders, Task Orders, and Contract Amendments for purchases and contracts up to the maximum of the limits set forth in section.
- 2.7.2. Change Orders, Task Orders, and Contract Amendments generally should not exceed 10% of the original contract amount, unless authorized by the applicable signing authority. A new scope of work and/or a new contract may be required when the change exceeds 10% of the original amount, unless a higher amount has been authorized by the applicable signing authority.
- 2.7.3. A Change Order, Task Order, or Contract Amendment is not required when taxes, shipping and/or handling cause a purchase to exceed the authorized amount; the signatory limit may also be exceeded in that circumstance.

2.8. URGENT AND EMERGENCY PURCHASES

Sound judgment shall be used in keeping urgent, disaster and emergency purchases to an absolute minimum. Specific procedures for managing these purchases shall apply, as determined by the General Manager.

2.8.1. Urgent Purchases:

Immediate purchases of material, supplies, equipment, and/or services may be made when an urgent circumstance exists, and procurement should not be delayed by use of normal competitive and financial procedures. Urgent purchases shall be authorized by the General Manager or designee. Urgent purchases shall be followed, as soon as practical, with submission of a confirming requisition that includes a written justification for the purchase having been made outside normal procedures, and the Board will be notified as soon as practicable for purchases exceeding \$25,000. Lack of planning does not constitute justification for an urgent purchase.

2.8.2. Disaster and Emergency Purchases:

In a disaster or a local designated emergency, the General Manager or designee may authorize deviation from the purchasing practices required by the Purchasing Policy, including, but not limited to, the immediate purchase of material, supplies, equipment, and professional services, including those in excess of his/her Board-approved signature thresholds with the understanding that Board approval be sought as soon as is practical and feasible.

3. CHAPTER: INFORMAL COMPETITIVE PRICING – GOODS AND GENERAL SERVICES, NON-PUBLIC WORKS PROJECTS

3.1. COMPETITIVE QUOTES

A minimum of three competitive quotes shall be solicited for purchases greater than \$10,000 that are not designated as sole source, single source, professional service, Software-as-a Service (SaaS) or any purchase allowed as exempt under Chapter 5. Requests for quotations must be made or distributed, utilizing Request for Quotation forms or alternate forms as may be approved. Written documentation of quotes must be provided.

- 3.1.1. Competitive quotes are not required for purchases below \$10,000 but shall be solicited prior to completing Purchase Orders if reasonably possible.
- 3.1.2. The General Manager/Designee may award the purchase to the lowest responsive and responsible party whose quote fulfills the intended purpose, quality, and delivery needs of the solicitation. In lieu of awarding the purchase, the General Manager/Designee may reject the quotes, or may negotiate further to obtain terms more acceptable to the District.

- 3.1.3. The General Manager/Designee may dispense with quotes in emergency and urgent circumstances, as outlined under Section 2.8 “Urgent and Emergency Purchases” of the Purchasing Policy.

4. CHAPTER: FORMAL COMPETITIVE PRICING – GOODS AND GENERAL SERVICES, NON-PUBLIC WORKS PROJECTS

When non-construction purchases are anticipated to exceed \$25,000, and/or require Board approval, formal competitive procedures must be completed, except for any purchase allowed as exempt under Chapter 5. These procedures include sealed proposals solicited through a Request for Proposal (RFP) and sealed bidding solicited through an Invitation for Bid (IFB).

4.1. REQUESTS FOR PROPOSALS (RFP) AND QUALIFICATIONS (RFQ)

- 4.1.1. A contract or purchase agreement may be entered into by means of sealed proposals solicited through a Request for Proposal (RFP) or a Request for Qualifications (RFQ). The RFP or RFQ shall state the criteria for evaluation and the relative importance of price and other factors. An RFP typically selects consultant(s) to enter into a contract, while an RFQ typically shortlists a pool of consultants to choose from to enter contracts and shall establish criteria to select consultants from the pool.
- 4.1.2. The Division shall determine the RFP/RFQ procedures, including whether and where public notice of formal proposals shall be made. Sealed proposals shall be submitted to the Contract Specialist by the date and time specified on the prescribed forms.
- 4.1.3. No work shall be performed unless and until a contract has been executed, except under urgent and emergency circumstances as defined in this policy.

4.2. INVITATION FOR BID (IFB)

A contract or purchase may be entered into by means of sealed proposals solicited through an Invitation for Bid (IFB) where price is the determining factor in selecting of a good or general service and the scope of work is well-defined.

5. CHAPTER: EXEMPTIONS FROM COMPETITIVE PRICING - GOODS AND GENERAL SERVICES, NON-PUBLIC PROJECTS

5.1. EXEMPT PURCHASES:

Purchases not readily adaptable to the open market and bidding processes may be eligible for exemption from competitive pricing. These purchases include, but are not limited to purchase of water, utilities, fuel, insurance, rent, utilities, subscriptions, memberships, software licenses and SaaS, advertisements, insurance, bond premiums, travel expenses, tax payments, payments to other government agencies including pension or other post-employment benefit payments, and any goods/services allowable for direct non-competitive purchase under the District legislation. Divisions/Departments may submit written requests to the General Manager or CFO for additional exemptions, which will be approved if appropriate and added to the exemption list.

As an exception to the general bidding rule, the Board can approve contracts with and employ a person to furnish the District with professional or special services or for advice in the following fields: financial, economic, accounting, engineering, legal, or administrative matters if such persons are specially trained and experienced and competent to perform the special services required as per Government Code (Gov. Code § 53060).

5.2. SOLE SOURCE PURCHASES:

Upon recommendation of the Division Manager, the General Manager/Designee may waive bidding requirements for sole source purchases if he/she determines sufficient justification exists. Sole source purchases may include proprietary items sold directly from the manufacturer, items that have only one distributor authorized to sell in the region/county, items that perform a complex or unique function, or purchases when a certain product is the only one proven to be acceptable or compatible with existing equipment. Sole source purchases should be kept at a minimum, to encourage competition and more favorable prices. Sole source purchases below \$25,000 shall be approved by the General Manager or designee. Sole Source contracts above \$25,000 shall be approved by the Board with the related staff report justifying the sole source purchase.

5.3. COOPERATIVE PURCHASES

Cooperative Purchases as defined in the Purchasing Policies are exempt from competitive pricing conducted by other Public agency.

6. CHAPTER: PURCHASE SPECIFICATIONS

- 6.1. Use of brand names in specifications shall be for the purpose of describing the standard of quality, performance, and characteristics the District desires, and not be intended to limit or restrict competition. If a brand name is incorporated into a specification, a minimum of two acceptable brands shall be listed whenever possible and shall be followed by the statement “or approved equal” unless the sole source policy applies.
- 6.2. Use of specifications provided by a specific manufacturer should be avoided, however, if used, the name of the manufacturer, model number, etc., should be indicated. The bid document shall clearly state that the use of the manufacturer’s specifications is for the sole purpose of establishing the level of quality desired. The Division Manager/District Engineer will determine and approve any product submitted as an “or equal.”
- 6.3. The Division Manager or designee may limit bidding to a specific product type or a brand name product when purchasing equipment or supplies required to be compatible with existing equipment or to perform complex or unique functions.
- 6.4. Public Contract Code requirements should be reviewed when brand names and/or manufacturer specifications are being considered for inclusion in a bid solicitation.

7. CHAPTER: DISPOSAL OF SURPLUS PROPERTY

The General Manager or designee is authorized to exchange, trade-in, sell and dispose of surplus District property (generally above \$5,000 in original or market value) having salvage value in the open market, by public auction, by competitive sealed bids or by exchange or trade in for new goods. The sale or lease of surplus personal property to a governmental, public or quasi-public agency may be without advertisement for or receipt of bids. Employees are not eligible to receive or purchase surplus property, however, employees may receive personalized items, and receive or purchase at market value items considered to be memorial or commemorative in nature, subject to General Manager approval. Surplus property with no salvage value, as determined by the Division, shall be disposed of in a manner that salvages recyclable components, if practical. Upon approval, surplus property may be donated to governmental, public or quasi-public agencies, charitable or non-profit organizations on a first-come first-served basis to be utilized for non-profit purposes.

8. CHAPTER: RISK MANAGEMENT

- 8.1. Divisions shall adhere to and follow the insurance requirements and monitor compliance as established by the District's Risk Management Agency in accordance with the type of services to be provided. The Contracts Specialist shall ensure the proper insurance requirements are included in any standard contract for services. Contracts will not be fully executed until all required insurance certificates and endorsements have been received, reviewed, and approved; additional requirements may apply to Public Projects.
- 8.2. Requirements for contract bonds, such as Performance Bonds, Labor, Warranty, Material Bonds, and/or Fidelity Bond shall be determined by the Division/Project Manager or District Engineer. Bonds are maintained by the project manager and forwarded to the Contract Specialist upon contract completion. Requirements related to Public Projects may vary from those for non-public projects.



Investment Policy



INVESTMENT POLICY

1. Introduction

This policy governs the investment of District funds. The purpose of the policy is to provide guidance to the District Treasurer to invest funds in a manner that provides for the protection of principal (safety), meets the cash flow (liquidity) demands of the District, and earns a reasonable yield. It shall be the policy of the District to invest all funds in strict conformance with all state statutes governing the investment of public monies. Moreover, it shall be the policy to manage investments under the prudent investor rule. This rule affords the District a broad spectrum of investment opportunities so long as the investment is deemed prudent and is allowable under State of California Government Code section 53600 et. seq., the investment policy of Monterey County, and Section 118-507 (West's Annotated Water Code) of the District's enabling legislation.

2. Prudence

The District Treasurer is a trustee and therefore a fiduciary subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing public funds, the treasurer shall act with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of investments of a like character and with like aims to safeguard the principal and maintain the liquidity needs of the District. Within the limitation of this policy and considering individual investments as part of an overall investment strategy, a trustee is authorized to acquire investments as authorized by law.

3. Investment and Risk

The objectives of the District's investment program in order of priority are:

- a) Safety of invested funds – The Treasurer shall ensure the safety of the District's invested funds by limiting, as much as possible, credit and interest rate risk. Credit risk is the risk of loss due to failure of the security issuer or backer. Interest rate risk is the risk that the market value of investments will fall due to an increase in the general level of interest rates.
- b) Maintenance of sufficient liquidity to meet cash flow requirements – Attainment of a market average rate of return during budgetary and economic cycles, taking into account the District's investment risk constraints and cash requirements. The Treasurer, acting in accordance with District procedures and this policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price change, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

4. Types of Investments

District funds may be placed in any instrument or medium approved by the State of California as enumerated in Government Code Section 53651, and not otherwise limited by the Monterey County Investment Policy. A listing of currently eligible securities shall be maintained. The Treasurer shall submit any proposed changes to the list of eligible investments to the Finance and Administrative Committee and Board of Directors. The Finance and Administrative Committee shall approve investment in a class of securities included on the list, but in which the District has not previously invested. The Board of Directors shall approve changes to the list of eligible securities. The currently approved list of securities is incorporated as Attachment I.

5. Prohibited Investments

The District shall not be authorized to invest in any security that has the possibility of returning a zero or negative yield if held to maturity except that investment in U. S. Treasury Certificates of indebtedness

("SLUGS") issued by the U. S. Bureau of Public debt is authorized. Prohibited investments shall include inverse floaters, range notes, and interest-only strips derived from a pool of mortgages.

6. Access to Funds

The premise underlying the District's investment policy is to ensure that money is available when needed. To this end, the District will maintain funds on deposit in a local bank or other federal or state-regulated depository sufficient to meet expenditure requirements for the following six months as represented in the most recent budget adopted by the Board of Directors.

7. Authority

The Treasurer of the Board of Directors of the Monterey Peninsula Water Management District is responsible for the custody and management of District investments. Management activity will adhere to applicable state law, provisions of the District's enabling legislation, and this policy. The Treasurer may delegate ministerial duties related to the investment program to other District staff, but shall retain responsibility for all transactions undertaken and shall establish a system of internal control to regulate activity of subordinate personnel.

8. Reports

Pursuant to Government Code Section 53646 the Treasurer shall provide quarterly investment reports to the Board of Directors. Each report shall include a listing of all securities held in the portfolio. It shall list investments by type, issuer, maturity, par value, market value, and dollar amount invested. The report shall contain a citation of compliance with this policy, an explanation for any non-compliance, and a statement as to the ability or inability to meet expenditure requirements for the following six months. District monies over which the Treasurer does not exercise control or safekeeping e.g., does not determine how the funds are to be invested or banked, need not be included in the report. Agency contributions to the Public Employees Retirement System need not be included. Deferred compensation funds (Section 457) held by third-party administrators and invested at the direction of program participants need not be included pursuant to PL 104-188.

9. Audits

The District's portfolio, quarterly reports, policy, internal control procedures, and investment practices shall be the subject of scrutiny in the course of annual audits performed by external independent auditors selected by the Board of Directors.

10. Policy Review

The Board of Directors shall review this policy annually or when a change is necessary due to regulatory or policy mandates.

11. Attachment I

ALLOWABLE INVESTMENT INSTRUMENTS PER STATE GOVERNMENT CODE AS OF JANUARY 1, 2026

Investment Type	Maximum Security	Maximum Specified % of Portfolio	Minimum Quality Requirements	Government Code Section	MPWMD Allowed
Local Agency Bonds	5 years	None	None	53601(a)	Yes
U.S. Treasury Obligations	5 years	None	None	53601(b)	Yes
State Obligations – CA and Others	5 years	None	None	53601(c&d)	Yes
CA Local Agency Obligations	5 years	None	None	53601(e)	Yes
U.S. Agency Obligations	5 years	None	None	53601(f)	Yes
Bankers’ Acceptances	180 days	40%	None	53601(g)	Yes
Commercial Paper – Pooled Funds	270 days	40% of the agency’s money	Highest letter and number rating by an NRSRO	53635(a)(1)	Yes
Commercial Paper – Non-Pooled Funds	270 days	25% of the agency’s money	Highest letter and number rating by an NRSRO	53601(h)(2)(C)	Yes
Negotiable Certificates of Deposits	5 years	30%	None	53601(i)	Yes
Non-negotiable Certificates of Deposits	5 years	None	None	53630 et seq.	Yes
Placement Service Deposits	5 years	30%	None	53601.8 and 53635.8	Yes
Placement Service Certificates of Deposits	5 years	30%	None	53601.8 and 53635.8	Yes
Repurchase Agreements	1 year	None	None	53601(j)(2)	No
Reverse Repurchase Agreements and Securities Lending Agreements	92 days	20% of the base value of the portfolio	None	53601(j)(3)	No
Medium-Term Notes	5 years	30%	“A” rating category or its equivalent or better by an NRSRO	53601(k)	Yes
Mutual Funds and Money Market Mutual Funds	N/A	20%	Multiple	53601(l) and 53601.6(b)	Yes
Collateralized Bank Deposits	5 years	None	None	53630 et seq. and 53601(n)	No
Mortgage Pass-Through Securities	5 years	20%	“AA” rating category or its equivalent or better	53601(o)	No
County Pooled Investment Funds	N/A	None	None	27133	Yes
Joint Powers Authority Pool	N/A	None	Multiple	53601(p)	Yes
Local Agency Investment Fund (LAIF)	N/A	None	None	16429.1	Yes
Voluntary Investment Program Fund	N/A	None	None	16340	Yes
California Cooperative Liquid Assets Securities System (CLASS)	N/A	30%	AAA or equal	6509.7 & 53601 (p)	Yes
California Asset Management (CAMP)	N/A	30%	AAA or equal	53601 (p)	Yes
Supranational Obligations	5 years	30%	“AA” rating category or its equivalent or better	53601(q)	Yes

GLOSSARY

Article XIII (B):

Article XIII (B) is a section of the California State Constitution relating to the amount of a public entities tax revenues that may be expended in a given fiscal year. In the instance of the MPWMD, the article limits the amount of property tax revenue that may be spent in a fiscal year. It is calculated based upon the prior year's limit multiplied by a factor representing annual growth in population and consumer prices. The latter is furnished by the State Treasurer's Office. The calculation, required since the passage of Proposition 13 in 1978, is contained in each District budget and is identified as "Property Tax Appropriation."

Budget Assumptions:

The budget assumptions are generally accepted statements, which if untrue, would materially alter the financial planning and budget of the agency.

Capital Assets:

Capital assets are equipment, components, and facilities that have a useful life greater than five year and with an initial, individual cost of more than \$5,000.

Contingency:

The contingency is a nominal amount budgeted for expenditure for unforeseen emergencies or special purposes requiring Board approval.

Designated Reserves:

Designated reserves are funds set aside by the Board for specific, restricted uses. Examples include capital equipment, litigation, flood/drought, and pre-paid expenses.

Expenditures:

Expenditures are associated with each operating fund, as well with each program category. Personnel costs, services and supplies, capital assets and project expenditures are the principal categories. A pie chart graphically shows percentages of expenditures by line item.

Fiscal Year:

The fiscal year is the twelve-month period beginning July 1 and ending June 30 of the following year. The District uses the fiscal year as the basis for reporting financial information for a twelve-month accounting period.

General Operating Reserves:

General operating reserves are the balances in each operating fund of the District that remain after all budgeted expenses are paid. Normally, the general operating reserve balance is carried forward from one fiscal year to the next. The value is verified annually by the independent auditor and reported in the annual audit report.

Labor Allocation by Operating Funds:

The Labor Allocation by Operating Funds is a budget schedule that relates employee output to the three operating funds. It shows the output of each employee as a percentage of total time by operating fund. This percentage is used throughout the budget as the basis of allocating general and administrative (overhead) costs to the operating funds.

Labor Allocation by Program Category:

The Labor Allocation by Program Category is a budget schedule that relates employee output to the budgeted program categories. It shows the output of each employee as a percentage of total time by program category. This percentage is used throughout the budget as the basis of allocating general and administrative (overhead) costs to the program categories.

Mitigation Revenue:

This is the revenue derived from the Agreement for Carmel River Mitigation Program between California American Water and Monterey Peninsula Water Management District. This revenue has not been collected in the current fiscal year.

Program Categories:

Program Categories are major service programs that have been identified. All expenditures, including labor costs, are allocated to each program category in order to identify what each program actually costs.

Project Expenditures:

The Summary of Project Expenditures is a listing of costs for the coming year that are projected as a result of specific projects and programs carried-out by the staff, consultants and contractors. Project expenditures do not include staff compensation for regular employees. It does include Pure Water Monterey water purchase costs.

Reimbursement Revenues:

Reimbursement revenues are received from various sources and allocated to offset expenditures related to the revenue source. These reimbursements received by the District are for projects carried-out by the District. Some of these reimbursements include grants, Cal-Am Water Conservation & Rebate Program funds, ASR operations reimbursement, direct-billed reimbursements, etc. All of the reimbursement revenues collected within the fiscal year are related to the expenses in the same fiscal year.

Revenues:

Revenues are derived from various sources and allocated to each operating fund. Property taxes, permits fees, water connection charges, water supply charge, Pure Water Monterey water sales revenue, user fees, interest on investments, reimbursements to the District for projects carried-out by the District and grants are the principal revenue sources. Revenues may include a portion of the prior-year fund balance used to offset expenditures. A pie chart graphically shows percentages of revenues according to source.

User Fees:

The User Fee is a percentage of Cal-Am ratepayers water bill that is collected and remitted by Cal-Am monthly. The proceeds of the User Fee have been used to support the District's environmental mitigation, conservation and rationing, water supply, and any other purposes.

Water Supply Charge:

The Water Supply Charge was a rate or charge that funded costs related to the provision of water. This annual charge was raised by the District, 100% of which supported District water supply activities, including capital acquisition and operational costs for Aquifer Storage and Recovery, Groundwater Replenishment, and related water supply purposes for the general benefit of the District as a whole.

ABBREVIATIONS:

ASR – Aquifer Storage Recovery

IRWM – Integrated Regional Water Management

OPEB – Other Post-Employment Benefits

PWM – Pure Water Monterey

SHRF – Sleepy Hollow Rearing Facility



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**Annual
Budget**

2026