



## Fiscal Year 2025-2026 Budget

Original Adopted Budget: June 16, 2025

Revised Adopted Budget: February 23, 2026



## MID-YEAR FISCAL YEAR 2025-2026 BUDGET ADJUSTMENT

Each year, the District evaluates its financial position following the close of the first half of the fiscal year (FY). District staff has reviewed revenue and expenditure patterns for the period from July 1, 2025, through December 31, 2025, and determined that adjustments to the FY 2025–2026 Budget are necessary. The FY 2025–2026 Budget was adopted on June 16, 2025. As part of the budget adjustment process, staff reviewed staffing levels, supplies, contracted services, project expenditures, current work assignments, and other factors impacting the current budget. The table below summarizes the proposed budget adjustments.

### Monterey Peninsula Water Management District 2025-2026 Mid-Year Budget Adjustment-Summary

<u>Revenue</u>	<u>Adopted</u>	<u>Change</u>	<u>Amended</u>
Property Tax	3,000,000	-	3,000,000
Permit Fees - WDD	150,000	50,000	200,000
Permit Fees - WDS	48,000	2,000	50,000
Capacity Fee	450,000	150,000	600,000
User Fees	7,800,000	-	7,800,000
PWM Water Sales	20,963,250	(1,679,238)	19,284,012
Interest	600,000	150,000	750,000
Other	15,000	-	15,000
Subtotal District Revenues	33,026,250	(1,327,238)	31,699,012
Reimbursements - CAW	815,958	-	815,958
Reimbursements - PWM Project	9,259,106	(3,464,026)	5,795,080
Reimbursements - Watermaster	36,000	-	36,000
Reimbursements - Reclamation	33,080	-	33,080
Reimbursements - Grants	2,581,504	(1,500,000)	1,081,504
Reimbursements - FEMA	87,655	(87,655)	-
Reimbursements – WDS Permits	52,000	-	52,000
Reimbursements - Recording Fees	65,000	-	65,000
Reimbursements - Legal Fees	15,000	-	15,000
Subtotal Reimbursements	12,945,303	(5,051,681)	7,893,622
From Capital Reserve	55,000	(55,000)	-
From Fund Balance <sup>1</sup>	558,315	2,086,943	2,645,258
Sub-total Other	613,315	2,031,943	2,645,258
Total	46,584,868	(4,346,976)	42,237,892
<u>Expenditures</u>	<u>Adopted</u>	<u>Change</u>	<u>Amended</u>
Personnel	6,021,388	189,800	6,211,188
Supplies & Services	2,099,400	14,000	2,113,400
Project Expenditures	37,525,880	(4,495,776)	33,030,104

<sup>1</sup> Rounding error of less than \$1 from original budget is disregarded



Fixed Assets	92,200	(55,000)	37,200
Capital Equip. Reserve	326,000	-	326,000
Pension Reserve	100,000	-	100,000
OPEB Reserve	100,000	-	100,000
Election Expense	250,000	-	250,000
Contingency	70,000	-	70,000
Total	46,584,868	(4,346,976)	42,237,892

As shown in the table above, the majority of the proposed changes are attributable to decreases in project expenditures, partially offset by modest increases in personnel costs. Additional details regarding the proposed adjustments and their impact on reserves are provided in the Background section of this report.

**BACKGROUND:** The Board of Directors adopted the original FY 2025–2026 Budget on June 16, 2025. The sections below summarize the adopted budget, proposed mid-year budget adjustments, and projected reserve balances.

**Revenues**

The FY 2025–2026 adopted budget anticipated total revenues of \$46,584,868. As of December 31, 2025, actual revenue collections totaled \$17,833,081, representing 39.02% of the budgeted amount. District staff reviewed revenue activity for the first six months of the fiscal year, as well as anticipated activity for the remainder of the year, and recommends adjustments to the revenue budget as shown in Exhibit 4-A and described below:

1. **Permit Fees:** Increase of \$52,000, resulting in estimated revenues of \$200,000, based on actual permit revenues of \$137,502 or 138.9% of the original YTD budget.
2. **Capacity Fees:** Increase of \$150,000, resulting in estimated revenues of \$600,000, based on actual revenues of \$455,979, or 202.7% collected during the first six months of the fiscal year.
3. **Pure Water Monterey (PWM) Sales:** Decrease of \$1,679,238 due to lower projected water sales through the end of the Fiscal Year. The PWM Expansion project is in its first year of operations, and currently estimates project sales of 4,427 acre-feet, compared to 4,812.5 acre-feet originally budgeted.
4. **Urban Community Drought (UCD) Grant Reimbursements:** Decrease of \$3,464,027 based on remaining grant revenue anticipated to be received during the fiscal year for the PWM Expansion project.
5. **Integrated Regional Water Management (IRWM) Grant Reimbursements:** Decrease of \$1,500,000 due to lower-than-anticipated spending by project sponsors.
6. **Capital Reserve:** Decrease of \$55,000, as vehicle purchases will occur in the following fiscal year upon delivery. Funding for these vehicles will be included in the FY 2026–2027 Budget instead.
7. **Use of Fund Balance:** Increase of \$2,086,943 resulting from estimated increases in purchase of water for the District’s operating and drought water reserves.

The cumulative effect of these revenue adjustments is a net decrease of \$4,346,976 in projected revenues and use of fund balance for FY 2025–2026.



## Expenditures

The FY 2025–2026 adopted budget included total expenditures of \$46,584,868. Through December 31, 2025, actual expenditures totaled \$16,618,201, or 35.67% of the budgeted amount. This spending pattern is not unusual, as project expenditures are typically lower during the first half of the fiscal year, and increased water purchases from the PWM Expansion project were not anticipated to begin until November 2025.

District staff analyzed expenditure activity for the first six months of the fiscal year and projected spending for the remainder of the year, and recommends the following expenditure adjustments:

- **Operations Budget:** As shown in Exhibit 6-B, the operations budget is proposed to increase by \$148,800, reflecting the following changes:
  1. Increase of \$189,800 in personnel services due to higher salary costs.
  2. Net increase of \$14,000 in supplies and services, primarily resulting from a \$23,000 increase in professional services, partially offset by reductions in travel and meeting expenses.
- **Project Expenditures:** As presented in Exhibit 6-C, project expenditures are proposed to decrease by a net amount of \$4,495,776. Key adjustments include:
  1. Increase of \$2,278,188 for an additional purchase of 773 acre-feet of water for the District's reserve. The PWM Expansion project is in its first year of operations, during which the PWM plant is evaluating new operating conditions to meet the amended delivery contract. Once the contract performance start date is established, full delivery of 5,750 acre-feet will begin.
  2. Decrease of \$1,679,238, or approximately 385.5 acre-feet, in purchases of PWM water based on updated projections.
  3. Decrease of \$3,464,026 in UCD grant expenditures for the PWM Expansion project, reflecting remaining grant funds anticipated to be spent during the fiscal year. This reduction is partially driven by a change in the District's revenue recognition policy to account for grant expenditures in the year they incurred.
  4. Decrease of \$1,500,000 in IRWM Grant 1 and 2 expenditures due to project delays by sponsoring agencies.
  5. Increase of \$100,000 in costs associated with the Public's acquisition of the Monterey water system, primarily related to LAFCO litigation.
  6. Decrease of \$180,000 in capital improvement expenditures for Aquifer Storage and Recovery (ASR) site work.
  7. Increase of \$44,000 for work related to the destruction of the District's Fort Ord 10 monitoring well previously approved by the Board.
  8. Increase of \$20,000 in outreach and communications activities.
  9. Minor adjustments totaling \$10,000 or less across various smaller projects, as detailed in Exhibit 6-C.



The cumulative effect of these adjustments is a net decrease of \$4,346,976 in total expenditures for FY 2025–2026.

**Reserves**

The District’s reserve balance is projected to be as follows:

Reserves	Actual Balance 6/30/2025	FY 2025-2026 Budget Changes	Est. Balance 06/30/2026
Asset Replacement Reserve	1,938,100	326,000	\$2,264,100
Flood/Drought Reserve	500,000	-	\$500,000
Pension Reserve	700,000	100,000	\$800,000
OPEB Reserve	700,000	100,000	\$800,000
Capital Project Reserve (new)	-	978,729	\$978,729
Compensated Absences Reserve (new)	-	150,000	\$150,000
Water Supply Reserve	3,363,928	(3,363,928)	-
General Operating Reserve	21,629,307	(3,773,987)	\$17,855,320
<b>Totals</b>	<b>\$28,831,335</b>	<b>(\$5,483,186)</b>	<b>\$23,348,149</b>

The District currently projects a total reserve balance of approximately \$23.35 million as of June 30, 2026. This projected balance meets the Board-adopted minimum general operating reserve requirement of fifty percent of the annual operating budget, established in November 2025. Actual fund balances across individual funds will vary based on final revenues and expenditures for FY 2025–2026.

**EXHIBITS**

- A** Revenues
- B** Operating Expenditures
- C** Project Expenditures
- D** Summary by Fund

## EXHIBIT A

**Monterey Peninsula Water Management District  
Mid-Year Budget Adjustments  
Revenues  
2025-2026**

<u>Description</u>	<u>Original Budget</u>	<u>Adjustment</u>	<u>Amended Budget</u>
Permit Fees - WDD	150,000	50,000	200,000
Permit Fees - WDS	48,000	2,000	50,000
Capacity Fee	450,000	150,000	600,000
PWM Water Sales	20,963,250	(1,679,238)	19,284,012
Interest	600,000	150,000	750,000
Reimbursements - PWM Project	9,259,106	(3,464,026)	5,795,080
Reimbursements - Grants	2,581,504	(1,500,000)	1,081,504
Reimbursements - FEMA (unspent)	87,655	(87,655)	-
From Capital Reserve	55,000	(55,000)	-
From Fund Balance	558,316	2,086,943	2,645,259
 Total Changes	 <u>35,620,789</u>	 <u>(4,346,976)</u>	 <u>31,273,813</u>

This section only includes revenue items with changes from the original budget

## EXHIBIT B

### Monterey Peninsula Water Management District Mid-Year Budget Adjustment - Operational Expenditures 2025-2026

#### Personnel Costs

<u>Description</u>	Original <u>Budget</u>	<u>Adjustment</u>	Amended <u>Budget</u>
Salaries	\$3,853,000	189,800	4,042,800

#### Supplies & Services

<u>Description</u>	Original <u>Budget</u>	<u>Adjustment</u>	Amended <u>Budget</u>
Professional Fees	388,200	23,000	411,200
Membership Dues	51,900	3,000	54,900
Travel expenses	37,600	(5,000)	32,600
Meeting Expenses	24,700	(7,500)	17,200
Public Outreach	6,000	(500)	5,500
Operating Supplies	25,100	1,000	26,100
Sub-total Changes	<u>\$533,500</u>	<u>\$14,000</u>	<u>\$547,500</u>

<u>Description</u>	Original <u>Budget</u>	<u>Adjustment</u>	Amended <u>Budget</u>
Fixed Assets	55,000	(55,000)	0
Total changes (operations)		<u>148,800</u>	

**EXHIBIT C**

**Monterey Peninsula Water Management District  
Mid-Year Budget Adjustment-Project Expenditures  
2025-2026**

<u>Division</u>	<u>Description</u>	<u>Original Budget</u>	<u>Adjustment</u>	<u>Amended Budget</u>	<u>Account Account</u>
GMO	1-5-1 C Reserve (Operating/Drought)	1,089,000	2,278,188	3,367,188	35-03-786011
GMO	1-5-1 D PWM Water Purchase	20,963,250	(1,679,238)	19,284,012	35-03-786017
GMO	1-15-E PWM Expansion	9,259,106	(3,464,026)	5,795,080	35-01-786014
GMO	1-14-1 Monterey Water System Acquisition	600,000	100,000	700,000	35-01-786200
ERD	1-2-1 B Power - SHSRF	75,000	(15,000)	60,000	24-04-785816
ERD	2-3-6 Bioassessment Sampling	4,500	(4,500)	-	24-03-785860
ERD	2-4-2 Mitigation Program Review	100,000	(100,000)	-	24-03-787040
ERD	2-1-3 Riparian/Channel Monitoring	-	6,000	6,000	24-03-787022
ERD	2-6-1C IRWM 1	1,148,734	(500,000)	381,279	24-03-785521
ERD	2-6-1D IRWM 2	1,432,770	(1,000,000)	434,319	24-03-785521
WRD	1-2-1 A ASR-Phase 1 Site Work	396,787	(180,000)	216,787	35-04-786004
WRD	2-5-1 USGS Carmel River Hydrological Monitoring	19,000	2,700	21,700	35-04-785600
WRD	2-5-3.A.11 Stream flow monitoring - Destroy Well 10	30,000	44,000	74,000	35-03-785502
WRD	2-5-3.B.12 Hydrological/Bathymetric Monitoring	-	6,100	6,100	35-04-781602
WDD	4-1-1 B CEQA Compliance	20,000	(10,000)	10,000	26-05-780100
WDD	4-2-1 A Outreach & Communication	142,500	20,000	162,500	26-05-781140
	Total Changes	<u>35,280,647</u>	<u>(4,495,776)</u>	<u>30,518,965</u>	

**EXHIBIT D****Monterey Peninsula Water Management District  
Expenditures by Division  
Fiscal Year 2025-2026 Budget**

	General Manager's Office	Administrative Services	Water Resources	Environmental Resources	Water Demand	Total
<b>PERSONNEL</b>						
Salaries	\$ 687,680	\$ 639,000	\$ 774,040	\$ 945,080	\$ 997,000	\$ 4,042,800
Retirement	323,826	151,926	154,580	298,754	223,628	1,152,714
Unemployment Compensation	-	3,100	3,000	1,000	3,000	10,100
Auto Allowance	11,000	-	-	-	-	11,000
Deferred Compensation	21,614	-	-	-	-	21,614
Temporary Personnel	-	10,000	-	-	-	10,000
Workers' Comp.	2,956	4,265	45,601	6,454	48,674	107,950
Employee Insurance	83,208	77,836	105,592	147,931	126,468	541,035
Employee Insurance - Retirees	-	190,387	-	-	-	190,387
Medicare & FICA Taxes	1,852	39,860	14,873	13,609	11,994	82,188
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	2,400	6,000	6,000	7,500	4,500	26,400
Subtotal	1,134,836	1,136,173	1,103,986	1,420,628	1,415,564	6,211,188
<b>SERVICES &amp; SUPPLIES</b>						
Board Member Comp	-	37,000	-	-	-	37,000
Board Expenses	10,000	-	-	-	-	10,000
Rent	-	16,800	6,600	-	6,600	30,000
Utilities	-	44,000	600	-	600	45,200
Telephone	5,100	25,600	5,400	2,900	1,800	40,800
Facility Maintenance	-	95,100	-	-	-	95,100
Bank Charges	-	68,000	-	-	-	68,000
Office Supplies	1,500	42,000	600	2,000	600	46,700
Courier Expense	-	7,600	-	-	-	7,600
Postage & Shipping	300	29,100	600	500	-	30,500
Equipment Lease	-	13,200	-	-	-	13,200
Equip. Repairs & Maintenance	-	5,100	-	-	-	5,100
Printing/Duplicating/Binding	600	-	-	2,000	-	2,600
IT Supplies/Services	-	289,100	-	10,000	-	299,100
Operating Supplies	1,500	2,000	4,000	\$16,000	2,600	26,100
Legal Services	-	400,000	-	-	-	400,000
Professional Fees	245,100	166,100	-	-	-	411,200
Transportation	-	6,600	19,600	6,500	26,000	58,700
Travel	18,100	4,000	4,000	2,500	4,000	32,600
Meeting Expenses	5,000	11,000	-	1,000	200	17,200
Insurance	-	342,000	-	-	-	342,000
Legal Notices	-	5,100	600	-	-	5,700
Membership Dues	45,000	4,000	2,600	2,500	800	54,900
Public Outreach	5,500	-	-	-	-	5,500
Assessors Administration Fee	-	25,100	-	-	-	25,100
Miscellaneous	400	3,100	-	-	-	3,500
Subtotal	338,100	1,641,600	44,600	45,900	43,200	2,113,400
FIXED ASSETS	5,100	20,100	-	-	12,000	37,200
<b>PROJECT EXPENDITURES</b>						
Project Expenses	725,000	-	511,197	192,300	1,164,365	2,592,862
PWM Water Purchase	-	-	22,651,200	-	-	22,651,200
Reimbursement Projects	5,795,080	-	1,101,504	467,000	422,458	7,786,042
ELECTION EXPENSE	-	250,000	-	-	-	250,000
CONTINGENCY	-	70,000	-	-	-	70,000
Subtotal	6,525,180	340,100	24,263,901	659,300	1,598,823	33,387,304

**EXHIBIT D**

**Monterey Peninsula Water Management District**

**Expenditures by Division**

**Fiscal Year 2025-2026 Budget**

	<u>General Manager's Office</u>	<u>Administrative Services</u>	<u>Water Resources</u>	<u>Environmental Resources</u>	<u>Water Demand</u>	<u>Total</u>
DEBT SERVICE	-	-	-	-	-	-
FLOOD/DROUGHT RESERVE	-	-	-	-	-	-
CAPITAL RESERVE	-	326,000	-	-	-	326,000
GENERAL FUND BALANCE	-	-	-	-	-	-
PENSION RESERVE	-	100,000	-	-	-	100,000
OPEB RESERVE	-	100,000	-	-	-	100,000
MECHANICS BANK RESERVE	-	-	-	-	-	-
WATER SUPPLY CHARGE RESERVE	-	-	-	-	-	-
RECLAMATION PROJECT	-	-	-	-	-	-
Subtotal	-	526,000	-	-	-	526,000
Expenditure Total	<b>7,998,116</b>	<b>3,643,873</b>	<b>25,412,488</b>	<b>2,125,828</b>	<b>3,057,587</b>	<b>42,237,892</b>