MONTEREY PENINSULA WATER MANAGEMENT DISTRICT

AGENDA
Regular Meeting
Board of Directors
Monterey Peninsula Water Management District
****
Monday, November 17, 2025 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/86982734940?pwd=CHB93bmZPDpn8nw8d9sUoa9JbOkY73.1

Webinar ID: **894 8181 1719** | Passcode: **111725** | 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.

Board of Directors George Riley, Chair – Division 2 Ian Oglesby, Vice-Chair – Mayoral Representative Marianne Gawain – Division 5 Alvin Edwards – Division 1 Rebecca Lindor – Division 3 Karen Paull – Division 4 Kate Daniels – Monterey County Board of Supervisors Representative **General Manager** David J. Stoldt **Assistant General Manager** Mike McCullough	**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. **Board's Goals and Objectives** Are available online at: https://www.mpwmd.net/who-we-are/mission-vision-goals/

CALL TO ORDER AND ROLL CALL

PLEDGE OF ALLEGIANCE

SWEARING IN CEREMONY/ADMINISTER OATH OF OFFICE TO:

MARIANNE GAWAIN, DIRECTOR DIVISION 5

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.*

ORAL COMMUNICATIONS – *Anyone wishing to address the Board on Consent Calendar, Information Items, Closed Session items, or matters not listed on the agenda may do so only during Oral Communications. Please limit your comment to three (3) minutes. The public may comment on all other items at the time they are presented to the Board.*

CONSENT CALENDAR - *The Consent Calendar consists of routine items for which staff has prepared a recommendation. Approval of the Consent Calendar ratifies the staff recommendation. Consent Calendar items may be pulled for separate consideration at the request of a member of the public, or a member of the Board. Following adoption of the remaining Consent Calendar items, staff will give a brief presentation on the pulled item. Members of the public are requested to limit individual comment on pulled Consent Items to three (3) minutes. Unless noted with double asterisks "**", Consent Calendar items do not constitute a project as defined by CEQA Guidelines section 15378.*

1. Consider Adoption of the Board Minutes from October 20, 2025 Regular Meeting
2. Consider Adoption of Treasurer's Report for September 2025
3. Receive and File First Quarter Financial Activity Report for Fiscal Year 2025-2026
4. Consider Approval of First Quarter Fiscal Year 2025-2026 Investment Report

GENERAL MANAGER'S REPORT

5. Status Report on California American Water Compliance with State Water Resources Control Board Order 2016-0016 and Seaside Groundwater Basin Adjudication Decision *(Verbal Report)*

6. Report on Sleepy Hollow Tour *(Verbal Report)*

REPORT FROM DISTRICT COUNSEL

7. General Report of Pending Litigation

DIRECTORS' REPORTS (INCLUDING AB 1234 REPORTS ON TRIPS, CONFERENCE ATTENDANCE AND MEETINGS)

8. Oral Reports on Activities of County, Cities, Other Agencies/Committees/Associations

PUBLIC HEARING -- *Public Comment will be received. Please limit your comments to three (3) minutes per item.*

9. Consider Second Reading and Adoption of Ordinance No. 199 – Amending Rule 142.1, Water Efficient Landscape Ordinance

   <u>Recommended Action</u>: *The Board will consider adopting Ordinance No. 199 – Amending Rule 142.1*

ACTION ITEM - *Public Comment will be received. Please limit your comments to three (3) minutes per item.*

10. Receive Fiscal Year 2024-2025 Annual Comprehensive Financial Report

    Recommended Action: The Board will consider reviewing and receiving the Annual Comprehensive Financial Report for Fiscal Year 2024-2025.

11. Consider Recommendation to Adopt Proposed Financial Policies

    Recommended Action: The Board will consider adopting the proposed Financial Policies.

INFORMATIONAL ITEMS/STAFF REPORTS - *The public may address the Board on Informational Items and Staff Reports during the Oral Communications portion of the meeting. Please limit your comments to three minutes.*

12. Report on Activity/Progress on Contracts Over $25,000
13. Status Report on Expenditures – Public's Ownership of Monterey Water System
14. Status Report on – Legal Services Activity for Fiscal Year 2024-2025
15. Letters Received and Sent Supplemental Letter Packet
16. Committee Reports
17. Monthly Allocation Report
18. Water Efficiency Program Report
19. Carmel River Fishery Report for October 2025
20. Monthly Water Supply and California American Water Production Report
    [Exempt from environmental review per SWRCB Order Nos. 95-10 and 2016-0016, and the Seaside Basin Groundwater Basin adjudication decision, as amended and Section 15268 of the California Environmental Quality Act (CEQA) Guidelines, as a ministerial project; Exempt from Section 15307, Actions by Regulatory Agencies for Protection of Natural Resources]

ADJOURNMENT

Board Meeting Schedule		
Monday, December 15, 2025	*Regular*	6:00 p.m.
Monday, January 26, 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: CONSENT CALENDAR

1. CONSIDER ADOPTION OF THE BOARD MINUTES FROM OCTOBER 20, 2025 REGULAR MEETING

Meeting Date:	**November 17, 2025**	**Budgeted:**	**N/A**
From:	**David J. Stoldt, General Manager**	**Program/ Line Item No.:**	**N/A**
Prepared By:	**Sara Reyes**	**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: Attached for consideration are the draft minutes of the MPWMD Board of Directors' Regular Meeting held on October 20, 2025 **(Exhibit 1-A)**.

RECOMMENDATION: The Board will consider adopting the draft minutes from the Regular Meeting held on October 20, 2025.

EXHIBIT
1-A Draft Minutes - MPWMD Board of Directors' Regular Meeting on October 20, 2025

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EXHIBIT 1-A

Draft Minutes
Regular Meeting
Board of Directors
Monterey Peninsula Water Management District
October 20, 2025 at 6:00 p.m.

Meeting Location: District Office, Main Conference Room
5 Harris Court, Building G, Monterey, CA 93940 AND
By Teleconferencing Means - *Zoom*

CALL TO ORDER
Chair Riley called the regular session to order at 6:00 p.m.

ROLL CALL

Board Members Present:
George Riley, Chair
Ian Oglesby, Vice-Chair
Kate Daniels
Alvin Edwards
Rebecca Lindor (via Zoom)
Karen Paull

Board Members Absent:
District 5 - vacant

District Staff Members Present:
David Stoldt, General Manager
Mike McCullough, Assistant General Manager
Nishil Bali, Chief Financial Officer/Administrative Services Manager
Stephanie Locke, Water Demand Manager
Jonathan Lear, Water Resources Manager
Maureen Hamilton, District Engineer
Thomas Christensen, Environmental Resources Manager
Sara Reyes, Clerk of the Board / Executive Assistant

District Counsel Present:
Michael Laredo, De Lay & Laredo

PLEDGE OF ALLEGIANCE
The assembly recited the Pledge of Allegiance.

PRESENTATION IN APPRECIATION OF OUTGOING DIRECTORS
Amy Anderson, District 5

Chair Riley began with a presentation of appreciation for Amy Anderson, who recently resigned from the Board. Directors shared heartfelt comments recognizing Amy's contributions, leadership, wisdom, commitment to public service, and friendship, noting she will be greatly missed but wished her well in future endeavors.

Amy then addressed the Board, sharing that this was her first elected role and deciding to run took time. She found the work challenging but rewarding and was proud to serve. Resigning due to health issues, she remains optimistic, praised the organization's integrity and community focus, and expressed gratitude to staff and directors, noting she will continue to follow the Board's work.

Chair Riley then opened the Public Comment period, and the following comments were made to the Board:

1) Michael Baer thanked Amy for her service, recalling their work together on Measure O and the Yes on J campaign, and expressed pride in her move to elected office. He then shifted to water policy, urging the Board to request the State Water Resources Control Board to release CalAm from restrictions, referencing past discussions about sustainable water resources and the progress made since.

2) Melodie Chrislock thanked Amy for her service, calling her an "amazing water warrior." She recalled working together since Measure O and expressed deep appreciation for Amy's contributions to the community, wishing her well.

ADDITIONS AND CORRECTIONS TO THE AGENDA
None

ORAL COMMUNICATIONS
Chair Riley opened the Oral Communications period, and the following comments were made to the Board:

1) Elise Weiland, Executive Director of the Carmel River Watershed Conservancy, shared an update on a new partnership with Watershed Progressive to create a comprehensive watershed opportunity map. The map will integrate data on vegetation, flooding, septic systems, sewer locations, and wildfire risks, and identify solutions such as rainwater catchment and vegetation removal with measurable benefits. She noted similar efforts in Petaluma led to 120 transformative projects in five years. The goal is to complete the map by spring, engage landowners and resources, and expand this approach to other watersheds in Monterey County.

2) Michael Bona, owner and broker of Bonafide Properties, introduced himself and shared concerns about water availability for development. He noted he is in escrow on a vacant property in Monterey and hopes the moratorium will be lifted following Ordinance 179. He emphasized the potential benefits for housing and tax revenue and asked for guidance on whether water releases might occur soon or if delays could last several years.

SPECIAL ACTION ITEM
Chair Riley introduced this item and asked the General Manager to provide an overview.

1. **Consider Selection of Appointee to Serve as Division 5 Director for a Term Ending November 2026**
   Dave Stoldt, General Manager, reported that the Board previously reviewed three candidates for the Division 5 vacancy; one has since withdrawn, leaving two candidates. One candidate was present while the other could be interviewed at a special meeting next week if the Board chooses. A decision must be made by November 11 per legal requirements. All original candidates were well-qualified and reside in the correct division.

   The Board engaged in discussion and then invited Marianne Gawain to address the Board, providing information on her interest in serving. After Ms. Gawain's comments, the Board continued with additional questions and discussion.

   <u>Director Riley moved to appoint Marianne Gawain as Director Division 5, seconded by Director Daniels. The motion passed by a roll call vote of 6 Ayes (Daniels, Edwards, Lindor, Paull, Oglesby, and Riley) and 0 Noes.</u>

CONSENT CALENDAR
Chair Riley introduced the item.

<u>Director Daniels offered a motion, seconded by Director Lindor, to approve the Consent Calendar. The motion passed by a roll call vote of 6 Ayes (Daniels, Edwards, Lindor, Paull, Oglesby, and Riley) and 0 Noes.</u>

The following agenda items were accepted as part of the Consent Calendar:

2. **Consider Adoption of the Board Minutes from the September 15, 2025 Special and Regular Meeting**

3. Consider Recommendation to Authorize Contract with IGM US Holdings, Inc. "Gravity" – Budget Book

4. Consider a Contribution of $8,000 Towards Restoration of "Rosie's Garden", a Water Efficient Public Demonstration Garden in Carmel Valley

5. Consider Contracting with Weber Water Resources to Destroy Monitor Well FO-10

6. Consider Adoption of Treasurer's Report for August 2025

7. Receive Government Accounting Standards Board (GASB) Statement No. 68 - Financial Reporting for Pensions

8. Receive Government Accounting Standards Board (GASB) Statement No. 75 - Financial Reporting for Post-Employment Benefits Other Than Pension

GENERAL MANAGER'S REPORT
Chair Riley introduced the item.

9. Status Report on California American Water Compliance with State Water Resources Control Board Order 2016-0016 and Seaside Groundwater Basin Adjudication Decision

General Manager Dave Stoldt highlighted October activities, including the Pure Water Monterey ribbon-cutting event on October 2, a public open house, an employee appreciation luncheon, and the Mulch Madness event promoting water-saving landscaping practices. He noted the program uses locally produced compost and chips to reduce irrigation needs and support sustainability.

He then presented a slide-deck titled "General Manager's Report Item 9: Status Report on Cal-Am Compliance with SWRCB Orders and Seaside Basin Decision as of October 1, 2025".

Following the presentation, the Board engaged in discussion. A copy of the presentation is available on the District's website.

Chair Riley then opened the public comment period, during which the following comments were made to the Board:

1) Elise Weiland asked if there is any concern about the ongoing shift from septic systems to sewer connections along the river, particularly regarding its impact on basin recharge.

   General Manager Stoldt noted that recent changes will have some impact, but the effect is expected to be minimal.

2) Michael Bona asked how are storage figures accounted for:
   - well impacts and increased groundwater extraction
   - seasonal drying of feeder creeks and tributaries affecting steelhead habitat

   Dave Stoldt reported that the Spanos property will mostly replace historic pumping, and consumptive use rules now limit withdrawals to prior actual use. New housing reduces return flow compared to irrigated land, but county agreements require giving up some pumping rights for river benefit. Water remains in storage, yet heavy summer pumping can cause dry-up events, so timing use in spring or winter is encouraged. Individual well users are not regulated, so management depends on voluntary best practices.

REPORT FROM DISTRICT COUNSEL
Chair Riley introduced the item.

10. General Report of Pending Litigation

District Counsel David Laredo referenced the litigation report on page 169 of the meeting packet and provided a summary of ongoing legal matters.

Chair Riley opened the Public Comment; however, no comments were received.

DIRECTORS' REPORTS (INCLUDING AB 1234 REPORTS ON TRIPS, CONFERENCE ATTENDANCE AND MEETINGS)
Chair Riley introduced the item.

11. Oral Reports on Activities of County, Cities, Other Agencies/Committees/Associations

- Chair Riley reported attending the Special Districts Association of Monterey County quarterly meeting on October 7. He stated the report focused on upcoming annexations in South County, which will be LAFCO's top priority for the next few months. Three cities in South County are involved.

- Director Edwards reported attending the Seaside Groundwater Basin Watermaster meeting on October 1, where the Seaside Seawater Intrusion Plan was approved and is moving forward.

PUBLIC HEARING
Chair Riley introduced the item.

12. Consider First Reading of Ordinance No. 199 – Amending Rule 142.1, Water Efficient Landscape Ordinance
Stephanie Locke, Water Demand Manager, provided information on this item through a slide-deck presentation titled "Consider First Reading of Ordinance No. 199 – Amending Rule 142.1, Water Efficient Landscape Requirements".

Following the presentation, the Board engaged in discussion. A copy of the presentation is available on the District's website.

Chair Riley opened the public comment period; however, no comments were received.

<u>A motion was made by Director Daniels, seconded by Director Oglesby, to recommend that the Board advance the draft ordinance to second reading. The motion passed by a roll call vote with 6 Ayes (Daniels, Edwards, Lindor, Paull, Oglesby, and Riley) and 0 Noes.</u>

ACTION ITEM
Chair Riley introduced the item.

13. Consider Authorization to File Application for Modification of the Cease and Desist Order (CDO)
The General Manager outlined an application to the State Water Board to modify the existing cease and desist order and allow new service connections to support housing and jobs. Key points:

- No current or near-term violation; PUC data shows no supply deficit for 11–21 years.
- Proposal maintains quarterly/annual reporting and adds early warning triggers when demand reaches 80% of supply.
- Continued conservation efforts and pursuit of small supply sources; desalination remains years away.
- Lifting the moratorium now enables growth while monitoring impacts.
- Application will include supplemental data and be submitted per state request.

Following the presentation, the Board engaged in discussion. A copy of the presentation is available on the District's website.

Chair Riley opened the public comment period, and the following comments were made to the Board:

1) Michael Bona thanked the Board for their efforts, shared long-standing ties to the District, and expressed support for lifting the CPUC moratorium to allow landowners to proceed with building homes and resolving family matters.

2) Tom Rowley, realtor and member of MCAR and the Monterey Peninsula Chamber of Commerce Government Affairs Committee, expressed concerns about lifting the moratorium, citing uncertain water

supply and future consumption. He recommended revisiting mid-next year after monitoring usage before requesting modification from the State Water Resources Control Board.

3) Elise Weiland, Carmel River Watershed Conservancy, expressed concerns about requesting removal of the CDO without sufficient data to demonstrate an adequate water supply. She raised issues including unregulated well use, delays and legal challenges with desalination projects, and the need for long-term planning to address drought risk.

4) Josh Stratton, California American Water (CalAm), thanked the Board for considering public input and noted CalAm's collaboration with the Water Management District on conservation efforts. He noted progress in reducing water use and protecting the Carmel River ecosystem and expressed support for continued cooperation on lifting the CDO while balancing long-term water reliability and quality.

5) Rem Scherzinger, General Manager of Marina Coast Water District, voiced strong support for lifting the meter moratorium, citing sufficient supply from the Pure Water Monterey expansion and Marina Coast's role as the primary wastewater provider. He highlighted a new interconnection agreement with CalAm to help address drought and scarcity issues and recommended pursuing modification of the CDO.

6) Marli Melton congratulated and thanked the Board and staff for their diligent work on the request to lift the CDO, expressing appreciation for their careful and intelligent approach.

7) Melodie Chrislock praised the Board's decision to seek lifting of the CDO, stating there is ample water supply and disputing claims of future shortages. She expressed concern about Monterey County Water Resources Agency's efforts to influence Peninsula cities and criticized their position on water allocation. Ms. Chrislock concluded with support for the Board's action and confident the State Water Board will approve.

<u>A motion was made by Director Edwards, seconded by Director Daniels, to recommend that the Board authorize the General Counsel to submit the Application for Modification of the CDO as provided by the General Manager. The motion passed by a roll call vote with 6 Ayes (Daniels, Edwards, Lindor, Paull, Oglesby, and Riley) and 0 Noes.</u>

DISCUSSION ITEM

14. Update on Resolution No. 2024-13 Supporting Closure of Open Water Permits by Implementing a One-Time Amnesty Period

Stephanie Locke, Water Demand Manager reported that the amnesty program (Resolution 2024-13) concluded on September 30. Staff contacted property owners of 1,470 open or unfinaled water permits and successfully closed 84% (1,242 permits). The effort used 5.11 acre-feet from the District's reserve water allocation, which now stands at 2,086 acre-feet. Remaining open permits will require follow-up without access to District reserve water. Ms. Locke noted improved tracking with the current database and coordination with jurisdictions to prevent future backlog, and confirmed resources are adequate to maintain progress.

Following the presentation, the Board engaged in discussion.

INFORMATIONAL ITEMS/STAFF REPORTS:

15. Report on Activity/Progress on Contracts Over $25,000
16. Status Report on Spending – Public's Ownership of Monterey Water System
17. Letters Received and Sent
18. Committee Reports
19. Monthly Allocation Report
20. Water Efficiency Program Report
21. Carmel River Fishery Report for September 2025
22. Monthly Water Supply and California American Water Production Report

These items were informational only and no action was taken. Copies of these reports are available at the District office and can be found on the District website.

ADJOURNMENT
There being no further business, Chair Riley adjourned the meeting at 8:50 p.m.

____
Sara Reyes, Deputy District Secretary

Minutes approved by the MPWMD Board of Directors on ___________, 2025.

ITEM: **CONSENT CALENDAR**

2. **CONSIDER ADOPTION OF TREASURER'S REPORT FOR SEPTEMBER 2025**

Meeting Date:	**November 17, 2025**	**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: The Finance and Administration Committee reviewed this item on November 10, 2025, and recommended approval.
CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.

SUMMARY: Exhibit 2-A comprises the Treasurer's Report for September 2025. **Exhibit 2-B** includes listings of check disbursements for the period September 1-30, 2025. Checks, virtual checks (AP Automation), direct deposits of employee paychecks, payroll tax deposits, and bank charges resulted in total disbursements for the period in the amount of $5,444,591.50. **Exhibit 2-C** reflects the unaudited version of the Statement of Revenues and Expenditures for the month ending September 30, 2025.

RECOMMENDATION: The Finance and Administration Committee recommends that the Board adopt the September 2025 Treasurer's Report and Statement of Revenues and Expenditures, and ratify the disbursements made during the month.

EXHIBITS
2-A Treasurer's Report
2-B Listing of Cash Disbursements
2-C Statement of Revenues and Expenditures

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EXHIBIT 2-A

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
TREASURER'S REPORT FOR SEPTEMBER 2025

Description	Checking	MPWMD Money Market	California CLASS	L.A.I.F.	Multi-Bank Securities*	MPWMD Total	PB Reclamation Money Market
Beginning Balance (A)	**$1,623,751.18**	**$3,686,846.83**	**$1,026,461.87**	**$16,242,743.60**	**9,429,782.50**	**$32,009,585.98**	**$754,669.44**
Fees/Deposits		5,058,560.09				5,058,560.09	242,967.82
MoCo Tax & WS Chg Installment Pymt						0.00	
Interest Received			3,604.35	-	39,535.97	43,140.32	
Transfer - Checking/CLASS						0.00	
Transfer - Money Market/LAIF						0.00	
Transfer - Money Market/Checking	5,000,000.00	(5,000,000.00)				0.00	
Transfer - Money Market/Multi-Bank						0.00	
Transfer to CAWD						0.00	(750,000.00)
Sub-total - Receipts/Transfers (B)	*$5,000,000.00*	*$58,560.09*	*$3,604.35*	-	*$39,535.97*	*$5,101,700.41*	*($507,032.18)*
AP Automation Payments	(1,551,765.99)					(1,551,765.99)	
General Checks	(3,466,249.72)					(3,466,249.72)	
Bank Draft Payments	(50,828.52)					(50,828.52)	
Rebate Payments	-					0.00	
Payroll Checks/Direct Deposits	(195,606.84)					(195,606.84)	
Payroll Tax/Benefit Deposits	(179,566.19)					(179,566.19)	
Bank Charges/Other	(1,070.38)					(1,070.38)	
Bank Corrections/Reversals/Errors	496.14					496.14	
Voided Checks						0.00	
Credit Card Fees						0.00	
Returned Deposits						0.00	
Sub-total - Disbursements (C)	*(5,444,591.50)*	-	-	-	-	*(5,444,591.50)*	-
Ending Balance (A+B+C)	**$1,179,159.68**	**$3,745,406.92**	**$1,030,066.22**	**$16,242,743.60**	**$9,469,318.47**	**$31,666,694.89**	**$247,637.26**

* Fixed Income investments are reported at face value

EXHIBIT 2-B

My Check Report

Monterey Peninsula Water Management District

By Check Number

Date Range: 09/01/2025 - 09/30/2025

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Bank Code: APBNK	**-Bank of America Checking**					
Payment Type: Regular						
03979	Special Districts Association of Monterey Count	09/19/2025	Regular	0.00	40.00	40981
01002	Monterey County Clerk	09/24/2025	Regular	0.00	65.00	40984
00274	Monterey One Water	09/24/2025	Regular	0.00	2,779,353.72	40985
00274	Monterey One Water	09/24/2025	Regular	0.00	686,041.00	40986
06746	POSTMASTER	09/25/2025	Regular	0.00	750.00	40987
			Total Regular:	**0.00**	**3,466,249.72**	

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Payment Type: Virtual Payment						
00763	ACWA-JPIA	09/05/2025	Virtual Payment	0.00	387.98	APA007409
00263	Arlene Tavani	09/05/2025	Virtual Payment	0.00	1,114.00	APA007410
18321	CalDesal	09/05/2025	Virtual Payment	0.00	1,000.00	APA007411
18225	DUDEK	09/05/2025	Virtual Payment	0.00	581.25	APA007412
09927	Hach Company	09/05/2025	Virtual Payment	0.00	44.51	APA007413
04717	Inder Osahan	09/05/2025	Virtual Payment	0.00	1,417.20	APA007414
31342	Kennedy/Jenks Consultants, Inc	09/05/2025	Virtual Payment	0.00	3,612.50	APA007415
31343	Knowbe4, Inc	09/05/2025	Virtual Payment	0.00	592.80	APA007416
05830	Larry Hampson	09/05/2025	Virtual Payment	0.00	1,410.00	APA007417
00222	M.J. Murphy	09/05/2025	Virtual Payment	0.00	26.07	APA007418
00274	Monterey One Water	09/05/2025	Virtual Payment	0.00	10,000.00	APA007419
22201	Montgomery & Associates	09/05/2025	Virtual Payment	0.00	3,652.50	APA007420
13396	Navia Benefit Solutions, Inc.	09/05/2025	Virtual Payment	0.00	1,557.02	APA007421
00154	Peninsula Messenger Service	09/05/2025	Virtual Payment	0.00	248.00	APA007422
13394	Regional Government Services	09/05/2025	Virtual Payment	0.00	735.00	APA007423
00225	AAA Workspace	09/12/2025	Virtual Payment	0.00	292.57	APA007424
28519	Albert A. Webb Associates	09/12/2025	Virtual Payment	0.00	1,021.25	APA007425
00028	Colantuono, Highsmith, & Whatley, PC	09/12/2025	Virtual Payment	0.00	294.00	APA007426
18734	DeVeera Inc.	09/12/2025	Virtual Payment	0.00	7,959.98	APA007427
18225	DUDEK	09/12/2025	Virtual Payment	0.00	412.50	APA007428
00235	Green Rubber- Kennedy AG	09/12/2025	Virtual Payment	0.00	19.28	APA007429
02833	Greg James	09/12/2025	Virtual Payment	0.00	1,408.53	APA007430
00094	John Arriaga	09/12/2025	Virtual Payment	0.00	4,500.00	APA007431
06999	KBA Document Solutions, LLC	09/12/2025	Virtual Payment	0.00	284.75	APA007432
00222	M.J. Murphy	09/12/2025	Virtual Payment	0.00	96.74	APA007433
04715	Matthew Lyons	09/12/2025	Virtual Payment	0.00	392.19	APA007434
00118	MB Carpet & Janitorial Inc.	09/12/2025	Virtual Payment	0.00	1,560.00	APA007435
26785	Monterey Bay Pest Control, Inc.	09/12/2025	Virtual Payment	0.00	140.00	APA007436
00274	Monterey One Water	09/12/2025	Virtual Payment	0.00	1,368,306.72	APA007437
00154	Peninsula Messenger Service	09/12/2025	Virtual Payment	0.00	665.00	APA007438
00282	PG&E	09/12/2025	Virtual Payment	0.00	2,754.29	APA007439
00262	Pure H2O	09/12/2025	Virtual Payment	0.00	65.54	APA007440
00176	Sentry Alarm Systems	09/12/2025	Virtual Payment	0.00	1,077.54	APA007441
19700	Shute, Mihaly & Weinberger LLP	09/12/2025	Virtual Payment	0.00	31,798.50	APA007442
09425	The Ferguson Group LLC	09/12/2025	Virtual Payment	0.00	6,300.00	APA007443
17965	The Maynard Group	09/12/2025	Virtual Payment	0.00	1,828.00	APA007444
31189	UBEO West, LLC	09/12/2025	Virtual Payment	0.00	22,892.64	APA007445
20230	Zoom Video Communications Inc	09/12/2025	Virtual Payment	0.00	492.76	APA007446
00760	Andy Bell	09/19/2025	Virtual Payment	0.00	604.00	APA007447
24368	Consolidated Electrical Distributors, Inc.	09/19/2025	Virtual Payment	0.00	24.69	APA007448
04041	Cynthia Schmidlin	09/19/2025	Virtual Payment	0.00	1,127.52	APA007449
12655	Graphicsmiths	09/19/2025	Virtual Payment	0.00	525.00	APA007450
03857	Joe Oliver	09/19/2025	Virtual Payment	0.00	744.00	APA007451
31191	Keith Day	09/19/2025	Virtual Payment	0.00	4,045.00	APA007452
05829	Mark Bekker	09/19/2025	Virtual Payment	0.00	367.41	APA007453
07418	McMaster-Carr	09/19/2025	Virtual Payment	0.00	238.71	APA007454
13396	Navia Benefit Solutions, Inc.	09/19/2025	Virtual Payment	0.00	1,357.02	APA007455
23759	Ozark Underground Lab, Inc	09/19/2025	Virtual Payment	0.00	80.00	APA007456
24163	Quality Print & Copy LLC	09/19/2025	Virtual Payment	0.00	604.95	APA007457
24869	Raftelis Financial Consultants, Inc.	09/19/2025	Virtual Payment	0.00	1,402.50	APA007458
31344	Sand City Lodging, LLC, a Delaware Limited Liab	09/19/2025	Virtual Payment	0.00	9,250.07	APA007459
00271	UPEC, Local 792	09/19/2025	Virtual Payment	0.00	1,287.50	APA007460
23550	WellmanAD	09/19/2025	Virtual Payment	0.00	8,500.00	APA007461
06009	yourservicesolution.com	09/19/2025	Virtual Payment	0.00	5,475.00	APA007462
12601	Carmel Valley Ace Hardware	09/26/2025	Virtual Payment	0.00	196.85	APA007463
00046	De Lay & Laredo	09/26/2025	Virtual Payment	0.00	32,368.66	APA007464
00192	Extra Space Storage	09/26/2025	Virtual Payment	0.00	510.00	APA007465
01012	Mark Dudley	09/26/2025	Virtual Payment	0.00	540.00	APA007466
00036	Parham Living Trust	09/26/2025	Virtual Payment	0.00	850.00	APA007467
00176	Sentry Alarm Systems	09/26/2025	Virtual Payment	0.00	185.50	APA007468

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
08105	Yolanda Munoz	09/26/2025	Virtual Payment	0.00	540.00	APA007469
			Total Virtual Payment:	**0.00**	**1,551,765.99**	

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Payment Type: Bank Draft						
00266	I.R.S.	09/05/2025	Bank Draft	0.00	19,539.35	DFT0003903
00266	I.R.S.	09/05/2025	Bank Draft	0.00	4,418.58	DFT0003904
00267	Employment Development Dept.	09/05/2025	Bank Draft	0.00	7,852.93	DFT0003905
00266	I.R.S.	09/05/2025	Bank Draft	0.00	571.58	DFT0003906
00277	Home Depot Credit Services	09/05/2025	Bank Draft	0.00	2,549.66	DFT0003907
00768	MissionSquare Retirement- 302617	09/05/2025	Bank Draft	0.00	9,026.92	DFT0003908
00256	PERS Retirement	09/05/2025	Bank Draft	0.00	26,021.55	DFT0003909
00766	Standard Insurance Company	09/05/2025	Bank Draft	0.00	1,649.81	DFT0003910
00266	I.R.S.	09/12/2025	Bank Draft	0.00	54.86	DFT0003911
00266	I.R.S.	09/12/2025	Bank Draft	0.00	234.36	DFT0003912
29035	BlueTriton Brands Inc	09/12/2025	Bank Draft	0.00	260.20	DFT0003914
00758	FedEx	09/12/2025	Bank Draft	0.00	50.24	DFT0003915
00277	Home Depot Credit Services	09/12/2025	Bank Draft	0.00	191.32	DFT0003916
00769	Laborers Trust Fund of Northern CA	09/12/2025	Bank Draft	0.00	43,004.00	DFT0003917
00259	Marina Coast Water District	09/12/2025	Bank Draft	0.00	3,254.84	DFT0003918
07627	Purchase Power	09/12/2025	Bank Draft	0.00	32.25	DFT0003919
18163	Wex Bank	09/12/2025	Bank Draft	0.00	2,156.31	DFT0003920
00266	I.R.S.	09/19/2025	Bank Draft	0.00	19,419.65	DFT0003922
00266	I.R.S.	09/19/2025	Bank Draft	0.00	4,391.76	DFT0003923
00267	Employment Development Dept.	09/19/2025	Bank Draft	0.00	7,813.01	DFT0003924
00266	I.R.S.	09/19/2025	Bank Draft	0.00	457.00	DFT0003925
00758	FedEx	09/22/2025	Bank Draft	0.00	183.77	DFT0003926
00277	Home Depot Credit Services	09/22/2025	Bank Draft	0.00	52.99	DFT0003927
00768	MissionSquare Retirement- 302617	09/19/2025	Bank Draft	0.00	9,066.92	DFT0003928
00256	PERS Retirement	09/19/2025	Bank Draft	0.00	26,021.56	DFT0003929
06746	POSTMASTER	09/19/2025	Bank Draft	0.00	750.00	DFT0003930
06746	POSTMASTER	09/19/2025	Bank Draft	0.00	-750.00	DFT0003930
00256	PERS Retirement	09/02/2025	Bank Draft	0.00	22.32	DFT0003931
00269	U.S. Bank	09/23/2025	Bank Draft	0.00	18,096.42	DFT0003932
00282	PG&E	09/29/2025	Bank Draft	0.00	23,562.93	DFT0003935
04736	Pitney Bowes Global Financial Svc, LLC	09/29/2025	Bank Draft	0.00	437.59	DFT0003936
00256	PERS Retirement	09/08/2025	Bank Draft	0.00	0.03	DFT0003954
			Total Bank Draft:	**0.00**	**230,394.71**	

Bank Code APBNK Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	5	5	0.00	3,466,249.72
Manual Checks	0	0	0.00	0.00
Voided Checks	0	0	0.00	0.00
Bank Drafts	109	32	0.00	230,394.71
EFT's	0	0	0.00	0.00
	191	**98**	**0.00**	**5,248,410.42**

All Bank Codes Check Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	5	5	0.00	3,466,249.72
Manual Checks	0	0	0.00	0.00
Voided Checks	0	0	0.00	0.00
Bank Drafts	109	32	0.00	230,394.71
EFT's	0	0	0.00	0.00
Virtual Payments	77	61	0.00	1,551,765.99
	191	**98**	**0.00**	**5,248,410.42**

Fund Summary

Fund	Name	Period	Amount
99	POOL CASH FUND	9/2025	5,248,410.42
			5,248,410.42

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
STATEMENT OF REVENUES AND EXPENDITURES
FOR THE MONTH SEPTEMBER 30, 2025

	Mitigation	Conservation	Water Supply	Current Period Activity	Current FY Year-to-Date Actual	Current FY Annual Budget	Prior FY Year-to-Date Actual
REVENUES							
Property taxes	$ -	$ -	$ -	$ -	$ -	$ 3,000,000	$ -
Water supply charge			-	-	-	-	-
User fees	243,791	237,993	202,869	684,653	1,360,301	7,800,000	1,504,325
PWM Water Sales			1,064,781	1,064,781	3,952,373	20,963,250	3,039,895
Capacity fees			159,168	159,168	442,709	450,000	150,777
Permit fees	-	17,610		17,610	70,514	198,000	49,278
Investment income	14,236	14,236	14,668	43,140	94,752	600,000	75,651
Miscellaneous	214	221	246	680	680	15,000	4,174
Sub-total district revenues	**258,242**	**270,059**	**1,441,731**	**1,970,032**	**5,921,329**	**33,026,250**	**4,824,101**
Project reimbursements	-	16,845	-	16,845	46,489	1,024,693	421,901
Legal fee reimbursements		450		450	1,950	15,000	1,200
Grants	-	-	-	-	-	11,840,610	3,559,873
Recording fees		3,735		3,735	13,705	65,000	13,323
Sub-total reimbursements	**-**	**21,030**	**-**	**21,030**	**62,144**	**12,945,303**	**3,996,297**
From Reserves	-	-	-	-	-	613,316	-
Total revenues	**258,242**	**291,089**	**1,441,731**	**1,991,062**	**5,983,473**	**46,584,868**	**8,820,398**
EXPENDITURES							
Personnel:							
Salaries	99,327	64,611	127,684	291,622	785,072	3,853,000	696,250
Retirement	9,575	6,505	12,958	29,038	774,442	1,152,715	668,851
Unemployment Compensation	-	-	-	-	-	10,100	-
Auto Allowance	148	148	443	738	1,994	11,000	1,269
Deferred Compensation	187	187	561	935	2,524	21,614	2,269
Temporary Personnel	-	-	-	-	-	10,000	-
Workers Comp. Ins.	4,066	354	2,949	7,368	19,792	107,950	17,701
Employee Insurance	18,543	13,442	20,808	52,793	153,194	732,922	149,522
Medicare & FICA Taxes	2,115	977	1,892	4,984	13,405	82,188	10,744
Personnel Recruitment	-	-	-	-	-	11,500	265
Other benefits	64	66	70	200	600	2,000	600
Staff Development	1,157	1,240	1,330	3,727	5,426	26,400	4,806
Sub-total personnel costs	**135,181**	**87,529**	**168,695**	**391,405**	**1,756,449**	**6,021,389**	**1,552,277**
Services & Supplies:							
Board Member Comp	757	757	780	2,295	6,750	37,000	7,830
Board Expenses	59	58	63	180	6,132	10,000	878
Rent	593	163	604	1,360	4,590	30,000	3,173
Utilities	1,350	1,309	1,432	4,091	12,481	45,200	11,591
Telephone	1,020	890	876	2,787	8,516	40,800	8,991
Facility Maintenance	3,226	3,129	3,422	9,777	19,686	95,100	14,292
Bank Charges	353	343	375	1,070	2,769	68,000	4,753
Office Supplies	237	312	252	801	6,349	46,700	3,665
Courier Expense	219	213	233	665	1,995	7,600	1,727
Postage & Shipping	-	-	-	-	25,170	30,500	107
Equipment Lease	-	-	-	-	-	13,200	1,344
Equip. Repairs & Maintenance	-	-	-	-	40	5,100	-
Printing/Duplicating/Binding	-	-	-	-	-	2,600	-
IT Supplies/Services	3,745	3,659	3,944	11,347	96,635	299,100	100,739
Operating Supplies	325	1,639	83	2,047	7,613	25,100	9,550
Legal Services	-	-	504	504	60,604	400,000	111,499
Professional Fees	8,522	8,264	9,038	25,824	109,922	388,200	91,161
Transportation	4,822	1,500	2,068	8,390	14,694	58,700	7,595

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
STATEMENT OF REVENUES AND EXPENDITURES
FOR THE MONTH SEPTEMBER 30, 2025

	Mitigation	Conservation	Water Supply	Current Period Activity	Current FY Year-to-Date Actual	Current FY Annual Budget	Prior FY Year-to-Date Actual
Travel	63	61	295	419	3,983	37,600	1,368
Meeting Expenses	462	448	490	1,399	4,431	24,700	5,964
Insurance	8,649	8,387	9,174	26,210	78,631	342,000	71,354
Legal Notices	-	-	-	-	-	5,700	2,145
Membership Dues	-	515	-	515	2,770	51,900	2,185
Public Outreach	-	-	-	-	1,921	6,000	3,540
Assessors Administration Fee	-	-	-	-	-	25,100	-
Miscellaneous	-	-	-	-	-	3,500	-
Sub-total services & supplies costs	**34,404**	**31,646**	**33,631**	**99,682**	**475,682**	**2,099,400**	**465,450**
Project expenditures	10,261	1,910	78,963	91,134	3,191,783	37,525,880	4,671,344
Fixed assets	-	-	-	-	2,427	92,200	12,119
Contingencies	-	-	-	-	-	70,000	-
Election costs	-	-	-	-	-	250,000	-
Debt service: Principal	-	-	-	-	-	-	-
Debt service: Interest	-	-	-	-	-	-	-
Flood drought reserve	-	-	-	-	-	-	-
Capital equipment reserve	-	-	-	-	-	326,000	-
General fund balance	-	-	-	-	-	-	-
Debt Reserve	-	-	-	-	-	-	-
Pension reserve	-	-	-	-	-	100,000	-
OPEB reserve	-	-	-	-	-	100,000	-
Sub-total other	**10,261**	**1,910**	**78,963**	**91,134**	**3,194,210**	**38,464,080**	**4,683,463**
Total expenditures	**179,846**	**121,085**	**281,289**	**582,220**	**5,426,341**	**46,584,868**	**6,701,189**
Excess (Deficiency) of revenues over expenditures	**$ 78,395**	**$ 170,004**	**$ 1,160,442**	**$ 1,408,842**	**$ 557,132**	**$ (0)**	**$ 2,119,209**

ITEM: CONSENT CALENDAR

3. RECEIVE AND FILE FIRST QUARTER FINANCIAL ACTIVITY REPORT FOR FISCAL YEAR 2025-2026

Meeting Date:	**November 17, 2025**	**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: The Finance and Administration Committee reviewed this item on November 10, 2025 and recommended approval.
CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.

SUMMARY: The first quarter of Fiscal Year (FY) 2025-2026 concluded on September 30, 2025. Table comparing budgeted and actual year-to-date revenues and expenditures for the period July 1, 2025, through September 2025 is included as **Exhibit 3-A**. **Exhibits 3-B** and **3-C** present the same information in bar graph format. The following comments summarize District staff's observations:

REVENUES

The revenue table compares amounts received through the first quarter of FY 2025-2026 to the amounts budgeted for that same time period. Total revenues collected were $5,982,793, or 51.4% of the year-to-date (YTD) budgeted amount of $11,646,216. Variances within the individual revenue categories are described below:

- Property tax revenues were $0, or 0% of the budget for the period. The first installment of this revenue is expected to be received in December 2025.
- User fee revenues were $1,360,301, or about 69.8% of the amount budgeted for YTD. This is lower than the budgeted amount, as collections for September are received after the close of the fiscal quarter. After September collections are booked, user fees are expected to be $2,020,187, or 103.6% of the YTD budget.
- Pure Water Monterey (PWM) Water Sales revenue was $3,952,373, or 75.4% of the budget for the period. This is water sales revenue for water purchased from Monterey One Water and sold to California American Water, and is a pass-through to the District. The FY 2025-26 PWM budget includes additional revenue from the PWM Expansion project, planned to be operational in November 2025.
- Capacity Charge revenues were $442,709, or 393.5% of the budget for the period. Actual collection was higher than the anticipated budget, as the forecasted figures are based on the estimated number of customers pulling permits. The higher revenue is related to a few large construction projects, such as a new airport terminal at Monterey, the conversion of an office building to an apartment complex on Garden Road, and other commercial projects.
- Permit Fee revenues were $70,514, or 142.5% of the budget for the period.

- Interest revenues were $94,792 or 63.2% of the budget for the period. This excludes the first-quarter interest revenue from the Local Agency Investment Pool, which is received in the second quarter.
- Reimbursements were $48,439, or 18.6% of the budget. These are for reimbursable project funds tied to the Aquifer Storage and Recovery, Watermaster, and District rebates. These billings are finalized at the end of every quarter after actual spending is finalized, and the reimbursements are received the following quarter.
- Grant revenue from the PWM Expansion project and Integrated Regional Water Management (IRWM) projects was $0, or 0% of the budget, as this revenue is received at the end of the quarter and is based on quarterly submission of expenditures to the State Water Resources Control Board and the Department of Drinking Water. The District expects to be reimbursed for approximately $3.8 million in grant expenditures for the first quarter of FY 2025-26, once expenditures are finalized.
- The Other revenue category totaled $13,705, or about 68.5% of the YTD budgeted amount. This category includes reimbursement revenues from legal and other miscellaneous services and recording fees.
- No Reserves were booked in the first quarter. This category includes potential use of reserves for the entire year, with adjustments typically made at the end of the fiscal year.

EXPENDITURES

Expenditure activity, as depicted on the expenditure table, is similar to patterns seen in past fiscal years. Total expenditures of $5,426,341 were about 46.6% of the budgeted amount of $11,646,216 for the period. Variances within the individual expenditure categories are described below:

- Personnel costs of $1,756,449 were about 116.7% of the budget. This was higher than the anticipated budget due to CalPERS' employers' portion of the unfunded liability, paid upfront for the fiscal year.
- Expenditures on supplies and services were $475,682 or about 90.6% of the budgeted amount. This was lower than the anticipated budget due to lower YTD expenditures for legal and consulting services for the first quarter.
- Fixed asset-related purchases of $2,427 represented around 10.5% of the YTD budgeted amount. Orders are expected to be placed for new District vehicles as per the budget in the second and third quarters of the fiscal year.
- Funds spent on project expenditures were $3,191,783, or approximately 34.0% of the amount budgeted for the period. This is lower than budgeted, as water purchases from PWM expansion are not expected to begin until November 2025, and first-quarter grant payments (expected to be around $3.8 million) are being finalized.
- Contingencies/Other expenditures were 0% of the budgeted amount, as no contingency budget was spent during this quarter.
- Reserve expenditures were 0% of the budgeted amount. Adjustments to reserves are made at the end of the fiscal year.

EXHIBITS

3-A Revenue and Expenditure Table
3-B Revenue Graph
3-C Expenditure Graph

EXHIBIT 3-A

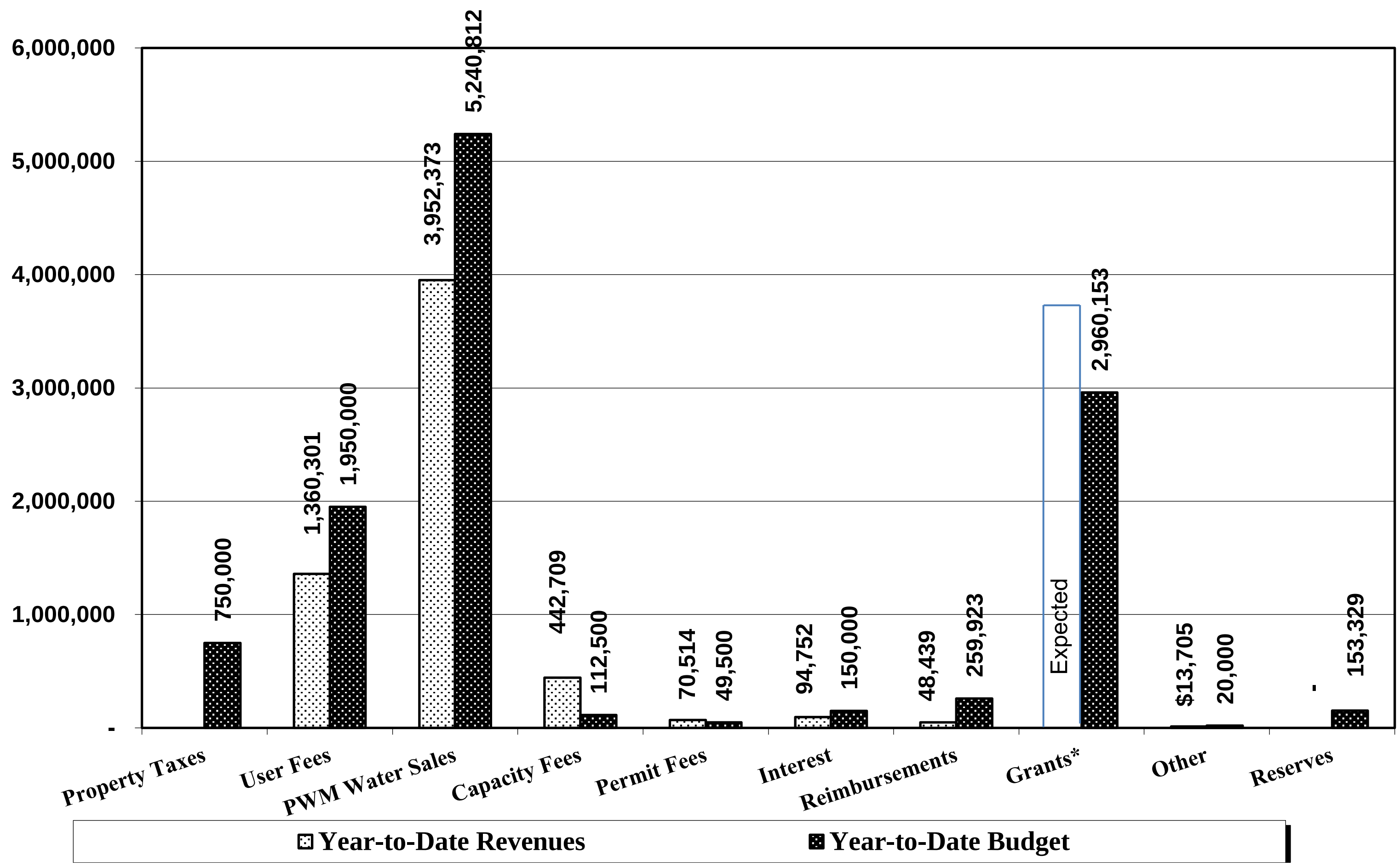
Monterey Peninsula Water Management District
Financial Activity as of September 30, 2025
Fiscal Year 2025-2026

	Year-to-Date Revenues	Year-to-Date Budget	Variance	Percent of Budget
Property Taxes	-	750,000	750,000	0.0%
User Fees	1,360,301	1,950,000	589,699	69.8%
PWM Water Sales	3,952,373	5,240,812	1,288,439	75.4%
Capacity Fees	442,709	112,500	(330,209)	393.5%
Permit Fees	70,514	49,500	(21,014)	142.5%
Interest	94,752	150,000	55,248	63.2%
Reimbursements	48,439	259,923	211,484	18.6%
Grants*	-	2,960,153	2,960,153	0.0%
Other	$13,705	20,000	6,295	68.5%
Reserves	-	153,329	$153,329	0.0%
Total Revenues	5,982,793	11,646,216	5,663,423	51.4%

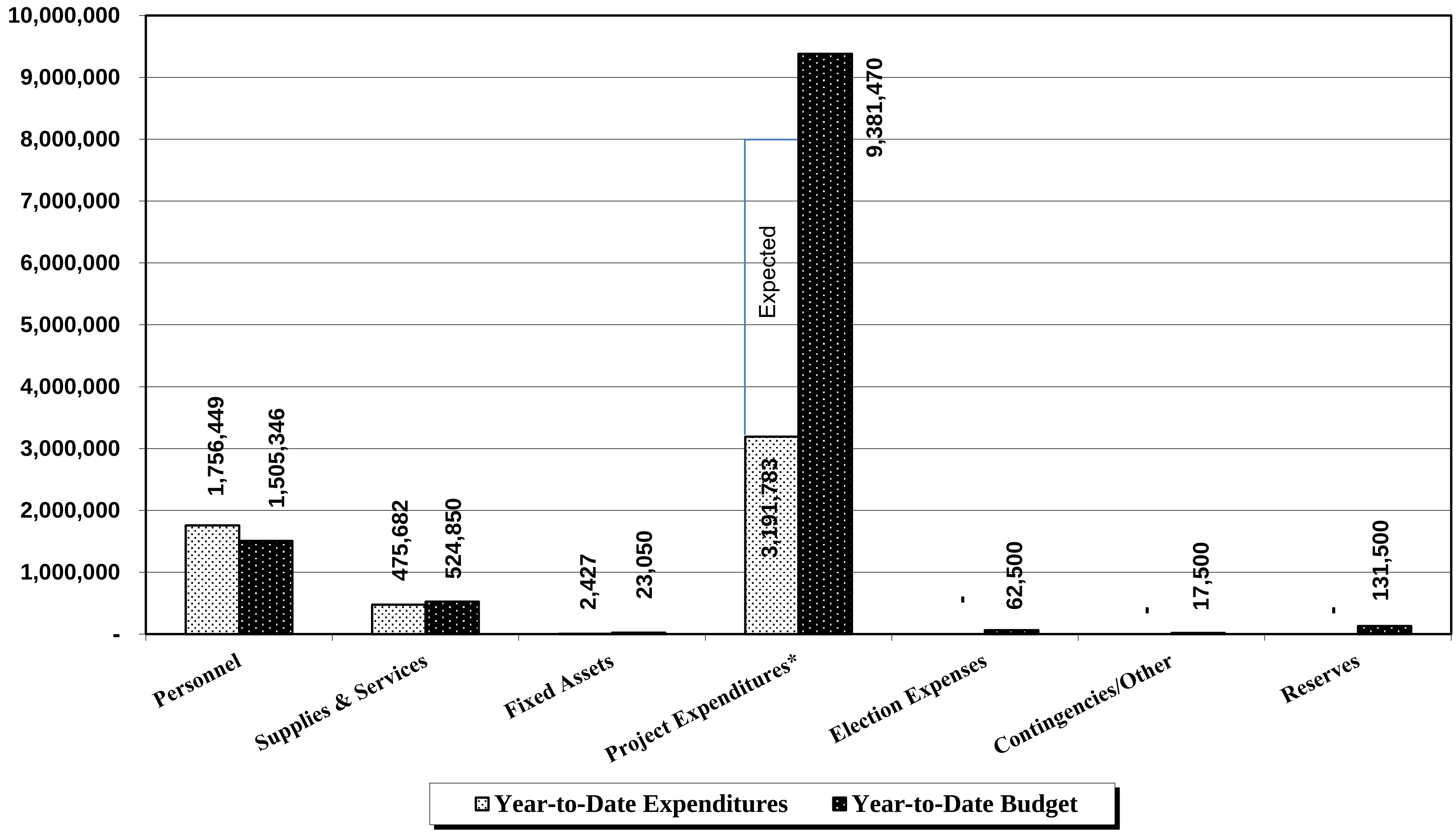
	Year-to-Date Expenditures	Year-to-Date Budget	Variance	Percent of Budget
Personnel	1,756,449	1,505,346	(251,103)	116.7%
Supplies & Services	475,682	524,850	49,168	90.6%
Fixed Assets	2,427	23,050	20,623	10.5%
Project Expenditures*	3,191,783	9,381,470	6,189,687	34.0%
Election Expenses	-	62,500	62,500	0.0%
Contingencies/Other	-	17,500	17,500	0.0%
Reserves	-	131,500	131,500	0.0%
Total Expenditures	$5,426,341	$11,646,216	$6,219,875	46.6%

* Expected grant revenues and grant expenditures of $3.8 million to be booked in Q1 after State approval

REVENUES
Q1 of FY 2025-26 - September 30, 2025
Year-to-Date Budgeted Revenues $11.65 M Year-to-Date Actual Revenues $5.98 M



EXPENDITURES
Q1 of FY 2025-26 - September 30, 2025
Year-to-Date Budgeted Expenditures $11.65 M Year-to-Date Actual Expenditures $5.43 M



ITEM: CONSENT CALENDAR

4. CONSIDER APPROVAL OF FIRST QUARTER FISCAL YEAR 2025-2026 INVESTMENT REPORT

Meeting Date:	**November 17, 2025**	**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: The Finance and Administration Committee considered this item on November 10, 2025, and recommended approval.
CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.

SUMMARY: The District's investment policy requires that each quarter the Board of Directors receive and approve a report on investments held by the District. **Exhibit 4-A** is the report for the quarter ending September 30, 2025. District staff has determined that these investments do include sufficient liquid funds to meet anticipated expenditures for the next six months, and this portfolio is in compliance with the current District investment policy. This portfolio is also in compliance with the California Government Code and the permitted investments of Monterey County.

RECOMMENDATION: The Finance and Administration Committee recommends that the Board approve the First Quarter Fiscal Year 2025-2026 Investment Report.

EXHIBIT
4-A Investment Report as of September 30, 2025

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EXHIBIT 4-A

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
INVESTMENT REPORT AS OF SEPTEMBER 30, 2025

MPWMD

Issuing Institution Security Description	Purchase Date	Maturity Date	Cost Basis	Par Value	Market Value	Annual Rate of Return	Portfolio Distribution
Local Agency Investment Fund[1]			$16,242,744	$16,242,744	$16,242,744	4.240% *	51.29%
Bank of America:							
Money Market			3,745,407	3,745,407	3,745,407	0.000%	
Checking			1,179,160	1,179,160	1,179,160	0.000%	
			$4,924,567	$4,924,567	$4,924,567	0.000%	15.55%
California CLASS Fund			$1,030,066	$1,030,066	$1,030,066	4.273% *	3.25%
Multi-Bank Securities Cash Account							
Cash + Treasury			145,318	145,318	$145,318	2.56%	0.46%
Multi-Securities Bank Securities:							
Interest Bearing Certificate of Deposit	6/16/2021	6/16/2026	$ 249,000	$ 249,000	$ 243,881	0.90%	
Interest Bearing Certificate of Deposit	7/22/2021	7/22/2026	$ 250,000	$ 250,000	$ 244,263	0.95%	
Interest Bearing Certificate of Deposit	7/15/2021	7/14/2026	$ 250,000	$ 250,000	$ 244,503	1.00%	
Interest Bearing Certificate of Deposit	10/27/2021	10/27/2026	$ 250,000	$ 250,000	$ 242,848	1.05%	
Interest Bearing Certificate of Deposit	1/11/2022	1/7/2027	$ 250,000	$ 250,000	$ 243,030	1.50%	
Interest Bearing Certificate of Deposit	5/11/2022	5/11/2027	$ 250,000	$ 250,000	$ 247,380	3.05%	
Interest Bearing Certificate of Deposit	5/12/2022	5/12/2027	$ 250,000	$ 250,000	$ 247,958	3.20%	
Interest Bearing Certificate of Deposit	7/12/2022	7/12/2027	$ 245,000	$ 245,000	$ 243,518	3.35%	
Interest Bearing Certificate of Deposit	9/15/2022	9/15/2027	$ 250,000	$ 250,000	$ 249,865	3.60%	
Interest Bearing Certificate of Deposit	9/30/2024	9/25/2029	$ 245,000	$ 245,000	$ 243,635	3.60%	
Interest Bearing Certificate of Deposit	9/22/2025	9/10/2030	$ 245,000	$ 245,000	$ 243,327	3.60%	
Interest Bearing Certificate of Deposit	9/12/2025	9/12/2028	$ 249,000	$ 249,000	$ 250,589	3.90%	
Interest Bearing Certificate of Deposit	5/21/2025	5/21/2030	$ 249,000	$ 249,000	$ 250,872	3.90%	
Interest Bearing Certificate of Deposit	9/30/2024	3/27/2028	$ 248,000	$ 248,000	$ 249,768	3.95%	
Interest Bearing Certificate of Deposit	3/27/2025	3/25/2027	$ 249,000	$ 249,000	$ 250,016	4.00%	
Interest Bearing Certificate of Deposit	3/31/2025	3/29/2027	$ 249,000	$ 249,000	$ 249,979	4.00%	
Interest Bearing Certificate of Deposit	9/30/2022	9/30/2027	$ 250,000	$ 250,000	$ 251,685	4.00%	
Interest Bearing Certificate of Deposit	12/11/2024	12/11/2029	$ 249,000	$ 249,000	$ 251,933	4.00%	
Interest Bearing Certificate of Deposit	12/17/2024	12/17/2029	$ 245,000	$ 245,000	$ 247,749	4.05%	
Interest Bearing Certificate of Deposit	4/16/2025	4/16/2030	$ 249,000	$ 249,000	$ 250,382	4.05%	
Interest Bearing Certificate of Deposit	3/21/2025	3/22/2027	$ 249,000	$ 249,000	$ 252,247	4.10%	
Interest Bearing Certificate of Deposit	1/29/2024	1/29/2029	$ 249,000	$ 249,000	$ 252,247	4.10%	
Interest Bearing Certificate of Deposit	2/10/2023	2/10/2028	$ 250,000	$ 250,000	$ 227,600	4.25%	
Interest Bearing Certificate of Deposit	8/15/2024	8/15/2029	$ 223,000	$ 223,000	$ 253,373	4.25%	
Interest Bearing Certificate of Deposit	4/12/2024	4/12/2028	$ 249,000	$ 249,000	$ 253,512	4.40%	
Interest Bearing Certificate of Deposit	4/29/2024	4/30/2029	$ 244,000	$ 244,000	$ 250,381	4.50%	
Interest Bearing Certificate of Deposit	3/28/2024	3/29/2027	$ 249,000	$ 249,000	$ 252,767	4.75%	
Interest Bearing Certificate of Deposit	3/23/2023	3/23/2028	$ 250,000	$ 250,000	$ 257,320	4.90%	
Interest Bearing Certificate of Deposit	8/22/2023	8/22/2028	$ 250,000	$ 250,000	$ 258,570	4.90%	
Interest Bearing Certificate of Deposit	5/30/2023	5/29/2026	$ 250,000	$ 250,000	$ 251,913	5.00%	
Interest Bearing Certificate of Deposit	12/8/2023	12/8/2027	$ 250,000	$ 250,000	$ 257,040	5.00%	
Interest Bearing Certificate of Deposit	7/26/2023	7/26/2028	$ 250,000	$ 250,000	$ 259,038	5.00%	
Interest Bearing Certificate of Deposit	7/26/2023	7/26/2028	$ 250,000	$ 250,000	$ 259,038	5.00%	
Interest Bearing Certificate of Deposit	11/29/2023	5/29/2026	$ 250,000	$ 250,000	$ 251,810	5.05%	
Interest Bearing Certificate of Deposit	10/27/2023	10/27/2026	$ 250,000	$ 250,000	$ 254,548	5.50%	
			$ 8,684,000	$ 8,684,000	$ 8,738,580	3.78%	27.42%
Multi-Securities Bank Securities:							
U.S. Government Bonds	02/25/21	02/25/26	$390,000	$390,000	$385,070	0.70%	
U.S. Government Bonds	03/10/22	03/10/27	$250,000	$250,000	$245,823	2.50%	
			$640,000	$640,000	$630,893	1.40%	
TOTAL MPWMD			**$31,666,695**	**$31,666,695**	**$31,712,168**	**3.390%**	2.02%

D WASTEWATER RECLAMATION PROJECT

Issuing Institution Security Description	Purchase Date	Maturity Date	Cost Basis	Par Value	Market Value	Annual Rate of Return	Portfolio Distribution
Bank of America:							
Money Market Fund			247,637	247,637	$247,637	0.000%	100.00%
TOTAL WASTEWATER RECLAMATION PROJECT			**$247,637**	**$247,637**	**$247,637**	**0.000%**	

These investments do include sufficient liquid funds to meet anticipated expenditures for the next six months as reflected in the FY 2025-2026 annual budget adopted on June 16, 2025

[1] Includes Pooled Money Investment Account Average Monthly Effective Yield

* Includes thirty day average yields

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November 17, 2025

TO: Chair Riley, Members of the Board and General Manager Stoldt

FROM: David C. Laredo, Counsel

RE: General Report of Pending Litigation effective November 17, 2025

This memo presents a public summary of litigation matters that are deemed to be open and active. This is a recurring memo; the newly updated data is shown in ***highlighted text***.

1 – *MPWMD v. Cal-Am*; 23CV004102

This lawsuit embodies District efforts to fulfill the electoral mandate of Measure J to acquire ownership and operation of Cal-Am's Monterey Division water supply facilities by eminent domain. Cal-Am's Dec. 16, 2024 Answer contends the District lacks the power to both acquire the water system, or to operate a retail potable water system. The District disputes Cal-Am's contentions and objections. Judge Rivamonte (Department 13A) is assigned as presiding judge for this case.

MPWMD and Cal-Am motions to narrow the scope of this proceeding are presently set for hearing before Judge Rivamonte at 8:30 a.m. on December 12, 2025. On October 28, 2025, Case Management Conference (CMC) also continued this pending CMC to December 12, 2025. The CMC will address progress issues such as pending discovery efforts and trial the anticipated calendar.

2 – *MPWMD v. Local Agency Formation Commission (LAFCO); Cal-Am*; 22CV000925
6th Dist. Court of Appeal H051849

The District successfully challenged LAFCO's decisions affecting and limiting MPWMD's power to acquire Cal-Am water system facilities as directed by the voter mandate in Measure J. LAFCO and Cal-Am then appealed the 2023 decision of Judge Thomas Wills. The matter is on appeal before the Sixth District Court of Appeal. Appellants.

MPWMD's brief that replied to the opening briefs of LAFCO and Cal-Am was filed last week. LAFCO and Cal-Am will next file their closing reply briefs. These are due in mid-January 2026.

3 – *City of Marina; MPWMD, et al, v. California Coastal Commission (CCC); Cal-Am*; Trial Case 22CV004063; 6th District Appellate Case H053560

The trial court judgment entered on May 29, 2025 found the CCC did not exceed its jurisdiction or abuse its discretion in this matter. Parties City of Marina, Marina Coast Water District (MCWD), and MPWMD jointly filed a Notice of Appeal on July 24, 2025. Appellants are jointly represented by T. Peter Pierce of Richards, Watson Gershon in San Francisco. A briefing schedule has not yet been set by the Appellate Court.

4 – Matters before the California Public Utilities Commission (CPUC) pertaining to Cal-Am.

The following actions are separate proceedings in which MPWMD is involved due to their impact on the Monterey area or upon the Cal-Am water system.

4.a A.21-11-024 Cal-Am Amended Water Purchase Agreement

This action deals with Cal-Am's water purchase from the Pure Water Replenishment Project, and updates Cal-Am system supplies and demand estimates. The CPUC or Commission issued a Final Decision (Decision) on August 14, 2025. The Decision concluded the firm water supply is 11,114 acre-feet per year (AFY) and the demand in 2050 will be 13,372 AFY.

This is likely our last update on this case as no additional hearings are expected in this matter.

4.b A.25-07-003 Cal-Am 2025 General Rate Case (GRC)

Cal-Am filed its latest triennial rate request with the CPUC on July 1, 2025. This request is part of the regular three-year rate cycle by which the CPUC reviews and authorizes Cal-Am's rates and charges, and also by which the CPUC authorizes Cal-Am to modify its operating system. MPWMD has been granted full party statis in this proceeding, with the right to undertake discovery, and to present witnesses and evidence in forthcoming evidentiary hearings. MPWMD staff and counsel continue to assess issues presented by Cal-Am and points raised by opposing parties.

The next steps in this case will include a Public Participation Hearing (PPH) in Monterey, likely to be held in January 2026. Cal Advocates testimony is due January 23, 2026, and MPWMD testimony will be due February 6, 2026.

Evidentiary Hearings are presently calendared in San Francisco between April 20 – May 1, 2026 (remote appearances have been discontinued). A Scoping Memo will confirm all pending dates in this matter.

4.d R.22-04-003 CPUC Acquisition Rulemaking

This action is a statewide CPUC Rulemaking matter that addresses statewide public utility system policy, and has specific impact on the Cal-Am system. It is unclear when a Proposed Decision will be issued or when the matter may be submitted for consideration by the full Commission. The CPUC's internal Statutory deadline has been extended to September 30, 2025.

5 –MPWMD v. SWRCB. Case No. 1-10-CV-163328 (Santa Clara County Superior Court) 10/27/2009.

This matter was filed in 2010 to challenge the Cease & Desist Order (CDO) issued by the SWRCB. The case asserted four causes of action against the SWRCB related to the Cease & Desist Order. Originally filed in Monterey County, the case was transferred to Santa Clara County.

In July the Sierra Club (Sierra) and Carmel River Steelhead Association (CRSA) requested the action be dismissed. No parties challenged the request for dismissal and the Court subsequently granted that request.

The Sierra has since filed a Motion for an award of attorney’s fees against Cal-Am and MPWMD..

A preliminary date for the court to hear this motion had been set for January 29, 2026, but the hearing is now re-set to March 26, 2026. This hearing will be held before Judge Charles F. Adams, in Dept. 7, at 191 North First Street, San Jose, CA.

Briefs by MPWMD and Cal-Am are to be filed by January 30, 2026; Sierra’s reply brief is due February 5, 2026.

ITEM: PUBLIC HEARING

9. CONSIDER SECOND READING AND ADOPTION OF ORDINANCE NO. 199 – AMENDING RULE 142.1, WATER EFFICIENT LANDSCAPE ORDINANCE

Meeting Date:	**November 17, 2025**	**Budgeted:**	**N/A**
From:	**David Stoldt** **General Manager**	**Program/** **Line Item No.:**	**N/A**
Prepared By:	**Stephanie Locke**	**Cost Estimate:**	**N/A**

General Counsel Review: Completed
Committee Recommendation: The Water Demand Committee considered this item on October 2, 2025, and recommended approval.
CEQA Compliance: This ordinance is exempt from review under the California Environmental Quality Act ("CEQA") (California Public Resources Code Section 21000 et seq.).

SUMMARY: Draft Ordinance No. 199 adopts an updated Rule 142.1 that is much easier to understand. The District's current Rule 142.1 was adopted in 2016 based on the State's Model Water Efficient Landscape Ordinance (MWELO). Over the past several years, the Department of Water Resources has worked with local agencies, water suppliers, landscape industry groups, and public interested parties, including MPWMD, to prepare an updated MWELO that simplifies and clarifies the requirements to facilitate local implementation and improve compliance. The new MWELO is significantly improved as far as readability and clarity.

The District is the regional landscape entity and regularly issues and enforces Landscape Water Permits for the Jurisdictions. MPWMD also is responsible for the Department of Water Resources' annual reporting requirement. Proposed Ordinance No. 199 deletes the existing Rule 142.1 and replaces it with most of the text from the revised MWELO. The ordinance maintains the District's irrigation requirements and provides sample forms for compliance, along with updated evapotranspiration data. Representatives of the District's Technical Advisory Committee were provided with the draft ordinance and staff report in early October prior to first reading.

Ordinance No. 199 includes added requirements for landscape projects undertaken within one (1) year of completion of projects requiring a grading permit, building permit, or design review and projects that are undertaken to repair unintended damage during construction. These requirements are needed due to the number of landscaping projects that are not completed during or immediately after construction that should meet the WELO efficiency requirements and projects that are not planned at the time the construction project is undertaken (i.e. to repair damage). These additions were discussed and supported by the Water Demand Committee in 2023 and again in October 2025.

RECOMMENDATION: The Board should conduct a public hearing on Ordinance No. 199 and adopt the ordinance on second reading.

BACKGROUND: Rule 142.1 *Water Efficient Landscape Requirements* was added to the Rules and Regulations in 2016 (Ordinance No. 172) to comply with state law and to provide landscape standards that minimize water use, eliminate Water Waste, and reduce stormwater runoff by requiring low water landscape plantings, design, and irrigation methods. The District's rule is more effective than the State's Model Water Efficient Landscape Ordinance, and the District regionally administers and enforces these requirements to ensure that landscapes are water efficient.

Rule 142.1 requirements apply to:

1. New construction (including demolition projects) with a new or rehabilitated landscape area equal to or greater than 500 square feet requiring a building or landscape permit, plan check, or design review;

2. Rehabilitated landscape projects with a landscape area equal to or greater than 2,500 square feet requiring a building or landscape permit, plan check, or design review;

3. Landscape projects with a new or rehabilitated landscape area equal to or greater than 500 square feet undertaken within one (1) year of completion of projects requiring a grading permit, building permit, or design review;

4. Landscape projects with a new or rehabilitated landscape area equal to or greater than 500 square feet undertaken to repair unintended damage from a project requiring a grading permit, building permit, or design review;

5. Existing non-rehabilitated landscapes are limited to Rule 142.1-D.

The Landscape Water Permit process is part of the permitting for new construction and remodels/additions. The landscape plans are usually prepared by a landscape architect or designer who is familiar with MWELO and the District's requirements. The District reviews the project plans and documentation package(s) and conducts a final inspection after the landscape has been installed. Annually, the District as the regional agency, submits a comprehensive report to the Department of Water Resources about permits issued the previous year.

EXHIBIT
9-A Draft Ordinance No. 199

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EXHIBIT 9-A

SECOND READING DRAFT
ORDINANCE NO. 199
AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE MONTEREY PENINSULA WATER MANAGEMENT DISTRICT AMENDING RULE 142.1, WATER EFFICIENT LANDSCAPE REQUIREMENTS

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FINDINGS

1. The Monterey Peninsula Water Management District ("District") is organized and exists under the Monterey Peninsula Water Management District Law (Chapter 527 of the Statutes of 1977, and published at Water Code Appendix, Section 118-1, et seq.) ("District Law").

2. The District is charged under the Monterey Peninsula Water Management District Law with the integrated management of all ground and surface water resources on the Monterey Peninsula area.

3. Water savings can be gained by efficient landscape design, installation, management, and maintenance. This is accomplished by choosing climate adapted plants, improving soil conditions, and using and maintaining high efficiency irrigation equipment and managing the irrigation schedule to fit the plants' water needs as they are influenced by local climate.

4. To increase water efficiency and better use a valuable resource, rainwater and stormwater collection and Graywater and Recycled Water can replace or augment Potable water use in landscapes.

5. Water conservation in landscaping serves the public health, safety, and welfare by minimizing water use, eliminating Water Waste, and maximizing energy efficiency.

6. Assembly Bill 325 - The Water Conservation in Landscape Act of 1990 ("AB 325") was signed into law on September 29, 1990, requiring the California Department of Water Resources ("DWR") to develop and adopt a State Model Water Efficient Landscape Ordinance with provisions for water efficient landscape design, installation, and maintenance by January 1, 1992.

7. Assembly Bill 1881-The Water Conservation in Landscaping Act of 2006 ("AB 1881") required DWR to develop and adopt an updated State Model Water Efficient Landscape Ordinance ("MWELO"). Government Code Section 65595 as enacted by AB 1881 mandates that local governments either adopt the MWELO or a local ordinance that is at least as effective in water conservation by January 1, 2010. If neither has occurred by that date, the MPWMD is required to enforce the MWELO.

8. On January 29, 2010, MPWMD notified the DWR that the MPWMD intends to follow the MWELO.

9. On April 1, 2015, the Governor of the State of California issued Executive Order B-29-15 due to the continued severe drought conditions. This order required DWR to revise the MWELO through expedited regulation to increase water efficiency standards for new and retrofitted landscapes through more efficient Irrigation Systems, Graywater usage, onsite storm water capture, and by limiting the portion of landscapes that can be covered in Turf.

10. In accordance with Section 490 of the California Code of Regulations Title 23 (Waters), Division 2, Chapter 2.7, the purpose of the MWELO is to establish a structure for planning, designing, installing, maintaining and managing water efficient landscapes in New Construction (including new buildings with landscape or other new landscape, such as a park, playground, or Greenbelt without an associated building) and Rehabilitated Landscape projects by encouraging the use of a watershed approach. Title 23 further states that such landscapes will make the urban environment resilient in the face of climatic extremes and result in an improved urban setting. Consistent with the State's purpose, this ordinance is intended to govern those types of landscapes that are ornamental in nature and typically found in urban settings.

11. On July 15, 2015, the California Water Commission approved a revised MWELO. Local governments were required to enforce the revised MWELO as of December 15, 2015, unless the MPWMD adopted a local ordinance.

12. New development and retrofitted landscape water efficiency standards are governed by the MWELO. The MWELO is also referenced by Title 24, Part 11, Chapters 4 and 5 CalGreen Building Code. All local agencies must adopt, implement, and enforce the MWELO or a local Water Efficient Landscape Ordinance (WELO) that is at least as effective as the MWELO.

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13. The purpose of this ordinance is to adopt a local ordinance that is at least as effective in water conservation as the revised MWELO and accordingly enable the District to apply this ordinance in lieu of the revised MWELO.

14. The purpose of water efficient landscape ordinances is to not only increase water efficiency but to improve environmental conditions in the built environment. Landscaping should be valued beyond the aesthetic because landscapes replace habitat lost to development and provide many other related benefits such as improvements to public health and quality of life, climate change mitigation, energy and materials conservation and increased property values.

15. The intent of the recent MWELO amendments was to improve the implementation and enforcement of MWELO by providing clarity, improving organization, and reducing ambiguities. The proposed amendments were needed so that regulated parties can understand what is required by MWELO and correctly guide project Applicants. Because of the ambiguities in the MWELO, local agencies and project Applicants may have misinterpreted or not clearly understood what is required.

16. In accordance with Sections 65595(c)(1) and 65597 of the Government Code, the Board of MPWMD hereby finds that Ordinance No. 199 is at least as effective in conserving water as the revised MWELO. Pursuant to Section 65596 of the Government Code, specific elements were identified to be included within the revised MWELO. These elements have been incorporated into this ordinance; therefore, it meets the minimum requirements of State law.

17. MPWMD as the regional agency responsible for compliance with the MWELO, adopted as Ordinance No. 172 in August 2016, that implemented a local version of the WELO that is more effective than the MWELO.

18. Ordinance No. 199 replaces the previous Water Efficient Landscape Requirements enacted by Ordinance No. 172 with the 2025 MWELO provisions, which are a simplified and clearer version of the previous MWELO.

19. Ordinance No. 199 maintains certain local provisions of its previous Rule 142.1, such as more stringent irrigation requirements than the MWELO and a slightly smaller Turf allowance.

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20. Ordinance No. 199 adds a Landscape Water Permit requirement for landscaping related to construction that occurs within one year after a project or that is the result of unexpected damage to an existing landscape.

21. This ordinance is exempt from review under the California Environmental Quality Act ("CEQA") (California Public Resources Code Section 21000 et seq.). Pursuant to State CEQA Guidelines sections 15307 and 15308, this ordinance is covered by the CEQA Categorical Exemption for actions taken to assure the maintenance, restoration, enhancement, or protection of a natural resource where the regulatory process involves procedures for protection of the environment.

NOW THEREFORE, be it ordained:

ORDINANCE

Section One: **Short Title**

This ordinance shall be known as the 2025 Update to Rule 142.1, Water Efficient Landscape Requirements.

Section Two: **Purpose**

This ordinance replaces the existing Rule 142.1 to reflect updates to the State of California's Model Water Efficient Landscape Ordinance (MWELO) adopted as Chapter 2.7 in the California Code of Regulations in 2025. Updates include extensive revisions to the original versions of the MWELO to simplify the language and process. These revisions are implemented by MPWMD with a new Rule 142.1 that reflects the State's amendments.

Section Three: **Amendments to MPWMD Rule 11, Definitions**

Rule 11 shall be amended as shown in bold italics (additions) and strikeout (deletions) as follows:

~~IRRIGATION SURVEY – "Irrigation Survey" shall mean an evaluation of an Irrigation System that is less detailed than an Irrigation Audit.~~

CERTIFICATE OF COMPLETION PACKAGE – "Certificate of Completion Package" shall mean the document with the required elements pursuant to Rule 142.1-J.

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ESTIMATED WATER USE (EWU) – "Estimated Water Use" (EWU) is the calculated water used for each Hydrozone as described in Rule 142.1-L. Estimated Water Use equals the Evapotranspiration Adjustment Factor times the Hydrozone area in square-feet times the appropriate Evapotranspiration Adjustment Factor x 0.62.

LANDSCAPE AREA – "Landscape Area" shall mean all the planting areas, Turf areas, and Water Features in a Landscape Design Plan subject to the Maximum Applied Water Allowance and the Estimated Applied Water Use calculations. The Landscape Area does not include footprints of buildings or structures, sidewalks, driveways, parking lots, decks, patios, gravel or stone walks, other Pervious or non-Pervious hardscapes, and other non-irrigated areas designated for non-development (e.g., Open Spaces and existing Native Vegetation). ***The Landscape Area is the sum of the landscape projects' Regular Landscape Areas (RLA) and Special Landscape Areas (SLA). LA = RLA + SLA.***

LANDSCAPE DOCUMENTATION PACKAGE – "Landscape Documentation Package" means the documents required per the compliance option chosen by the applicant, as described in Rule 142.1-G.

LANDSCAPE WATER PERMIT – "Landscape Water Permit" shall mean a permit issued by the District for landscape projects subject to Rule 142.1.

REGULAR LANDSCAPE AREA – "Regular Landscape Area" (RLA) is the portion of the irrigated Landscape Area that is not a Special Landscape Area. RLA = LA - SLA.

REHABILITATED LANDSCAPE – "Rehabilitated Landscape" shall mean any ~~relandscaping of existing landscapes~~ ***landscape renovation project*** where the modified Landscape Area is equal to or greater than two thousand five hundred (2,500) square feet. ***This definition also may be called the Rehabilitated Landscape Area.***

SOIL~~S~~ MANAGEMENT REPORT – "Soil~~s~~ Management Report" shall mean an analysis of the existing soil conditions relative to horticulture (versus agriculture or structural integrity) resulting in recommendations of appropriate soil amendments.

TURF ***or TURFGRASS*** – "Turf" ***or "Turfgrass"*** shall mean a ground cover surface of mowed grass and does not include artificial Turf surfaces. For example, Annual ~~b~~***B***luegrass, Kentucky ~~b~~***B***luegrass, Perennial ~~r~~***R***yegrass, Red ~~f~~***F***escue, and ~~t~~***T***all ~~f~~***F***escue are cool-season grasses and

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Bermuda ~~g~~***G***rass, Kikuyu ~~g~~***G***rass, Seashore Paspalum, St. Augustine ***G***~~g~~rass, Zoysia ***G***~~g~~rass, and Buffalo ~~g~~***G***rass are warm-season grasses.

Section Four: **<u>Amendments to MPWMD Rule 24-A-5</u>**

Rule 24-A-5 shall be amended as shown in bold italics (***additions***) and strikeout (~~deletions~~) as follows:

5. <u>Exterior Residential Water Demand Calculations</u>

See Rule 142.1, Water Efficient Landscape Requirements, for calculation of landscape water demand. An additional 0.01 Acre-Foot of water shall be added for outdoor water uses other than irrigation.

~~a.~~ Exterior water demand shall be calculated according to Rule 142.1. ~~The Exterior Water Demand Calculation shall be the Estimated Total Water Use plus 0.01 Acre-Foot. Any modification to the landscaping that results in an Intensification of Use shall require a new Water Permit.~~

~~b. Sites utilizing rainwater storage as a component in an Irrigation System. For all new Connections on Sites where rainwater storage is included as a source of water supply for an Irrigation System, the Estimated Total Water Use as determined by the landscaping plan shall be reduced by the available Rainwater Harvesting Capacity. Any modification to the landscaping that results in an Intensification of Use shall require a Water Permit. An additional 0.01 Acre-Foot of water from the Water Distribution System shall be added for outdoor water uses other than irrigation.~~

~~c. Sites utilizing rainwater storage as a component in an Irrigation System shall have landscape water use restricted by a recorded covenant on the title of the property or other deed restriction enforceable by the District. The recorded covenant or deed restriction shall provide notice to each subsequent owner that failure to maintain and utilize the rainwater storage component of the Irrigation System shall constitute an Intensification of Use which may result in collection of additional Capacity Fees and debits to a Jurisdiction's Allocation or Water Entitlement and/or other enforcement actions.~~

Section Five: **<u>Deletion and Replacement of MPWMD Rule 142.1</u>**

Rule 142.1 shall be deleted in its entirety. The following text shall be added as Rule 142.1:

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RULE 142.1 – WATER EFFICIENT LANDSCAPE REQUIREMENTS

A. **Purpose**. The purpose of this Rule is to provide landscape standards that minimize water use, eliminate Water Waste, and reduce stormwater Runoff by requiring low water landscape plantings, design, and irrigation methods. Pursuant to California Government Code Section 65595, this Rule is intended to be at least as effective in water conservation and efficiency as the State's Model Water Efficient Landscape Ordinance (MWELO).

B. **General Requirements**

1. Water Waste prohibitions remain in place according to MPWMD Rule 162.

2. Recycled Water.

   a. All Recycled Water use is subject to applicable provisions of the California Code of Regulations (Cal. Code Regs.), Titles 17 and 22, the California Plumbing Code (Cal. Code Regs., Title 24, Part 5, Chapter 15), and all applicable local and State laws.

   b. Landscape Areas using Recycled Water are considered Special Landscape Areas.

3. Graywater Irrigation Systems. All Graywater Irrigation Systems are required to conform to the California Plumbing Code (Cal. Code Regs., Title 24, Part 5, Chapter 15) and any applicable local ordinance standards.

   a. Graywater Irrigation Systems promote the efficient use of water and are encouraged to assist in on-site landscape irrigation.

   b. For projects using treated or untreated Graywater, any Parcel within the project that has less than 2,500 square-feet of Landscape Area and meets the Parcel's landscape water requirement (Estimated Total Water Use or ETWU) entirely with Graywater is subject only to Rule 142.1-H-1-b.

4. Stormwater Management and Rainwater Retention.

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a. Project Applicants shall refer to the Jurisdiction or Regional Water Quality Control Board for information on any applicable stormwater technical requirements.

b. All Non-Potable rainwater catchment systems are required to conform to the California Plumbing Code (Cal. Code Regs., Title 24, Part 5, Chapter 16).

c. All Landscape Areas are required to have Friable soil to maximize water retention and infiltration. Refer to Rule 142.1-I-1.

d. For projects using rainwater captured on site, any Parcel within the project that has less than 2,500 square-feet of Landscape Area and meets the Parcel's landscape water requirement (ETWU) entirely through stored rainwater captured on site is subject only to Rule 142.1-H-1-b.

e. It is strongly recommended that Landscape Areas be designed for capture and infiltration capacity that is sufficient to prevent Runoff from impervious surfaces (i.e., roof and paved areas) from either:

(1) the one inch, 24-hour rain event, or

(2) the 85th percentile, 24-hour rain event, and/or additional capacity as required by any applicable local, regional, state or federal regulation.

f. It is recommended that landscape projects incorporate any of the following elements to improve on-site storm water and dry weather Runoff capture and use:

(1) Grade impervious surfaces, such as driveways, during construction to drain to vegetated areas.

(2) Minimize the area of impervious surfaces such as paved areas, roofs, and concrete driveways.

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(3) Incorporate pervious or porous surfaces (e.g., gravel, permeable pavers or blocks, pervious or porous concrete) that minimize Runoff.

(4) Direct Runoff from paved surfaces and roof areas into planting beds or Landscaped Areas to maximize site water capture and reuse.

(5) Incorporate rain gardens, cisterns, and other rain harvesting or catchment systems.

(6) Incorporate infiltration beds, swales, basins, and drywells to capture storm water and dry weather Runoff and increase percolation into the soil.

(7) Consider constructed wetlands and ponds that retain water, equalize excess flow, and filter pollutants.

5. Fire Safe Landscaping.

a. A Landscape Design Plan for development and construction in Local Responsibility Areas designated as Very High Fire Hazard Severity Zones and areas designated by the Board of Forestry and Fire Protection as State Responsibility Areas are required to comply with the California Fire Code (Cal. Code Regs., Title 24, Part 9, Chapter 49) "Requirements for Wildland- Urban Interface Fire Areas."

b. Public Resources Code section 4291(a) and (b) describes the requirements for a person who owns, leases, controls, operates, or maintains a building or structure in, upon, or adjoining a mountainous area, forest-covered lands, shrub-covered lands, grass-covered lands, or land that is covered with flammable material to address fire safety and prevention by maintaining a defensible space or zone around a building or structure.

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(1) Avoid fire-prone plant materials and highly flammable Mulches.

c. Local Fuel Modification Plan guidelines may prescribe additional requirements per Public Resources Code section 4291(a) and (b).

6. Plant Selection.

a. Any plant may be selected for the landscape project provided that the requirements of the selected compliance option are met.

b. Select trees based on applicable local tree ordinances or tree shading guidelines, and size at maturity as appropriate for the planting area.

c. The use of Invasive Plant Species, such as those listed by the California Invasive Plant Council, is strongly discouraged. Pursuant to Food and Agricultural Code section 52334, the declaration of a plant, seed, nursery stock, or crop as invasive is a power reserved for the Secretary of the California Department of Food and Agriculture.

7. The architectural guidelines of a Common Interest Development shall not prohibit or include conditions that have the effect of prohibiting the use of Low Water Use Plants as a group (Civil Code sections 4100 and 4735).

8. Environmental Review. The Jurisdiction must comply with the California Environmental Quality Act (CEQA), as appropriate.

9. Public Education. Education is a critical component to promote the efficient use of water in landscapes. The use of appropriate principles of design, installation, management, and maintenance that save water is encouraged in the community.

10. Local agencies shall provide information to owners of permitted renovations and new Residential homes regarding the design, installation, management, and maintenance of water efficient landscapes based on a Water Budget.

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11. Model Homes. All model homes that are landscaped shall display signs that provide information demonstrating the principles of water efficient landscapes described in this Rule.

    a. Signs shall be used to identify the model home as an example of a water efficient landscape. Signage shall include:

        (1) Fundamental water efficient landscape elements such as Hydrozones, irrigation equipment, native plants, Graywater systems, rainwater catchment systems, and other elements as applicable that contribute to the overall water efficient theme.

        (2) Information about the Site water use budget as designed per this Rule; specify who designed and installed the water efficient landscape.

    b. Information shall be provided about designing, installing, managing, and maintaining water efficient landscapes.

C. <u>Applicability</u>

This Rule shall apply to all of the following landscape projects:

1. New construction (including demolition projects) with a new Landscape Area or Rehabilitated Landscape Area as defined equal to or greater than 500 square feet requiring a building or landscape permit, plan check, or design review;

2. Rehabilitated Landscape projects with a Landscape Area equal to or greater than 2,500 square feet requiring a building or landscape permit, plan check, or design review;

3. Landscape projects with a new Landscape Area equal to or greater than 500 square feet or a Rehabilitated Landscape Area equal to or greater than 2,500 square feet undertaken within one (1) year of completion of projects requiring a grading permit, building permit, or design review;

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4. Landscape projects with a new Landscape Area equal to or greater than 500 square feet or a Rehabilitated Landscape Area equal to or greater than 2,500 square feet undertaken to repair unintended damage from a project requiring a grading permit, building permit, or design review;

5. Existing non-Rehabilitated Landscapes are limited to Rule 142.1-D; and

6. Any project with a Landscape Area of 2,500 square feet or less may comply with either the performance requirements described in Rule 142.1-I or conform to the prescriptive measures contained in Rule 142.1-H.

7. This rule does not apply to:

   a. registered local, state, or federal historical Sites;

   b. ecological restoration projects that do not require a permanent Irrigation System;

   c. existing plant collections, as part of botanical gardens and arboretums open to the public.

D. <u>Requirements for Existing Non-Rehabilitated Landscapes</u>

This section shall apply to all existing non-Rehabilitated Landscapes that were installed before December 1, 2015, and are over one acre in size.

1. For all existing non-Rehabilitated Landscapes that have a Water Meter, the District and the Water Distribution System Operator shall administer programs that may include, but not be limited to, irrigation water use analyses, Irrigation Surveys, and Irrigation Audits to evaluate water use and provide recommendations as necessary to reduce landscape water use to a level that does not exceed the Maximum Applied Water Allowance (MAWA) for existing non-Rehabilitated Landscapes.

   a. The Maximum Applied Water Allowance for existing non-Rehabilitated Landscapes shall be calculated as: MAWA = (ETo) x (0.62) x (0.8 x RLA + 1.0 x SLA).

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2. For all existing non-Rehabilitated Landscapes that do not have a Water Meter, the District and the Water Distribution System Operator shall administer programs that may include, but not be limited to, Irrigation Surveys and Irrigation Audits to evaluate water use and provide recommendations as necessary in order to prevent Water Waste.

3. All landscape Irrigation Audits shall be conducted by a Certified Landscape Irrigation Auditor.

E. <u>Requirements for New Construction or Rehabilitated Landscapes</u>

There are two options for compliance with Rule 142.1:

1. Prescriptive compliance option as described in Rule 142.1-G-1, H, and J-1; or

2. Performance compliance option as described in Rule 142.1-G-2, H, and J-2.

3. An Applicant may comply with either the prescriptive or performance compliance option for any new construction project with a Landscape Area between 500 and 2,500 square feet.

4. An Applicant shall use the performance compliance option for any landscape project with a Landscape Area of 2,500 square feet, or greater.

F. <u>Compliance Responsibilities</u>

1. Designation of Responsibility. The District may, by mutual agreement, designate another agency, such as a water purveyor, to implement some or all of the requirements contained in Rule 142.1.

2. The District is responsible for the enforcement of Rule 142.1 in coordination with the local land use agency, including but not limited to, approval of a Landscape Water Permit, plan check, and/or design review of a project. Prior to construction, the District or its agent shall:

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a. provide the project Applicant with the rule and procedures for permits, plan checks, or design reviews;

b. review the Landscape Documentation Package submitted by the project Applicant;

c. approve or deny the Landscape Documentation Package;

d. issue a Landscape Water Permit.

3. Project Applicant.

a. Prior to construction, the project Applicant shall submit a Landscape Documentation Package to the District.

b. Upon approval of the Landscape Documentation Package by the District, the project Applicant shall:

(1) receive a Landscape Water Permit and record the date of the permit in the Certificate of Completion;

(2) submit a copy of the approved Landscape Documentation Package along with the Record Drawings, and any other information to the property owner or their designee unless the property owner is the project Applicant.

G. <u>Elements of the Landscape Documentation Package</u>

1. **Prescriptive Compliance**. The Landscape Documentation Package shall include:

a. A project information sheet with the following elements:

(1) date the project information sheet is completed;

(2) name of the project Applicant;

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(3) contact information for the project Applicant and property owner;

(4) project address and Parcel number;

(5) total Landscape Area (square feet);

(6) project type (e.g., institutional (i.e., public), private, cemetery, homeowner-installed);

(7) water supply type (e.g., Potable, recycled, Well) and identify the local retail water purveyor if the Applicant is not served by a private Well; and,

(8) Applicant signature and date with statement: *"I agree to comply with the requirements of the prescriptive compliance option of the MPWMD Water Efficient Landscape Requirements."*

b. A Landscape Design Plan that includes:

(1) Total Landscape Area (square feet); and

(2) A breakdown of Turfgrass and plant material (e.g., plant legend).

2. **Performance Compliance**. The Landscape Documentation Package shall include the following six (6) elements:

a. A project information sheet with the following elements:

(1) date the project information sheet is completed;

(2) name of the project Applicant;

(3) contact information for the project Applicant and property owner;

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(4) project address and Parcel number;

(5) total Landscape Area (square feet);

(6) project type (e.g., institutional (i.e., public), private, cemetery, homeowner-installed);

(7) water supply type (e.g., Potable, recycled, well) and identify the local retail water purveyor if the Applicant is not served by a private Well;

(8) checklist of all documents in Landscape Documentation Package; and,

(9) Applicant signature and date with statement: "*I agree to comply with the requirements for the performance compliance option of the MPWMD Water Efficient Landscape Requirements and submit a complete Landscape Documentation Package.*"

b. Soil Management Report pursuant to Rule 142.1-I-1;

c. Landscape Design Plan pursuant to Rule 142.1-I-2;

d. grading design plan pursuant to Rule 142.1-I-3;

e. Irrigation Design Plan pursuant to Rule 142.1-I-4; and

f. Water Efficient Landscape Worksheet pursuant to Rule 142.1-I-5:

(1) Maximum Applied Water Allowance (MAWA);

(2) Estimated Water Use (EWU); and

(3) Estimated Total Water Use (ETWU).

H. <u>Prescriptive Compliance Option</u>

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This section contains prescriptive requirements, which may be used as a compliance option for new construction projects with a Landscape Area between 500 and 2,500 square feet. Compliance with the requirements of this section is mandatory and must be documented in the Landscape Documentation Package pursuant to Rule 142.1-G-1 to use the prescriptive compliance option.

1. Landscape project requirements.

   a. Incorporate compost at a rate of at least four cubic yards per 1,000 square feet to a depth of six inches into Landscape Area (unless contra-indicated by a soil test). Soils with greater than 6% organic matter in the top six inches of soil are exempt from adding compost and tilling.

   b. Irrigation Systems shall comply with the following:

      (1) For Non-Residential projects with Landscape Areas of 1,000 square feet or more, a dedicated irrigation Water Meter or private submeter(s) to measure landscape water use shall be installed.

      (2) Automatic irrigation controllers are required and must use either evapotranspiration (weather-based) or soil moisture (sensor- based) data and utilize a rain sensor.

      (3) Irrigation controllers shall use non-volatile memory.

      (4) Pressure Regulating Devices, which may include pressure boosters or reducers, shall be installed on the Irrigation System to ensure the dynamic pressure of the system is within the manufacturers recommended pressure range.

      (5) Manual shut-off Valves (such as a gate Valve, ball Valve, or butterfly Valve) shall be installed as close as possible to the point of connection to the water supply.

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(6) All irrigation emission devices must meet the requirements set by ANSI in the 2020 ASABE/ICC 802 Landscape Irrigation Sprinkler and Emitter Standard, which is herein incorporated by reference. All sprinkler heads installed in the landscape must document a low-quarter Distribution Uniformity of 0.65 or higher using the protocol defined in 2020 ASABE/ICC 802 Standard.

(7) Non-rotating spray sprinkler bodies are required to meet the standards described in the California Code of Regulations, Title 20, Division 4, Chapter 4, Section 1605.3(x).

(8) Landscape Areas less than 10 feet in width in any direction shall be irrigated with subsurface irrigation or other means that produces no Water Waste, Runoff or Overspray.

c. Plant material shall comply with all of the following:

(1) For Residential landscapes, install climate adapted plants that require occasional, little, or no summer water (average WUCOLS plant factor 0.3) for 75% of the Landscape Area excluding areas permanently and solely dedicated to edible plants, and areas using Recycled Water;

(2) For Non-Residential landscapes, install climate adapted plants that require occasional, little, or no summer water (average WUCOLS plant factor 0.3) for 100% of the Landscape Area excluding areas permanently and solely dedicated to edible plants, and areas using Recycled Water;

(3) Turfgrass shall comply with all of the following:

(a) Turfgrass shall not exceed 20% or a maximum of 1,500 square feet of the Landscape Area, whichever is less;

(b) There shall be no Turfgrass in Non-Residential landscapes; and

(c) Turfgrass shall not be planted on sloped areas which exceed a slope of one foot vertical elevation change for every four feet of horizontal length; and,

(d) Turfgrass is prohibited in parkways less than 10 feet wide, unless the parkway is adjacent to a parking strip and used to enter and exit vehicles. Any Turfgrass in parkways must be irrigated by subsurface irrigation or by other technology that creates no Water Waste, Overspray or Runoff.

d. A minimum three-inch (3″) layer of Mulch shall be applied on all exposed soil surfaces of planting areas except in Turfgrass areas, creeping or rooting groundcovers, or direct seeding applications where Mulch is contraindicated.

2. The designer of record shall make plants identifiable to an inspector during final inspection. Plants must be identifiable by botanical name, common name or cultivar as specified in Section 53481 of the Food and Agricultural Code.

3. At the time of final inspection, the Landscape Water Permit Applicant must provide the owner of the property and the District with a Certificate of Completion Package pursuant to Rule 142.1-J-1.

I. <u>Performance Compliance Option</u>

The performance compliance requirements shall be used as the compliance option for any landscape project with greater than 2,500 square feet of area and documented in the Landscape Documentation Package, as described in Rule 1421.1-G-2, and the Certificate of Completion Package, as described in Rule 142.1-J-2.

1. **Soil Management Report**

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A Soil Management Report shall be completed by the project Applicant, or their designee, as follows:

a. Submit soil samples to a laboratory for analysis and recommendations. Soil sampling shall be conducted in accordance with laboratory protocol, including protocols regarding adequate sampling depth for the intended plants. The soil analysis shall include:

(1) soil texture;

(2) infiltration rate determined by laboratory test or soil texture infiltration rate table;

(3) pH;

(4) total soluble salts;

(5) sodium;

(6) percent organic matter; and

(7) recommendations.

b. In landscape projects with multiple landscape installations (i.e., production home developments) a soil sampling rate of 1 in 7 lots or approximately 15% of the total number of lots will satisfy this requirement.

(1) Large landscape projects shall sample at a rate equivalent to 1 in 7 lots.

c. The project Applicant, or their designee, shall comply with one of the following:

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(1) If significant mass grading is not planned, the report shall be submitted to the District as part of the Landscape Documentation Package; or

(2) If significant mass grading is planned, the Soil Management Report shall be submitted to the District as part of the Certificate of Completion Package.

(3) The Soil Management Report shall be made available, in a timely manner, to the professionals preparing the Landscape Design Plans and Irrigation Design Plans to make any necessary adjustments to the design plans.

(4) The project Applicant, or their designee, shall submit documentation verifying implementation of Soil Management Report recommendations to the District with the Certificate of Completion Package.

2. **Landscape Design Plan**.

a. The Landscape Design Plan, at a minimum, shall:

(1) delineate and label each Hydrozone by number, letter, or other method;

(2) identify the Plant Water Use Factor for each Hydrozone as very low, low, moderate, high, or mixed water use.

(a) Temporarily irrigated Landscape Areas shall use the low water use plant factor range in the water budget calculation specified in Rule 142.1-5-b-(1).

(3) identify Special Landscape Areas, including:

(a) recreational areas;

(b) areas permanently and solely dedicated to edible plants; and,

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(c) areas irrigated with or water features using Recycled Water;

(4) identify type of Mulch and application depth;

(5) identify type and quantity of soil amendments;

(6) identify type and surface areas of water features;

(7) identify hardscapes (pervious and non-pervious);

(8) identify location, installation details, and 24-hour retention or infiltration capacity of any applicable stormwater best management practices that encourage on-site retention and infiltration of stormwater. Project Applicants shall refer to the Jurisdiction or Regional Water Quality Control Board for information on any applicable stormwater technical requirements. Stormwater best management practices are encouraged in the Landscape Design Plan and examples are provided in Rule 142.1-B-4 requirements;

(9) identify any applicable rain harvesting or catchment technologies and their 24-hour retention or infiltration capacity, if applicable;

(10) identify any applicable Graywater discharge piping, system components, and area(s) of distribution;

(11) identify designated insect habitat;

(12) make plants identifiable to an inspector during final inspection:

(a) Plants must be identifiable by botanical name, common name or cultivar as specified in Section 53481 of the Food and Agricultural Code.

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(13) contain the following statement: "*I have complied with the performance compliance option criteria of the MPWMD Water Efficient Landscape Requirements and applied them for the efficient use of water in the Landscape Design Plan*."; and

(14) bear the signature of the designer of record as defined.

b. Plant Selection.

(1) Any plant may be selected for the landscape, providing the ETWU in the Landscape Area does not exceed the MAWA.

(2) The architectural guidelines of Common Interest Developments shall not prohibit or include conditions that have the effect of prohibiting the use of Low Water Use Plants as a group.

(3) Each Hydrozone shall have plant materials with similar water use.

(a) Exceptions are allowed for Hydrozones that use a mix of plant materials with low and moderate plant factors or moderate and high plant factors, as specified in Rule 142.1-I-4-c-(7).

(4) High water use plants, characterized by a plant factor range of 0.7 to 1.0, are prohibited in street medians.

(5) Turfgrass is not allowed on slopes greater than 25% where the toe of the slope is adjacent to a non-pervious hardscape and where 25% means one (1) foot of vertical elevation change for every four (4) feet of horizontal length (rise divided by run x 100 = slope percent).

(6) Methods to achieve water efficiency shall include one or more of the following:

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(a) protection and preservation of native species and natural vegetation;

(b) selection of plants based on local climate suitability, disease, and pest resistance;

(c) selection of water-conserving plant, tree, and Turfgrass species, especially local native plants;

(d) selection of trees based on applicable local tree ordinances or tree shading guidelines, and size at maturity as appropriate for the planting area;

(e) selection of plants from local and regional landscape program recommended plant lists; and

(f) selection of plants from local Fuel Modification Plan Guidelines.

(7) Plants shall be selected and planted appropriately based upon their adaptability to the climatic, geologic, and topographical conditions of the project site. Methods to achieve water efficiency shall include one or more of the following:

(a) use the Sunset Western Climate Zone System, 2007, which is herein incorporated by reference, which takes into account temperature, humidity, elevation, terrain, latitude, and varying degrees of continental and marine influence on local climate;

(b) recognize the horticultural attributes of plants (i.e., mature plant size, invasive surface roots) to minimize damage to property or infrastructure (e.g., buildings, sidewalks, power lines); allow for adequate soil volume for healthy root growth; and

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(c) consider the solar orientation for plant placement to maximize summer shade and winter solar gain.

c. Water Features.

(1) Recirculating water systems shall be used for water features.

(2) Where available, Recycled Water shall be used for decorative water features.

(3) Surface area of a water feature shall use the high water use Hydrozone plant factor in the water budget calculation.

(4) Pool and spa covers are highly recommended pursuant to subdivision (d) of Section 115921 of the Health and Safety Code.

d. Soil Preparation, Mulch, and Amendments.

(1) Prior to the planting of any materials, compacted soils shall be transformed to a Friable condition. On engineered slopes, only amended planting holes need to meet this requirement.

(2) Soil amendments shall be incorporated according to recommendations of the Soil Management Report and what is appropriate for the plants selected (see Rule 142.1-I-1).

(3) For landscape installations, compost at a rate of a minimum of four cubic yards per 1,000 square feet of pervious area shall be incorporated to a depth of six inches into the soil. Soils with greater than 6% organic matter in the top six inches of soil are exempt from adding compost and tilling.

(4) A minimum three-inch (3″) layer of Mulch shall be applied on all exposed soil surfaces of planting areas except in Turfgrass areas, creeping or rooting groundcovers, or direct seeding applications where Mulch is contraindicated.

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(a) To provide habitat for beneficial insects and other wildlife, up to 5% of the Landscape Area may be left without Mulch and identified in the landscape design plan (see Rule 142.1-I-2-a-(11)).

(5) The mulching portion of the seed/Mulch slurry in hydro-seeded applications shall meet the mulching requirement in Rule 142.1-I-d-(4).

(6) Stabilizing mulching products shall be used on slopes that meet current engineering standards.

(7) Organic Mulch made from recycled or post-consumer materials shall take precedence over inorganic materials or virgin forest products unless the recycled post-consumer organic products are not locally available.

(a) Organic Mulches are not required where prohibited by local Fuel Modification Plan Guidelines or other applicable local ordinances. (Public Resources Code section 4291).

3. Grading Design Plan.

a. Grading of a project site shall be designed to minimize soil erosion, Runoff, and Water Waste. A grading plan shall be submitted by the project Applicant as part of the Landscape Documentation Package. A comprehensive grading plan approved by the Jurisdiction for other Jurisdictional permits satisfies this requirement.

(1) A landscape grading plan that indicates finished configurations and elevations of the Landscape Area, including:

(a) height of graded slopes;

(b) drainage patterns;

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(c) pad elevations;

(d) finish grade; and

(e) stormwater retention improvements, if applicable.

(2) To prevent excessive erosion and Runoff, it is highly recommended that project Applicant(s):

(a) grade so that all irrigation and normal rainfall remains within property lines and does not drain on to non-pervious hardscapes;

(b) avoid disruption of natural drainage patterns and undisturbed soil; and

(c) avoid soil compaction in Landscape Areas.

(3) The grading design plan shall contain the following statement: "*I have complied with the performance compliance option criteria of the MPWMD Water Efficient Landscape Requirements and applied them accordingly for the efficient use of water in the grading design plan*." and shall bear the signature of a licensed professional as authorized by law.

4. Irrigation Design Plan.

a. This section applies to Landscaped Areas requiring permanent irrigation, not areas that require temporary irrigation solely for the plant establishment period. For the efficient use of water, an Irrigation System shall meet all the requirements listed in this section and the manufacturers' recommendations. The Irrigation System and its related components shall be planned and designed to allow for proper installation, management, and maintenance. An Irrigation Design Plan meeting the following design criteria shall be submitted as part of the Landscape Documentation Package.

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b. Irrigation System Efficiency.

(1) The Irrigation System must be designed and installed to meet, at a minimum, the Irrigation Efficiency criteria described in Rule 142.1-I-5 regarding the MAWA.

(2) For the purpose of determining ETWU, average Irrigation Efficiency is assumed to be:

(a) 0.75 for overhead Irrigation Systems; and

(b) 0.81 for Drip Irrigation.

(3) Sprinkler head spacing shall be designed to achieve the highest possible distribution uniformity using the manufacturer's recommendations. Head-to-head coverage is recommended.

c. The Irrigation Design Plan, at a minimum, shall contain the following:

(1) location and size of separate water meters and submeters;

(2) location, type, and size of all components of the Irrigation System, including Controllers, main and lateral lines, Valves, emission devices, moisture sensing devices, Rain Sensors, quick couplers, Pressure Regulating Devices, and Backflow Prevention Devices;

(3) static water pressure at the point of connection to the public water supply;

(4) Flow Rate (gallons per minute), application rate (inches per hour), and design operating pressure (pressure per square inch) for the emission devices controlled by each station;

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(5) identification of Special Landscape Areas irrigated with and water features using Recycled Water as specified in Rule 142.1-B-2;

(6) identification of any applicable Graywater discharge piping, system components, and Landscape Areas where Graywater is distributed;

(7) identification of Hydrozone areas shall be designated by number, letter, or other designation as identified on the Landscape Design Plan. Designate the areas irrigated by each Valve and assign a number to each Valve using the Water Efficient Landscape Worksheet (see Appendix A). This table can also assist with the Irrigation Audit and programming the Controller.

(a) Each Valve shall irrigate a Hydrozone, or part of a Hydrozone, with similar site, slope, sun exposure, soil conditions, and plant materials with similar water use.

(8) the following statement: "*I have complied with the performance compliance option criteria of the MPWMD Water Efficient Landscape Requirements and applied them accordingly for the efficient use of water in the Irrigation Design Plan.*"; and

(9) the signature of the designer of record. (See Division 3, Chapter 3.5, Article 3 of the Business and Professions Code).

d. General Design Criteria.

(1) Backflow Prevention Devices shall be required to protect the water supply from contamination by the Irrigation System as specified in the California Plumbing Code (Cal. Code Regs., Title 24, Part 5, Chapter 6).

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(2) The design of the Irrigation System shall conform to the Hydrozones of the Landscape Design Plan.

(3) Emission devices shall be selected based on what is appropriate for the plant type within that Hydrozone.

(4) Where feasible, trees shall be placed on separate stations from Hydrozones that include shrubs, groundcovers, and Turfgrass to facilitate the appropriate irrigation of trees. The mature size and extent of the root zone shall be considered when designing irrigation for the tree.

(5) In Mulched planting areas, the use of low-pressure and low volume Irrigation Systems is required to maximize water infiltration into the root zone.

(6) Areas less than 10 feet in width in any direction shall be irrigated with subsurface irrigation or other means that produces no Water Waste, Runoff, or Overspray.

(7) Individual Hydrozones that use a mix of plants with low and moderate plant factors, or moderate and high plant factors, may be allowed if the plant factor used in the calculation of the EWU is either:

(a) plant factor calculation is based on the proportions of the respective plant factors; or

(b) the highest plant factor is used.

(8) Individual Hydrozones that use a mix of plants with high and low plant factors shall not be permitted.

(9) Relevant information from the soil management plan, such as soil type and infiltration rate, shall be utilized when designing Irrigation Systems.

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(10) Overhead irrigation shall not be permitted within 24 inches of any non-pervious surface. Allowable irrigation within the setback from non-permeable surfaces may include Drip Irrigation, or other low flow non-spray technology. The setback area may be planted or unplanted. The surfacing of the setback may be Mulch, gravel, or other porous material. These restrictions may be modified if:

(a) no Runoff occurs; or

(b) the adjacent non-pervious surfaces are designed and constructed to drain entirely to landscaping; or

(c) the irrigation designer specifies an alternative design or technology, as part of the Landscape Documentation Package, and clearly demonstrates strict adherence to the prevention of Water Waste. Prevention of Overspray and Runoff must be confirmed during the Irrigation Audit.

(11) Restrictions regarding Overspray and Runoff in any Irrigation System may be modified if:

(a) the Landscape Area is adjacent to pervious surfaces and no Runoff occurs; or

(b) the adjacent non-pervious surfaces are designed and constructed to drain entirely to the landscaping.

(12) Slopes greater than 25% shall not be irrigated with an Irrigation System using an application rate exceeding 0.75 inches per hour.

(a) This restriction may be modified if the landscape designer specifies an alternative design or technology, as part of the Landscape Documentation Package, and clearly demonstrates no Runoff or

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erosion will occur. Prevention of Runoff and erosion must be confirmed during the Irrigation Audit.

(13) It is highly recommended that the project Applicant inquire with the local water purveyor about water restrictions that may impact the effectiveness of the Irrigation System.

e. Irrigation System Components.

(1) Meters.

(a) Pursuant to California Water Code section 535, a water purveyor with 15 or more service Connections shall install a dedicated irrigation Water Meter(s) for new retail water service to a property with more than 5,000 square feet of irrigated landscape, excluding Single-Family Residential Connections and Connections for the commercial production of agricultural crops or livestock.

(b) For the purposes of this rule, a submeter or dedicated Irrigation Meter shall be installed and may be used to assist with leak detection and water management for:

(i) Non-Residential landscapes with an irrigated landscape of 1,000 square feet but not more than 5,000 square feet.

(ii) Residential landscapes with an irrigated landscape of 5,000 square feet or more.

(2) Water Pressure.

(a) Static water pressure, dynamic or operating pressure, and flow reading of the water supply shall be measured at the point of connection. These pressure and flow measurements shall be conducted at the

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design stage. If the measurements are not available at the design stage, the measurements shall be conducted at installation.

(b) If the static pressure is above or below the required dynamic pressure of the Irrigation System, Pressure Regulating Devices such as inline pressure regulators, booster pumps, or other devices shall be installed to meet the required dynamic pressure of the Irrigation System.

(c) If the water pressure is below or exceeds the recommended pressure range of the specified emission devices, the installation of a pressure-regulating device is required to ensure that the dynamic pressure at each emission device is within the manufacturer's recommended pressure range for optimal performance.

(3) Water Waste Prevention Equipment.

(a) The Irrigation System shall be designed to prevent Water Waste.

(b) Master shut-off Valves are required on all projects except landscapes that make use of technologies that allow for the individual control of sprinklers that are individually pressurized in a system equipped with low pressure shut down features.

(c) Manual shut-off Valves (such as a gate Valve, ball Valve, or butterfly Valve) shall be required, as close as possible to the point of connection of the water supply, to minimize water loss in case of an emergency (such as a break in the pressurized pipeline that delivers water from the water source to the Valve or outlet) or routine repair.

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(d) Check Valves or anti-drain Valves are required on all sprinkler heads where low point drainage could occur.

(e) Swing joints or other riser-protection components are required on all risers subject to damage that are adjacent to hardscapes or in high traffic areas of Turfgrass.

(f) Flow sensors that detect high flow conditions created by system damage or malfunction are required for all Non-Residential and Residential landscapes of 5,000 square feet or larger.

(4) Emission Devices.

(a) Emission devices shall have matched precipitation rates, unless otherwise directed by the manufacturer's recommendations.

(b) All irrigation emission devices must meet the requirements set in the American National Standards Institute (ANSI) standard, American Society of Agricultural and Biological Engineers'/International Code Council's (ASABE/ICC) 802-2020 “Landscape Irrigation Sprinkler and Emitter Standard,” which is incorporated herein by reference.

(i) All overhead Irrigation Systems installed in the landscape must document a low quarter distribution uniformity of 0.65 or higher using the protocol defined in ASABE/ICC 802-2020.

(c) Non-rotating spray sprinkler bodies are required to meet standards described in California Code of

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Regulations, Title 20, Division 2, Chapter 4, Section 1605.3(x).

(5) System Controls.

(a) Automatic irrigation Controllers utilizing either Evapotranspiration or Soil Moisture Sensing Device data utilizing non-volatile memory shall be required for scheduling irrigation events.

(b) Sensors (rain, freeze, wind, etc.), either integral or auxiliary, that suspend or alter irrigation operation during unfavorable weather conditions shall be required on all Irrigation Systems, as appropriate for local climatic conditions. Irrigation should be avoided during windy or freezing weather or during rain.

5. Water Efficient Landscape Worksheet.

a. A project Applicant shall complete the Water Efficient Landscape Worksheet in Appendix A, which compares the landscape project's ETWU with the MAWA. ETWU must be equal to or below the MAWA.

(1) The MAWA is calculated based on the maximum ETAF allowed for the landscape project and is expressed as annual gallons allowed. The maximum ETAF allowed is:

(a) 0.55 for Residential Regular Landscape Areas,

(b) 0.45 for Non-Residential Regular Landscape Areas,

(c) 1.0 for new and existing (non-rehabilitated) Special Landscape Areas.

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(2) ETWU is the sum of EWU for each Hydrozone. The evapotranspiration adjustment factor (ETAF) for each Hydrozone is based on the Plant Water Use Factor and the average Irrigation System Efficiency. EWU is calculated using the ETAF, Regular Landscape Areas, and the Special Landscape Areas.

(3) In calculating the MAWA and ETWU, a project Applicant shall use the ETo values from the Reference Evapotranspiration Table (Table 142.1-1).

b. Water budget calculations shall adhere to the following requirements:

(1) The Plant Water Use Factor used shall be from WUCOLS or from horticultural researchers with academic institutions or professional associations as approved by the California Department of Water Resources. The plant factor ranges are:

(a) less than 0.1 for very Low Water Use Plants,

(b) 0.1 to 0.3 for Low Water Use Plants,

(c) 0.4 to 0.6 for moderate water use plants,

(d) 0.7 to 1.0 for high water use plants.

(2) All Water Features shall use the high water use plant factor in the Water Budget calculations.

(3) Temporarily irrigated areas shall use the Low Water Use Plant factor in the Water Budget calculations.

(4) All Special Landscape Areas (SLA) shall be identified in the Landscape Design Plan (Rule 142.1-2) and the Irrigation Design Plan (Rule 142.1-4) and their water use calculated as shown in Rule 142.1-L.

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(5) Effective Precipitation (Eppt) (25% of annual precipitation) may be considered in tracking water use and may use the following equation to calculate MAWA:

(a) Residential landscapes:

MAWA = (ETo - Eppt) x (0.62) x [0.55 x RLA + 1.0 x SLA].

(b) Non-Residential landscapes:

MAWA = (ETo - Eppt) x (0.62) x [0.45 x RLA + 1.0 x SLA].

6. Irrigation Scheduling.

a. All irrigation schedules shall be developed, managed, and evaluated to utilize the minimum amount of water required to maintain plant health and prevent Water Waste. Irrigation schedules shall meet the following criteria:

(1) Irrigation scheduling shall be regulated by automatic irrigation Controllers.

(2) Parameters used to set the automatic irrigation Controller shall be developed and submitted with the Certificate of Completion for each of the following:

(a) the plant establishment period;

(b) the established landscape; and

(c) temporarily irrigated areas.

(3) Each irrigation schedule shall consider for each station all of the following parameters that apply:

(a) irrigation interval (days between irrigation events);

(b) irrigation run times (hours or minutes per irrigation event to avoid Runoff and prevent Water Waste);

(c) number of cycle starts required for each irrigation event to avoid Runoff and prevent Water Waste;

(d) amount of applied water scheduled to be applied on a monthly basis;

(e) application rate setting;

(f) root depth setting;

(g) plant type setting;

(h) soil type;

(i) slope factor setting;

(j) shade factor setting; and

(k) distribution uniformity or irrigation efficiency setting.

(4) Irrigation Systems shall be scheduled between 8:00 p.m. and 9:00 a.m. on Saturdays and Wednesdays only, unless weather conditions prevent it, except for irrigation overseen by a professional gardener or landscaper who is available on Site and that is not exceeding a maximum two watering days per week. Operation of the Irrigation System outside the normal watering window is allowed for auditing and system maintenance.

(5) Total annual applied water shall be less than or equal to MAWA.

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(a) Actual irrigation schedules shall be regulated by automatic irrigation Controllers using current Reference Evapotranspiration data (e.g., CIMIS) or soil moisture sensor data.

(b) For implementation of the irrigation schedule, carefully consider the irrigation run times, emission device, flow rate, and current Reference Evapotranspiration, so that applied water does not exceed the ETWU.

7. Landscape and Irrigation Maintenance Schedule.

a. Landscapes shall be maintained to ensure water use efficiency. A regular Landscape and Irrigation Maintenance Schedule shall be submitted with the Certificate of Completion Package.

b. A regular maintenance schedule shall include, but not be limited to, routine inspection; auditing, adjustment, and repair of the Irrigation System and its components; aerating and dethatching Turfgrass areas; topdressing with compost, replenishing Mulch; fertilizing; pruning; weeding in all Landscape Areas; and removing obstructions to emission devices.

(1) Operation of the Irrigation System outside the normal watering window is allowed for auditing and system maintenance.

c. Repair of all irrigation equipment shall be done with replacement parts for the originally installed components or their equivalents, or with components that improve the average Irrigation Efficiency.

d. A project Applicant is encouraged to implement established landscape industry sustainable Best Management Practices for all landscape maintenance activities.

8. Irrigation Audit.

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a. All landscape Irrigation Audits shall be conducted by a Certified Landscape Irrigation Auditor. Landscape Irrigation Audits shall not be conducted by the person who designed the landscape or installed the landscape.

b. In large landscape projects or landscape projects with multiple landscape installations (i.e., production home developments) an auditing rate of 1 in 7 individual lots or approximately 15% of the total number of individual lots will satisfy this requirement.

c. For new construction and Rehabilitated Landscape projects installed after December 1, 2015, as described in Rule 142.1-I:

(1) the project Applicant shall submit an Irrigation Audit report with the Certificate of Completion Package to MPWMD that may include, but is not limited to, inspection, system tune-up, system test with distribution uniformity, and reporting Overspray or Runoff that causes overland flow; and

(2) MPWMD shall administer programs that may include, but not be limited to, Irrigation Water Use Analysis, Irrigation Audits, and Irrigation Surveys for compliance with the MAWA.

J. <u>Certificate of Completion Package</u>

The Certificate of Completion Package is completed by the project Applicant or their designee to certify that the landscape project has been installed in accordance with the MPWMD Water Efficient Landscape Requirements.

1. Prescriptive Compliance Option. The Certificate of Completion Package (see Rule 142.1-M for a sample certificate) shall include a Certificate of Completion limited to:

a. Project Information Sheet (Rule 142.1-M – Element 1);

b. according to the Landscape Documentation Package (Rule 142.1-M – Element 2);

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c. addressing applicable parameters as described in Rule 142.1-I-6-a-(3) (Rule 142.1-M – Element 4); and

d. Landscape and Irrigation Maintenance Schedule (Rule 142.1-M – Element 5).

2. Performance Compliance Option. The Certificate of Completion Package (see Rule 142.1-M for a sample certificate) shall include the project information sheet that contains the following elements:

a. date the project information sheet is completed;

b. project name;

c. project Applicant name, telephone, and mailing and email address;

d. project address and location; and

e. property owner name, telephone, and mailing and email address.

b. certification by the designer of record that the landscape project has been installed per the approved Landscape Documentation Package (see Rule 142.1-G):

(1) Where there have been significant changes made in the field during construction, the As-Built Drawings or Record Drawings shall be included with the certification.

(2) A diagram of the irrigation plan showing Hydrozones shall be kept with the Automatic Irrigation Controller for subsequent management purposes.

c. Soil Management Report, if not submitted with Landscape Documentation Package, and documentation verifying implementation of soil report recommendations (see Rule 142.1-I-1);

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d. irrigation scheduling parameters used to set the Automatic Irrigation Controller (see Rule 142.1-I-6);

e. Landscape and Irrigation Maintenance Schedule (see Rule 142.1-I-7);

f. Irrigation Audit report (see Rule 142.1-I-8); and

3. The project Applicant shall:

a. submit the signed Certificate of Completion Package to the District for review; and

b. ensure that copies of the approved Certificate of Completion Package are submitted to the District and the property owner or their designee, unless the property owner is the project Applicant.

4. The District shall:

a. receive the signed Certificate of Completion Package from the project Applicant; and

b. approve or deny the Certificate of Completion Package. If the Certificate of Completion Package is denied, the District shall provide information to the project Applicant regarding reapplication, appeal, or other assistance.

K. **Reporting**

The District or its agent shall submit annual reports to the Department of Water Resources by January 31st for the previous calendar year (January 1 to December 31) using the WUEdata portal for submission.

L. **Sample Water Efficient Landscape Worksheet** *(When codified, insert Rule 142.1-L provided as an attachment to this ordinance.)*

M. **Sample Certificate of Completion Package** *(When codified, insert Rule 142.1-M, provided as an attachment to this ordinance.)*

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N. **Table 142.1 Reference Evapotranspiration (ETo) Table** *(When codified, insert Table 142.1-1, provided as an attachment to this ordinance.)*

O. **Definitions Used In Regulation XV**

The following Rule 11 Definitions are used in Regulation XV:

APPLICANT – "Applicant" shall mean the Person or Persons responsible for completing the requirements of an application. The "Applicant" is usually the property or business owner.

AS-BUILT DRAWINGS – "As-Built Drawings" shall mean landscape drawings prepared by the contractor that show, in red ink, on-site changes to the original landscape construction documents.

AUTOMATIC IRRIGATION CONTROLLER – "Automatic Irrigation Contoller" shall mean a timing device used to remotely control valves that operate an Irrigation System. Automatic Irrigation Controllers are able to self-adjust and schedule irrigation events using either Evapotranspiration (weather-based) or soil moisture data.

BACKFLOW PREVENTION DEVICE – "Backflow Prevention Device" shall mean a safety device used to prevent pollution or contamination of the water supply due to the reverse flow of water.

BEST MANAGEMENT PRACTICES – "Best Management Practices (BMP)" or "BMP" shall mean a conservation measure or series of measures that is useful, proven, cost-effective, and generally accepted among conservation experts to reduce water consumption and protect water quality.

CERTIFICATE OF COMPLETION – "Certificate of Completion" shall mean the document with the required elements pursuant to Rule 142.1-J.

CERTIFICATE OF COMPLETION PACKAGE – "Certificate of Completion Package" shall mean the document with the required elements pursuant to Rule 142.1-J.

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CERTIFIED LANDSCAPE IRRIGATION AUDITOR – "Certified Landscape Irrigation Auditor" shall mean a Person certified to perform landscape Irrigation Audits by an accredited academic institution, a professional trade organization or other program such as the United States Environmental Protection Agency's WaterSense irrigation auditor certification program and Irrigation Association's Certified Landscape Irrigation Auditor program.

COMMON INTEREST DEVELOPMENT (CID) – "Common Interest Development" shall mean community apartment projects, condominium projects, planned developments, and stock cooperatives per Civil Code Article 2. Definitions [4075 - 4190] (Article 2 added by Stats. 2012, Ch. 180, Sec. 2.).

CONTROLLER – "Controller" shall mean an automatic timing device used to remotely control valves or heads to operate an Irrigation System. A weather-based Controller is a Controller that utilizes Evapotranspiration or weather data to make adjustments to irrigation schedules. A self-adjusting irrigation Controller is a Controller that uses sensor data (e.g., soil moisture) to adjust irrigation schedules.

DISTRIBUTION UNIFORMITY (DU) – "Distribution Uniformity (DU)" shall mean the measure of the uniformity of irrigation water over a defined area.

DRIP IRRIGATION – "Drip Irrigation" shall mean any non-spray Low Volume Irrigation System utilizing emission devices with a Flow Rate measured in gallons per hour. Low Volume Irrigation Systems are specifically designed to apply small volumes of water slowly at or near the root zone of plants. The term "Drip Irrigation" shall have the same meaning as "Micro Irrigation" and "Trickle Irrigation."

EFFECTIVE PRECIPITATION (EPPT) – "Effective Precipitation" ("Eppt") shall mean the portion of total precipitation which becomes available for plant growth. Effective Precipitation is also known as "useable rainfall."

ESTIMATED TOTAL WATER USE (ETWU) – "Estimated Total Water Use" ("ETWU") shall mean the total water used for the landscape based on the plants used in the landscape design.

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ESTIMATED WATER USE (EWU) – "Estimated Water Use" (EWU) is the calculated water used for each Hydrozone as described in Rule 142.1-L. Estimated Water Use equals the Evapotranspiration Adjustment Factor times the Hydrozone area in square-feet times the appropriate Evapotranspiration Adjustment Factor x 0.62.

EVAPOTRANSPIRATION ADJUSTMENT FACTOR or ET ADJUSTMENT FACTOR – "Evapotranspiration Adjustment Factor" or "ET Adjustment Factor" ("ETAF") shall mean, except for Special Landscape Areas, a factor of 0.55 for Residential projects and 0.45 for Non-Residential projects that, when applied to Reference Evapotranspiration, adjusts for Plant Water Use Factors and Irrigation Efficiency.

FLOW RATE – "Flow Rate" shall mean the rate at which water flows through pipes, valves and emission devices, measured in gallons per minute, gallons per hour, or cubic feet per second.

FRIABLE – "Friable" shall mean a soil condition that is easily crumbled or loosely compacted down to a minimum depth per planting material requirements, whereby the root structure of newly planted material will be allowed to spread unimpeded.

GRAYWATER – "Graywater" shall mean untreated waste water which has not been contaminated by any toilet discharge, has not been affected by infectious, contaminated, or unhealthy bodily wastes, and does not present a threat from contamination by unhealthful processing, manufacturing, or operating wastes. "Graywater" includes, but is not limited to; waste water from bathtubs, showers, Bathroom Washbasins, clothes washing machines and laundry tubs. It does not include waste water from Kitchen Sinks and Dishwashers Health and Safety Code Section 17922.12. "Graywater" shall have the same meaning as "Greywater."

GREENBELT – "Greenbelt" means cemeteries, Golf Courses, parks, highway Landscaping and shall include other broad expanses of Landscape area including housing and other Projects with common Landscape uses.

HYDROZONE – "Hydrozone" shall mean a portion of the Landscape Area having plants with similar water needs and rooting depths served by a valve or set of valves with the same schedule. A Hydrozone may be irrigated or non-irrigated.

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INVASIVE PLANT SPECIES – “Invasive Plant Species” shall mean a species of plants not historically found in California that spreads outside cultivated areas and can damage environmental or economic resources and is listed as an Invasive Plant Species in either the California Invasive Plant Inventory; USDA invasive, noxious weeds database, or the Landscape Manual.

IRRIGATION AUDIT – “Irrigation Audit” shall mean an in-depth evaluation of the performance of an Irrigation System conducted by a Certified Landscape Irrigation Auditor. An Irrigation Audit shall include, but is not limited to: inspection, system tune-up, system test with Distribution Uniformity or emission uniformity, reporting Overspray or Runoff that causes overland flow, and preparation of an irrigation schedule. The audit must be conducted in a manner consistent with the Irrigation Association’s Landscape Irrigation Auditor certification program or other U.S. Environmental Protection Agency “WaterSense” labeled auditing program.

IRRIGATION DESIGN PLAN – “Irrigation Design Plan” “IE” shall mean an irrigation plan and drawings designed and signed by a licensed Landscape Architect, Certified Irrigation Designer, licensed Landscape Contractor, or any other Person authorized to design an Irrigation System (see Sections 5615, 5641.1, 5641.2, 5641.3, 5641.4, 5641.5, 5641.6, 6701, 7027.5 of the Business and Professions Code, Section 832.27 of Title 16 of the California Code of Regulations, and Section 6721 of the Food and Agricultural Code).

IRRIGATION EFFICIENCY – “Irrigation Efficiency” shall mean the measurement of the amount of water beneficially used divided by the amount of water applied. Irrigation Efficiency is derived from measurements and estimates of Irrigation System characteristics and management practices. The Irrigation Efficiency is 0.75 for overhead spray devices and 0.81 for drip systems.

IRRIGATION SURVEY – “Irrigation Survey” shall mean an evaluation of an Irrigation System that is less detailed than an Irrigation Audit.

IRRIGATION SYSTEM – “Irrigation System” shall mean a device or combination of devices having a hose, pipe or other type of conduit installed in the Landscape which transmits water, and through which device or combination of devices, water

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is drawn and applied to Residential, industrial or commercial lawns, Landscapes or green space.

IRRIGATION EFFICIENCY – "Irrigation Efficiency" shall mean the measurement of the amount of water beneficially used divided by the amount of water applied. Irrigation Efficiency is derived from measurements and estimates of Irrigation System characteristics and management practices. The Irrigation Efficiency is 0.75 for overhead spray devices and 0.81 for drip systems.

IRRIGATION WATER USE ANALYSIS – "Irrigation Water Use Analysis" shall mean an analysis of water use data based on meter readings and billing data.

JURISDICTION – "Jurisdiction" shall mean one of the following: (1) Carmel-by-the-Sea, (2) Del Rey Oaks, (3) Monterey City, (4) Monterey County, (5) Monterey Peninsula Airport District, (6) Pacific Grove, (7) Sand City, (8) Seaside, and (9) Department of Defense.

LANDSCAPE AND IRRIGATION MAINTENANCE SCHEDULE – "Landscape and Irrigation Maintenance Schedule" shall mean a document provided to the property owner and submitted with the Certificate of Completion for landscape installation that provides information about routine inspection; auditing, adjustment and repair of the Irrigation System and its components; aerating and dethatching Turf areas; topdressing with Compost, replenishing Mulch; fertilizing; pruning; weeding in all Landscape Areas; and removing obstructions to emission devices.

LANDSCAPE AREA – "Landscape Area" shall mean all the planting areas, Turf areas, and Water Features in a Landscape Design Plan subject to the Maximum Applied Water Allowance and the Estimated Applied Water Use calculations. The Landscape Area does not include footprints of buildings or structures, sidewalks, driveways, parking lots, decks, patios, gravel or stone walks, other Pervious or non-Pervious hardscapes, and other non-irrigated areas designated for non-development (e.g., Open Spaces and existing Native Vegetation).

LANDSCAPE DESIGN PLAN – "Landscape Design Plan" shall mean a plan (and drawings) that: (1) delineates and labels each Hydrozone; (2) identifies each Hydrozone as low, moderate, high water, or mixed water use; (3) identifies any Recreational Areas; (4) identifies areas permanently and solely dedicated to edible

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plants; (5) identifies areas irrigated with Recycled Water; (6) identifies type of Mulch and application depth; (7) identifies soil amendments, type, and quantity; (8) identifies type and surface area of any Water Features; (9) identifies hardscapes (Pervious and non-Pervious); (10) identifies applicable storm water Best Management Practices; (11) identifies any applicable rain harvesting or catchment technologies; and (12) identifies any applicable Graywater discharge piping, system components and area(s) of distribution. A Landscape Design Plan must be signed by a licensed Landscape Architect, Certified Irrigation Designer, licensed Landscape Contractor, or any other Person authorized to design an Irrigation System (see Permitted Practices in California prepared by the Landscape Architects Technical Committee (LATC), the licensing and regulatory agency for the practice of landscape architecture in California. "Landscape Design Plan" shall also be known as a "Planting Plan."

LANDSCAPE DOCUMENTATION PACKAGE – "Landscape Documentation Package" means the documents required per the compliance option chosen by the applicant, as described in Rule 142.1-G.

LANDSCAPE WATER PERMIT – "Landscape Water Permit" shall mean a permit issued by the District for landscape projects subject to Rule 142.1.

LOW WATER USE PLANT – "Low Water Use Plant" shall mean any plant categorized as low water need by the Water Use Classification of Landscape Species ("WUCOLS") guide.

MAXIMUM APPLIED WATER ALLOWANCE (MAWA) – "Maximum Applied Water Allowance" shall mean the upper limit of annual Applied Water for the established Landscape Area. It is based upon the area's Reference Evapotranspiration, the ET Adjustment Factor, and the size of the Landscape Area.

MODEL WATER EFFICIENT LANDSCAPE ORDINANCE (MWELO) – "Model Water Efficient Landscape Ordinance" shall refer to the California Code of Regulations, Title 23. Waters, Division 2. Department of Water Resources, Chapter 2.7. Model Water Efficient Landscape Ordinance.

MULCH – "Mulch" shall mean any organic material such as leaves, bark, straw, Compost, or inorganic mineral materials such as rocks, gravel, and decomposed

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granite left loose and applied to the soil surface for the beneficial purposes of reducing evaporation, suppressing weeds, moderating soil temperature, and preventing soil erosion.

NEW CONSTRUCTION – "New Construction" means any construction of a previously nonexistent structure or additions to a structure requiring a discretionary or ministerial permit. "New Construction" shall include additions, modifications, or structural improvements which add square footage to floor space of Existing Structures.

NON-POTABLE – "Non-Potable Water" shall mean water which is not fit for human consumption.

NON-RESIDENTIAL – "Non-Residential" shall mean water uses not associated with Residential use. These uses include Commercial, Industrial, Public Authority, Golf Course, Other Use, Non-Revenue Metered Use, and Reclaimed Water.

OVERSPRAY – "Overspray" shall mean the irrigation water that is delivered beyond the Landscape Area, wetting pavements, walks, structures, or other non-Landscaped Areas.

PARCEL – "Parcel" shall mean any unit of land which qualifies as a Parcel under the Subdivision Map Act, and shall include all units of land: (1) which are contiguous to any other Parcel (or are separated only by a road or easement), and (2) which have identical owners, or (3) are an Accredited Institution of Higher Education Site, a Department of Defense Site, a Jurisdiction Site, a Public School District Site, or Community Hospital Site. The term "Parcel" shall be given the same meaning as the term "Site".

PLANT WATER USE FACTOR – "Plant Water Use Factor" shall mean a value, when multiplied by "Reference Evapotranspiration," that estimates the amount of water needed by plants. The Plant Water Use Factor range for very Low Water Use Plants is less than 0.1, the Plant Water Use Factor range for Low Water Use Plants is 0.1 to 0.3, the Plant Water Use Factor range for Moderate Water Use Plants is 0.4 to 0.6, and the Plant Water Use Factor range for High Water Use Plants is 0.7 to 1.0. Plant Water Use Factors are derived from the publication "Water Use Classification of Landscape Species." Plant Water Use Factors may also be

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obtained from horticultural researchers from academic institutions or professional associations as approved by the California Department of Water Resources.

POTABLE – "Potable" shall mean water that is suitable for drinking.

PRESSURE REGULATING DEVICE – "Pressure Regulating Device" shall mean a water pressure reducing device installed in the water line after the Water Meter that automatically reduces the pressure from the water supply main to a lower pressure.

RAIN SENSOR – "Rain Sensor" shall mean a component of an Irrigation System which automatically suspends irrigation when it rains. The term "Rain Sensor" shall have the same meaning as the term "Rain Sensing Shutoff Device."

RECORD DRAWINGS – "Record Drawings" shall mean landscape documents prepared by the Landscape Architect that reflects on-site changes the contractor noted in the As-Built Drawings. They are often compiled as a set of on-site changes made for the owner per the owner-architect contract.

RECYCLED WATER – "Recycled Water" shall mean treated or recycled waste water of a quality suitable for Non-Potable uses such as landscape irrigation and Water Features. This water is not intended for human consumption.

REFERENCE EVAPOTRANSPIRATION – "Reference Evapotranspiration" shall mean a standard measurement of environmental parameters which affects the water use of plants. Reference Evapotranspiration is expressed in inches per day, month, or year, and is an estimate of the Evapotranspiration of a large field of four to seven inches tall, cool-season grass that is well watered. Reference Evapotranspiration is used as the basis of determining the Maximum Applied Water Allowance so that regional differences in climate can be accommodated.

REGULAR LANDSCAPE AREA – "Regular Landscape Area" (RLA) is the portion of the irrigated Landscape Area that is not a Special Landscape Area. RLA = LA - SLA.

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REHABILITATED LANDSCAPE – “Rehabilitated Landscape” shall mean any relandscaping of existing landscapes where the modified Landscape Area is equal to or greater than two thousand five hundred (2,500) square feet.

RESIDENTIAL – “Residential” shall mean water used for household purposes, including water used on the premises for irrigating lawns, gardens and shrubbery, washing vehicles, and other similar and customary purposes pertaining to Single and Multi-Family Dwellings.

RUNOFF – “Runoff” shall mean water which is not absorbed by the soil or landscape to which it is applied and flows from the Landscape Area. For example, Runoff may result from water that is applied at too great a rate (application rate exceeds Infiltration Rate) or when there is a slope.

SOIL MANAGEMENT REPORT – “Soil Management Report” shall mean an analysis of the existing soil conditions relative to horticulture (versus agriculture or structural integrity) resulting in recommendations of appropriate soil amendments.

SOIL MOISTURE SENSING DEVICE – – “Soil Moisture Sensing Device” shall mean a device that measures the amount of water in the soil. The device may also suspend or initiate an irrigation event.

SPECIAL LANDSCAPE AREA (SLA) – “Special Landscape Area” or “SLA” shall mean an area of the landscape irrigated with Recycled Water, Water Features using Recycled Water, and areas dedicated to active play such as parks, sports fi elds, golf courses, and where Turf provides a playing surface.

TURF or TURFGRASS – “Turf” or “Turfgrass” shall mean a ground cover surface of mowed grass and does not include artificial Turf surfaces. For example, Annual Bluegrass, Kentucky Bluegrass, Perennial Ryegrass, Red Fescue, and Tall Fescue are cool-season grasses and Bermuda Grass, Kikuyu Grass, Seashore Paspalum, St. Augustine Grass, Zoysia Grass, and Buffalo Grass are warm-season grasses.

VALVE – “Valve” shall mean a device used to control the flow of water in the Irrigation System.

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WATER BUDGET – “Water Budget” shall mean a maximum annual water allowance in gallons per year that takes into consideration the types of plants, Evapotranspiration Rates and Irrigation System.

WATER DISTRIBUTION SYSTEM OPERATOR – “Water Distribution System Operator” shall mean the Person or Persons who assume through the District Permit process legal responsibility for the proper performance of the requirements of a Water Distribution System Permit holder as defined in the Rules and Regulations and/or in conditions attached to a Permit.

WATER EFFICIENT LANDSCAPE WORKSHEET – “Water Efficient Landscape Worksheet” shall mean the form used in the Landscape Package to calculate the Water Budget for a landscape. The form is found in Appendix B of the Landscape Package.

WATER FEATURE – “Water Feature” shall mean a design element where open water performs an aesthetic or recreational function. Water Features include ponds, lakes, waterfalls, fountains, artificial streams, spas, and Swimming Pools where water is artificially supplied. The surface area of Water Features is included in the high water use Hydrozone of the Landscape Area. Constructed facilities used for Site waste water treatment or Storm Water Control Measures that are not irrigated and used solely for water treatment or storm water retention are not considered Water Features.

WATER METER – “Water Meter” means any measuring device intended to measure water usage. The term “Water Meter” shall have the same meaning as the term “Water Measuring Device.”

WATER PERMIT – “Water Permit” shall mean a document issued by the MPWMD that authorizes a specific amount and type of water use on a Site.

WATER WASTE – “Water Waste” shall mean the indiscriminate, unreasonable, or excessive running or dissipation of water as defined in Rule 162.

WELL – “Well” means any device or method, mechanical or otherwise, for the production of water from Groundwater supplies within the District excluding seepage pits and natural springs.

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WUCOLS – "WUCOLS" shall mean the Water Use Classification of Landscape Species guide published by the University of California Cooperative Extension and the California Department of Water Resources 2014, as may be periodically updated.

Section Six: Effective Date

This ordinance shall take effect at 12:01 a.m. thirty days following adoption after second reading.

Section Seven: Severability

If any subdivision, paragraph, sentence, clause or phrase of this ordinance is, for any reason, held to be invalid or unenforceable by a court of competent jurisdiction, such invalidity shall not affect the validity or enforcement of the remaining portions of this ordinance, or of any other provisions of the Monterey Peninsula Water Management District Rules and Regulations. It is the District's express intent that each remaining portion would have been adopted irrespective of the fact that one or more subdivisions, paragraphs, sentences, clauses, or phrases be declared invalid or unenforceable.

On motion by Director __________, and second by Director _____________, the foregoing ordinance is adopted upon this ___ day of _____, 2025 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 the foregoing is a full, true and correct copy of an ordinance duly adopted on the ___ day of _____ 2025.

Witness my hand and seal of the Board of Directors this ____ day of ____ 2025.

____

David J. Stoldt, Secretary to the Board

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DRAFT

Rule 142.1-L
Sample Water Efficient Landscape Worksheet

When the performance compliance option is selected, this worksheet is to be filled out by the project applicant or their designee and is required to be submitted with the Landscape Documentation Package. Additional rows or multiple sheets should be used if there are more than 10 Hydrozones. The ETWU (gallons per year) must be equal to or less than the MAWA (annual gallons allowed) to comply with the MPWMD Water Efficient Landscape Requirements (Rule 142.1).

Project Applicant: ______________________	**Phone Number:** ______________________	
Email Address: ______________________	**Date:** ______________________	
Project Address: ______________________	**APN:** __________	**(ETo [a])** (in./year): ______

Maximum Applied Water Allowance (MAWA):

MAWA = ETo [a] x 0.62 x [ETAF x RLA + 1.0 x SLA] = __________(Annual Gallons

Allowed) The maximum ETAF allowed in the MAWA equation must be equal to or below:

0.55 -- for Residential Regular Landscape Areas (RLA)

0.45 -- for Non-Residential Regular Landscape Areas (RLA)

1.0 -- for Special Landscape Areas (SLA)

Estimated Total Water Use (ETWU) Table: (see instructions)

A	*B*	*C*	*D*	*E*	*F*
Hydrozone (Number, letter, or other designation)	*Plant Factor [b] "PF"*	*Irrigation Efficiency[c] "IE"*	*Evapotranspiration Adjustment Factor ETAF = PF / IE*	*Hydrozone Area (sq.ft.)*	*Estimated Water Use "EWU" = D x E x ETo [a] x 0.62 (gallons/year)*
SLA -	NA	NA	1.0		
SLA -	NA	NA	1.0		

SLA -	NA	NA	1.0		
ETWU Total	NA	NA	NA	NA	
MAWA	NA	NA	NA	NA	

[a] Annual ETo for the nearest City	[b] Plant Factor (PF) from WUCOLS:		[c] Average Irrigation System	
from Table 142.1-1	Very Low	= -less than 0.1	Efficiency (IE):	
	Low	= 0.1 - 0.3	Overhead Irrigation	= 0.75
	Moderate	= 0.4 - 0.6	Drip Irrigation	= 0.81
	High	= 0.7 - 1.0		

WATER EFFICIENT LANDSCAPE WORKSHEET INSTRUCTIONS

1. **Reference Evapotranspiration**.

    a. Look up the Annual ETo [a] value for the nearest City using the Reference Evapotranspiration (ETo) Table provided in Table 142.1-1 and use this value in the EWU and MAWA calculations.

2. **Calculate the Maximum Applied Water Allowance (MAWA)**.

    a. RLA is the total regular Landscape Area in square feet.

    b. SLA is the total Special Landscape Area in square feet.

    c. MAWA is calculated based on the maximum ETAF allowed for the type of Landscape Areas for the landscape project and is expressed as annual gallons allowed.

    d. Effective Precipitation. The following equation may be used to calculate MAWA:

3. **Residential landscapes**:

    MAWA = (ETo - Eppt) x (0.62) x [0.55 x RLA + 1.0 x SLA]

4. **Non-Residential landscapes**:

    MAWA = (ETo - Eppt) x (0.62) x [0.45 x RLA + 1.0 x SLA]

5. **Calculate the Estimated Total Water Use (ETWU)**.

    a. Column A – List each Hydrozone using the label corresponding to the Landscape Design Plan.

    b. Columns B and C – Complete the ETWU table for each Hydrozone based on the Plant Water Use Factor (PF) and the average Irrigation Efficiency (IE). The PF is found in Water Use Classification of Landscape Species (WUCOLS).

    c. Column D – calculate the ETAF for each Hydrozone by dividing the PF (Column B) by the IE (column C); write the result in column D.

    d. Column E – for each Hydrozone measure and report:

        i. Regular Landscape Area (RLA) as defined in MPWMD Rule 11.

        ii. Special Landscape Areas (SLA), as defined in MPWMD Rule 11, are not included in RLA measurements.

    e. Column F – calculate the Estimated Water Use (EWU) for each Hydrozone by multiplying columns D, E, ETo [a] and 0.62 (conversion factor) and write the result in column F.

    f. ETWU – is the sum of EWU for each Hydrozone and is expressed as gallons per year.

6. **Compare ETWU with MAWA**.

The ETWU (gallons per year) must be equal to or less than the MAWA (annual gallons allowed) to comply with WELO.

Rule 142.1-M
Sample Certificate of Completion Package

This certificate is filled out by the project Applicant to certify that the landscape project has been installed in accordance with the MPWMD Water Efficient Landscape Requirements (Rule 142.1).

(a) Prescriptive Compliance Option is limited to elements 1, 2, and 4.

(b) Performance Compliance Option shall include all six (6) elements.

ELEMENT 1. PROJECT INFORMATION SHEET

Applicant Information

Name of Project Applicant (or designee if applicable):	Project Name:
Name of Property Owner (if different):	Title:
	Water Supply Type (Circle One):
Street Address:	Potable / Recycled / Well / Other (specify):
City:	Water Purveyor:
Email:	Phone No.:
Company:	

Project Address and Location:

Street Address:	Parcel Number:
City:	Meter number(s) (if available):
Zip Code:	

ELEMENT 2. CERTIFICATION OF INSTALLATION ACCORDING TO THE LANDSCAPE DOCUMENTATION PACKAGE

Certification by the designer of record that the landscape project has been installed per the approved Landscape Documentation Package per Rule 142.1-G and the applicable documents:

(A) Where there have been significant changes made in the field during construction, these As-Built Drawings or Record Drawings shall be included.

(B) A diagram of the irrigation plan showing Hydrozones shall be kept with the Automatic Irrigation Controller for subsequent management processes.

"I/we certify that based upon periodic site observations, the work has been completed in accordance with MPWMD Water Efficient Landscape Requirements and that the landscape planting and irrigation installation conform with the criteria and specifications of the approved Landscape Documentation Package."

Primary Designer of Record Signature		Date
Secondary Designer of Record Signature		Date

ELEMENT 3. SOIL MANAGEMENT REPORT

Attach Soil Management Report, if not previously submitted with the Landscape Documentation Package per MPWMD Rule 142.1-I-1.

Attach documentation verifying implementation of recommendations from the soil analysis management report.

ELEMENT 4. IRRIGATION SCHEDULING PARAMETERS

Attach irrigation scheduling parameters used to set the Automatic Irrigation Controller per MPWMD Rule 142.1-I-6.

ELEMENT 5. LANDSCAPE AND IRRIGATION MAINTENANCE SCHEDULE

Attach landscape and irrigation maintenance schedule per MPWMD Rule 142.1-I-7.

ELEMENT 6. IRRIGATION AUDIT REPORT

Attach Irrigation Audit report per MPWMD Rule 142.1-I-8.

PROJECT APPLICANT SIGNATURE:

"I/we certify that I/we have received copies of all the documents within the Certificate of Completion Package and that it is our responsibility to see that the project is maintained in accordance with the Landscape and Irrigation Maintenance Schedule."

Project Applicant (or designee) Signature		Date

Please answer the questions below:

1. Date the Landscape Documentation Package was submitted to the local agency ____________________
2. Date the Landscape Documentation Package was approved by the local agency ____________________
3. Date that a copy of the Water Efficient Landscape Worksheet (including the Water Budget Calculation) was submitted to MPWMD ___________________

Table 142.1-1. Monterey County Reference Evapotranspiration (ETo) Table[1]
(All values shown in inches)

Monterey County[2]	***Jan***	***Feb***	***Mar***	***April***	***May***	***Jun***	***July***	***Aug***	***Sept***	***Oct***	***Nov***	***Dec***	***Annual ETo***
Bradley	1.7	2.3	3.7	4.8	6.3	7.1	7.5	6.8	5.5	3.9	2.3	1.6	53.6
Carmel Valley Village	1.7	2.0	3.0	3.7	4.4	4.9	4.9	4.6	3.9	3.1	2.0	1.4	39.7
Carmel-by-the-Sea	1.7	2.0	2.9	3.5	3.9	4.0	3.9	3.7	3.4	2.9	2.0	1.5	35.4
Castroville	1.6	2.0	3.1	3.9	4.6	5.0	4.8	4.5	4.0	3.1	1.9	1.4	39.8
King City	1.7	2.2	3.5	4.7	6.0	6.7	6.9	6.3	5.2	3.8	2.3	1.5	50.9
Marina	1.6	2.0	3.1	3.8	4.4	4.7	4.5	4.3	3.8	3.1	2.0	1.4	38.7
Monterey	1.7	2.0	2.9	3.6	4.0	4.3	4.2	4.0	3.6	3.0	2.0	1.4	36.7
Moss Landing	1.6	2.0	3.1	3.9	4.6	4.8	4.6	4.3	3.9	3.1	1.9	1.4	39.1
Pacific Grove	1.7	1.9	2.9	3.5	3.9	4.1	3.8	3.6	3.4	2.9	1.9	1.4	35.1
Salinas	1.6	2.0	3.2	4.1	4.9	5.4	5.5	5.1	4.3	3.3	2.0	1.4	42.8
Seaside	1.7	2.0	3.0	3.7	4.3	4.6	4.5	4.2	3.8	3.1	2.0	1.4	38.2
Soledad	1.6	2.1	3.4	4.4	5.6	6.3	6.4	5.9	4.9	3.6	2.2	1.5	47.8

[1] The defined boundaries of each city and place are from the California Open Data website. The shapefiles and description can be found at (https://data.ca.gov/dataset/ca-geographic-boundaries/resource/436fc714-831c-4070-b44b-b06dcde6bf18).

[2] The ETo values are monthly averages of Spatial California Irrigation Management Information System (CIMIS) for the 2004 to 2021 period. The Annual ETo is the sum of the monthly averages. ETo is expressed in inches.

ITEM: ACTION ITEM

10. RECEIVE FISCAL YEAR 2024-2025 ANNUAL COMPREHENSIVE FINANCIAL REPORT

Meeting Date:	**November 17, 2025**	**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: The Finance and Administration Committee reviewed this item on November 10, 2025.
CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.

SUMMARY: A draft copy of the District's Annual Comprehensive Financial Report (ACFR) for Fiscal Year (FY) 2024-2025 is provided for review. Draft copies of the Independent Auditors' Report and Board Communication Letter (required communication letter from the Auditors to the Board) for the fiscal year ending June 30, 2025, have been received from the District's auditors, The Pun Group LLP. The final audit will be posted on the District's website after it has been accepted by the Board and submitted to the Government Finance Officers Association.

This is the eleventh year that the District has prepared an ACFR. An ACFR is a set of government financial statements comprising the financial report of a governmental agency that complies with the accounting requirements promulgated by the Governmental Accounting Standards Board (GASB). GASB provides standards for the content of an ACFR in its annually updated publication. The District's ACFR is audited by an external certified accounting firm utilizing GASB requirements. An ACFR is composed of three sections:

Introductory section – Includes the transmittal letter.
Financial section – Includes the independent auditor's report and contains management's discussion and analysis, government-wide financial statements, fund financial statements, notes to the financial statements, required supplementary information, combining financial statements, and schedules.
Statistical section – Includes additional financial, economic, and demographic information.

The auditors have issued an "unmodified opinion" on the District's ACFR for Fiscal Year 2024-2025. An unmodified opinion is the opinion where the auditor expresses that the financial statements are fairly presented, in all material respects, in accordance with the generally accepted accounting principles in the United States. The audit did not identify any deficiencies in the internal control that the auditors consider to be material weaknesses. Representatives from The

Pun Group LLP will be available at the Board meeting to review the Board Disclosure Letter (AU-260 Communication at Conclusion).

A Management Letter may be issued in conjunction with the Report to offer suggestions for improvements on matters that came to the auditors' attention in connection with the audit, however, such a letter was not deemed necessary by The Pun Group LLP, in connection with the audit for this fiscal year.

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its ACFR for the fiscal year ended June 30, 2024. This was the tenth year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the District had to publish an easily readable and efficiently organized ACFR that satisfied both generally accepted accounting principles and applicable program requirements. A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement for Excellence in Financial Reporting Program's requirements, and we will be submitting it to the GFOA to determine its eligibility for another certificate.

RECOMMENDATION: The Finance and Administration Committee recommends that the Board receive the Annual Comprehensive Financial Report for the Fiscal Year ending June 30, 2025.

EXHIBITS
10-A Draft Annual Comprehensive Financial Report for FY 2024-2025
10-B Draft Board Disclosure Letter (AU-260 Communication at Conclusion)

Annual Comprehensive Financial Report

For the Fiscal Year ended June 30, 2025

Monterey Peninsula Water Management District

5 Harris Court, Bldg. G, Monterey, CA 93940
(831) 658 5600 • www.mpwmd.net

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Monterey Peninsula Water Management District

Monterey, California

FINAL DRAFT 11.07.2025

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2025

THE PUN GROUP
ACCOUNTANTS & ADVISORS

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Monterey Peninsula Water Management District
Annual Comprehensive Financial Report
For the Year Ended June 30, 2025

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Financial Section (Continued):

Statistical Section (Unaudited):

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November 17, 2025

To the Honorable Chair, Board of Directors , and Residents
of Monterey Peninsula Water Management District,

We are pleased to present the Monterey Peninsula Water Management District's (MPWMD or District) Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2025. The ACFR gives an assessment of the District's financial condition, informs readers about District services and projects, discusses current issues, and provides financial and demographic trend information.

The California Government Code requires an annual independent audit of MPWMD's financial statements by a Certified Public Accountant. The District's financial statements have been audited by The Pun Group LLP (auditor). The auditor's opinion is included in the financial section of this ACFR.

This report was prepared by the Financial/Administrative Services Division in conformance with the principles and standards for financial reporting set forth by the Governmental Accounting Standards Board (GASB). To the best of our knowledge and belief, the data as presented is accurate in all material aspects and presented in a manner designed to fairly set forth the financial position and changes in the financial position of the District as measured by the financial activity, including disclosures necessary to enable the reader to gain the maximum understanding of the District's financial affairs. While the independent auditors have expressed an unmodified ("clean") opinion that MPWMD's financial statements are presented in conformity with accounting principles generally accepted in the United States of America (US GAAP), responsibility for both the accuracy of the presented data and completeness and fairness of the presentation, including all disclosures, rests with the District.

Profile of the District

The District is a special district created in 1977 by the California Legislature and ratified by local voters in 1978. The District has four primary responsibilities. The first is to augment and manage the development of potable water supplies and the delivery of this water to users in the Monterey Peninsula area. The second is to promote water conservation. The third is to promote water reuse and reclamation of stormwater and wastewater. The fourth is to protect the environmental quality of the Monterey Peninsula area's water resources.

The District serves approximately 106,000 people within the cities of Carmel-by-the-Sea, Del Rey Oaks, Monterey, Pacific Grove, Seaside, Sand City, Monterey Peninsula Airport District, and portions of unincorporated Monterey County, including Pebble Beach, Carmel Highlands, and Carmel Valley.

The District has an authorized staff of 26 full-time employees providing services within its jurisdiction. The District is made up of the following sections: General Manager's Office, Financial/Administrative Services, Water Resources, Environmental Resources, and Water Demand.

Governance

MPWMD is a public agency (special district) governed by a seven-member Board of Directors (Board), five elected from the District's voter divisions, one member of the Monterey County Board of Supervisors, and one elected official or chief executive officer appointed by a committee comprised of mayors from jurisdictions within the District boundaries. The elected board members serve staggered four-year terms. Annually, a Chair and Vice Chair are chosen among the Board members. MPWMD operates under a Board-Manager form of government. The Board of Directors appoints the General Manager, who is responsible for the administration of the District. The General Manager organizes and directs District activities in accordance with the Board's policies.

5 Harris Court, Building G, Monterey, CA 93940 • P.O. Box 85, Monterey, CA 93942-0085
831-658-5600 • Fax 831-644-9560 • www.mpwmd.net

The Board meets in a regular session on the third Monday of each month. Regular meetings are held at 6:00 p.m. at the Monterey Peninsula Water Management District, Conference Room, 5 Harris Court, Building G, Monterey, California. Board meetings are open to the public.

Budget Process

Annually, the District prepares and adopts an operating and capital budget and updates its three-year Capital Improvement Program (CIP). Both serve as the District's financial planning and fiscal control. Budgets are adopted on a basis consistent with Governmental GAAP. Budgetary controls are set at the fund level and are maintained to ensure compliance with the budget approved by the Board of Directors. The District's budget is a detailed operating plan that identifies estimated costs in relation to estimated revenues. The budget includes the projects, services, and activities to be carried out during the fiscal year and the estimated revenue available to finance these operating and capital costs. The budget represents a process wherein policy decisions made by the Board of Directors are adopted, implemented, and controlled. Budget control is maintained through the use of project codes and account appropriations. Actual expenditures are then compared to these appropriations on a monthly basis. The General Manager or the Chief Financial Officer has the discretion to transfer appropriations between activities. Board approval is required for any overall increase in appropriations or changes to the Capital Improvement Program. Additionally, a mid-year budget adjustment is prepared and presented to the District's Board for adoption.

Economic Condition and Outlook

The District anticipates generating sufficient revenue to cover the cost of providing services through its primary revenue sources, including property taxes, user fees, water sales, permit charges, capacity fees, and reimbursable grant funds in the coming year. Although the District will no longer collect water supply charges through the County due to the Appellate Court settlement in September 2024, the projected loss in revenue is expected to be offset by gradual increases in user fees, collected as a percentage of water charges. These increases will generally be driven by higher annual water rates adopted by the water utility provider, California American Water (Cal-Am). Water demand is a key component of rate-related revenues. Customer demand for 2025 resulted in a production total for the year of 9,092 AF of drinking water, the lowest demand since 1957. Water supply sources included 3,680 AF from Pure Water Monterey, 3,291 AF from the Carmel River, 1,684 AF from Seaside Groundwater sources, and 164 AF from the Sand City Desalination Facility. At the end of the fiscal year, the District had 2,353 AF stored in the Pure Water Monterey Operating Reserve and 4,392 AF in the Aquifer Storage and Recovery banked storage.

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As a result of legal and regulatory constraints on the Carmel River and Seaside Aquifer over the last twenty-five years, long-term water supplies available to Monterey Peninsula customers from these sources were reduced. As part of new replacement water supplies, the Pure Water Monterey (PWM) project, funded and built by Monterey One Water, MPWMD (District), and Marina Coast Water, now provides 60% of the Peninsula's water. The PWM Expansion that came online in 2025 provides replacement water supply to meet needs for decades, or at least sufficient to provide an adequate bridge until a desalination plant is fully permitted and built.

The District in 2025 began the groundwork needed to lift the State's cease and desist order (CDO) against Cal-Am and the moratorium on service connections for new housing. The new supply (over and above existing demand) was allocated to local cities and other jurisdictions in March 2025 through a process led by the District and the passage of Ordinance 197.

Major Initiatives

During the current fiscal year, the District continued, completed, or initiated a number of significant projects, which include the following:

Pure Water Monterey Project (PWM) – The District provided funding and planning assistance to the Project, working in partnership with Monterey One Water, which owns and operates the system. Since the inception of the PWM project in 2020 through the end of water year (WY) 2025, a total of 19,734 acre-feet (AF) of advanced purified water was injected into the Seaside Groundwater Basin. Of the injected water, Cal-Am recovered 17,381 AF for customer service, and 2,353 AF was allocated to the Operational Reserve.

In WY 2025 alone, 3,843 AF of PWM water was injected, with Cal-Am recovering 3,680 AF for customer service and the remainder allocated to the Operational Reserve. Also in WY 2025, an additional 423 AF of recycled water was delivered directly to Marina Coast Water District and the City of Seaside for golf course irrigation, freeing up an equivalent amount of potable water supply.

Aquifer Storage and Recovery (ASR) – Since the inception of the ASR program in 1998 through the end of WY 2025, a total of 14,668 AF of Carmel River water was diverted for storage in the Seaside Groundwater Basin. Water has been recovered as allowed by State Water Board Orders and the Quarterly Water Budget process. In WY 2025 alone, 716 AF of Carmel River water was diverted to storage with Cal-Am recovering none for customer service. At the end of WY 2025, a total 4,392 AF of stored ASR water remains available for customer service.

Cal-Am continued to use District facilities to treat produced waters recovered from the ASR and Pure Water Monterey projects.

Integrated Regional Water Management (IRWM) Program – MPWMD continues to manage grants for the Monterey Peninsula. Duties include: (a) Application coordination and submission; (b) Agreement execution and coordination with the California Department of Water Resources; (c) Invoicing, with documentation, on behalf of the Local Project Sponsors; and (d) Reporting.

In 2024 and 2025, two grants were expended by the District for the benefit of the Pure Water Monterey Expansion project: 1) Urban Community Drought Relief Grant from the Department of Water Resources for $11,935,200, and 2) Directed Assistance Grant coordinated by the State Water Resources Control Board for $4,800,000.

Also in 2024, the District managed an Integrated Regional Water Management (IRWM) Implementation Round 2 Grant for the Monterey Peninsula region for $1,488,961. The two project recipients are: 1) Carmel River Floodplain Restoration and Environmental Enhancement (Carmel River FREE), sponsored by Monterey County, and 2) the Olivier Street Stormwater Diversion Project, sponsored by the City of Monterey.

An IRWM Implementation Round 1 Grant from 2021 will be used in 2025 for construction of the West End Stormwater Improvement Project located in a disadvantaged community and sponsored by the City of Sand City.

Legally-Mandated Carmel River Mitigation and Stewardship – In 2025, the District successfully carried out its Mitigation Program required by the 1990 Water Allocation Environmental Impact Report. This program is designed to preserve the ecological integrity of the Carmel River by alleviating impacts associated with water extraction for the community's water supply. The program includes river restoration activities, monitoring, and rescuing threatened steelhead from drying portions of the Carmel River and tributaries. This comprehensive program tracks changes in the riparian corridor, steelhead population, depth to groundwater, river flow, and the lagoon environment.

The District continued to monitor dry-back conditions due to impacts from groundwater withdrawal and successfully rescued 7,470 juvenile steelhead from the Carmel River Basin in 2025. The fish were released into the Carmel River in perennial waters and rescued fish were implanted with passive integrated transponder (PIT) tags before their release to track their migration and survival. These data are used as performance indicators of the program.

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Staff continued to work with the National Marine Fisheries Service (NMFS) on field studies to develop a steelhead population life history model for the watershed. This is based on tagged fish from NMFS' studies, District fall population surveys, and rescued fish from both the District and the Carmel River Steelhead Association. This effort included installing tag detection stations (arrays) from the lower valley to below Los Padres Reservoir. District fall population densities trended at just above average this season, and 1,290 fish were implanted with PIT tags to support these studies and help elucidate long-term trends on steelhead survival.

Staff continued long-term efforts to monitor water quality conditions and fish passage in the Carmel River Basin to assess impacts to habitat from municipal and private pumping along the Carmel River. The District also carried out a wetland survey of the Carmel River lagoon area to document long-term trends associated with water extraction.

In late fall, District crews carried out the Vegetation Management Program in the active channel of the Carmel River to prevent debris dams and erosion. This work is carried out with a Regional General Permit from the Army Corps of Engineers and a Routine Maintenance Agreement with the California Department of Fish and Wildlife. Vegetation Management includes trimming back encroaching vegetation and reducing the hazard of downed trees by cutting them into smaller sections in preparation for winter flows. In addition, trash and plastic were removed from the active channel of the river before winter rain washed them into the ocean. The District also assisted property owners along the Carmel River by evaluating streambanks for stability after high erosive stream flows and recommended.

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Permitting – The District approved 1,080 rebate applications for $318,467 for quantifiable annual savings of 7.6 AF of water. Properties transferring ownership continued to self-certify compliance with the water efficiency requirements, and the District provided Certifications of Compliance as verification. The District issued 731 Water Permits and 94 Water Use Permits to Benefited Properties (i.e., properties eligible to receive a portion of a Water Entitlement).

The District also approved three Water Distribution System Permit amendments. The Main Cal-Am System was amended to produce 13.0 Acre-Feet annually of the City of Seaside's stored water credit under Seaside's In-Lieu Groundwater Storage Program for the Ascent housing project, now known as "Seagrove." The second amendment was to increase the number of Connections for five Accessory Dwelling Units and irrigation at Wolters Farm Way in Carmel Valley. The third amendment was to set System Limits and add a Residential Use to the Scarlett WDS Permit. Eleven Confirmation of Exemptions from the Water Distribution System permit requirements were issued for private properties that met the criteria.

Inspections: Staff completed 511 property inspections to verify compliance with water efficiency standards for changes of ownership and use, and 1,177 inspections were done to verify compliance with Water Permits. Staff mailed notices to property owners and businesses and conducted 47 Non-Residential property inspections to verify compliance with water efficiency standards. As the regional entity responsible for compliance with State landscaping regulations, the District issued 48 Water Permits for new and refurbished landscapes. A total of 625,284 square feet of new landscape area was permitted. The rehabilitated area totaled 349,578 square feet.

Conservation – The District approved 1,080 rebate applications for $318,467 for quantifiable annual savings of 7.6 AF of water. Properties transferring ownership continued to self-certify compliance with the water efficiency requirements, and the District provided Certifications of Compliance as verification. The District issued 731 Water Permits and 94 Water Use Permits to Benefited Properties (i.e., properties eligible to receive a portion of a Water Entitlement).

The District provided 13 online courses on conservation topics including rainwater capture, composting to improve soil water holding capacity, landscape design, greywater, protecting trees, irrigation basics, and removing lawns. Staff distributed water conservation devices at various community events, including the Carmel Valley Fiesta, Monterey County Fair, and the West End Celebration. The District posted regular updates to its Facebook page and Instagram account. As a partner with the Water Awareness Committee for Monterey County, the District participated in presentations and assemblies at local schools.

Community Outreach – To help the public better understand the role of the District in water supply, conservation, and environmental protection on the Monterey Peninsula, the District ran monthly ads in the local newspapers, posted on social media, and produced a regular email newsletter. The District also actively engaged with local media on water supply projects, the public's acquisition of the Cal-Am water system (Measure J), and other relevant topics.

Summer Splash – Entries were similar to the previous year for the 2025 Summer Splash Challenge, a fun family-oriented conservation game sponsored by the District in partnership with Cal-Am. Prizes included a High-Efficiency Clothes Washer, High Efficiency Dishwashers, an iPad, Home Depot Gift Cards, and VISA Gift Cards. The game was designed for families and launched in the summer when children were out of school. The Challenge was to complete an educational gameboard where participants visited the event website and watched water efficiency videos to find the answers to gameboard questions. Look for the 2026 Challenge this summer!

Measure J – In November 2018, voters passed an initiative requiring the District to acquire the local water supply and distribution facilities of California American Water, if feasible. In 2021, the District prepared an application to the Monterey County Local Agency Formation Commission (LAFCO) to annex 58 parcels (Yankee Point and Hidden Hills), update its Municipal Services Review (MSR), and to "activate" the District's authority to provide water service directly to end-use customers. LAFCO approved the annexation and MSR but denied the activation of powers. The District challenged that denial in a petition for writ of review filed in April 2022. The District prevailed, and LAFCO was directed by the Court to vacate the denial. While the LAFCO lawsuit was pending, MPWMD Filed an eminent domain action in Monterey County Superior Court in December 2023 that remains pending.

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The CAWD/PBCSD Reclamation Project – The District is a participant in the Carmel Area Wastewater District (CAWD)/Pebble Beach Community Services District (PBCSD) Reclamation Project (the Project), which is a cooperative effort that involves the CAWD, the PBCSD, and the Pebble Beach Company. The project did not create a new or separate legal entity; therefore, the Project is included as a Proprietary (Enterprise) Fund of the District, the issuer of the Certificates of Participation which financed the project. The Project's 2025 financial statements are being audited by The Pun Group, LLP.

More financial information is available under Management Discussion and Analysis included in the Financial Section.

Internal Control

District management is responsible for the establishment and maintenance of the internal control structure that ensures the assets of the District are protected from loss, theft, or misuse. The internal control structure also ensures adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The District's internal control structure is designed to provide reasonable assurances that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

Investment Policy

The Board of Directors annually adopts an Investment Policy that conforms to California State Law, District ordinances and resolutions, prudent money management, and the "prudent investor" standards. The objectives of the Investment Policy are safety, liquidity, and yield. District funds are normally invested in the State Treasurer's Local Agency Investment Fund (LAIF), Certificates of Deposits, and Money Market accounts.

District Revenues

District's major funding sources are: Property Taxes, User Fees, PWM Water Sales, Permit Processing Fees, Project Reimbursements, Grants, and others. Property tax allocations are collected and remitted by the County of Monterey. The Water Supply Charge, a fee collected on property tax bills to fund water supply projects, was levied by the District on property tax bills and was discontinued in FY 24-25 following an Appellate court ruling. The District user fee is paid by the ratepayers of the California American Water Company. Project reimbursements are mostly collected from the California American Water Company ratepayers. Grant revenues are received from the State Water Resources Control Board and the Department of Water Resources to reimburse the expansion of the Pure Water Monterey project.

District Expenses

District's expenditures are classified into the following major categories: Salaries, Employee Benefits and Other Personnel, Project Expenditures, Operating Expenditures, Professional Fees, Capital Outlay, and Debt Service.

Independent Audit

State Law requires the District to obtain an annual audit of its financial statements by an independent certified public accountant. The accounting firm of The Pun Group, LLP has conducted the audit of the District's financial statements. The audit was conducted in accordance with auditing standards generally accepted in the United States of America. The firm's report has been included in the financial section of this report.

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Other References

More information is contained in the District's management discussion and analysis and the notes to the basic financial statements found in the financial section of this report.

Awards

GFOA Award

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Monterey Peninsula Water Management District for its annual comprehensive financial report for the fiscal year ended June 30, 2024. This was the tenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the District. We appreciate the dedicated efforts and professionalism that these staff members contribute to the service of the District's customers. We would also like to thank the members of the Board of Directors for their continued support in the planning and implementation of the Monterey Peninsula Water Management District's fiscal policies.

Respectfully submitted,

David J. Stoldt
General Manager

Nishil Bali
Chief Financial Officer / Administrative Services Manager

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MONTEREY PENINSULA WATER MANAGEMENT DISTRICT

BOARD OF DIRECTORS

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

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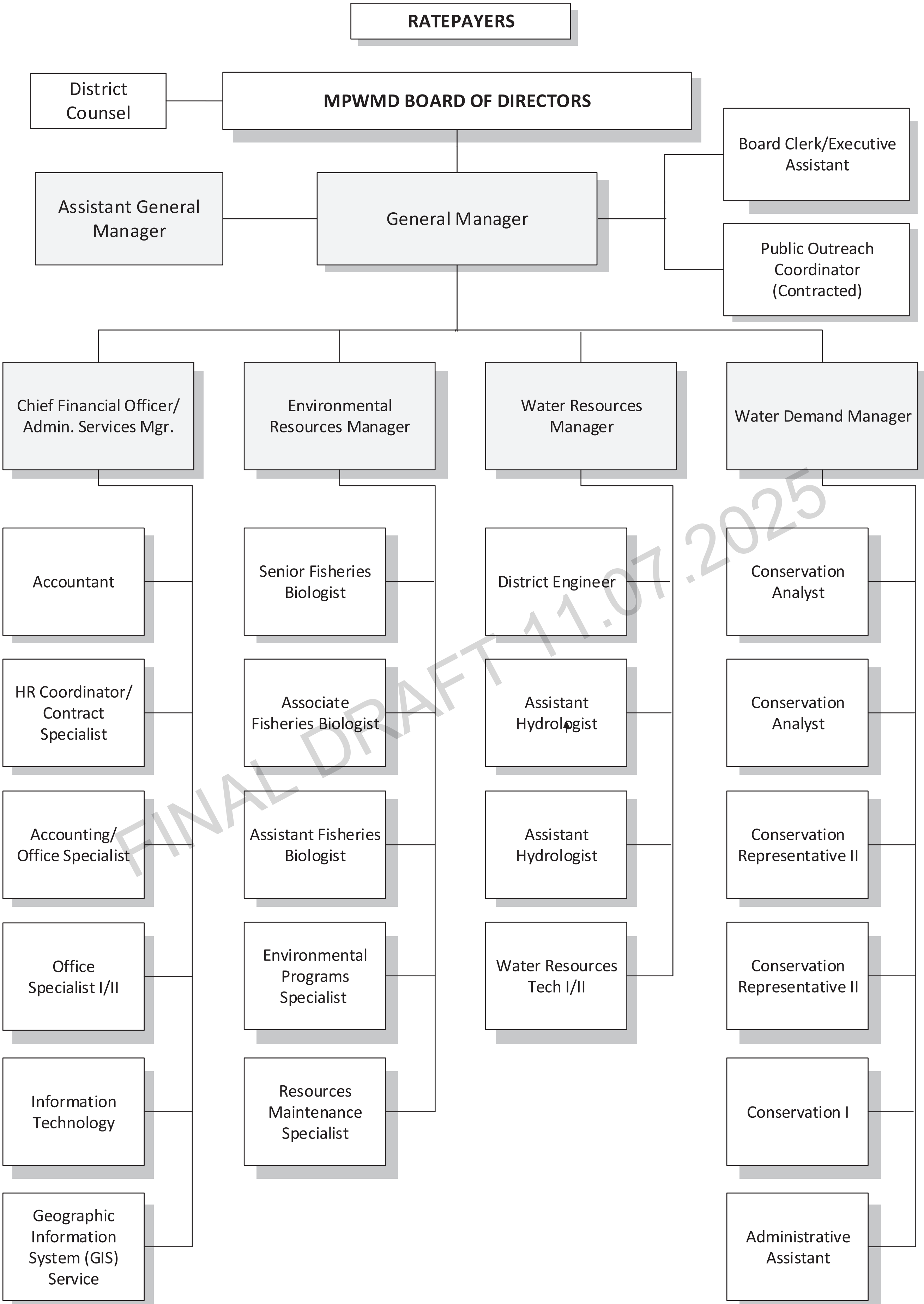
MANAGEMENT

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

District Organization Chart



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Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Monterey Peninsula Water Management District
California

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morrill

Executive Director/CEO

FINAL DRAFT 11.07.2025

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of the Monterey Peninsula Water Management District
Monterey, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Monterey Peninsula Water Management District (the "District") as of and for the year June 30, 2025, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the District, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

FINAL DRAFT 11.07.2025

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis, Budgetary Comparison Schedules, Schedule of Changes in the Total OPEB Liability and Related Ratios, Schedule of the Proportionate Share of the Net Pension Liability*, and the *Schedule of Contributions - Pension* be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

To the Board of Directors
of the Monterey Peninsula Water Management District
Monterey, California
Page 3

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory and Statistical Sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Summarized Comparative Information

We did not previously audit the District's financial statements for the year ended June 30, 2024. Those numbers were based on the audit of other auditors who expressed unmodified audit opinions on the respective financial statements of the governmental activities, the business-type activities, and each major fund, in their report dated December 20, 2024. Based on the report of the other auditors, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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San Diego, California
November 17, 2025

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MONTEREY PENINSULA WATER
MANAGEMENT DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
June 30, 2025

This section of the Monterey Peninsula Water Management District's (the District) annual comprehensive financial report presents a discussion and analysis of the District's performance during the fiscal year ended June 30, 2025. Please read it in conjunction with the additional information that we have furnished in our letter of transmittal, which can be found on pages i – vi of this report and the District's financial statements, which follow this section.

The District was created by the California Legislature in 1977 and ratified by local voters in 1978. The District has four primary responsibilities. The first is to augment and manage the development of potable water supplies and the delivery of this water to users in the Monterey Peninsula area. The second is to promote water conservation. The third is to promote water reuse and reclamation of stormwater and wastewater. The fourth is to protect the environmental quality of the Monterey Peninsula area's water resources, including the protection of instream fish and wildlife resources.

The District is also a participant in the Carmel Area Wastewater District/Pebble Beach Community Services District Reclamation Project (the Project), which is a cooperative effort that also involves the Carmel Area Wastewater District, the Pebble Beach Community Services District, and the Pebble Beach Company. The cooperative effort did not create a new or separate legal entity. Therefore, the Project is included as a Proprietary (Enterprise) Fund of the District, the issuer of the Certificates of Participation, which financed the project.

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FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the governmental activities of the District exceeded its liabilities and deferred inflows of resources at the close of the year ending June 30, 2025 by $36.50 million (net position). Of this amount, $19.19 million is classified as investment in capital assets; while the remaining $17.31 million is unrestricted.
- The assets and deferred outflows of resources of the business-type activities of the District exceeded its liabilities and deferred inflows of resources at the close of the year ending June 30, 2025 by $38.16 million (net position). Of this amount, $34.62 million is classified as investment in capital assets; while the remaining $3.54 million is unrestricted.
- The District's total net position decreased by 630 thousand, with governmental activities net position decreasing by approximately $412 thousand for the year ended June 30, 2025. The decreases in net position for governmental activities can mostly be attributed to the recession of the Water Supply Charge (WSC) revenue and the booking of related expenses for WSC collections from the prior fiscal year. Depreciation expense for the year was $695 thousand.
- The District's total business-type activities net position decreased by approximately $218 thousand for the year ended June 30, 2025. Revenues were lower than expenses for the current year due to a decrease in revenues from fixed cost charges. Amortization expense for the year were $1.80 million.
- Capital outlay and capitalized project expenditures of $813 thousand for governmental activities consisted mostly of funds expended for Aquifer Storage & Recovery (ASR) equipment, operating/office equipment, reclamation storage facilities improvements, and the purchase of Pure Water Monterey reserve water.

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of four parts: management's discussion and analysis (this section), the basic financial statements, the notes to the basic financial statements, and required supplementary information. The financial statements provide both long-term and short-term information about the District's financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by required supplementary information that further explains and supports the information in the financial statements.

The District's financial statements are prepared on an accrual basis in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. Under this basis of accounting, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the Statement of Activities. All assets and liabilities associated with the operation of the District are included in the Statement of Net Position.

Government-Wide Financial Statements – The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The Statement of Net Position combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations.

The *Statement of Activities* presents information showing how the District's net position changed during the most recent fiscal year (FY). All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

The government-wide financial statements include all the governmental activities of the District. The governmental activities of the District include conservation, mitigation, and water supply. The business-type activity includes the water reclamation project.

The government-wide financial statements can be found on pages 19 and 20 of this report.

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OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund Financial Statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements provide detail information about the most significant funds, not the District as a whole. The District, like other special districts, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District's funds are segregated into two categories: governmental funds and proprietary funds. Fund financial statements report essentially the same functions as those reported in the government-wide financial statements. However, unlike the government-wide financial statements, fund financial statements focus on *near-term inflows* and *outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year.

Governmental Funds – The District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's projects. Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented in the government-wide financial statements. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate the comparison between governmental funds and government-wide statements.

The District maintains three individual governmental funds. Information is presented separately in the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances for the Water Supply Fund, Conservation Fund, and the Mitigation Fund, all of which are considered to be major funds.

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Proprietary Fund – The District maintains one type of proprietary fund, the enterprise fund. Proprietary funds are reported using the accrual basis of accounting. Enterprise funds are used to report the same functions presented as business-type activity in the government-wide financial statements but provide more detail and additional information. The District uses an enterprise fund to account for the CAWD/PBCSD Reclamation Project.

The fund financial statements can be found on pages 25 through 28 of this report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 39 through 65 of this report.

MONTEREY PENINSULA WATER
MANAGEMENT DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (Continued)
June 30, 2025

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's progress in funding its obligation to provide pension and other postemployment benefits (OPEB) to its employees. This section also includes budgetary comparison schedules, which compare the budgeted amounts for the fiscal year with the activity for the District's major governmental funds – the Water Supply Fund, Conservation Fund, and Mitigation Fund. Required supplementary information can be found on pages 68 to 77 of this report.

GOVERNMENT–WIDE FINANCIAL ANALYSIS

Net Position

This Statement of Net Position, the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, is one way to measure the District's financial health or position. Net position is reported in three categories: Net Investment in capital assets, Restricted, and Unrestricted. Unrestricted net position includes funds available for future operational and capital expenditures.

The following table is the condensed summary of net position as of June 30, 2025 and 2024:

Summary of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
ASSETS						
Current and Other Assets	$ 37,715,797	$ 36,303,493	$ 4,117,694	$ 3,402,443	$ 41,833,491	$ 39,705,936
Capital Assets, Net	19,186,894	19,069,081	34,615,341	35,352,530	53,802,235	54,421,611
Total Assets	56,902,691	55,372,574	38,733,035	38,754,973	95,635,726	94,127,547
DEFERRED OUTFLOWS OF RESOURCES	2,593,724	3,442,629	-	-	2,593,724	3,442,629
LIABILITIES						
Current Liabilities	9,152,359	8,101,621	573,705	377,992	9,726,064	8,479,613
Long-Term Liabilities	12,879,320	12,860,171	-	-	12,879,320	12,860,171
Total Liabilities	22,031,679	20,961,792	573,705	377,992	22,605,384	21,339,784
DEFERRED INFLOWS OF RESOURCES	966,898	871,728	-	-	966,898	871,728
NET POSITION						
Investment in Capital Assets	19,186,894	19,069,081	34,615,341	35,352,530	53,802,235	54,421,611
Unrestricted	17,310,944	17,912,602	3,543,989	3,024,451	20,854,933	20,937,053
Total Net Position	$ 36,497,838	$ 36,981,683	$ 38,159,330	$ 38,376,981	$ 74,657,168	$ 75,358,664

The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by approximately $74.66 million at the end of the current year, which is a decrease of approximately 0.94% since June 30, 2024.

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GOVERNMENT–WIDE FINANCIAL ANALYSIS (CONTINUED)

Net Position (Continued)

Capital assets decreased by $619 thousand due to capital additions of $813 thousand and $1.07 million in governmental and business-type activities, respectively, offset by depreciation of $695 thousand in governmental activities and $1.80 million in amortization of water rights for business-type activities.

The decrease in deferred outflows of resources is due to a change in the deferred pension and OPEB adjustments. Liabilities increased due to increases in compensated absences and settlement liability related to WSC reimbursement.

The following table is the condensed summary of changes in net position for the years ended June 30, 2025 and 2024:

Summary of Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
REVENUES						
Program Revenue:						
Charges for Services	$ 23,900,177	$ 26,229,265	$ 5,039,241	$ 4,337,330	$ 28,939,418	$ 30,566,595
Operating Grants	7,297,810	4,046,848	-	-	7,297,810	4,046,848
General Revenues:					-	-
Property Taxes	2,910,734	2,835,328	-	-	2,910,734	2,835,328
Investment Invome	1,172,124	928,033	60,736	35,301	1,232,860	963,334
Miscellaneous	8,458	82,514	5,435	-	13,893	82,514
Total Revenues	35,289,303	34,121,988	5,105,412	4,372,631	40,394,715	38,494,619
EXPENSES						
Conservation	3,055,714	2,333,306	-	-	3,055,714	2,333,306
Mitigation	2,718,508	3,005,536	-	-	2,718,508	3,005,536
Water Supply	29,927,546	21,423,221	-	-	29,927,546	21,423,221
Reclamation Project	-	-	5,323,063	4,761,119	5,323,063	4,761,119
Total Expenses	35,701,768	26,762,063	5,323,063	4,761,119	41,024,831	31,523,182
CHANGE IN NET POSITION	(412,465)	7,359,925	(217,651)	(388,488)	(630,116)	6,971,437
Net Position - Beginning of Year, as previously reported	36,981,683	29,621,758	38,376,981	38,765,469	75,358,664	68,387,227
Restatement	(71,380)	-	-	-	(71,380)	-
Net Position - Beginning of Year, as restated	36,910,303	29,621,758	38,376,981	38,765,469	75,287,284	68,387,227
NET POSITION - END OF YEAR	$ 36,497,838	$ 36,981,683	$ 38,159,330	$ 38,376,981	$ 74,657,168	$ 75,358,664

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Governmental activities decreased the District's net position by approximately $412 thousand (1.1% of modified beginning net position). Key elements resulting in the net increase are as follows:

- Recission of $3.35 million in Water Supply Charge (WSC) revenue, discontinued in FY2024-25 following the California Sixth District Court of Appeals court ruling to sunset charges and booking of a settlement expense for the same amount to refund WSC collections from FY2023-24.
- Increase in personnel costs for salaries and benefits by 702 thousand following labor negotiations and cost-of-living increases.
- Timing differences in reimbursable grant revenues for project expenditures, which led to $2.48 million in unavailable revenue during the fiscal year.
- Additional litigation expenses of $545 thousand towards settlement expenses of various legal cases related to the WSC settlement.

GOVERNMENT–WIDE FINANCIAL ANALYSIS (CONTINUED)

Net Position (Continued)

Business-type activities, related to the CAWD/PBCSD Reclamation Project (the Project), decreased the net position by approximately $218 thousand, mostly due to higher operating costs. Key elements resulting in the net decrease are as follows:

- Total Water Sales revenue increased 16.2% over the prior year in water sales, with a corresponding 2.8% under the budget.
- Total amount of water sold was 8.4% less than in fiscal year 2023-24. Last year, total water sales included 882-acre feet (AF) of reclaimed water. That figure contrasts with 956 AF of reclaimed water for the current year.
- Net non-operating expenses decreased 49.1% over the prior year due to the near doubling of investment earnings.
- Total plant operating expenses increased 12.9% over the prior year and 11.3% less than budget as follows:

    - Plant labor was 16.7% higher than prior year and 18.1% greater than the budget. The Lab supervisor's position was open for five months during recruitment, resulting in a 12.5% decrease from prior year's salaries. The Lab technician position, in contrast, was 40.7% higher than the prior year and 54.3% over budget. The lab staffing was affected by losing accreditation and efforts to bring it back online. Plant operators were 16.0% over the prior year and 10.4% over budget. Maintenance supervisor maintenance costs were up 43.5% over 2024 and 44.3% over budget.
    - Electricity costs increased by 24.8% compared to 2024 (5% over budget).
    - Chemical costs increased 11.3% over the prior year, with Clean-in-place chemicals increasing 243.2% (67.6% over budget), Ammonium hydroxide increasing 41.7% (74.3% over budget), Brennfloc RE 5000 increasing by 22.3% (30.5% over budget) over the prior year, offset by decreases in Sodium hypochlorite by 22.3% over the prior year.
    - Operating supplies tracked closely to the prior year, being 1.9% lower and 6.6% under budget.
    - Contractual Services were 107.8% over prior year and 57.6% over budget. The most significant variance was Contract lab analysis, which was 250.3% higher than prior year.
    - Distribution management labor costs were 2.9% over prior year and 9.1% under budget. Distribution field labor costs were 9.2% over prior year and 4.4% under budget.
    - Distribution utilities were 3.3% over prior year and 14.8% over budget.
    - Distribution other costs were 72.6% higher than prior year but 18% under budget.
    - Total Source Water/Dry Weather diversion costs were 9.4% less than prior year and 16.1% under budget.
    - Pebble Beach Company and Independent Golf Club Users liaison expenses were 0.7% under budget and 3.5% higher than prior year.
    - Carmel Area Wastewater District (CAWD) administrative salaries and other expenses were 8.5% under budget and 7.5% greater than prior year.

- Potable water was 48.2% higher than the prior year and 22.4% less than budget.

FINAL DRAFT 11.07.2025

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements.

The Water Supply Fund is the chief operating fund of the District. It accounts for all financial resources except those required to be accounted for in another fund. This fund accounts for financial resources to be used for the acquisition of or construction of major capital facilities (other than those financed by Proprietary Funds and Special Assessments).

The Special Revenue Funds are used to account for specific revenue sources for which expenditures are restricted by law or regulation to finance particular activities of the District. The Conservation Fund accounts for financial resources used to fund water conservation activities mandated by District legislation, including permit issuance and enforcement, jurisdictional water allocations, and public water conservation education. This includes the Toilet Replacement Refund Program and other rebates for high-efficiency fixtures, which decrease water demand on the Carmel River. The Mitigation Fund accounts for financial resources used to finance work along the Carmel River carried out pursuant to the Mitigation Program designed to ameliorate impacts identified in the District's Allocation Program Environmental Impact Report.

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At the end of the current fiscal year, the District's governmental funds reported a total fund balance of $29 million. The Water Supply Fund has a fund balance of $9.42 million, the Conservation Fund has a fund balance of $8.51 million, and the Mitigation Fund has a fund balance of $11.07 million.

During the current fiscal year, the fund balance of the District's Water Supply Fund increased by $1.76 million, the Conservation Fund increased by $706 thousand, and the Mitigation Fund increased by $430 thousand. The increase in the Water Supply Fund is due to an increase in user fees and increased allocation of property taxes. The increase in the Conservation and Mitigation Funds is due to the higher permit fees, combined with an increase in user fees and investment income.

The District's uses an enterprise fund to account for the CAWD/PBCSD Wastewater Reclamation Project. At the end of the current fiscal year, the District's enterprise fund reported a net position of $38.16 million.

During the current fiscal year, the net position of the District's enterprise fund decreased by $218 thousand.

BUDGET HIGHLIGHTS/VARIANCES

This section provides information on budgetary adjustments and results for the District's main operating fund – the water supply fund.

Original Budget Compared to Final Budget – During the year, the District made modifications to its original budget for the water supply, conservation, and mitigation fund, leading to a final budget of $44.81 million, an increase of $1.95 million compared to the original budget. After a review of six months of revenues and appropriations, modifications were made to the revenue line items based on more realistic projections for the remainder of the year. These included increases to estimated revenues for user fees, property tax, and investment income, and a reduction in water supply charge revenues. Reimbursable project expenditures for the Pure Water Monterey Project were increased, whereas those for the Integrated Resource Water Management (IRWM) grants were lowered. Final budgeted expenditures for the Water Supply Fund were increased by $3.4 million as a result of WSC charges and for anticipated increases to project expenditures for the PWM Expansion.

Final Budget Compared to Actual Results – Actual revenues for the Water Supply Fund were $31.77 million and final expenditures were $30.01 million, approximately $1.47 million and $6.61 million lower than the final budget respectively. The difference in budgeted expenditures was mostly attributable to reduced reimbursable project expenditures related to delays in the construction of the PWM Expansion project, and lower than budgeted spending for ASR operations, Measure J-related expenditures for the acquisition of the water system, and purchases of PWM water for the operating reserve. Additional information is available in the Required Supplementary Information of this report.

For the District's enterprise fund, an annual budget is adopted by the Reclamation Management Committee (RMC) for management purposes. Budget information is reported to the RMC and adjustments to the budget may only be made by resolution of the committee.

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CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's capital assets, net of accumulated depreciation/amortization, at June 30, 2025 totaled $53.80 million. This amount represents a net decrease, including additions and disposals, net of depreciation/amortization, of approximately $619 thousand or 1.1% from June 30, 2024.

Significant capital asset events during the fiscal year included the following:

• Pure Water Monterey water reserve	$ 684,026
• Transformer at Harris Court	$ 58,500
• Aquifer Storage & Recovery (ASR) Turbidity Meter	$ 57,749
• Pipeline Cathodic Protection (Project)	$ 231,146
• Wastewater Treatment Plant (WWTP) Phase II Design (Project)	$ 217,604
• Sand Filter Rehab (Project)	$ 156,086
• Microfiltration/Reverse Osmosis (MF/RO) PLC ControlNet to Ethernet (Project)	$ 129,320
• Hard Iron N Impeller MF Feed Pump (Project)	$ 46,912

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Capital Assets (Continued)

Additional information on the District's capital assets is provided in Note 5 on pages 52-53 of this report.

Capital Assets
(Net of Depreciation/Amortization)

	2025	2024
Governmental Activities		
Office Equipment	$ 48,139	$ 36,020
Computer Equipment	448,223	596,788
Operating Equipment	6,766	6,766
Transportation Equipment	61,892	91,626
Project Equipment	116,202	1,105
Telephone Equipment	-	-
Building and Improvements	680,604	734,374
ASR Facilities	7,969,113	8,334,037
Fish Rearing Facility	2,795,540	2,891,975
Water Reserves	7,060,415	6,376,390
Subtotal	19,186,894	19,069,081
Business-Type Acitivities:		
Water Resale Rights	33,993,944	34,856,905
Construction in Progress	621,397	495,625
Subtotal	34,615,341	35,352,530
Total	$ 53,802,235	$ 54,421,611

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Debt Administration

The District does not currently carry debt from external entities, but reports liabilities for compensated absences, other postemployment benefits, and pension expenses.

Additional information on the District's long-term liabilities is provided in Note 7 on page 55 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

In developing the fiscal year 2025–2026 budget, the staff and management considered several factors that would impact the District's finances, including expected increases in fees and tax revenues, which could be offset by the reduction in WSC revenues. FY 2025-26 budget includes increases in reimbursable revenue for purchases of additional water from the Pure Water Monterey Expansion Project. The original budget was developed and balanced using expected revenue to cover continuing operating expenditure levels, using fees and reimbursements to fully recover service costs. The original budget assumes continued user fees collected from Cal-Am ratepayers and property tax revenue derived from individual property owners. The budget includes a full year of PWM water sales (3,500 acre-feet) and assumes that the PWM Expansion will begin operations in November 2025, which will supply an additional 2,250 acre-feet of recycled water annually.

On November 6, 2018, the public voted on Measure J to instruct the District to undertake a feasibility study on the public takeover of California American Water's Monterey Water System. The measure passed with the electorate voting 55.81% to 44.19% in favor of the measure. The District has spent about $3.49 million for the first three phases of acquisition, which included the feasibility study, the Local Agency Formation Commission office's approval, and appraisal through resolution of necessity. The District has budgeted an additional $600 thousand for phase four of the eminent domain proceedings through bench trial. Additional budget may be approved for utilities and other consultants related to the acquisition of the Monterey Water System.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the Chief Financial Officer, Monterey Peninsula Water Management District, 5 Harris Ct., Bldg G, Monterey, California 93940.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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Monterey Peninsula Water Management District
Statement of Net Position
June 30, 2025
(With Compartive Totals for June 30, 2024)

	Governmental Activities	Business-Type Activities	2025 Total	2024 Total
ASSETS				
Current assets:				
Cash and cash equivalents	$ 5,975,410	$ 1,262,410	$ 7,237,820	$ 10,356,091
Investments	26,393,955	1,938,650	28,332,605	22,659,541
Receivables	5,224,151	1,037,715	6,261,866	6,689,107
Prepaid expenses and deposits	-	1,200	1,200	1,197
Internal balances	122,281	(122,281)	-	-
Total current assets	37,715,797	4,117,694	41,833,491	39,705,936
Non-current assets:				
Capital assets, net:				
Water rights	-	33,993,944	33,993,944	34,856,905
Non-depreciable	7,060,415	621,397	7,681,812	6,872,015
Depreciable	12,126,479	-	12,126,479	12,692,691
Total capital assets	19,186,894	34,615,341	53,802,235	54,421,611
Total non-current assets	19,186,894	34,615,341	53,802,235	54,421,611
Total assets	56,902,691	38,733,035	95,635,726	94,127,547
DEFERRED OUTFLOWS OF RESOURCES:				
Pension-related	2,187,047	-	2,187,047	2,847,617
OPEB-related	406,677	-	406,677	595,012
Total deferred outflows of resources	2,593,724	-	2,593,724	3,442,629
LIABILITIES				
Current liabilities:				
Accounts payable	5,238,851	573,705	5,812,556	7,400,516
Accrued liabilities	74,875	-	74,875	412,855
Settlement liability	3,353,245	-	3,353,245	-
Compensated absences - due within one year	255,222	-	255,222	522,396
Total OPEB liability - due within one year	230,166	-	230,166	143,846
Total current liabilities	9,152,359	573,705	9,726,064	8,479,613
Non-current liabilities:				
Compensated absences - due in more than one year	739,231	-	739,231	190,032
Net pension liability	7,536,683	-	7,536,683	7,591,672
Total OPEB liability - due in more than one year	4,603,406	-	4,603,406	5,078,467
Total non-current liabilities	12,879,320	-	12,879,320	12,860,171
Total liabilities	22,031,679	573,705	22,605,384	21,339,784
DEFERRED INFLOWS OF RESOURCES:				
Pension-related	258,987	-	258,987	439,151
OPEB-related	707,911	-	707,911	432,577
Total deferred inflows of resources	966,898	-	966,898	871,728
NET POSITION:				
Investment in capital assets	19,186,894	34,615,341	53,802,235	54,421,611
Unrestricted	17,310,944	3,543,989	20,854,933	20,937,053
Total net position	$ 36,497,838	$ 38,159,330	$ 74,657,168	$ 75,358,664

See accompanying Notes to the Basic Financial Statements.

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Monterey Peninsula Water Management District
Statement of Activities
For the Year Ended June 30, 2025
(With Compartive Totals for June 30, 2024)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Positions: Governmental Activities	Net (Expense) Revenue and Changes in Net Positions: Business-Type Activities	2025 Total	2024 Total
Governmental activities:							
Water Supply	$ 29,927,546	$ 20,125,243	$ 7,197,879	$ (2,604,424)	$ -	$ (2,604,424)	$ 1,786,135
Conservation	2,718,508	1,910,847	-	(807,661)	-	(807,661)	5,051
Mitigation	3,055,714	1,864,087	99,931	(1,091,696)	-	(1,091,696)	1,722,864
Total governmental activities	35,701,768	23,900,177	7,297,810	(4,503,781)	-	(4,503,781)	3,514,050
Business-type activities:							
Reclamation Project	5,323,063	5,039,241	-	-	(283,822)	(283,822)	(423,789)
Total business-type activities	5,323,063	5,039,241	-	-	(283,822)	(283,822)	(423,789)
Total	$ 41,024,831	$ 28,939,418	$ 7,297,810	(4,503,781)	(283,822)	(4,787,603)	3,090,261
General revenues:							
Taxes				2,910,734	-	2,910,734	2,835,328
Investment earnings				1,172,124	60,736	1,232,860	963,334
Miscellaneous				8,458	5,435	13,893	82,514
Total general revenues				4,091,316	66,171	4,157,487	3,881,176
Changes in net position				(412,465)	(217,651)	(630,116)	6,971,437
Net position - beginning of year, as previously reported				36,981,683	38,376,981	75,358,664	68,387,227
Restatement (Note 14)				(71,380)	-	(71,380)	-
Net position - as restated				36,910,303	38,376,981	75,287,284	68,387,227
Net position - end of year				$ 36,497,838	$ 38,159,330	$ 74,657,168	$ 75,358,664

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See accompanying Notes to the Basic Financial Statements.

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FUND FINANCIAL STATEMENTS

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

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Monterey Peninsula Water Management District
Balance Sheet
Governmental Funds
June 30, 2025
(With Comparative Totals for June 30, 2024)

	Water Supply	Conservation	Mitigation	2025 Total	2024 Total
ASSETS					
Cash and cash equivalents	$ 1,628,905	$ 1,971,559	$ 2,374,946	$ 5,975,410	$ 9,250,822
Investments	11,377,077	6,428,890	8,587,988	26,393,955	21,311,626
Receivables	4,823,197	189,867	211,087	5,224,151	5,628,649
Due from Reclamation Project	59,208	17,705	45,368	122,281	112,396
Total assets	$ 17,888,387	$ 8,608,021	$ 11,219,389	$ 37,715,797	$ 36,303,493
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	5,059,122	68,737	110,992	5,238,851	7,022,524
Accrued liabilities	7,013	25,278	42,584	74,875	412,855
Settlement liability	3,353,245	-	-	3,353,245	-
Total liabilities	8,419,380	94,015	153,576	8,666,971	7,435,379
Deferred inflows of resources:					
Unavailable revenue	52,510	-	-	52,510	2,767,541
Total deferred inflows of resources	52,510	-	-	52,510	2,767,541
Fund balances:					
Committed	164,981	-	-	164,981	652,988
Assigned:					
Insurance/litigation	171,354	11,906	66,740	250,000	250,000
Capital equipment	640,016	282,633	1,015,451	1,938,100	1,625,100
Flood/drought emergencies	-	-	500,000	500,000	500,000
Pension/OPEB	480,000	392,000	528,000	1,400,000	1,200,000
Water supply reserve	3,363,928	-	-	3,363,928	3,213,888
Project expenditures	4,596,218	7,827,467	8,955,622	21,379,307	18,658,597
Total assigned	9,251,516	8,514,006	11,065,813	28,831,335	25,447,585
Total fund balances	9,416,497	8,514,006	11,065,813	28,996,316	26,100,573
Total liabilities, deferred inflows of resources, and fund balances	$ 17,888,387	$ 8,608,021	$ 11,219,389	$ 37,715,797	$ 36,303,493

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See accompanying Notes to the Basic Financial Statements.

Monterey Peninsula Water Management District
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities
For the Year Ended June 30, 2025
(With Comparative Totals for June 30, 2024)

	2025	2024
Total fund balances of governmental funds:	$ 28,996,316	$ 26,100,573
Amounts reported in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	19,186,894	19,069,081
Unavailable revenue is not available to pay for current-period expenditures and therefore is deferred in the funds.	52,510	2,767,541
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Total OPEB liability	(4,833,572)	(5,222,313)
Net pension liability	(7,536,683)	(7,591,672)
Compensated absences - as restated	(994,453)	(783,808)
	(13,364,708)	(13,597,793)
Deferred outflows and inflows of resources related to the net pension liability and total OPEB liability are applicable to future periods, and therefore, are not reported in the funds:		
Pension-related deferred outflows	2,187,047	2,847,617
Pension-related deferred inflows	(258,987)	(439,151)
OPEB-related deferred outflows	406,677	595,012
OPEB-related deferred inflows	(707,911)	(432,577)
	1,626,826	2,570,901
Net position of governmental activities	$ 36,497,838	$ 36,910,303

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See accompanying Notes to the Basic Financial Statements.

Monterey Peninsula Water Management District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2025
(With Comparative Totals for June 30, 2024)

	Water Supply	Conservation	Mitigation	2025 Total	2024 Total
Revenues:					
Property taxes	$ 1,460,734	$ 725,000	$ 725,000	$ 2,910,734	$ 2,818,416
Water supply charge	-	-	-	-	3,363,928
Water sales	14,619,500	-	-	14,619,500	13,275,500
User fees	4,462,952	1,334,600	1,864,087	7,661,639	6,962,359
Connection charges, net of refunds	491,694	-	-	491,694	1,372,615
Permit fees	-	203,865	-	203,865	234,408
Project reimbursements	661,853	426,650	-	1,088,503	893,900
Investment income	400,625	384,472	387,027	1,172,124	928,033
Legal fee reimbursements	-	16,498	-	16,498	14,520
Recording fees	-	57,210	-	57,210	58,520
Grants	9,674,178	-	99,931	9,774,109	1,570,549
Miscellaneous	2,916	2,575	2,967	8,458	9,474
Total revenues	31,774,452	3,150,870	3,079,012	38,004,334	31,502,222
Expenditures:					
Personnel:					
Salaries	1,470,829	765,930	1,188,794	3,425,553	3,033,406
Employee benefits and other personnel	713,599	508,215	566,024	1,787,838	1,477,769
Services and supplies:					
Project expenditures	8,275,796	558,561	352,315	9,186,672	5,859,669
Water purchases	14,619,500	-	-	14,619,500	13,275,411
Operating expenditures	356,999	347,242	364,394	1,068,635	1,033,399
Professional fees	445,478	243,599	155,170	844,247	1,109,341
Settlement expense	3,353,245	-	-	3,353,245	-
Capital outlay	779,763	21,118	22,020	822,901	1,296,604
Total expenditures	30,015,209	2,444,665	2,648,717	35,108,591	27,085,599
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,759,243	706,205	430,295	2,895,743	4,416,623
Other financing sources (uses):					
Transfers in	-	-	-	-	1,054,540
Transfers (out)	-	-	-	-	(1,054,540)
Total other financing sources (uses)	-	-	-	-	-
NET CHANGE IN FUND BALANCES	1,759,243	706,205	430,295	2,895,743	4,416,623
FUND BALANCES:					
Beginning of year	7,657,254	7,807,801	10,635,518	26,100,573	21,683,950
End of year	$ 9,416,497	$ 8,514,006	$ 11,065,813	$ 28,996,316	$ 26,100,573

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See accompanying Notes to the Basic Financial Statements.

Monterey Peninsula Water Management District
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities
For the Year Ended June 30, 2025
(With Comparative Totals for June 30, 2024)

	2025	2024
Net change in fund balances	$ 2,895,743	4,416,623
Amounts reported in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period these amounts are:		
Capitalized project expenditures	(10,108)	93,551
Capital outlay	822,901	1,296,604
Depreciation expense	(694,980)	(700,067)
	117,813	690,088
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	(2,715,031)	2,619,766
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:		
Compensated absences	(210,645)	153,123
OPEB costs	(74,928)	(176,037)
Current year pension cost difference	(425,417)	(343,638)
	(710,990)	(366,552)
Change in net position	$ (412,465)	$ 7,359,925

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See accompanying Notes to the Basic Financial Statements.

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PROPRIETARY FUND FINANCIAL STATEMENTS

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Monterey Peninsula Water Management District
Statement of Net Position - Proprietary Fund
CAWD/PBCSD Wastewater Reclamation Project
June 30, 2025
(With Comparative Totals for June 30, 2024)

ASSETS	2025	2024
Current assets:		
Cash and cash equivalents	$ 1,262,410	$ 1,105,269
Investments	1,938,650	1,347,915
Accounts receivable - water sales	1,016,061	1,029,840
Accounts receivable - other	21,654	30,618
Total current assets	4,238,775	3,513,642
Noncurrent assets:		
Deposits	1,200	1,197
Capital assets, net:		
Water resale rights	33,993,944	34,856,905
Construction-in-progress	621,397	495,625
Total capital assets	34,615,341	35,352,530
Total noncurrent assets	34,616,541	35,353,727
Total assets	38,855,316	38,867,369
LIABILITIES		
Current liabilities:		
Accounts payable - trade	180,390	107,086
Accounts payable - affiliates	393,315	270,906
Due to other funds	122,281	112,396
Total current liabilities	695,986	490,388
Total liabilities	695,986	490,388
NET POSITION:		
Investment in capital assets	34,615,341	35,352,530
Unrestricted	3,543,989	3,024,451
Total net position	$ 38,159,330	$ 38,376,981

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See accompanying Notes to the Basic Financial Statements.

Monterey Peninsula Water Management District
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Fund
CAWD/PBCSD Wastewater Reclamation Project
For the Year Ended June 30, 2025
(With Comparative Totals for June 30, 2024)

	2025	2024
OPERATING REVENUES:		
Water sales	$ 3,297,991	$ 2,917,115
Fixed cost charge	1,741,250	1,420,215
Total operating revenues	5,039,241	4,337,330
OPERATING EXPENSES:		
Plant costs	2,636,935	2,208,891
Distribution costs	502,271	421,262
General and administration	304,697	264,931
Potable water	5,238	3,535
MPWMD fee	71,221	81,657
Amortization	1,802,701	1,779,207
Total operating expenses	5,323,063	4,759,483
OPERATING (LOSS)	(283,822)	(422,153)
NONOPERATING INCOME (EXPENSES):		
Interest expense - Pebble Beach Company	-	(1,518)
Investment earnings (loss)	60,736	35,301
Other nonoperating expenses	5,435	(118)
Total nonoperating income	66,171	33,665
Change in net position	(217,651)	(388,488)
NET POSITION:		
Beginning of the year	38,376,981	38,765,469
End of the year	$ 38,159,330	$ 38,376,981

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See accompanying Notes to the Basic Financial Statements.

Monterey Peninsula Water Management District
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2025
(With Comparative Totals for June 30, 2024)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$ 5,061,984	$ 4,772,632
Cash payments for operating expenses	(3,314,767)	(3,503,174)
Net cash provided by operating activities	1,747,217	1,269,458
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Other non-operating income/(expense)	5,435	(118)
Net cash provided by (used in) noncapital financing activities	5,435	(118)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Interest expense	-	(1,518)
Construction in progress - capital additions	(1,065,512)	(231,403)
Net cash (used in) capital and related financing activities	(1,065,512)	(232,921)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment earnings	60,736	35,301
Proceeds from sale and maturities of investments	-	50,000
Purchase of investments	(38,927)	(920,928)
Net cash provided by (used in) investing activities	21,809	(835,627)
Net change in cash and cash equivalents	708,949	200,792
CASH AND CASH EQUIVALENTS:		
Beginning of year	1,222,448	1,021,656
End of year	$ 1,931,397	$ 1,222,448
Reconciliation of operating income (loss) to to net cash provided by (used in) operating activities:		
Operating income (loss)	(283,822)	(422,153)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Amortization	1,802,701	1,779,207
(Increase)/decrease in:		
Receivables	22,743	435,302
Deposits	(3)	3,650
Increase (decrease) in:		
Accounts payable	195,713	(516,663)
Due to other funds	9,885	(9,885)
Net cash provided by operating activities	$ 1,747,217	$ 1,269,458
Supplemental disclosure of noncash investing and financing activities		
Unrealized gains (losses) on investments	$ 8,068	$ 11,622

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See accompanying Notes to the Basic Financial Statements.

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NOTES TO THE BASIC FINANCIAL STATEMENTS

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Monterey Peninsula Water Management District
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For the Year Ended June 30, 2025

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Monterey Peninsula Water Management District
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies

A. Abbreviations Used

ASR	Aquifer Storage & Recovery
CAW	California–American Water Company
CAWD	Carmel Area Wastewater District
COP	Certificates of participation
O&M	Operations and maintenance
PBCo.	Pebble Beach Company
PBCSD	Pebble Beach Community Services District
Project	CAWD/PBCSD Reclamation Project
PWM	Pure Water Monterey

B. Description of the Reporting Entity

The Monterey Peninsula Water Management District (the "District") was created by Chapter 527, Statutes of 1977 (Assembly Bill No. 1329) of the California Legislature, on September 2, 1977. The District was created to provide integrated management of ground and surface water supplies, and to exercise regulatory control over the collection, storage, distribution, and delivery of water and wastewater within its jurisdiction including, but not limited to, such functions as management and regulation of the use, reuse, reclamation and conservation of water, and bond financing of public works projects. Water service is principally supplied by other entities, but the District has the power to acquire public or private water systems. The District also has the power to levy and collect real estate taxes. Operations were commenced during the fiscal year beginning July 1, 1978.

The District has a seven-member board of directors. Five directors are elected every four years on a staggered basis. Of the other two directors, one must be a member of the Monterey County Board of Supervisors and the other must be a chief executive officer, mayor, or member of the governing body of a city member unit. The Board of Directors has continuing oversight responsibility for the District.

The geographic jurisdiction of the District approximates the Monterey Peninsula and the Carmel River watershed including all of the cities (except Marina) and the unincorporated communities therein.

The accompanying financial statements conform to accounting principles generally accepted in the United States of America ("U.S. GAAP") as applicable to governments. The following is a summary of the more significant accounting policies used by the District:

C. Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (Conservation, Mitigation or Water Supply) or identifiable activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. The District allocates indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity; 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or identifiable activity; and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function or identifiable activity. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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Note 1 – Summary of Significant Accounting Policies (Continued)

C. Government-Wide and Fund Financial Statements (Continued)

The net cost (by function) is normally covered by general revenue (property taxes, intergovernmental revenues, interest income, etc.).

Separate fund based financial statements are provided for governmental funds. The District has one proprietary fund. Major individual governmental funds are reported as separate columns in the fund financial statements.

The government-wide focus is more on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

D. Measurement Focus and Basis of Accounting

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The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenue to be available if they are collected within ninety days of the end of the current fiscal year.

Property taxes that have been levied and are due on or before year-end are recognized as revenue if they have been collected within ninety days after year-end. Water supply charges, connection charges and permit fees are considered to be measurable when they have been collected and are recognized as revenue at that time. Investment earnings are recorded as earned since they are measurable and available.

Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences, and claims and judgments are recognized only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

Proprietary fund level financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from producing and delivering reclaimed water. Operating expenses include the cost of sales, general and administrative expenses, and amortization of capital assets and water resale rights. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Operating revenue comes from sales of reclaimed water. Other revenue comes primarily from the subsidy by PBCo. and from sales of water entitlements.

Note 1 – Summary of Significant Accounting Policies (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

The following major funds are used by the District:

Governmental Funds

The following is a description of the Governmental Funds of the District:

Water Supply Fund – accounts for financial resources used to fund for acquisition or construction of major capital facilities (other than those financed by Proprietary Funds, and Special Assessments), support for staff relative to water supply, and other water supply related activities. The Water Supply Fund operates as the District's General Fund.

Conservation Fund – accounts for financial resources used to fund water conservation activities mandated by District legislation. 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.

Mitigation Fund – accounts for financial resources used to finance work along the Carmel River carried out pursuant to the Mitigation Program designed to ameliorate impacts identified in the District's Allocation Program Environmental Impact Report.

The District has no non-major funds.

Proprietary Fund

The following is a description of the Proprietary Fund of the District:

Enterprise Fund – accounts for the activity of the CAWD/PBCSD Reclamation Project.

E. Basis of Presentation and Accounting

1. Cash Equivalents

The District considers all highly liquid assets which have an original term of less than ninety days to maturity when purchased as cash equivalents.

2. Pooled Cash

Cash accounts including those for (Reclamation) which essentially operate as demand deposit accounts are maintained by the District and Monterey County Treasurer's Office. Available cash balances are controlled and invested in pooled investment funds in order to provide safety, liquidity, and high investment returns for all funds. Interest earnings from these funds are generally credited to the District's account on a quarterly basis.

The District and Monterey County Treasurer's Investment policy is in compliance with Section 53635 of the Government Code of the State of California which permits investments in certain securities and participation in certain investment trading techniques or strategies.

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Note 1 – Summary of Significant Accounting Policies (Continued)

E. Basis of Presentation and Accounting (Continued)

3. Investments

Resolution 83-17 adopted September 12, 1983, authorized investment of the District's monies with the State Treasurer for deposit in the Local Agency Investment Fund (LAIF). Money in the fund is invested by the State Treasurer to realize the maximum return consistent with prudent treasury management. All earnings of the fund, less a reimbursement of management costs incurred not to exceed one quarter of one percent of earnings, are distributed to the contributing agencies in their relative shares each quarter. The balances of funds in LAIF are stated at fair value.

The types of investments the District may purchase are not limited by legal or contractual provisions, but the Board has established policies on investments and consistent with State guidelines.

The Project does not have a specific investment policy but generally follows the guidelines of the County of Monterey's Investment Policy. All funds invested are managed to meet the guidelines stated in both California Code Section 53600, et. seq. and the County's investment policy.

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4. Receivables and Deferred Inflows of Resources

Receivables are amounts due representing revenues earned or accrued in the current period. Receivables which have not been remitted within ninety days subsequent to year end are offset by deferred inflows of resources, and accordingly have not been recorded as revenue in the governmental fund. When the revenue becomes available, the revenue is recognized in the governmental fund. Deferred inflows are detailed on the balance sheet.

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. The allowance is based on an assessment of the current status of individual accounts. At June 30, 2025, no allowance for doubtful accounts is provided because management believes all receivables are collectible.

5. Prepaid Items

Prepaid items are capitalized and amortized ratably over the period of benefit.

6. Capital Assets

Property, facilities, and equipment purchased or acquired is carried at historical cost or estimated historical cost. Contributed capital assets are recorded at acquisition value at the time received. Capital assets are defined by the District as assets with an estimated useful life in excess of one year and an initial, individual cost of more than $5,000 for equipment, land, facilities, and improvements.

Property, facilities, and equipment of the District is depreciated using the straight-line method over the following estimated useful lives:

Equipment	3 to 20 Years
Building and improvements	5 to 39 Years
Monitoring stations	5 to 10 Years
ASR facilities	30 to 40 Years
Fish rearing facility	5 to 40 Years
Leasehold improvements	10 to 40 Years

Note 1 – Summary of Significant Accounting Policies (Continued)

E. Basis of Presentation and Accounting (Continued)

7. Water Reserves

The water reserves account has two sub-accounts: the operating reserve and the drought reserve. The District allocates all excess water into either the operating reserve or the drought reserve as it shall determine in its sole discretion. The District owns any water in the reserve account, until such time as operating reserve water or drought reserve water is used to satisfy the water availability guarantee at which point it shall become Company water and be owned by California American Water. The water reserves are capitalized as an intangible asset with an indefinite life and therefore are not subject to amortization.

8. Water Resale Rights

Proceeds from the issuance of the Certificates of Participation were used to construct facilities for wastewater reclamation and distribution. The District does not own these facilities, but instead owns the rights to the reclaimed water for resale. The Project capitalizes the costs incurred in order to obtain these water rights in accordance with generally accepted accounting principles for intangible assets. As a result, capital outlays have been capitalized into this account. These rights are presented net of accumulated amortization.

9. Amortization

The water resale rights are amortized using the straight-line method over the expected useful life of the reclamation plant, which is forty years, in accordance with GASB Statement No. 51, *Accounting and Reporting for Intangible Assets*, which specifies that an intangible asset shall be amortized over its useful life, unless that life is determined to be indefinite.

10. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

11. Compensated Absences

The District accounts for compensated absences in accordance with GASB Statement No. 101, *Compensated Absences*. Under this standard, a liability is recognized for leave benefits (such as vacation and sick leave) when the benefits are attributable to services already rendered, accumulate for use in future periods, and are more likely than not to be used or paid. The liability is measured using the employee’s pay rate in effect at the financial statement date and includes salary-related payments.

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Note 1 – Summary of Significant Accounting Policies (Continued)

E. Basis of Presentation and Accounting (Continued)

12. Interfund Activity

During the course of operations, transactions occur between individual funds that result in amounts owed between funds, which are classified as "due to/from other funds." Eliminations have been made on the government-wide statements for amounts due to/from within the governmental funds. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as internal balances.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges for services to business-type activities of the District. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

13. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Debt premiums and discounts are deferred and amortized over the life of the debt using the straight-line method. Debt payables are reported net of the applicable debt premium or discount. Debt issuance costs are recognized in the current period.

In the fund financial statements, governmental fund types recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financial sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Long-term liabilities of all Proprietary Funds, including any general obligation bonds to be repaid by those funds, are accounted for in the respective funds.

As June 30, 2025, the District does not have any long-term debt obligations.

14. Leases

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

At June 30, 2025, the District does not have any lease agreements within the scope of GASB Statement 87.

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Note 1 – Summary of Significant Accounting Policies (Continued)

E. Basis of Presentation and Accounting (Continued)

15. Subscription-Based Information Technology Arrangements (SBITA)

At the commencement of the subscription term, the District recognized a subscription liability and an intangible right-to-use assets.

The District initially measures the subscription-based IT liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription-based IT liability is reduced by the principal portion of subscription payments made. The subscription-based IT asset is initially measured as the initial amount of the subscription-based IT liability, less subscription payments made at or before the subscription commencement date, less any vendor incentives received at or before the subscription commencement date, plus the capitalizable implementation costs. The subscription-based IT arrangement asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying hardware or software.

At June 30, 2025, the District does not have any Subscription-Based Information Technology Arrangements within the scope of GASB Statement 96.

16. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For this report, the following timeframes are used:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Measurement Period	July 1, 2023 to June 30, 2024

17. Other Postemployment Benefits (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, the OPEB Plan recognizes benefit payments when currently due and payable in accordance with the benefit terms.

U.S. GAAP require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2024
Measurement Date	June 30, 2025
Measurement Period	July 1, 2024 to June 30, 2025

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Note 1 – Summary of Significant Accounting Policies (Continued)

E. Basis of Presentation and Accounting (Continued)

18. Net Position

The statement of net position presents the Districts assets and deferred outflows of resources and liabilities and deferred inflows of resources with the difference reported as net position. Net position is reported in three categories.

- *Net Investment in capital assets* consists of capital assets, net of accumulated depreciation and amortization and reduced by outstanding balances of any related debt obligations attributable to the acquisition, construction, or improvement of those assets.

- *Restricted* results when constraints placed on net positions use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

- *Unrestricted* consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources, as they are needed.

19. Fund Balances

Fund balance classifications are based primarily on the extent to which the District is bound to honor constraints on the use of resources reported in each governmental fund.

The District reports the following classifications:

- *Nonspendable* – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form, such as prepaid expenses and long-term receivables or (b) legally or contractually required to be maintained intact, such as a trust that must be retained in perpetuity.

- *Restricted* – Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

- *Committed* – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by the Board. Committed amounts cannot be used for any other purpose unless the Board removes those constraints by taking some type of action (passage of a resolution). Amounts in the committed fund balance classification may be used for other purposes with appropriate due process by the Board. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions or enabling legislation.

- *Assigned* – Assigned fund balances are amounts that are constrained by the District's intent to be used for specific purpose but are neither restricted nor committed. Intent is expressed by (a) the General Manager or (b) the Board. The Board has the authority to remove or change the assignment of the funds with a simple majority vote.

- *Unassigned* – This fund balance is the residual classification. It is also used to report negative fund balances in other governmental funds.

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Monterey Peninsula Water Management District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

E. Basis of Presentation and Accounting (Continued)

19. Fund Balances (Continued)

When restricted and other fund balance resources are available for use, it is the District's policy to use restricted resources first, followed by committed, assigned and unassigned amounts, respectively.

20. Property Taxes

The County of Monterey is responsible for the assessment, collection, and apportionment of property taxes for all taxing jurisdictions, including the District. Secured property taxes for each year ended June 30 are payable in equal installments, November 1, and February 1, and become delinquent on December 10 and April 10, respectively. The lien date is January 1 of each year. Property taxes are accounted for as collected and remitted by the County in the governmental funds. Property taxes on the unsecured roll are due on the January 1 lien date and become delinquent if unpaid on August 31.

The term "Unsecured" refers to taxes on personal property other than land and buildings. These taxes are secured by liens on the property being taxed.

Property tax revenues are recorded in governmental funds as receivables and deferred revenues at the time the tax levy is billed. Current year revenues are those collected within the current period or soon enough thereafter to pay current liabilities, generally within ninety days of year-end. No allowance is provided for delinquent taxes as the lien is considered an enforceable legal obligation.

21. Permit Fees

Permit fee revenue is recorded as permits are issued. The District is required to refund permit fees if the permit is not used or to grant an extension of time upon a reasonable request. If a refund is issued, the refunded party also relinquishes any water rights associated with the permit. It is the District's policy to record such refunds as they become payable.

22. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

23. Implementation of New GASB Pronouncements for the Year Ended June 30, 2025

<u>GASB Statement No. 101</u>

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Implementation of this Statement results in a restatement of the beginning net position as of July 1, 2024, as presented in Note14.

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Note 1 – Summary of Significant Accounting Policies (Continued)

E. Basis of Presentation and Accounting (Continued)

23. Implementation of New GASB Pronouncements for the Year Ended June 30, 2025 (Continued)

GASB Statement No. 102

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures.* The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints which may limit a government's ability to acquire resources or control spending. Application of this statement did not have a significant effect on the District's financial reporting for the fiscal year ended June 30, 2025.

24. Upcoming Government Accounting Standards Implementations

The District is currently analyzing its accounting practices to determine the potential impact on the financial statements for the following GASB statements:

GASB Statement No. 103

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. Application of this statement is effective for the District's fiscal year ending June 30, 2026.

GASB Statement No. 104

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets.* This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, Leases, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement required intangible assets other than those three types to be disclosed separately by major class. Application of this statement is effective for the District's fiscal year ending June 30, 2026.

25. Reclassification

For the year ended June 30, 2025, certain classifications may have been changed to improve financial statement presentation. For comparative purposes, prior year balances may have been reclassified to conform with the current fiscal year 2025 presentation.

26. Summarized Financial Information

The basic financial statements include certain prior year summarized comparative information in total but not by activities or fund. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2024, from which the summarized information was derived.

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Note 2 – The CAWD/PBCSD Reclamation Project

The CAWD/PBCSD Reclamation Project (the Project) is a cooperative effort involving the District, the Carmel Area Wastewater District (CAWD), the Pebble Beach Community Services District (PBCSD), and the Pebble Beach Company (PBCo.). This cooperative effort did not create a new or separate legal entity. Therefore, the Project is a proprietary (enterprise) fund of the District, the issuer of the Certificates of Participation which financed the Project's first construction project.

The Project provides treated wastewater to irrigate golf courses and open space areas in the Pebble Beach community, which freed up potable water previously used for irrigation. The original Project involved the construction of a new tertiary treatment plant and laboratory facilities located on the site of the existing CAWD secondary wastewater treatment plant, the construction of a new reclaimed distribution system, including a 2.5 million gallon storage tank and irrigation system improvements. Construction of the original Project began in January 1993 and was completed in October 1994. The tertiary treatment plant produces water which meets Title 22 standards specified by the California Department of Health Services, which is a quality acceptable for human contact.

The Project's assets are owned principally by CAWD and PBCSD, and consist primarily of the following:

- Assets owned by CAWD: (1) a tertiary treatment plant, (2) secondary process improvements, (3) laboratory facilities, (4) a reclaimed water pump station, (5) related computer equipment and, (6) a small portion of the reclaimed water pipeline.
- Assets owned by PBCSD: (1) approximately seven miles of reclaimed water distribution system pipeline, (2) the Forest Lake Reservoir, (3) a 2.5 million gallon storage tank, and (4) a potable water pump station.

The original Project was financed by Certificates of Participation (COP) which were executed and delivered at the direction of the District in December 1992 in the amount of $33,900,000. The District provided the funds necessary to construct and operate the Project and then obtained ownership of the reclaimed water for the purpose of resale. PBCo. guaranteed payment of construction costs of the Project as well as any operating deficiencies.

The activities of the Project are overseen by a six-member management committee containing two representatives from the CAWD board, two from the PBCSD board, one from the PBCo. and one from the Independent Reclaimed Water Users Group (IRWUG). Since the Project does not own the wastewater reclamation capital assets, the value earned for the capital expenditures incurred is reflected on the books of the Project as water resale rights, an intangible amortizable capital asset.

Subsequent to the completion of the original facilities, the Project has been expanded to increase the quantity and quality of reclaimed water. The expanded project utilizes the Forest Lake Reservoir located in Pebble Beach which provides up to 115 million gallons of storage capacity. The Reservoir is filled with reclaimed water during winter months when there is excess production at the treatment plant. The stored water is used during summer months when the daily irrigation demand exceeds treatment plant production capacity. In 1998, PBCSD purchased the Reservoir from California-American Water Company. The rehabilitation and reservoir expansion was completed in 2009 in accordance with State Water Resources Division of Safety of Dams requirements. The construction costs of approximately $13 million were financed by the sale of Pebble Beach Company water entitlements.

The Microfiltration/Reverse Osmosis (MF/RO) phase of the project (phase II), located at the CAWD treatment plant site, began design in 2006 and construction was completed in 2009. The intent of the MF/RO phase is to reduce the sodium content of the tertiary reclaimed water from 150 mg/l to less than 55 mg/l to reduce the stress on the golf greens and eliminate the need for flushing the courses with potable water. The design capacity for the MF/RO is 1.5 million gallons with an expected blend of 80% RO water and 20% MF water. The cost of the MF/RO construction project was approximately $21 million were financed through the sale of water entitlements owned by the PBCo. to residential property owners within the Pebble Beach community.

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Monterey Peninsula Water Management District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 3 – Cash and Investments

Cash and Cash Equivalents

Balances in cash and cash equivalents consist of bank accounts insured by the Federal Depository Insurance Corporation (FDIC) or Securities Investment Protection Corporation (SIPC) or collateralized by the pledging institution under the California Government Code.

Investments

The District's investments consist of obligations of the United States government and its agencies and instrumentalities, municipal obligations, corporate obligations, certificates of deposit, money market accounts, and the State Treasurer's Local Agency Investment Fund. All investments are recorded at fair value. The California Government code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The fair value of the pledged securities in the collateral pool must equal 110% of the total amount deposited by public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The investment of state pooled funds is governed by state law, by policies adopted by the Pooled Money Investment Board (PMIB) and by accepted norms for prudent fiduciary management of investments. PMIB funds may be invested in a wide range of interest-bearing securities, such as Treasury notes, prime commercial paper, certain California municipal and agency obligations, highly rated corporate bonds, obligations of such agencies as FannieMae, and negotiable certificates of deposit. Also allowed are time deposits in California banks, savings and loans, and credit unions that have not less than a "satisfactory" CRA rating. The value of each participating dollar equals the fair value divided by the amortized cost. The District's fair value of the position in the pool is the same as the value of the pool shares.

Investments at June 30, 2025 consisted of the following:

Governmental Activities:	
Local Agency Investment Fund	$ 16,069,373
Money Market Funds	1,018,946
Certificates of Deposit	8,680,121
U.S. Government Bonds	625,515
Subtotal Governmental Activities	26,393,955
Business-Type Activities:	
Monterey County Investment Pool	1,464
Money Market Funds	241,523
Certificates of Deposit	1,269,663
Mutual Funds	426,000
Subtotal Business-Type Activities	1,938,650
Total Investments	$ 28,332,605

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Note 3 – Cash and Investments (Continued)

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the sensitivity of the fair value of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investment by maturity as of June 30, 2025.

	Remaining Maturity (in Months)			
Investments Type	12 Months or Less	13 to 24 Months	25 to 60 Months	Total
Local Agency Investment Fund	$ 16,069,373	$ -	$ -	$ 16,069,373
Money Market Funds	1,260,469	-	-	1,260,469
Certificates of Deposit (Governmental Activities)	1,241,491	2,712,550	4,726,080	8,680,121
U.S. Government Bonds	381,463	244,052	-	625,515
Certificates of Deposit (Business-Type Activities)	1,206,121	-	63,542	1,269,663
Monterey County Investment Pool	1,464	-	-	1,464
Mutual Funds	426,000	-	-	426,000
Total investments	$ 20,586,381	$ 2,956,602	$ 4,789,622	$ 28,332,605

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County Pool does not have a rating provided by a nationally recognized statistical rating organization. The certificates of deposit are not rated.

Custodial Credit Risk-Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has a deposit policy that complies with the California Government Code commencing at Section 53630 (Public Deposits). As of June 30, 2025, $7,272,357 of the District's bank balances of $7,772,357 were exposed to custodial credit risk as uninsured but are collateralized by the pledging bank's trust department not in the District's name.

The difference between bank balances and the carrying amounts (book value) represents outstanding checks and deposits in transit.

Custodial Credit Risk – Investments

Custodial credit risk is the risk that in the event of the failure of the counterparty (e.g. broker- dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

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Monterey Peninsula Water Management District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 3 – Cash and Investments (Continued)

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code.

Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Investments type	Level 1	Level 2	Level 3	Total
Certificates of Deposit (Governmental Activities)	$ -	$ 8,680,121	$ -	$ 8,680,121
U.S. Government Bonds	-	625,515	-	625,515
Certificates of Deposit (Business-Type Activities)	-	1,269,663	-	1,269,663
Total Leveled Investments	-	10,575,299	-	10,575,299
Local Agency Investment Fund	16,069,373	-	-	16,069,373
Money Market Funds	1,260,469	-	-	1,260,469
Monterey County Investment Pool	1,464	-	-	1,464
Mutual Funds	426,000	-	-	426,000
Total Investments	$ 17,757,306	$ 10,575,299	$ -	$ 28,332,605

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Note 4 – Receivables

Receivables consist of the following at June 30, 2025:

	Water Supply	Conservation	Mitigation	Total
Governmental Activities:				
User fees	$ 427,647	$ 100,805	$ 129,706	$ 658,158
Reimbursements	4,280,116	31,850	-	4,311,966
Property taxes	52,511	-	-	52,511
Interest	58,946	57,212	57,212	173,370
Other	3,977	-	24,169	28,146
Total Governmental Activities	$ 4,823,197	$ 189,867	$ 211,087	5,224,151
Business-Type Activities:				
Water sales				1,016,061
Other				21,654
Total Business-Type Activities				1,037,715
Total				$ 6,261,866

Monterey Peninsula Water Management District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 5 – Capital Assets

Summary of changes in governmental activities capital assets for the year ended June 30, 2025, are as follows:

Asset Description	Balance July 1, 2024	Additions	Deletions/ Transfers	Balance June 30, 2025
Governmental activities:				
Non-depreciable assets:				
Water reserves	$ 6,376,390	$ 684,025	$ -	$ 7,060,415
Total non-depreciable assets	6,376,390	684,025	-	7,060,415
Depreciable assets:				
Equipment:				
Office	128,668	12,119	(92,648)	48,139
Computer	2,271,593	-	(837,440)	1,434,153
Operating	28,181	-	(21,415)	6,766
Transportation	541,831	-	(44,742)	497,089
Project	264,307	116,649	(243,016)	137,940
Phone	34,850	-	(610)	34,240
Total equipment	3,269,430	128,768	(1,239,871)	2,158,327
Building and improvements	2,072,228	-	(87,232)	1,984,996
Monitoring stations	45,214	-	(45,214)	-
Aquifer Storage & Recovery "ASR" facilities	11,428,101	-	-	11,428,101
Fish rearing facility	4,108,000	-	(138,814)	3,969,186
Leasehold improvements	17,698	-	(2,837)	14,861
Total depreciable assets	20,940,671	128,768	(1,513,968)	19,555,471
Less accumulated depreciation for:				
Equipment:				
Office	(92,648)	-	92,648	-
Computer	(1,674,805)	(148,565)	837,440	(985,930)
Operating	(21,415)	-	21,415	-
Transportation	(450,205)	(29,734)	44,742	(435,197)
Project	(263,202)	(1,552)	243,016	(21,738)
Phone	(34,850)	-	610	(34,240)
Total equipment	(2,537,125)	(179,851)	1,239,871	(1,477,105)
Building and improvements	(1,337,854)	(53,770)	87,232	(1,304,392)
Monitoring stations	(45,214)	-	45,214	-
Aquifer Storage & Recovery "ASR" facilities	(3,094,064)	(364,924)	-	(3,458,988)
Fish rearing facility	(1,216,025)	(96,435)	138,814	(1,173,646)
Leasehold improvements	(17,698)	-	2,837	(14,861)
Total accumulated depreciation	(8,247,980)	(694,980)	1,513,968	(7,428,992)
Total depreciable assets, net	12,692,691	(566,212)	-	12,126,479
Total governmental activities capital assets, net	$ 19,069,081	$ 117,813	$ -	$ 19,186,894

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Monterey Peninsula Water Management District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 5 – Capital Assets (Continued)

The District has reevaluated the estimated useful lives of capital asset classes that have been fully depreciated and since the assets are still in use, the assets remain on the books of the District.

Depreciation expense was charged to functions/programs of the District as follows:

Water Supply	$ 433,145
Conservation	67,445
Mitigation	194,390
Total depreciation expense	$ 694,980

Summary of changes in business-type activities capital assets for the year ended June 30, 2025, are as follows:

Asset Description	Balance July 1, 2024	Additions	Deletions/ Transfers	Balance June 30, 2025
Business-type activities:				
Non-depreciable/amortizable assets:				
Construction in progress	$ 495,625	$ 922,981	$ (797,209)	$ 621,397
Total non-depreciable/amortizable assets	495,625	922,981	(797,209)	621,397
Non-depreciable/amortizable assets:				
Water resale rights	71,168,129	142,531	797,209	72,107,869
Less accumulated amortization for:				
Water resale rights	(36,311,224)	(1,802,701)	-	(38,113,925)
Total water resale rights, net	34,856,905	(1,660,170)	797,209	33,993,944
Total business-type activities capital assets, net	$ 35,352,530	$ (737,189)	$ -	$ 34,615,341

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Note 6 – Transactions with Related Organizations

Through its participation in the CAWD/PBCSD Reclamation Project, the District is related with the other organizations involved in the Project.

At June 30, 2025, accounts receivable from these organizations were as follows:

Receivable from PBCo. and Affiliated Golf Courses:	
Water sales	$ 1,016,061
Total	$ 1,016,061

At June 30, 2025, accounts payable to these organizations were as follows:

Payable to PBCSD for operations and maintenance	$ 250,022
Payable to CAWD for operations and maintenance	156,783
Total	$ 406,805

Monterey Peninsula Water Management District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 7 – Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2025 is as follows:

Asset Description	Balance 07/01/2024 (as Restated)	Additions	Reductions	Balance 06/30/2025	Due Within One Year	Due in More Than One Year
Governmental Activities:						
Compensated Absences	$ 783,808	$ 210,645	$ -	$ 994,453	$ 255,222	$ 739,231
Total OPEB liability	5,222,313	294,528	(683,269)	4,833,572	230,166	4,603,406
Net Pension Liability	7,591,672	1,009,428	(1,064,417)	7,536,683	-	7,536,683
Total Governmental Activities	$ 13,597,793	$ 1,514,601	$ (1,747,686)	$ 13,364,708	$ 485,388	$ 12,879,320

Note 8 – Risk Management

The District is insured against various risks of loss related to torts, thefts of, damage to or destruction of assets; errors and omissions; work-related injuries to employees and natural disasters through participation in a joint venture under a joint powers agreement (JPA) with the Special District Risk Management Authority (SDRMA). The relationship between the District and the JPA is such that the JPA is not a component unit of the District for financial reporting purposes. The insurance carried by the District includes policies for workers' compensation, general liability, errors and omissions, and vehicular liability.

There have not been any significant reductions in insurance coverage as compared to the previous year. Settled claims from these risks have not exceeded commercial coverage in any of the past three years.

SDRMA was formed under a joint-powers agreement pursuant to California Government Code Section 6500 et seq. effective August 1, 1986 to provide general liability, comprehensive/collision liability and property damage, and errors and omissions risk financing for the member districts. SDRMA is administered by a Board of Directors, consisting of one member appointed by the California Special Districts Association and five members elected by the districts participating. The board controls the operations of the JPA, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the JPA.

The SDRMA did not have long-term debt outstanding at June 30, 2025, other than claims liabilities and lease obligations. The District's share of year-end assets, liabilities and risk margin has not been calculated by the SDRMA.

Note 9 – Deferred Compensation Plan

The District has a deferred compensation plan for its eligible employees wherein amounts earned by the employees are paid at a future date. This plan meets the requirements of Internal Revenue Code Section 457. All full-time, regular employees are permitted to participate in the plan beginning on the day of hire.

The employee may elect to make tax deferred contributions up to the limits established by the Internal Revenue Service for this type of plan. The employee is 100% vested in their contributions from the first date of participation. The plan does not provide for District contributions. The participant has a choice of investment options.

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Note 9 – Deferred Compensation Plan (Continued)

The plan is administered by ICMA Retirement Corporation (International City Management Association). The assets of the plan are held in trust, with the District serving as trustee. The plan assets held in the ICMA Retirement Trust are held for the exclusive benefit of the plan participants and their beneficiaries. The assets shall not be diverted to any other purpose. The plan does not permit loans.

The District believes, and the auditors concur, that, since it does not provide investment advice or administer the plan, it does not maintain a fiduciary relationship with the plan. Therefore, the District does not report the plan assets in its financial statements.

Note 10 – Postemployment Benefits other than Pensions (OPEB)

Plans Description

The District administers a single-employer defined-benefit postemployment healthcare plans (the Retiree Health Plans). Dependents are eligible to enroll, and benefits continue to surviving spouses for one year following the member's death. The Retiree Health Plans provide healthcare insurance for eligible retirees and dependents or survivors. Coverage to members of the General Staff Bargaining Unit is provided through the Association of California Water Agencies Health Benefit Authority Anthem Classic Plan, and coverage for the Management Staff Bargaining Unit members and the Confidential Staff Bargaining Unit members are provided through the Laborer's Trust Funds for Northern California Special Plan III. The Plans provide for continuation of medical insurance benefits for certain retirees and their dependents or survivors who meet the eligibility criteria established by the District and/or medical care providers. The Plans can be amended by action of the Board of Directors during negotiation of periodic Memorandums of Understanding with the different bargaining units. The Plans do not issue a stand-alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plans.

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Benefits Provided

Retirees are eligible for medical benefits if they retire at Age 50+. A retiree who was hired before July 1, 2013 and retires with 15+ years of service is eligible to receive a payment of $1,455.41 per month for fiscal-year end June 30, 2025. The amount of this payment increases 3% annually. All other retirees are eligible to receive $540 per month with no service requirements. There are no disability benefits.

Employees Covered by Benefit Terms

At June 30, 2024 (the valuation date), the benefit terms covered the following employees:

Active Employees	25
Inactive Employees, Spouses, or Beneficiaries Currently Receiving Benefit Payments	18
Inactive Employees Entitled to But Not Yet Receiving Benefit Payments	-
	43

Contributions

The contribution requirements of the District are based on a pay-as-you-go basis. For the fiscal year ended June 30, 2025, the District paid $162,285 and received an implicit subsidy of $12,576 for total contributions of $174,861 for retiree health benefits. The District currently contributes enough money to the plans to satisfy current obligations on a pay-as- you-go basis. There are no assets accumulated in a qualifying trust.

Note 10 – Postemployment Benefits other than Pensions (OPEB) (Continued)

Total OPEB Liability

The District's total OPEB liability was measured as of June 30, 2025, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of June 30, 2024.

Actuarial Assumptions

The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.30%
Salary Increases	2.80% The salary increase is used to determine the growth in the aggregate payroll. Individual Salary Increases: 2021 CalPERS Merit Salary Increases.
Healthcare Trend Rate	6.80% in the first year, trending down to 4.04% over 51 years.

Mortality rates were based on CalPERS tables.

Discount Rate

The discount rate used to measure the total OPEB liability is 4.71%. The District's OPEB Plan is an unfunded plan, therefore the discount rate was set to the rate of tax-exempt, high-quality 20-year municipal bonds, as of the valuation date.

Changes in the Total OPEB Liability

The changes in the total OPEB liability for the OPEB Plan are as follows:

	Total OPEB Liability
Balance at June 30, 2024	$ 5,222,313
Changes Recognized for Measurement Period:	
Service Cost	87,211
Interest Cost	207,317
Changes of Benefit Terms	-
Difference Between Expected and Actual Experience	(45,911)
Changes of Assumptions	(462,497)
Contributions - Employer	-
Net Investment Income	-
Benefit Payment	(162,285)
Implicit Subsidy Credit	(12,576)
Administrative Expense	-
Net changes	(388,741)
Balance at June 30, 2025	$ 4,833,572

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Monterey Peninsula Water Management District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 10 – Postemployment Benefits other than Pensions (OPEB) (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate, for measurement period ended June 30, 2025:

	1% Decrease (3.71%)	Current Discount Rate (4.71%)	1% Increase (5.71%)
Total OPEB Liability	$ 5,474,563	$ 4,833,572	$ 4,300,758

Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the total OPEB liability of the District if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2025:

	1% Decrease (5.50%)	Current Healthcare Cost Trend Rate (6.50%)	1% Increase (7.50%)
Total OPEB Liability	$ 4,400,920	$ 4,833,572	$ 5,176,304

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OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2025, the District recognized OPEB expense of $249,789. As of fiscal year ended June 30, 2025, the District reported deferred outflows/inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 148,320	$ (169,422)
Changes of assumptions	258,357	(538,489)
Total	$ 406,677	$ (707,911)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Year Ending June 30,	Deferred Outflows/Inflows of Resources
2026	$ 10,240
2027	1,984
2028	(88,058)
2029	(88,058)
2030	(55,614)
Thereafter	(81,728)
Total	$ (301,234)

Monterey Peninsula Water Management District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 10 – Postemployment Benefits other than Pensions (OPEB) (Continued)

Change of Assumptions

The discount rate was changed from 3.97%.to 4.71%.

Note 11 – Pension Plan

General Information about the Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous Employee Pension Plan, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at www.calpers.ca.gov.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full- time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at the measurement date, June 30, 2024, are summarized as follows:

	Miscellaneous	
Hire Date	Prior to January 1, 2013	Current Year On or After January 1, 2013
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 Years Service	5 Years Service
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	50 – 63	52-67
Monthly benefits, as a % of eligible compensation	1.4% to 2.4%	1.0% to 2.5%
Required employee contribution rates	7.00%	7.75%
Required employer contribution rates	12.52%	7.87%
Payment of unfunded liability	$599,244	$0

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Note 11 – Pension Plan (Continued)

General Information about the Pension Plan (Continued)

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2025, the contributions recognized as part of pension expense for the Plan were as follows:

	Miscellaneous
Contributions	$ 893,900

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Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2025, the District reported net pension liabilities for its proportionate share of the net pension liability of the Miscellaneous Plan as $7,536,386.

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2024, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of June 30, 2024 and 2025 was as follows:

	Miscellaneous
Proportion - June 30, 2024	0.15182%
Proportion - June 30, 2025	0.15583%
Change - increase (decrease)	0.00401%

Monterey Peninsula Water Management District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 11 – Pension Plan (Continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

For the year ended June 30, 2025, the District recognized pension expense of $1,319,317. Pension expense is allocated to the functions based on full time equivalents. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	$ 651,616	$ (25,426)
Changes in assumptions	193,710	-
Difference between projected and actual Investment earnings	433,877	-
Differences between employer's contributions and proportionate share of contributions	13,944	(89,957)
Change in employer's proportion	-	(143,604)
Pension contributions made subsequent to measurement date	893,900	-
Total	$ 2,187,047	$ (258,987)

Deferred outflows of resources in the amount of $893,900 were reported related to contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as of June 30 as follows:

Year Ended June 30	Amount
2026	$ 281,140
2027	915,128
2028	(13,424)
2029	(148,684)
Thereafter	-
Total	$ 1,034,160

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Note 11 – Pension Plan (Continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Actuarial Assumptions

The total pension liabilities in the June 30, 2023 actuarial valuations were determined using the following actuarial assumptions:

Valuation date	June 30, 2023
Measurement date	June 30, 2024
Actuarial cost method	Entry-Age Normal Cost Method
Actuarial assumptions:	
Discount rate	6.90%
Inflation	2.30%
Salary increases	Varies by entry age and service
Mortality rate table	Derived using CalPERS' membership data for all funds (1)
Postretirement benefit increase	Contract COLA up to 2.30% Until Purchasing Power Protection Allowance Floor on Purchasing Power applies 2.30% thereafter

(1) The mortality table used was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period 2000 to 2019, including updates to salary increase, mortality and retirement rates. The Experience Study can be found on the CalPERS' website under Forms and Publications.

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Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent for the Plan. The projection of cash flows used to determine the discount rate assumed that the contributions from plan members will be made at the current member contribution rate and that the contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS takes into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employer will make their required contributions on time and as scheduled in all future years. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

Monterey Peninsula Water Management District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 11 – Pension Plan (Continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Discount Rate (Continued)

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

Asset Class	Assumed Asset Allocation	Real Return (a) (b)
Global equity - cap-weighted	30%	4.54%
Global Equity - non-cap-weighted	12%	3.84%
Private equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed securities	5%	0.50%
Investment grade corporates	10%	1.56%
High yield	5%	2.27%
Emerging market debt	5%	2.48%
Private debt	5%	3.57%
Real assets	15%	3.21%
Leverage	-5%	-0.59%
Total	100%	

(a) An expected price inflation of 2.30% used for this period.
(b) Figures are based on the 2021-22 Asset Liability Management Study.

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Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Net pension liability	$ 11,385,867	$ 7,536,683	$ 4,368,238

Pension Plan Fiduciary Net Position

Detailed information about the plan fiduciary net position is available in the separately issued CalPERS financial reports.

Monterey Peninsula Water Management District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 12 – Commitments and other Contingencies

As of June 30, 2025, the District has several ongoing projects with outstanding contracts as follows:

Vendor/Contractor	Project	Original Contract Date	Total Contract Amount	Amount Outstanding at June 30, 2025
Monterey One Water	Urban Community Drought Grant*	05/2023	$ 11,935,206	$ 5,233,655
Monterey One Water	State Water Control Board Grant *	06/2023	4,800,000	551,424
City of Sand City	IRWM Round 1 Grant Reimbursement Remainder of Project*	11/2021	1,084,323	1,010,805
City of Monterey	IRWM Round 2 Grant Reimbursement*	05/2023	500,000	442,575
County of Monterey	IRWM Round 2 Grant Reimbursement*	05/2023	898,451	898,451
Montgomery & Associates	Tularcitos ASR Feasibility Study - Amd# 1*	03/2023	119,200	62,826
DUDEK	IRWM IR2 Grant Administration	11/2023	90,510	80,033
DUDEK	Grant services*	12/2020	114,960	45,399
Montgomery & Associates	Groundwater Modeling Montgomery Contract	03/2023	55,000	55,000
Pueblo Water Resources, Inc.	SSAP Water quality Study - Amd #14	11/2006	94,438	47,155
			$ 19,692,087	$ 8,427,323

* The District acts as a pass-through on these projects. The District's outstanding commitment is limited to actual spending.

Note 13 – Interfund Transactions

During the year, there was no transfers between governmental funds.

During the year, the Governmental funds charged the Reclamation Project for services provided and user fees. Interfund receivables and payables consist of the following at June 30, 2025:

Receivable Fund	Payable Fund	Amount
Water Supply	Reclamation Project	$ 59,208
Conservation	Reclamation Project	17,705
Mitigation	Reclamation Project	45,368
	Total interfund receivables/payables	$ 122,281

Note 14 – Restatement of Beginning Net Position

The beginning net position was restated due to implementation of GASB 101 *Compensated Absences* as follows:

	Governmental Activities
Net position as previously reported at June 30, 2024	$ 36,981,683
Compensated Absences	(71,380)
Net position as restated at July 1, 2024	$ 36,910,303

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Note 15 – Contingent Liabilities

Due to the various activities of the District involving the Carmel River and actions to acquire the Monterey water system from Cal-Am pursuant to Measure J, several pending and threatened claims against the District are outstanding. No estimate of the amount of any potential liability to the District can reasonably be made at this time.

In prior years, District implemented a Water Supply Charge pursuant to Article XIII D of the California Constitution (Proposition 218) to fund various water supply projects. In 2013, the Monterey Peninsula Taxpayers Association (MPTA) filed legal action challenging the validity of the charge, alleging that its continued collection violated statutory and constitutional requirements.

On December 14, 2023, the California Sixth District Court of Appeal issued a ruling in favor of the MPTA, determining that the Water Supply Charge was no longer valid and directing the District to cease collection and address refund claims. Following the court's decision, the District entered into a settlement agreement with MPTA and affected property owners on March 17, 2025.

Under the terms of the settlement agreement, the District agreed to refund approximately $3.35 million to property owners who paid the Water Supply Charge during the contested period. The settlement amount includes refunds to property owners, payment of attorneys' fees and costs to MPTA, and administrative costs related to the refund process. Payment of the settlement amount is expected to occur in July 2025.

As of June 30, 2025, the District has recognized a liability in the amount of approximately $3.35 million related to this settlement. The liability is reported as a current liability on the accompanying financial statements, reflecting the expected timing of payment. The District anticipates that the refund process will be completed in fiscal year 2025-26.

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Note 16 – Settlement Liability

The District's Water Supply Charge (WSC) was a fee collected on property tax bills to fund water supply projects. It was imposed in 2012 and is no longer being collected. As of June 30, 2025, the District has suspended collection of the WSC following a court ruling that found the charge should have a 'sunset clause' and had to be discontinued. The ruling determined that the WSC fees collected in fiscal year ended June 30, 2024, totaling $3.35 million, would need to be refunded. The District created a WSC reserve to fund this settlement in fiscal year ended June 30, 2024. Since the amount of the WSC refund was first measurable and known as of June 30, 2025 after the court ruling, the District has booked a settlement expense for the full amount of the refund in its June 30, 2025 financial statements. The WSC refunds are slated to be sent to applicable residents in fiscal year 2026 after a fairness hearing in December 2025. As a result, the District is also presenting the $3.35 million refund expense as a liability in its financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

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Monterey Peninsula Water Management District
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget And Actual
Water Supply General Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final
	Original	Final	Amounts	Amounts
REVENUES:				
Property taxes	$ 2,045,926	$ 1,450,000	$ 1,460,734	$ 10,734
Water supply charge	3,400,000	-	-	-
Water sales	14,619,500	14,619,500	14,619,500	-
User fees	2,185,000	4,218,000	4,462,952	244,952
Connection charges, net of refunds	300,000	400,000	491,694	91,694
Project reimbursements	947,550	947,550	661,853	(285,697)
Investment income	130,000	245,000	400,625	155,625
Grants	10,107,500	11,356,830	9,674,178	(1,682,652)
Miscellaneous	-	5,000	2,916	(2,084)
Total revenues	33,735,476	33,241,880	31,774,452	(1,467,428)
EXPENDITURES:				
Personnel:				
Salaries	1,292,000	1,362,000	1,470,829	(108,829)
Employee benefits and other personnel	666,660	754,650	713,599	41,051
Services and supplies:				
Project expenditures	13,745,020	13,648,331	8,275,796	5,372,535
Water purchases	14,619,500	14,619,500	14,619,500	-
Operating expenditures	488,800	543,410	356,999	186,411
Professional fees	380,300	916,325	445,478	470,847
Settlement expense	-	3,353,245	3,353,245	-
Capital outlay	2,038,693	1,431,643	779,763	651,880
Total expenditures	33,230,973	36,629,104	30,015,209	6,613,895
NET CHANGE IN FUND BALANCE	504,503	(3,387,224)	1,759,243	5,146,467
FUND BALANCE:				
Beginning of year	7,657,254	7,657,254	7,657,254	-
End of year	$ 8,161,757	$ 4,270,030	$ 9,416,497	$ 5,146,467

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Monterey Peninsula Water Management District
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget And Actual
Conservation Special Revenue Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final
	Original	Final	Amounts	Amounts
REVENUES:				
Property taxes	$ 72,746	$ 725,000	$ 725,000	$ -
User fees	1,580,000	1,332,000	1,334,600	2,600
Permit fees	198,000	198,000	203,865	5,865
Project reimbursements	405,000	405,000	426,650	21,650
Investment income	130,000	224,000	384,472	160,472
Legal fee reimbursements	15,000	15,000	16,498	1,498
Recording fees	60,000	60,000	57,210	(2,790)
Miscellaneous	5,000	5,000	2,575	(2,425)
Total revenues	2,465,746	2,964,000	3,150,870	186,870
EXPENDITURES:				
Personnel:				
Salaries	973,000	1,033,000	765,930	267,070
Employee benefits and other personnel	553,528	622,394	508,215	114,179
Services and supplies:				
Project expenditures	775,844	814,944	558,561	256,383
Water purchases	-	-	-	-
Operating expenditures	467,200	487,795	347,242	140,553
Professional fees	206,600	198,088	243,599	(45,511)
Capital outlay	1,122	18,622	21,118	(2,496)
Total expenditures	2,977,294	3,174,843	2,444,665	730,178
NET CHANGE IN FUND BALANCE	(511,548)	(210,843)	706,205	917,048
FUND BALANCE:				
Beginning of year	7,807,801	7,807,801	7,807,801	-
End of year	$ 7,296,253	$ 7,596,958	$ 8,514,006	$ 917,048

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Monterey Peninsula Water Management District
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget And Actual
Mitigation Special Revenue Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final
	Original	Final	Amounts	Amounts
REVENUES:				
Property taxes	$ 581,328	$ 725,000	$ 725,000	$ -
User fees	2,835,000	1,850,000	1,864,087	14,087
Project reimbursements	5,000	5,000	-	(5,000)
Investment income	130,000	231,000	387,027	156,027
Grants	2,552,168	1,271,693	99,931	(1,171,762)
Miscellaneous	-	-	2,967	2,967
Total revenues	6,103,496	4,082,693	3,079,012	(1,003,681)
EXPENDITURES:				
Personnel:				
Salaries	1,036,000	1,141,000	1,188,794	(47,794)
Employee benefits and other personnel	576,273	659,850	566,024	93,826
Services and supplies:				
Project expenditures	3,106,161	1,918,285	352,315	1,565,970
Operating expenditures	463,100	494,225	364,394	129,831
Professional fees	271,100	262,453	155,170	107,283
Capital outlay	70,758	18,858	22,020	(3,162)
Total expenditures	5,523,392	4,494,671	2,648,717	1,845,954
NET CHANGE IN FUND BALANCE	580,104	(411,978)	430,295	842,273
FUND BALANCE:				
Beginning of year	10,635,518	10,635,518	10,635,518	-
End of year	$ 11,215,622	$ 10,223,540	$ 11,065,813	$ 842,273

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Monterey Peninsula Water Management District
Required Supplementary Information
Notes to the Budgetary Comparison Schedules
For the Year Ended June 30, 2025

Budget and Budgetary Accounting

The District adopts an annual legal budget, which covers the Water Supply Fund (which acts as the District's general fund), Conservation Fund, and Mitigation Fund. Operating budgets lapse at fiscal year-end and then are re-budgeted for the coming fiscal year. The budgets are prepared on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles.

A mid-year budget review is performed, and the budget is amended and adopted by the board of directors. The District must approve additional appropriations or interfund transfers not included in the amended budget resolution.

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Monterey Peninsula Water Management District
Required Supplementary Information
Schedule of Changes in the Total OPEB Liability and Related Ratios
For the Year Ended June 30, 2025

Measurement period	2025	2024	2023	2022
Total OPEB liability				
Service cost	$ 87,211	$ 114,046	$ 116,685	$ 131,401
Interest	207,317	193,515	188,280	88,212
Actual and expected experience difference	(45,911)	205,368	(120,643)	(120,671)
Changes of assumptions	(462,497)	(97,373)	(106,465)	565,999
Benefit payments	(162,285)	(144,551)	(142,235)	(142,655)
Implicit subsidy credit	(12,576)	(40,552)	-	-
Net change in total OPEB liability	(388,741)	230,453	(64,378)	522,286
Total OPEB liability - beginning	5,222,313	4,991,860	5,056,238	4,533,952
Total OPEB liability - ending (a)	$ 4,833,572	$ 5,222,313	$ 4,991,860	$ 5,056,238
Covered employee payroll	$ 3,448,954	$ 2,556,431	$ 2,666,653	$ 2,609,421
Total OPEB liability as a percentage of covered-employee payroll	140.15%	204.28%	187.20%	193.77%

Notes to schedule:

The District adopted GASB 75 for the fiscal year ending June 30, 2018. Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

No assets have been accumulated in a trust that meets the criteria in GASB 75, paragraph 4, to pay related benefits.

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Monterey Peninsula Water Management District
Required Supplementary Information
Schedule of Changes in the Total OPEB Liability and Related Ratios (Continued)
For the Year Ended June 30, 2025

Measurement period	2021	2020	2019	2018
Total OPEB liability				
Service cost	$ 109,547	$ 148,363	$ 131,173	$ 127,662
Interest	101,994	144,980	155,268	140,378
Actual and expected experience difference	(5,585)	(411,131)	-	-
Changes of assumptions	337,730	(190,471)	249,320	-
Benefit payments	(126,446)	(117,237)	(98,542)	(92,380)
Implicit subsidy credit	-	-	-	-
Net change in total OPEB liability	417,240	(425,496)	437,219	175,660
Total OPEB liability - beginning	4,116,712	4,542,208	4,104,989	3,929,329
Total OPEB liability - ending (a)	$ 4,533,952	$ 4,116,712	$ 4,542,208	$ 4,104,989
Covered employee payroll	$ 2,574,004	$ 2,577,148	$ 2,508,173	$ 2,441,044
Total OPEB liability as a percentage of covered-employee payroll	176.14%	159.74%	181.10%	168.17%

Notes to schedule:

The District adopted GASB 75 for the fiscal year ending June 30, 2018. Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

No assets have been accumulated in a trust that meets the criteria in GASB 75, paragraph 4, to pay related benefits.

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Monterey Peninsula Water Management District
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2025
Last Ten Years

Measurement Period	Proportionate of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	Plan's Fiduciary Net Position	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.1294%	$ 3,548,843	$ 2,325,836	152.58%	$ 10,896,036,068	79.89%
2016	0.1295%	4,496,774	2,419,068	185.89%	10,923,476,287	75.87%
2017	0.1320%	5,202,822	2,407,013	216.15%	12,074,499,781	75.39%
2018	0.1357%	5,114,656	2,531,145	202.07%	13,122,440,092	77.69%
2019	0.1389%	5,560,550	2,735,113	203.30%	13,979,687,268	77.73%
2020	0.1426%	6,015,062	2,625,596	229.09%	14,702,361,183	77.71%
2021	0.1860%	3,532,356	2,586,027	136.59%	18,065,791,524	90.49%
2022	0.1515%	7,088,608	2,707,728	261.79%	16,770,671,339	78.19%
2023	0.1518%	7,591,672	2,845,112	266.83%	17,692,895,076	77.97%
2024	0.1558%	7,536,683	2,799,531	269.21%	19,241,277,838	79.91%

Notes to Schedule:

Benefit Changes

For 2016, the figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2015 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in Assumptions

In 2015, amounts reported as changes in assumptions resulted primarily from adjustments to expected retirement ages of general employees.

In 2016, the discount rate was changed from 7.50 percent (net of administrative expense) to 7.65 percent to correct for an adjustment to exclude administrative expense.

In 2017, the discount rate was changed from 7.65 percent to 7.15 percent.

In 2018, demographic assumptions and the inflation rate were changed in accordance with CalPERS Experience Study and review of Actuarial Assumptions December 2017.

In 2022, the discount rate was changed from 7.15 percent to 6.9 percent.

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Monterey Peninsula Water Management District
Required Supplementary Information
Schedules of Contributions - Pension
For the Year Ended June 30, 2025

Measurement Period	Contractually Required Contributions (Actuarially Determined)	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2016	$ 370,709	$ 370,709	$ -	$ 2,419,068	15.32%
2017	361,981	361,981	-	2,407,013	15.04%
2018	386,341	386,341	-	2,531,145	15.26%
2019	458,759	458,759	-	2,735,113	16.77%
2020	516,231	516,231	-	2,625,596	19.66%
2021	583,756	583,756	-	2,586,027	22.57%
2022	656,243	656,243	-	2,707,728	24.24%
2023	738,908	738,908	-	2,845,112	25.97%
2024	750,603	750,603	-	2,888,705	25.98%
2025	893,900	893,900	-	3,668,655	24.37%

The actuarial methods and assumptions used to set the actuarially determined contributions for each fiscal year are as follows:

FYE 2015–2016	June 30, 2013	Funding valuation report
FYE 2016–2017	June 30, 2014	Funding valuation report
FYE 2017–2018	June 30, 2015	Funding valuation report
FYE 2018–2019	June 30, 2016	Funding valuation report
FYE 2019–2020	June 30, 2017	Funding valuation report
FYE 2020–2021	June 30, 2018	Funding valuation report
FYE 2021–2022	June 30, 2019	Funding valuation report
FYE 2022–2023	June 30, 2020	Funding valuation report
FYE 2023–2024	June 30, 2021	Funding valuation report
FYE 2024–2025	June 30, 2022	Funding valuation report

Actuarial Cost Method	Individual entry age normal
Amortization Method/Period	Level percentage of payroll and direct rate smoothing
Asset Valuation Method	Fair value of assets
Inflation	2.30%
Salary Increases	Varies, based on entry age and service
Payroll Growth	2.75%
Investment Rate of Return	6.90%
Retirement Age	The probabilities of retirement are based on results of an actuarial experience study for the period from 2000 to 2019.
Mortality	The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 experience study report from November 2021 that can be found on the CalPERS website.

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Monterey Peninsula Water Management District
Statistical Section

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Monterey Peninsula Water Management District
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Governmental Activities										
Net investment in capital assets	$ 19,186,894	$ 19,069,081	$ 18,378,993	$ 13,621,629	$ 12,777,097	$ 9,874,997	$ 5,391,484	$ 3,360,667	$ 3,279,341	$ 3,454,077
Restricted for debt service	-	-	-	222,743	222,654	222,524	222,098	221,656	221,214	220,772
Unrestricted (deficit)	17,310,944	17,912,602	11,242,765	9,312,783	8,073,357	7,086,920	6,650,005	3,659,946	(2,942,603)	(3,985,497)
Total governmental activities net position	36,497,838	36,981,683	29,621,758	23,157,155	21,073,108	17,184,441	12,263,587	7,242,269	557,952	(310,648)
Business-type activities										
Net investment in capital assets	34,615,341	35,352,530	36,900,334	34,553,753	33,998,217	33,122,073	30,591,335	28,603,598	27,566,748	26,194,280
Restricted for debt service	-	-	-	1,175	1,176	1,176	1,164	1,144	1,136	1,136
Restricted for capital replacement	-	-	-	-	-	-	-	-	1,121,549	1,118,503
Unrestricted (deficit)	3,543,989	3,024,451	1,865,135	2,297,199	465,377	(1,182,948)	(1,221,936)	(919,550)	(3,165,974)	(3,430,576)
Total business-type activities net position	38,159,330	38,376,981	38,765,469	36,852,127	34,464,770	31,940,301	29,370,563	27,685,192	25,523,459	23,883,343
Primary government										
Net investment in capital assets	53,802,235	54,421,611	55,279,327	48,175,382	46,775,314	42,997,070	35,982,819	31,964,265	30,846,089	29,648,357
Restricted for debt service	-	-	-	223,918	223,830	223,700	223,262	222,800	222,350	221,908
Restricted for capital replacement	-	-	-	-	-	-	-	-	1,121,549	1,118,503
Unrestricted (deficit)	20,854,933	20,937,053	13,107,900	11,609,982	8,538,734	5,903,972	5,428,069	2,740,396	(6,108,577)	(7,416,073)
Total primary government net position	$ 74,657,168	$ 75,358,664	$ 68,387,227	$ 60,009,282	$ 55,537,878	$ 49,124,742	$ 41,634,150	$ 34,927,461	$ 26,081,411	$ 23,572,695

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Notes:

Accounting standards require that net assets be reported in three components in the financial statements: Net investment in capital assets; restricted; and unrestricted. Net assets are considered restricted when 1) externally imposed by creditors (such as debt covenants) , grantors, contributors, or laws or regulations of other governments or 2) imposed by law through constitutional provisions or enabling legislation.

Monterey Peninsula Water Management District
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Expenses (by function) Governmental activities:										
Conservation	$29,927,546	$ 2,333,306	$ 1,938,053	$ 1,982,677	$ 1,952,205	$ 1,961,978	$ 2,022,792	$ 2,101,343	$ 1,881,138	$ 1,928,518
Mitigation	2,718,508	3,005,536	2,916,434	3,396,714	2,923,021	3,160,250	3,374,595	2,584,965	2,343,392	2,261,058
Water supply	3,055,714	21,423,221	16,574,115	16,122,277	10,480,766	4,008,834	3,681,507	3,878,083	5,321,950	7,057,927
Interest	-	-	134,558	52,215	122,731	125,979	128,961	132,183	137,086	138,627
Total Governmental Activities expenses	35,701,768	26,762,063	21,563,160	21,553,883	15,478,723	9,257,041	9,207,855	8,696,574	9,683,566	11,386,130
Business-type activities										
Reclamation Project	5,323,063	4,761,119	4,916,246	4,819,616	4,316,525	4,527,473	4,656,895	4,161,333	4,024,568	4,347,080
Total business-type activities expenses	5,323,063	4,761,119	4,916,246	4,819,616	4,316,525	4,527,473	4,656,895	4,161,333	4,024,568	4,347,080
Total Primary Government Expenses	41,024,831	31,523,182	26,479,406	26,373,499	19,795,248	13,784,514	13,864,750	12,857,907	13,708,134	15,733,210
Program Revenues (by function)										
Governmental activities:										
Charges for service:										
Conservation	20,125,243	2,338,357	2,018,272	1,993,563	1,902,308	1,899,280	1,790,416	2,136,505	996,234	1,005,237
Mitigation	1,910,847	4,423,800	3,833,265	3,729,830	3,660,046	3,380,722	2,977,719	3,013,010	3,052,020	2,542,519
Water supply	1,864,087	19,467,108	18,923,523	15,148,901	11,258,871	5,950,297	5,319,088	10,377,339	4,543,983	4,313,762
Operating grants and contributions	7,297,810	4,046,848	458,949	469,183	82,253	286,651	1,726,815	155,021	89,276	334,864
Total governmental activities program revenues	31,197,987	30,276,113	25,234,009	21,341,477	16,903,478	11,516,950	11,814,038	15,681,875	8,681,513	8,196,382
Business-type activities:										
Charges for services - Water sales	5,039,241	4,337,330	6,829,372	7,220,935	6,838,738	7,063,288	6,299,411	6,328,302	5,661,358	5,513,758
Total business-type activities revenue	5,039,241	4,337,330	6,829,372	7,220,935	6,838,738	7,063,288	6,299,411	6,328,302	5,661,358	5,513,758
Total Primary Government Program Revenues	36,237,228	34,613,443	32,063,381	28,562,412	23,742,216	18,580,238	18,113,449	22,010,177	14,342,871	13,710,140
Net (Expenses)/Revenue										
Governmental activities	(4,503,781)	3,514,050	3,670,849	(212,406)	1,424,755	2,259,909	2,606,183	6,985,301	(1,002,053)	(3,189,748)
Business-type activities	(283,822)	(423,789)	1,913,126	2,401,319	2,522,213	2,535,815	1,642,516	2,166,969	1,636,790	1,166,678
Total Primary Net (Expenses)/Revenue	$ (4,787,603)	$ 3,090,261	$ 5,583,975	$ 2,188,913	$ 3,946,968	$ 4,795,724	$ 4,248,699	$ 9,152,270	$ 634,737	$ (2,023,070)

FINAL DRAFT 11.07.2025

Monterey Peninsula Water Management District
Changes in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes	$ 2,910,734	$ 2,835,328	$ 2,584,391	$ 2,409,232	$ 2,316,662	$ 2,219,260	$ 2,075,081	$ 1,872,468	$ 1,811,861	$ 1,788,896
Investment earnings	1,172,124	928,033	162,465	(193,430)	91,392	398,262	327,035	61,336	35,837	48,125
Miscellaneous	8,458	82,514	46,898	80,651	55,858	43,423	13,019	44,766	22,955	29,207
Total governmental activities	4,091,316	3,845,875	2,793,754	2,296,453	2,463,912	2,660,945	2,415,135	1,978,570	1,870,653	1,866,228
Business-type activities										
Investment earnings	60,736	35,301	216	(13,962)	2,256	33,923	42,855	(5,236)	3,326	56,685
Miscellaneous	5,435	-	-	-	-	-	-	-	-	762
Total business-type activities	66,171	35,301	216	(13,962)	2,256	33,923	42,855	(5,236)	3,326	57,447
Total Primary Government	4,157,487	3,881,176	2,793,970	2,282,491	2,466,168	2,694,868	2,457,990	1,973,334	1,873,979	1,923,675
Change in Net Position										
Governmental activities	(412,465)	7,359,925	6,464,603	2,084,047	3,888,667	4,920,854	5,021,318	8,963,871	868,600	(1,323,520)
Business-type activities	(217,651)	(388,488)	1,913,342	2,387,357	2,524,469	2,569,738	1,685,371	2,161,733	1,640,116	1,224,125
Total Primary Government	(630,116)	6,971,437	8,377,945	4,471,404	6,413,136	7,490,592	6,706,689	11,125,604	2,508,716	(99,395)
Net position - beginning of year	75,287,284	68,387,227	60,009,282	55,537,878	49,124,742	41,634,150	34,927,461	23,801,857	23,572,695	23,672,090
Net position - end of year	$74,657,168	$75,358,664	$68,387,227	$60,009,282	$55,537,878	$49,124,742	$41,634,150	$34,927,461	$26,081,411	$23,572,695

Notes:

Net position - beginning of the year for the fiscal year ended June 30, 2016 has been restated for implementation of GASB 82.

Net position - beginning of the year for the fiscal year ended June 30, 2018 has been restated for implementation of GASB 75.

Net position - beginning of the year for the fiscal year ended June 30, 2025 has been restated for implementation of GASB 101.

FINAL DRAFT 11.07.2025

Monterey Peninsula Water Management District
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(accrual basis of accounting)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Water Supply Fund*										
Restricted	$ -	$ -	$ -	$ 222,743	$ 222,654	$ 222,524	$ 222,098	$ 221,656	$ 221,214	$ 220,772
Committed	164,981	617,648	903,478	859,728	3,427,017	2,812,819	541,223	669,260	833,920	739,717
Assigned:										
Insurance/ litigation	171,354	171,354	171,354	171,354	171,354	171,354	171,354	171,354	-	171,354
Capital equipment	640,016	527,016	314,666	105,516	87,216	72,766	61,666	25,966	-	3,666
Flood/drought emergencies	-	-	-	-	-	-	-	-	-	-
Pension/OPEB	480,000	408,000	336,000	264,000	196,000	130,000	64,000	-	-	-
Debt service	-	-	-	500,000	500,000	-	-	-	-	-
Water Supply Reserve	3,363,928	3,213,888	-	-	-	-	-	-	-	-
Project expenditures	4,596,218	2,719,348	5,196,451	6,897,777	3,865,441	5,097,130	7,524,615	6,245,339	-	-
Unassigned (deficit)	-	-	-	-	-	-	-	-	142,687	119,214
Total Water Supply Fund Balances	$ 9,416,497	$ 7,657,254	$ 6,921,949	$ 9,021,118	$ 8,469,682	$ 8,506,593	$ 8,584,956	$ 7,333,575	$ 1,197,821	$ 1,254,723
All Other Governmental Funds:										
Restricted	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Committed	-	35,340	316,333	245,012	478,743	668,440	821,194	270,526	-	-
Assigned:										
Insurance/ litigation	78,646	78,646	78,646	78,646	78,646	78,646	78,646	78,646	78,646	78,646
Capital equipment	1,298,084	1,098,084	980,134	977,784	751,784	508,734	470,334	306,034	140,334	140,334
Flood/drought emergencies	500,000	500,000	328,944	328,944	328,944	328,944	328,944	328,944	328,944	328,944
Pension/OPEB	920,000	792,000	664,000	536,000	404,000	270,000	136,000	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Water Supply Reserve	-	-	-	-	-	-	-	-	-	-
Project expenditures	16,783,089	15,939,249	12,393,944	10,196,870	9,098,994	7,730,552	6,595,265	5,794,340	3,396,036	2,067,332
Unassigned (deficit)	-	-	-	-	-	-	-	-	-	-
Total All Other Governmental Fund Balances	$ 19,579,819	$ 18,443,319	$ 14,762,001	$ 12,363,256	$ 11,141,111	$ 9,585,316	$ 8,430,383	$ 6,778,490	$ 3,943,960	$ 2,615,256

* The Water Supply fund acts as the Distict's general fund.

FINAL DRAFT 11.07.2025

Monterey Peninsula Water Management District
Changes in Funds Balances of Governmental Funds
Last Ten Fiscal Years
(accrual basis of accounting)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Revenues										
Property taxes	$ 2,910,734	$ 2,818,416	$ 2,578,806	$ 2,403,905	$ 2,317,001	$ 2,215,716	$ 2,059,154	$ 1,924,320	$ 1,817,206	$ 1,744,833
Water supply charge	-	3,363,928	3,394,345	3,393,516	3,422,117	3,355,193	3,410,398	3,405,008	3,391,354	3,382,389
Water sales	14,619,500	13,275,500	12,201,000	9,828,000	5,908,182	-	-	-	-	-
User fees	7,661,639	6,962,359	6,361,569	6,029,950	5,908,495	5,535,384	4,862,354	5,158,825	1,156,364	79,018
Connection charges, net of refunds	491,694	1,372,615	409,101	503,980	474,040	575,511	591,240	522,167	370,255	502,298
Permit fees	203,865	234,408	211,649	235,890	194,822	191,902	251,850	317,312	243,787	225,374
Project reimbursements	1,088,503	893,900	2,198,123	878,659	925,015	1,562,927	973,715	6,065,203	1,390,565	1,259,886
Investment income	1,172,124	928,033	162,465	(193,430)	91,392	398,262	327,035	61,336	35,837	48,125
Legal fee reimbursements	16,498	14,520	4,800	4,650	2,356	1,800	3,600	5,370	2,914	2,728
Recording fees	57,210	58,520	27,291	55,990	43,435	35,040	7,530	17,887	12,039	12,047
Mitigation revenue	-	-	-	-	-	-	-	-	2,039,912	2,412,553
Grants	9,774,109	1,570,549	458,949	469,183	82,253	286,651	1,726,815	155,021	89,276	334,864
Miscellaneous	8,458	9,474	14,807	20,011	10,067	6,583	1,889	21,509	8,002	14,432
Total revenues	38,004,334	31,502,222	28,022,905	23,630,304	19,379,175	14,164,969	14,215,580	17,653,958	10,557,511	10,018,547
Expenditures:										
Current:										
Water supply	29,235,446	22,077,271	18,688,163	15,965,592	13,222,603	7,927,006	4,279,219	3,647,937	5,114,480	7,053,419
Conservation	2,423,547	2,140,093	2,049,380	1,752,007	1,750,280	1,727,395	1,839,560	1,881,374	1,733,055	1,889,096
Mitigation	2,626,697	2,794,794	3,782,991	3,378,185	2,632,291	3,169,851	4,549,120	2,277,747	2,149,332	2,211,423
Capital outlay	822,901	73,441	348,311	151,371	35,981	45,011	425,271	372,106	114,821	130,822
Debt Service:										
Principal	-	-	2,719,926	557,353	96,405	93,157	90,175	86,953	83,881	80,508
Interest and other charges	-	-	134,558	52,215	122,731	125,979	128,961	132,183	137,086	138,627
Total expenditures	35,108,591	27,085,599	27,723,329	21,856,723	17,860,291	13,088,399	11,312,306	8,398,300	9,332,655	11,503,895
Excess (deficiency) of revenues over (under) expenditures	2,895,743	4,416,623	299,576	1,773,581	1,518,884	1,076,570	2,903,274	9,255,658	1,224,856	(1,485,348)
Other Financing Sources (Uses):										
Transfers in	-	1,054,540	2,057,484	345,222	226,047	270,102	1,900,758	1,924,320	1,137,571	1,271,950
Transfers out	-	(1,054,540)	(2,057,484)	(345,222)	(226,047)	(270,102)	(1,900,758)	(1,924,320)	(1,137,571)	(1,271,950)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Net change in fund balances	2,895,743	4,416,623	299,576	1,773,581	1,518,884	1,076,570	2,903,274	9,255,658	1,224,856	(1,485,348)
Net position - beginning of year	26,100,573	21,683,950	21,384,374	19,610,793	18,091,909	17,015,339	14,112,065	4,856,407	3,631,551	5,116,899
Net position - end of year	$ 28,996,316	$ 26,100,573	$ 21,683,950	$ 21,384,374	$ 19,610,793	$ 18,091,909	$ 17,015,339	$ 14,112,065	$ 4,856,407	$ 3,631,551
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	11.74%	2.93%	1.51%	2.67%	2.59%	2.79%	2.42%	1.96%

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Monterey Peninsula Water Management District
Major Revenue Sources
Last Ten Fiscal Years
(accrual basis of accounting)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Governmental Activities										
Property taxes	$ 2,910,734	$ 2,835,328	$ 2,584,391	$ 2,409,232	$ 2,316,662	$ 2,219,260	$ 2,075,081	$ 1,872,468	$ 1,811,861	$ 1,788,896
Water supply charge	-	3,362,507	3,393,618	3,395,815	3,410,671	3,364,575	3,408,064	3,463,347	3,391,354	3,382,389
Water sales	14,619,500	13,275,500	12,201,000	9,828,000	5,908,182	-	-	-	-	-
User fees	7,661,639	6,962,359	6,361,569	6,029,950	5,908,495	5,535,384	4,862,354	5,158,825	1,156,364	79,018
Mitigation revenue	-	-	-	-	-	-	-	-	2,039,912	2,412,553
Grant revenue	* 9,774,109	1,570,549	458,949	469,183	82,253	286,651	1,726,815	155,021	89,276	334,864
Business-type activities										
Water sales	3,297,991	4,337,330	6,829,372	7,220,935	6,838,738	7,063,288	6,299,411	6,328,302	5,661,358	5,513,758

Source: Monterey Peninsula Water Management District, Audited Financial Statements

* Grant revenues in FY 2024-25 were higher than prior fiscal year due to higher reimbursable revenues from the Urban Community Drought (UCD) Grant and the State Water Resources Control Grant for the Pure Water Expansion Project, as well as deferred UCD grant revenues of $2.8 million from FY 2023-24 to FY 2024-25 that were not received within the revenue recognition period of 60 days in FY 2023-24. The revenue recognition period for FY2024-25 has been increased to 90 days to allow recognition of grant revenues received in the following fiscal year.

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Monterey Peninsula Water Management District
Ratio Of Outstanding Debt By Type
Last Ten Fiscal Years
(accrual basis of accounting)

Fiscal Year	Installment Purchase Agreement	Due to Pebble Beach Company	Certificates of Participation	Total	Personal Income (1)	As a Percent of Personal Income
2025	$ -	$ -	$ -	$ -	**	**
2024	-	-	-	-	**	**
2023	-	-	-	-	**	**
2022	2,719,926	552,000	2,600,000	5,871,926	28,189,179	28,189,179
2021	3,277,279	1,104,000	5,100,000	9,481,279	27,747,802	27,747,802
2020	3,373,684	1,656,000	7,500,000	12,529,684	26,504,847	26,504,847
2019	3,466,841	2,208,000	9,800,000	15,474,841	25,973,189	25,973,189
2018	3,357,016	2,760,000	11,900,000	18,017,016	24,477,179	24,477,179
2017	3,643,969	3,312,000	13,900,000	20,855,969	23,819,797	23,819,797
2016	3,727,850	3,864,000	15,800,000	23,391,850	22,827,059	22,827,059

(1) Monterey County ACFR Report (Fiscal Year Ended June 30, 2024)
** Data not available for 2023-2025

Source: Monterey Peninsula Water Management District, Audited Financial Statements

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Monterey Peninsula Water Management District
Debt Service Coverage
Last Ten Fiscal Years
(accrual basis of accounting)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Governmental activities:										
Debt service coverage										
Water supply charges	$ -	$ 3,363,928	$ 3,394,345	$ 3,393,516	$ 3,422,117	$ 3,355,193	$ 3,410,398	$ 3,405,008	$ 3,391,354	$ 3,382,389
Operating expenses (1)	$ (2,986,905)	(3,001,651)	(2,675,636)	(2,561,538)	(2,032,142)	(1,955,508)	(2,005,667)	(1,855,440)	(1,525,501)	(1,847,397)
Reserve funds available	-	1,106,370	822,020	1,263,613	1,177,224	596,644	519,118	418,976	396,234	395,792
Net available revenues	(2,986,905)	1,468,647	1,540,729	2,095,591	2,567,199	1,996,329	1,923,849	1,968,544	2,262,087	1,930,784
Debt Service:										
Principal	-	-	2,719,926	557,353	96,405	93,157	90,175	86,953	83,881	80,508
Interest	-	-	134,558	52,215	122,731	125,979	128,961	132,183	137,086	138,627
	-	-	2,854,484	609,568	219,136	219,136	219,136	219,136	220,967	219,135
Debt service coverage ratio (5)	N/A	N/A	N/A	3.44	11.72	9.11	8.78	8.98	10.24	8.81
Minimum coverage ratio (4)	N/A	N/A	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Business-type activities										
Debt service coverage										
Gross revenues (2)	5,039,241	4,337,330	6,829,588	7,220,935	6,840,994	7,097,211	6,342,266	6,324,764	5,664,684	5,571,205
Operating expenses (3)	(3,520,362)	(2,980,276)	(3,046,769)	(2,972,796)	(2,356,918)	(2,504,551)	(2,584,234)	(2,041,565)	(2,053,626)	(2,588,706)
Net available revenues	1,518,879	1,357,054	3,782,819	4,248,139	4,484,076	4,592,660	3,758,032	4,283,199	3,611,058	2,982,499
Total Primary Government	(1,468,026)	2,825,701	5,323,548	6,343,730	7,051,275	6,588,989	5,681,881	6,251,743	5,873,145	4,913,283
Debt Service:										
Principal:										
PBC0.	-	-	552,000	552,000	552,000	552,000	552,000	552,000	552,000	552,000
COPs	-	-	2,600,000	2,500,000	2,400,000	2,530,000	2,100,000	2,000,000	1,900,000	1,800,000
Interest	-	1,518	90,694	55,971	70,501	167,891	192,875	185,876	141,828	59,049
	-	1,518	3,242,694	3,107,971	3,022,501	3,249,891	2,844,875	2,737,876	2,593,828	2,411,049
Debt service coverage ratio (5)	N/A	N/A	N/A	1.37	1.48	1.41	1.32	1.56	1.39	1.24
Minimum coverage ratio (4)	N/A	N/A	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25

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* The service coverage ratio only applies to the Water Supply Fund. The amounts included in the calculation relate only to that fund.

(1) Operating expenses exclude depreciation, interest expense, capital outlay and project expenditures except for ASR operating expenses.

(2) Gross revenues includes operating revenue, other non- operating revenue, and investment earnings.

(3) Operating expenses exclude depreciation and amortization.

(4) Minimum coverage ratio requirement per debt covenants.

(5) Debt service coverage ratio requirement is not applicable to fiscal years ended June 30, 2023 and after as the debt was fully paid off during.

Source: Monterey Peninsula Water Management District, Audited Financial Statements

Monterey Peninsula Water Management District
Assessed Value and Actual Value of Taxable Property - Monterey County
Last Ten Fiscal Years
(in thousands of dollars)

Fiscal Year Ended June 30	Secured Roll	Unsecured Roll	Exemptions	Net Assessed Valuations	MPWMD Property Tax Allocations*	Percentage Over Net Assessed Value
2025	$ -	$ -	$ -	$ -	$ -	0.0%
2024	87,910,416	4,533,551	(3,082,500)	84,254,822	2,818,416	3.3%
2023	83,402,624	3,924,155	(2,929,117)	84,397,662	2,578,806	3.1%
2022	77,334,476	3,444,722	(2,825,750)	77,953,448	2,403,905	3.1%
2021	74,781,274	2,938,769	(2,713,849)	75,006,194	2,317,001	3.1%
2020	71,183,662	3,617,496	(2,627,227)	72,173,931	2,215,716	3.1%
2019	67,593,587	2,557,084	(2,474,441)	67,676,230	2,059,154	3.0%
2018	63,625,023	2,475,907	(2,455,639)	63,645,291	1,924,320	3.0%
2017	60,242,461	2,370,771	(2,324,855)	60,288,377	1,817,206	3.0%
2016	57,571,743	2,333,413	(2,196,512)	57,708,644	1,744,833	3.0%

Source: Monterey County ACFR Report (Fiscal Year Ended June 30, 2024)
* Source: Monterey Peninsula Water Management District, Audited Financial Statements
https://www.countyofmonterey.gov/home/showpublisheddocument/138993/638766997279530000
2025 data not available at time of print

Notes:

1. Secured property is generally the real property, which is defined as land, mineral, timber, and improvements such as buildings, structures, crops, trees and vines. Also included in secured roll are unitary properties, including railroads and utilities, which cross the country and are assessed by the State Board of Equalization.
2. Unsecured property is generally personal property, including machinery, equipment, office tools, supplies, mobile homes, and aircraft.
3. Exempt properties include numerous full and partial exclusions/exemptions provided.
4. Article XIIIA, added to the California Construction by Proposition 13 in 1978, fixed the based for valuation of property subject to taxes at the full cash value. Additionally, Proposition 13 limits the property tax rate to 1% of assessed value, plus the rate necessary to fund local voter-approved bonds and special assessments.

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Monterey Peninsula Water Management District
Principal Property Taxpayers - Monterey County
For the Years Ended June 30, 2024 and June 30, 2015

		2024			2015		
Tax Payer	Type of Business	Taxable Assessed Value ($'000)	Rank	Percentage of Total County Assessed Value	Taxable Assessed Value ($'000)	Rank	Percentage of Total County Assessed Value
Pacific Gas & Electric Company	Utility	$ 1,072,102	1	1.20%	$ 493,521	2	0.91%
Pebble Beach Company	Tourism	986,158	2	1.10%	716,702	1	1.32%
Chevron USA Inc	Petroleum	355,152	3	0.40%	408,145	3	0.75%
Dynegy Moss Landing LLC	Utility	241,500	4	0.27%	357,781	5	0.66%
D'Arrigo Bros Co.	Agriculture	229,506	5	0.26%	-		-
California - American Water Company	Utility	200,354	6	0.22%	118,469	7	0.22%
Mersho Incestment LLC	Real Estate	20,354	7	0.22%	-		-
VBS Propco LLS	Real Estate	136,376	8	0.15%	-		-
Global AG Properties LLC	Agriculture	134,701	9	0.15%	-		-
Bud Antle Inc.	Agriculture	126,937	10	0.14%	-		-
Northridge Owner LP	Retail	-		-	121,207	6	0.22%
Scheid Vineyards California Inc	Agriculture	-		-	94,274	9	0.17%
Aera Energy LLC	Utility	-		-	406,152	4	0.75%
Pacific Bell Telephone Company	Utility	-		-	97,546	8	0.18%
Pacific Holdings	Retail	-		-	94,246	10	0.17%
Ten Largest Taxpayers' Total		3,683,140		4.11%	2,908,043		5.35%
All Other Taxpayers' Total		85,678,327		95.89%	51,558,403		94.66%
Total		$89,361,467		100%	$54,466,446		100%

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Source: Monterey County ACFR Report (Fiscal Year Ended June 30, 2024)
2025 data not available at time of print
https://www.countyofmonterey.gov/home/showpublisheddocument/138993/638766997279530000

Monterey Peninsula Water Management District
Demographic and Economic Statistics - Monterey County
Last Ten Calendar Years

Calendar Year	(1) Population	(2) Per Capita Income	(3) Total Personal Income	(4) Median Age	(5) School Enrollment	(6) Unemployment Rate
2023	$ 430,723	$ 68,943	$ 29,695,203	36	72,875	7.00%
2022	446,229	65,123	28,189,179	37	73,643	18.10%
2021	434,283	63,449	27,747,802	38	74,700	14.00%
2020	434,172	61,510	26,504,847	38	75,668	6.60%
2019	434,061	59,838	25,973,189	35	77,381	7.80%
2018	435,594	56,193	24,477,179	35	77,923	4.70%
2017	437,907	54,395	23,819,797	34	77,954	7.20%
2016	435,232	52,448	22,827,059	34	77,517	7.60%
2015	433,898	49,836	21,623,627	34	76,768	8.10%
2014	431,344	46,109	19,889,054	34	75,997	9.10%

Source: Monterey County ACFR Report (Fiscal Year Ended June 30, 2024)
2025 & 2024 data not available at time of print
https://www.countyofmonterey.gov/home/showpublisheddocument/138993/638766997279530000

1. U.S. Census Bureau-As of July 1, 2019, Released March 2020
2. U.S. Department of Commerce, Bureau of Economic Analysis
3. U.S. Department of Commerce, Bureau of Economic Analysis (in thousands).
4. U.S. Census Bureau, American Community Survey
5. California Department of Education, Education Demographics Unit for 2021-22
6. California Employment Development; Labor Market Info Division

Notes:

Per capita personal income was computed using preliminary Census Bureau midyear population estimates.
Total personal income is in thousand of dollars
School enrollment data includes Kindergarten through grade 12
Unemployment rate is based on annual rate

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Monterey Peninsula Water Management District
Principal Employment by Industry - Monterey County
For the Years Ended June 30, 2024 and June 30, 2015

Industry	2024 Number of Employed	2024 Percent of Total	Industry	2015 Number of Employed	2015 Percent of Total
Agriculture	41,800	21.73%	Agriculture	31,500	18.91%
Natural Resources, Mining and Construction	7,700	4.00%	Natural Resources, Mining and Construction	5,900	3.54%
Manufacturing	4,900	2.55%	Manufacturing	5,100	3.06%
Wholesale Trade	5,800	3.01%	Wholesale Trade	5,300	3.18%
Retail Trade	16,900	8.78%	Retail Trade	17,400	10.44%
Transportation, Warehousing and Utilities	3,600	1.87%	Transportation, Warehousing and Utilities	3,700	2.22%
Information	900	0.47%	Information	1,300	0.78%
Financial Activities	4,200	2.18%	Financial Activities	4,200	2.52%
Professional and Business Services	13,900	7.22%	Professional and Business Services	13,300	7.98%
Educational and Health Services	24,400	12.68%	Educational and Health Services	18,500	11.10%
Leisure and Hospitality	25,900	13.46%	Leisure and Hospitality	23,300	13.99%
Other Services	5,500	2.86%	Other Services	5,100	3.06%
Government	36,900	19.18%	Government	32,000	19.21%

Source: State of California Employment Development Department, Industry Employment-Official Monthly Estimates (CES)
2025 data not available at time of print

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Monterey Peninsula Water Management District
Full-Time Equivalent Employees by Department
Last Ten Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Department:										
General Manager's Office	3	2	2	2	2	2	2	2	2	2
Administrative Services Division	5	5	5	5	4	4	5	5	5	7
Environmental Resources Division	6	6	6	6	6	6	-	-	-	-
Planning & Engineering Division	*	*	*	*	*	*	5	5	5	5
Water Resources Division	5	5	5	5	5	5	6	7	7	7
Water Demand Division	7	7	7	6	6	6	6	6	6	6
Total	26	25	25	24	23	23	24	25	25	27

Source: Monterey Peninsula Water Management District
* Division reconfigured

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Monterey Peninsula Water Management District
Water Consumption by Type (in Acre-Feet)
Last Ten Fiscal Years

	* 2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Use Type:										
Residential	4254	4133	4059	4591	4,488	4,067	4,242	4,384	4,560	4,936
Multi-Residential	1236	1256	1203	1358	1,359	1,293	1,367	1,410	1,418	1,637
Commercial	2167	2157	2016	1849	1,819	2,157	2,194	2,214	2,224	2,414
Industrial	-	-		-						9
Golf Course	85	125	96	109	99	108	169	168	185	201
Public Authority	593	551	530	600	593	589	585	617	560	630
Other	100	121	74	35	25	41	18	39	40	14
Non Revenue Metered	9	7	0	2	2	2	1	2	1	1
Total	8444	8350	7978	8,544	8,385	8,257	8,576	8,834	8,988	9,842

Source: California American Water - Customers and Consumption by Political Jurisdiction for Water Year
* Data for water-year ending. Water year spans from October 1 through September 30.

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Monterey Peninsula Water Management District
Connections by Type
Last Ten Fiscal Years

	*2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Use Type:										
Residential	34,167	33,436	33,815	32,502	32,442	32,371	32,332	32,355	31,801	32,532
Multi-Residential	1,848	1,829	1,828	1,745	1,739	1,734	1,732	1,696	1,706	1,720
Commercial	5,097	4,922	4,893	3,943	3,933	3,928	3,918	3,932	3,890	3,655
Industrial	-	-	-	-	-	-	-	-	-	4
Golf Course	4	4	4	4	4	4	4	4	4	4
Public Authority	517	495	557	470	532	543	544	545	537	555
Other	273	234	242	119	76	71	66	64	51	274
Non-Revenue Metered	20	19	6	5	5	6	6	6	6	10
Total	41,926	40,939	41,345	38,788	38,731	38,657	38,602	38,602	37,995	38,754

Source: California American Water - Customers and Consumption by Political Jurisdiction for Water Year in Acre-Feet
* Data for water-year ending. Water year spans from October 1 through September 30.

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November 17, 2025

Board of Directors
Monterey Peninsula Water Management District
Monterey, California

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Monterey Peninsula Water Management District (the "District") for the year ended June 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 1, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements.

New Accounting Standards

GASB Statement No. 101 – In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Implementation of this Statement results in a restatement of the beginning net position as of July 1, 2024.

GASB Statement No. 102 - In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints which may limit a government's ability to acquire resources or control spending. Application of this statement did not have a significant effect on the District's financial reporting for the fiscal year ended June 30, 2025.

We noted no other new accounting policies were adopted and the application of existing policies was not changed during 2025. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimate(s) affecting the District's financial statements were:

- Management's estimate of the investment fair market value is based on information provided by the State of California for its investment in the Local Agency Investment Fund and by U.S. Bank, the trustee for the District's investments in municipal bonds and U.S. Government Sponsored Enterprise Securities. We evaluated the key factors and assumptions used to develop the investment fair market value in determining that it is reasonable in relation to the financial statements taken as a whole.

- Management's estimate of the depreciation on capital assets is based on the industry standard and past experience on actual useful life of the asset groups. We evaluated the key factors and assumptions used to develop the depreciation on capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

- Management's estimate for the "more likely than not" amount of sick leave to be accrued in the compensated absences liability is based on historical "days used" data determined by taking a sample of historic sick leave usage patterns.

- Management's estimate of the net pension liability is based on the actuarial valuation on total pension liability and based on audited financial statements on fiduciary net position for CalPERS plans. We evaluated the key factors and assumptions used to develop the net pension liability in determining that it is reasonable in relation to the financial statements taken as a whole.

- Management's estimate of the net OPEB liability is based on the actuarial accounting valuation. We evaluated the key factors and assumptions used to develop the net OPEB liability in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure(s) affecting the financial statements were:

- Note 1 – Summary of Significant Accounting Policies
- Note 5 – Capital Assets
- Note 10 – Other Postemployment Benefits
- Note 11 – Pension Plan
- Note 12 – Commitments and other Contingencies
- Note 14 – Restatement of Beginning Net Position
- Note 15 – Contingent Liabilities

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

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Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 17, 2025.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

DRAFT 11.07.2025

Other Matters

We applied certain limited procedures to the Management's Discussion and Analysis, Budgetary Comparison Schedules, Schedule of Changes in the Total OPEB Liability and Related Ratios, Schedule of Proportionate Share of the Net Pension Liability, the Schedule of Contributions – Pension, as listed in the table of contents, which are Required Supplementary Information ("RSI") that supplement the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on the Introductory and Statistical Sections, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of the Monterey Peninsula Water Management District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

San Diego, California

ITEM: ACTION ITEM

11. CONSIDER RECOMMENDATION TO ADOPT PROPOSED FINANCIAL POLICIES

Meeting Date:	**November 17, 2025**	**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: August 28, 2025
Committee Recommendation: The Finance and Administration Committee reviewed this item on August 11, September 8, and October 13, 2025, and recommended approval.
CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.

SUMMARY: On February 28, 2025, the Board adopted the District's annual strategic objectives. As part of Goal #5, the Board prioritized the development of a formal reserve policy and the implementation of strategies to address the District's Pension and Other Post-Employment Benefits (OPEB) liabilities.

This staff report responds to those priorities and presents additional, related policy recommendations aimed at strengthening the District's financial stability and long-term sustainability. These policies are designed to help the District proactively manage its future obligations, address financial risks, and meet anticipated liabilities.

The following policies support the District's strategic objectives, align with financial operating best practices, and reflect recent updates to the California Government Code (GC).

Policy Name	***Description***	***Reason***	***Exhibit***
Reserves	Proposes types and prudent levels of financial reserves for anticipated liabilities and risks.	Meet strategic goal	Exhibit 11-B
Pension and OPEB	Provides strategies to reduce the District's long-term liabilities related to Pension and OPEB liabilities.	Meet strategic goal	Exhibit 11-C
Unclaimed Monies	Establishes escheatment guidelines and policies to reclaim Unclaimed Monies following State requirements.	Finalize prior financial reconciliations	Exhibit 11-D
Budget	Formalizes/clarifies elements of the budget strategy adopted by the Board in 2005. Defines levels of budgetary control.	Formalize prior Board direction	Exhibit 11-E
Debt Management	Provides guidelines for managing the District's debt obligations.	Comply with GC 8855	Exhibit 11-F

RECOMMENDATION: The Finance and Administration Committee recommends that the Board adopt the proposed Financial Policies.

BACKGROUND: The California Special District Association recognizes that District Reserves are the foundation of the sustainable delivery of core services. The District has limited ability to raise funds by increasing tax rates or raising fees in the short term. Through prudent reserves, the District offers taxpayers and ratepayers significant benefits, including savings to balance budgets, prepare for emergencies, stabilize rates, maintain well-maintained infrastructure, and invest in the future. Further, the rating agencies associate the level of ratings with reserve levels. For example, Moody's associates an "AAA" rating with fund balances in excess of 35% of revenues, the “Aa” rating with fund balances between 35% and 25% and the “A” rating with 25% to 15%; although factors other than fund balance, such as economic conditions, debt management policies, management quality, and financial performance also contribute to ratings.

The District is proposing a reserve policy to promulgate a shared understanding of the proper level and use of reserves, increase objectivity in the use of reserves, promote long-term planning, and keep the public informed. In the same vein, a policy on pension and OPEB strategies proposes guidelines to manage long-term liabilities for the District's pension and OPEB plans. While the District's pension plan is administered by the California Public Employees' Retirement System as a cost-sharing multiple-employer defined benefit pension plan, the District self-administers its OPEB liabilities arising from healthcare retiree expenses using a pay-as-you-go basis. At less than 15% of projected liabilities, the District's current OPEB reserves are insufficient to manage its future healthcare liabilities. The proposed Pension/OPEB strategies will assist in reducing Pension/OPEB liabilities over time.

The Unclaimed Monies Policy establishes escheatment guidelines for outstanding payments for District vendors and rebate payees. The District has recorded unclaimed payments since 2012, which may be potentially reclaimed after the adoption of this policy.

The Budget Policy formalizes budget strategies adopted earlier and clarifies key elements, including proposing balanced budgets, establishing the level of budgetary control, and general guidelines for developing District budgets, among other areas.

The Debt Management Policy is being proposed as a precursor to the District's potential acquisition of the local water distribution system, which would require the use of substantial Debt funding. California Government Code Section 8855 was amended by Senate Bill 1029, effective January 1, 2017, and requires California public agencies that issue debt to adopt debt management policies that meet certain criteria. The proposed policy is designed to meet those criteria. The Debt Policy will be crucial in determining the District's credit rating, which will influence the cost of borrowing.

The proposed policies will be reviewed periodically and updated, as necessary, to reflect any changing requirements.

EXHIBITS

11-A Cover page & Statement of Policy

11-B Reserves Policy
11-C Pension and OPEB Benefit Policy
11-D Unclaimed Monies Policy
11-E Budget Policy
11-F Debt Management Policy

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MONTEREY PENINSULA WATER MANAGEMENT DISTRICT

FINANCIAL POLICIES

Adopted 2025

POLICIES

- STATAMENT OF POLICY
- RESERVES POLICY
- PENSION/OPEB STRATEGIES POLICY
- UNCLAIMED MONIES POLICY
- BUDGET POLICY
- DEBT MANAGEMENT POLICY

STATEMENT OF POLICY

The Monterey Peninsula Water Management District (District) recognizes its responsibility to its stakeholders and residents to carefully account for public funds, manage District finances wisely, and plan for adequate funding of services desired by the public, including the provision and maintenance of public facilities, and address known liabilities and unforeseen risks.

The policies are designed to:

- Communicate the District's collective policy judgments and goals to staff, the public, and others.
- Provide standards against which current practices will be measured, and proposals for changes in practices will be evaluated.
- Demonstrate to the District residents, the investment community, and the bond rating agencies that the District is committed to a strong fiscal operation.
- Provide precedents for future policymakers on financial goals and strategies.

The policies are designed to bolster the District's financial management and reinforce the fiscal values of integrity, prudent stewardship, planning, accountability, and full disclosure.

REVIEW AND UPDATE

This financial policy will be reviewed periodically and updated, if necessary, to reflect any changing requirements.

EXHIBIT 11-B

Monterey Peninsula Water Management District
Financial Policies

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. <u>Funding Reserves</u>- 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. <u>Conditions for Use of Reserves</u>- 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. 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.

EXHIBIT 11-C

Monterey Peninsula Water Management District
Financial Policies

Pension and Other Post-Employment Benefit Policy

This policy analyzes how the District will meet the future costs of employee pensions and Other Post-Employment Benefit (OPEB) obligations and proposes target funding ratios and strategies to meet and reduce these long-term liabilities.

Definitions:

- Unfunded Accrued Liability (UAL): The UAL obligation represents the market value of the assets minus the discounted value of the future liabilities. When a plan or pool's Market Value of Assets is less than the Actuarial Accrued Liability, the difference is the plan or pool's UAL.
- Actuarially or Annual Determined Contribution (ARC): The ARC to fund pension and OPEB, as determined by the actuarial valuation, reflects the normal cost-plus amortization of the UAL, until the UAL is fully amortized.

Background:

Public employers are required to recognize the cost of pension benefits as employees earn them, and the Governmental Accounting Standards Board (GASB) extends this same requirement to OPEB. While pensions have long been funded on an actuarial basis in most cases, OPEB plans have typically not, as is the case with the District. Staff has identified the District's retiree healthcare liabilities as an area of long-term concern that needs adequate assignment of assets or reserves. While the District's pension plan is administered by the California Public Employees' Retirement System as a cost-sharing multiple-employer defined benefit pension plan, the District self-administers its OPEB liabilities arising from healthcare retiree expenses using a pay-as-you-go basis.

The District recognizes that the effects of poorly funded pension or OPEB plans include plan sponsors (employers) being required to make larger future contributions to the fund, potential benefit cuts for participants, a decline in service levels, or situations where current pension benefits must be paid by future ratepayers. To mitigate these scenarios, this policy proposes the following:

1. Target Funded Ratios:

A pension or OPEB funding ratio is a measure that indicates the financial health of a pension or OPEB plan. It is calculated by dividing the value of a pension plan's assets by its liabilities. A ratio of 100% means that the plan has enough assets to cover its liabilities.

While the District strives to maintain a 100% funded ratio for its pension and OPEB plan over time, factors such as fluctuating asset values, benefit increases, volatile interest rates, and contributions being potentially less than needed could affect short-term funded ratios. Hence, the policy targets a reduced funded ratio of 80% for pension and OPEB plans. The target funded ratio for Pension and OPEB liability may be met by any combination of assets in the CalPERS or OPEB trust funds, including Section 115 trusts and District reserves. When plan assets fall below the target funded ratio, the District will generally strive to achieve the targeted funded ratio over a multi-year period as established by the District Committee or Board.

2. Section 115 Trust:

The District may elect to establish an Internal Revenue Service Code Section 115-approved irrevocable trust to achieve a higher rate of return on investments than that earned on the pooled investment portfolio or Local Agency Investment Fund (LAIF) or California Cooperative Liquid Assets Securities System (CLASS). Once the District transfers funds into such a trust, they can only be utilized for payment of employee Pension or OPEB costs.

3. Additional Strategies:

In the future, the District may implement additional strategies to reduce Pension and OPEB liabilities, such as the use of one-time or accelerated payments to CalPERS and/or issuing Pension/OPEB obligation bonds at very low interest rates. Such decisions will be generally proposed during budget development or review.

EXHIBIT 11-D

Monterey Peninsula Water Management District
Financial Policies

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.

EXHIBIT 11-E

Monterey Peninsula Water Management District
Financial Policies

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 Fund level. Budgetary changes requiring increases to the budget at the Fund 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 statuary guidelines.

EXHIBIT 11-F

Monterey Peninsula Water Management District
Financial Policies

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.
   i. The District will plan the use of debt in a manner that sustains financing payments at manageable levels.
   ii. 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.
   iii. 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:

    i. 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.

    ii. 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.

ITEM: INFORMATIONAL ITEM/STAFF REPORT

12. REPORT ON ACTIVITY/PROGRESS ON CONTRACTS OVER $25,000

Meeting Date:	**November 17, 2025**	**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: The Finance and Administration Committee reviewed this item on November 10, 2025.
CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.

SUMMARY: Attached for review as **Exhibit 12-A** is a monthly status report on contracts over $25,000 for the period September 2025. Contracts associated with District grants are provided in a separate section for reference. This status report is provided for information only, no action is required.

EXHIBIT
12-A Status on District Open Contracts (over $25k)

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EXHIBIT 12-A

Monterey Peninsula Water Management District

Status on District Open Contracts and Grants

For The Period September 2025

	Contract	Description	Date Authorized	Contract Amount	Prior Period Expended To Date	Current Period Spending*	Total Expended To Date	Current Period Acitivity	P.O. Number
1	Shute, Mihaly & Weinberger LLP	LAFCO Litigation	3/17/2025	$ 125,000.00	$ 64,246.49	$ 27,047.35	$ 91,293.84	Current period billing	PO03882
2	Albert A. Webb Associates	Consultant for Public's Acquisition of Monterey Water System (Cal-Am)	11/18/2024	$ 1,200,000.00	$ 114,375.20	$ 1,956.75	$ 116,331.95	Current period billing	PO03880
3	Close and Associates	Utility consultant for Public's Acquisition of Monterey Water System	11/18/2024	$ 965,000.00	$ 55,657.50	$ -	$ 55,657.50		PO03876
4	TM Process & Controls	ASR Well Turbidity Control	8/19/2024	$ 57,749.00	$ 54,390.49	$ -	$ 54,390.49		PO03852
5	TJC and Associates	Perform a review of our electrical system, capacity, and provide overall support for the ASR project	6/27/2024	$ 45,000.00	$ 8,682.00	$ -	$ 8,682.00		PO03829
8	Montgomery & Associates	Groundwater Modeling Montgomery Contract	6/27/2024	$ 55,000.00	$ -	$ -	$ -		PO03750
9	CSC	Recording Fees	7/1/2024	$ 60,000.00	$ 50,000.00	$ -	$ 50,000.00		PO03754
10	Colantuono, Highsmith, & Whatley, PC	MTA Legal services for appeal to Water Supply Charge	9/15/2021	$ 100,000.00	$ 90,655.22	$ 504.00	$ 91,159.22	Current period billing	PO03715
11	Rutan & Tucker, LLP	Measure J/Rule 19.8 Eminent Domain Phase IV	2/24/2023	$ 450,000.00	$ 291,366.16	$ 27,658.00	$ 319,024.16	Current period billing	PO03639
12	Raftelis Financial Consultants	Measure J/Rule 19.8 Appraisal/Rate Study Phase 4	8/21/2023	$ 200,000.00	$ 33,415.00	$ -	$ 33,415.00		PO03491
13	Schaaf & Wheeler	Drawing Support Services	4/23/2023	$ 30,000.00	$ 29,425.00	$ -	$ 29,425.00		PO03474
14	Maggiora Bros. Drilling, Inc	ASR Support from Maggiora Bros for Well Work	6/20/2023	$ 50,000.00	$ -	$ -	$ -		PO03407
15	Pueblo Water Resources, Inc.	ASR Operations Support	6/20/2023	$ 25,000.00	$ 1,997.50	$ -	$ 1,997.50		PO03406
16	Montgomery & Associates	Tularcitos ASR Feasibility Study	3/20/2023	$ 119,200.00	$ 65,682.00	$ -	$ 65,682.00		PO03368
17	Kevin Robert Knapp/ Tierra Plan LLC	Surface Water Data Portal	11/14/2022	$ 27,730.00	$ 27,400.81	$ -	$ 27,400.81		PO03302
18	Montgomery & Associates	Annual Groundwater Modeling Support	6/20/2022	$ 50,000.00	$ 37,929.00	$ -	$ 37,929.00		PO03193
19	Pueblo Water Resources, Inc.	Seaside Groundwater Basin Geochemical Study	1/24/2018	$ 68,679.00	$ 57,168.85	$ -	$ 57,168.85		PO01628
20	Pueblo Water Resources, Inc.	SSAP Water Quality Study	8/21/2017	$ 94,437.70	$ 47,282.61	$ -	$ 47,282.61		PO01510
21	CSC	Recording Fees	7/1/2025	$ 60,000.00	$ 20,000.00	$ -	$ 20,000.00		PO03957
22	The Ferguson Group LLC	Contract for Legislative Services for FY 2025-2026	7/1/2025	$ 75,600.00	$ 12,600.00	$ 6,300.00	$ 18,900.00	Current period billing	PO03979
23	John K. Cohan dba Telemetrix	Consultant Services for Sleepy Hollow Facility 25-26	7/1/2025	$ 35,408.00	$ -	$ -	$ -		PO03974
24	WellmanAD	Public Outreach Consultant 25-26	7/1/2025	$ 94,500.00	$ 15,750.00	$ 7,875.00	$ 23,625.00	Current period billing	PO03965
25	Lynx Technologies, Inc	GIS Consultant Contract for 2025-2026	7/1/2025	$ 35,000.00	$ 3,975.00	$ 7,050.00	$ 11,025.00	Current period billing	PO03938
26	JEA & Associates	Legislative and Administrative Services 25-26	7/1/2025	$ 54,000.00	$ 9,000.00	$ 4,500.00	$ 13,500.00	Current period billing	PO03890
27	Kennedy/Jenks Consultants, Inc.	Urban Water Management Plan Services	7/1/2025	$ 134,860.00	$ 7,777.50	$ -	$ 7,777.50		PO04025
28	The Pun Group LLP	Financial Audit Services	7/1/2025	$ 78,000.00	$ 37,500.00	$ -	$ 37,500.00		PO04014
29	Deveera Inc	IT Managed Services & Subscriptions	7/2/2025	$ 95,500.00	$ 15,919.96	$ 7,959.98	$ 23,879.94	Current period billing	PO3982

Monterey Peninsula Water Management District
Status on District Open Contracts and Grants
For The Period September 2025

	Contract	Description	Date Authorized	Contract Amount	Prior Period Expended To Date	Current Period Spending*	Total Expended To Date	Current Period Acitivity	P.O. Number
Contracts related to District Grants									
1	Monterey One Water	Urban Community Drought Grant	9/22/2022	$ 11,935,206.00	$ 6,701,551.44	$ -	$ 6,701,551.44		PO03726
2	Monterey One Water	PWM Expansion State Water Control Board Grant	9/22/2022	$ 4,800,000.00	$ 4,248,575.60	$ -	$ 4,248,575.60		PO03753
3	DUDEK	Grant administration services for the Proposition 1 IRWM Implementation	12/14/2020	$ 114,960.00	$ 70,646.25	$ -	$ 70,646.25		PO02847
4	DUDEK	IRWM IR2 Grant Administration	10/1/2022	$ 90,510.00	$ 10,477.50	$ -	$ 10,477.50		PO03718
5	City of Sand City	IRWM Round 1 Grant Reimbursement	3/28/2022	$ 1,084,322.50	$ 81,063.75	$ -	$ 81,063.75		PO03093
6	County of Monterey	IRWM Grant Round 2 Reimbursement	5/19/2023	$ 898,451.00	$ -	$ -	$ -		PO03879
7	City of Monterey	IRWM Grant Round 2 Reimbursement	5/19/2023	$ 500,000.00	$ 76,995.08		$ 76,995.08		PO03878

ITEM: INFORMATIONAL ITEM/STAFF REPORT

13. STATUS REPORT ON EXPENDITURES – PUBLIC'S OWNERSHIP OF MONTEREY WATER SYSTEM

Meeting Date:	**November 17, 2025**	**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: The Finance and Administration Committee reviewed this item on November 10, 2025.
CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.

SUMMARY: Attached for review as **Exhibit 13-A** is a monthly status report on spending – Public's Ownership of Monterey Water System for the period September 2025. This status report is provided for information only, no action is required.

EXHIBIT
13-A Status Report on Spending – Public's Ownership of Monterey Water System

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EXHIBIT 13-A

Monterey Peninsula Water Management District
Status on Public's Ownership of Monterey Water System - Phase IV
Eminent Domain Proceedings through Bench Trial
Through September 2025

	Contract	Date Authorized	Authorized Amount	Prior Period Spending	Current Period Spending	Total Expended To Date	Spending Remaining	Project No.
1	Phase IV - Authorization (unallocated)	11/13/2023	$ -	$ -		$ -	$ -	
2	Eminent Domain Legal Counsel (Rutan)	12/16/2024	$ 450,000.00	$ 291,366.16	$ 27,658.00	$ 319,024.16	$ 130,975.84	PA00009-01
3	Eminent Domain Legal Counsel (SMW)*	3/17/2025	$ 225,000.00	$ 157,096.41	$ 27,047.35	$ 184,143.76	$ 40,856.24	PA00009-02
4	Financial Services (Raftelis)	8/21/2023	$ 200,000.00	$ 32,012.50		$ 32,012.50	$ 167,987.50	PA00009-03
5	Utility Consultant (Close & Associates)	12/16/2024	$ 965,000.00	$ 61,294.75		$ 61,294.75	$ 903,705.25	PA00009-07
6	Consulting Civil Engineer (Webb Associates)	11/18/2024	$ 1,200,000.00	$ 107,716.80	$ 1,956.75	$ 109,673.55	$ 1,090,326.45	PA00009-07
	Total		**$ 3,040,000.00**	**$ 635,966.19**	**$ 56,662.10**	**$ 706,148.72**	**$ 2,333,851.28**	

	District Legal Counsel		$ 120,000.00	$ 119,194.98		$ 119,194.98	$ 805.02	PA00009-05

Status on Public's Ownership of Monterey Water System - Phase III
Appraisal through Resolution of Necessity
Through October 2023

	Contract	Date Authorized	Authorized Amount	Prior Period Spending	Current Period Spending	Total Expended To Date	Spending Remaining	Project No.
1	Eminent Domain Legal Counsel	12/16/2019	$ 200,000.00	$ 98,283.28		$ 98,283.28	$ 101,716.72	PA00007-01
2	Appraisal Services	4/17/2023	$ 220,000.00	$ 220,000.75		$ 220,000.75	$ (0.75)	PA00007-03
3	District Legal Counsel	12/16/2019	$ 100,000.00	$ 63,065.50		$ 63,065.50	$ 36,934.50	PA00007-05
4	Real Estate Appraiser	8/15/2022	$ 80,000.00	$ 53,309.64		$ 53,309.64	$ 26,690.36	PA00007-06
6	Water Rights Appraisal	8/15/2022	$ 75,000.00	$ 45,490.46		$ 45,490.46	$ 29,509.54	PA00007-10
7	Contingency/Miscellaneous	12/16/2019	$ -	$ -		$ -	$ -	PA00007-20
	Total		**$ 675,000.00**	**$ 480,149.63**	**$ -**	**$ 480,149.63**	**$ 194,850.37**	

Spending based on post dates

Status on Public's Ownership of Monterey Water System - Phase II
EIR & LAFCO Application
Through September 2022

	Contract	Date Authorized	Authorized Amount	Prior Period Spending	Current Period Spending	Total Expended To Date	Spending Remaining	Project No.
1	Eminent Domain Legal Counsel	9/20/2021	$ 345,000.00	$ 168,265.94		$ 168,265.94	$ 176,734.06	PA00005-01
2	CEQA Work	12/16/2019	$ 134,928.00	$ 134,779.54		$ 134,779.54	$ 148.46	PA00005-02
3	Appraisal Services	9/20/2021	$ 430,000.00	$ 188,683.75		$ 188,683.75	$ 241,316.25	PA00005-03
4	Operations Plan	12/16/2019	$ 145,000.00	$ 94,860.00		$ 94,860.00	$ 50,140.00	PA00005-04
5	District Legal Counsel	12/16/2019	$ 40,000.00	$ 162,254.16		$ 162,254.16	$ (122,254.16)	PA00005-05
6	MAI Appraiser	6/15/2020	$ 170,000.00	$ 76,032.00		$ 76,032.00	$ 93,968.00	PA00005-06
7	Jacobs Engineering	12/16/2019	$ 87,000.00	$ 86,977.36		$ 86,977.36	$ 22.64	PA00005-07
8	LAFCO Process	11/15/2021	$ 240,000.00	$ 217,784.62		$ 217,784.62	$ 22,215.38	PA00005-08
9	PSOMAS	9/20/2021	$ 28,000.00	$ 25,900.00		$ 25,900.00	$ 2,100.00	PA00005-09
10	Contingency/Miscellaneous/Uncommitted	12/16/2019	$ 289,072.00	$ 38,707.08		$ 38,707.08	$ 250,364.92	PA00005-20
	Total		**$ 1,909,000.00**	**$ 1,194,244.45**	**$ -**	**$ 1,194,244.45**	**$ 714,755.55**	

1	Measure J CEQA Litigation Legal Services*	12/23/2020	$ 200,000.00	$ 140,303.06		$ 140,303.06	$ 59,696.94	PA00005-15

1	Measure J LAFCO Litigation Legal Services*	1/1/2022	$ 400,000.00	$ 398,750.20		$ 398,750.20	$ 1,249.80	PA00005-16

Spending based on post dates

Status on Public's Ownership of Monterey Water System - Phase I
Financial Feasibility
Through November 2019

	Contract	Date Authorized	Authorized Amount	Prior Period Spending	Current Period Spending	Total Expended To Date	Spending Remaining	Project No.
1	Eminent Domain Legal Counsel	12/17/2018	$ 100,000.00	$ 160,998.16		$ 160,998.16	$ (60,998.16)	PA00002-01
2	Investment Banking Services	2/21/2019	$ 30,000.00	$ 27,000.00		$ 27,000.00	$ 3,000.00	PA00002-02
3	Valuation & Cost of Service Study Consultant	2/21/2019	$ 355,000.00	$ 286,965.17		$ 286,965.17	$ 68,034.83	PA00002-03
4	Investor Owned Utility Consultant	2/21/2019	$ 100,000.00	$ 84,221.69		$ 84,221.69	$ 15,778.31	PA00002-04
5	District Legal Counsel		$ 35,000.00	$ 41,897.59		$ 41,897.59	$ (6,897.59)	PA00002-05
6	Contingency/Miscellaneous		$ 30,000.00	$ 45,495.95		$ 45,495.95	$ (15,495.95)	PA00002-10
	Total		**$ 650,000.00**	**$ 646,578.56**	**$ -**	**$ 646,578.56**	**$ 3,421.44**	

* Includes prior period adjustment

Spending based on post dates

ITEM: INFORMATIONAL ITEM/STAFF REPORT

14. STATUS REPORT ON - LEGAL SERVICES ACTIVITY FOR FISCAL YEAR 2024-2025

Meeting Date:	**November 17, 2025**	**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: The Finance and Administration Committee reviewed this item on November 10, 2025.
CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.

SUMMARY: The Legal Services Activity Report for Fiscal Year 2024-2025 is attached as **Exhibits 14-A** and **14-B**. The information is presented in table and graph formats, comparing Fiscal Year 2024-25 legal expenses with those in the prior two fiscal years for reference.

EXHIBITS
14-A Legal Services Costs Update Table
14-B Legal Services Graph by Fiscal Year

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EXHIBIT 14-A

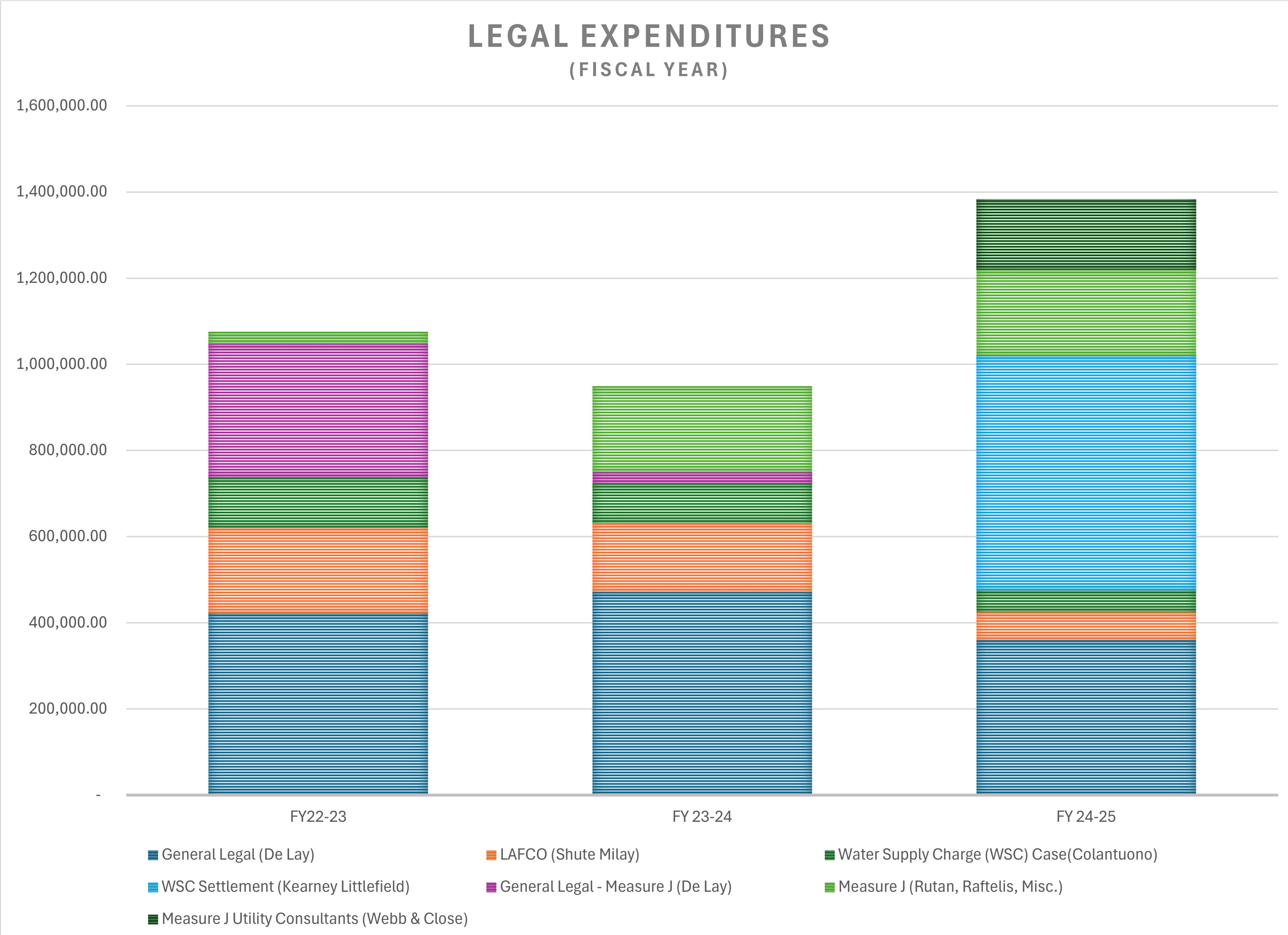
MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
LEGAL SERVICES EXPENDITURES
REPORT FOR FY 2022-23, 2023-24, and 2024-25

File No.	Description	Annual Activity June 2023	June 2024	June 2025
Delay & Laredo				
WMD-001	Retained General Counsel Service	79,560.00	82,740.00	89,894.00
WMD-002	Non-Retained General Counsel Service	25,082.00	10,249.50	-
WMD-003	Special Legal Services	82.50	-	-
WMD-004	Bond, Audit or Financial Matters - Special Legal Services	2,850.00	944.00	937.50
WMD-003-01	Desal A.12-04-019	5,473.50	1,396.50	363.00
WMD-003-02	CPUC A.04-09-019 (CWP/Regional Water Project)	-	-	-
WMD-003-03	SCD - A.10-09-019	-	-	155.00
WMD-003-04	CPUC A.10-07-007 (GRC)	-	-	-
WMD-003-05	218 Fee A.10-01-012	583.50	-	-
WMD-003-06	SWRCB Proceedings	-	85.50	804.50
WMD-003-07	CPUC Proceedings (General)	2,640.50	4,189.00	1,786.50
WMD-003-09	Seaside Basin Watermaster	852.50	236.00	9,747.00
WMD-003-10	Special Counsel Oversight	339.00	1,243.50	758.50
WMD-003-11	MPWMD vs. SWRCB (CDO)	-	-	-
WMD-003-13	Groundwater Replenishment (GWR) Project	-	115.00	29.50
WMD-003-25	A.19-07-004 General Rate Case	533.50	-	-
WMD-003-26	Laguna Seca Connection Moratorium	204.00	-	-
WMD-003-27	CPUC Petition to Modify D.18-09-017	-	177.00	-
WMD-003-28	Jensco v. MPWMD	-	-	-
WMD-003-29	MPTA (2021) v. MPWMD	15,327.50	4,786.00	16,337.00
WMD-003-30	A.21-11-024 Cal-AM PWMX WPA	109,806.50	98,992.25	43,686.50
WMD-003-31	2022 GRC CPUC A. 22-07-001	79,511.00	80,265.50	48,194.50
WMD-003-32	MPTA v. MPWMD Reverse Validation 22CV002113	1,123.00	1,282.50	302.50
WMD-003-33	R.22-04-003 CPUC Acquisition Rulemaking	7,756.00	21,798.00	18,446.00
WMD-003-34	MPWMD v CCC (CA Coastal Commission)	23,239.63	40,200.50	50,180.50
WMD-003-35	Successor Agency to Sand City v Joe Stephensha	1,725.07	-	-
WMD-003-36	MPTA IV v MPWMD Reverse Validation		1,140.00	1,728.50
WMD-003-37	MPTA v. MPWMD 24CV002642			1,181.00
WMD-003-38	MPTA VI v. MPWMD 24CV003408			1,463.50
WMD-005	3rd Party Reimbursement - Special Legal Services	-	-	-
WMD-005-01	Water Demand Permits/Deed Review	7,046.50	13,685.50	6,783.50
WMD-005-02	Reclamation Matters	82.50	-	-
WMD-005-03	WDS Permits and Water Rights Review	5,955.50	22,707.50	20,303.00
WMD-005-04	ASR	4,164.00	5,557.00	541.50
WMD-005-05	Public Records Request	567.00	29.50	-
WMD-005-06	Successor Agency v. Cohen Case No. 34-2016-80002403	-	-	-
WMD-005-07	Cal-Am vs MPWMD (LAFCO-CEQA)	265.00	-	-
MPWMD 70	Feasibility Study	36,322.50	59,504.50	33,054.00
MPWMD-77	MPWMD v. LAFCO	11,671.50	20,403.00	4,745.50
MPWMD-80	Sierra Club v MPWMD			8,916.58
	Adjustments			
	Sub-total (Delay & Laredo)	**422,764.20**	**471,727.75**	**360,339.58**
Delay & Laredo				
	Measure J/Rule 19.8 Appraisal	309,039.45	$26,465.40	
	Sub-total (Delay & Laredo)	**309,039.45**	**26,465.40**	**-**

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
LEGAL SERVICES EXPENDITURES
REPORT FOR FY 2022-23, 2023-24, and 2024-25

		Annual Activity		
		June	June	June
File No.	Description	2023	2024	2025
Colantuono, Highsmith & Whatley, PC				
	2023 WSC Refund		1,581.50	$15,870.25
	MPTA	116,926.50	$89,658.68	$34,589.39
	Sub-total (Colantuono, Highsmith & Whatley, PC)	**116,926.50**	**91,240.18**	**$50,459.64**
Shute, Mihaly & Weinberger LLP				
	LAFCO Litigation	198,620.60	160,382.99	64,763.21
	Sub-total (Shute, Mihaly & Weinberger LLP)	**198,620.60**	**160,382.99**	**64,763.21**
Kearney Littlefield LLP				
	MTA Settlment			545,240.25
	Sub-total (Kearney Littlefield LLP)	**-**	**-**	**545,240.25**
Rutan & Tucker				
	Measure J/Rule 19.8 Eminent Domain	28,091.60	178,084.54	183,473.30
	Sub-total (Rutan & Tucker)	**28,091.60**	**178,084.54**	**183,473.30**
Raftelis				
	Measure J/Rule 19.8 Appraisal/Rate Study		$ 16,292.50	15,720.00
	Sub-total (Raftelis)	**-**	**16,292.50**	**15,720.00**
Albert A. Webb				
	Cal-Am Acquisition			107,716.75
	Sub-total (Albert A. Webb)	**-**	**-**	**107,716.75**
Close & Associates				
	Utility Consultant for Acquisition			55,657.50
	Sub-total (Raftelis)	**-**	**-**	**55,657.50**
Norton Rose	Bond Counsel Advice - Measure J		5,096.00	
		-	**5,096.00**	**-**
U.S Bank	Appraisal Guide - Measure J	45.00		
		45.00	**-**	**-**
	Total	**$ 1,075,487.35**	**$ 949,289.36**	**$ 1,383,370.23**

EXHIBIT 14-B


LEGAL EXPENDITURES
(FISCAL YEAR)
1,600,000.00
1,400,000.00
1,200,000.00
1,000,000.00
800,000.00
600,000.00
400,000.00
200,000.00
-
FY22-23
FY 23-24
FY 24-25
General Legal (De Lay)
LAFCO (Shute Milay)
Water Supply Charge (WSC) Case(Colantuono)
WSC Settlement (Kearney Littlefield)
General Legal - Measure J (De Lay)
Measure J (Rutan, Raftelis, Misc.)
Measure J Utility Consultants (Webb & Close)

ITEM: INFORMATIONAL ITEM/STAFF REPORT

15. LETTERS RECEIVED AND SENT

Meeting Date:	**November 17, 2025**	**Budgeted:**	**N/A**
From:	**David J. Stoldt, General Manager**	**Program/ Line Item No.:**	**N/A**
Prepared By:	**Sara Reyes**	**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.

The letter dated October 30, 2025, was sent to the Board and is included in the meeting packet to ensure transparency for both the Board and the public. Copies are available for review at the District office (reproduction fees may apply). A digital version can also be downloaded from the District's website at www.mpwmd.net.

Author	Addressee	Date	Topic
Janet Ash	MPWMD	10/30/25	Letter of Support for Modifications to the Cease-and-Desist Order WR 2016-0016

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ITEM: INFORMATIONAL ITEM/STAFF REPORT

16. COMMITTEE REPORTS

Meeting Date:	**November 17, 2025**	**Budgeted:**	**N/A**
From:	**David J. Stoldt, General Manager**	**Program/ Line Item No.:**	**N/A**
Prepared By:	**Sara Reyes**	**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.

The final minutes of the committee meeting listed below are formally submitted for review.

EXHIBIT
16-A MPWMD Finance and Administration Committee Meeting of October 13, 2025

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MONTEREY PENINSULA WATER MANAGEMENT DISTRICT

EXHIBIT 16-A

FINAL MINUTES
Finance and Administration Committee
October 13, 2025 at 2:00 p.m.

Meeting Location: District Office, Main Conference Room
5 Harris Court, Building G., Monterey, CA 93940
(*Hybrid: Meeting Held In-Person and via Zoom – Teleconferencing means)*

Call to Order
Chair Riley called the meeting to order at 2:00 p.m.

Committee Members Present	**Committee Members Absent**
George Riley, Chair Kate Daniels	Rebecca Lindor

District Staff Members Present	**District Staff Members Absent**
David J. Stoldt, General Manager Mike McCullough, Assistant General Manager Nishil Bali, Chief Financial Officer/Administrative Services Manager Sara Reyes, Executive Assistant/Board Clerk Jonathan Lear, Water Resources Manager William Banker-Hix, Assistant Hydrologist Kyle Smith, Conservation Representative II Maureen Hamilton, District Engineer Sandra Alonso, Office Specialist I	None

District Counsel Present
Michael Laredo, De Lay & Laredo

Additions / Corrections to Agenda
None

Comments from the Public
None

Action Items

1. **Consider Adoption of September 8, 2025 Committee Meeting Minutes**
On a motion by Daniels, seconded by Riley, the minutes of September 8, 2025, meeting were approved 2-0 (Daniels and Riley) and 1-Absent (Lindor).

2. **Consider Recommendation to Authorize Contract with IDM US Holdings, Inc. "Gravity" – Budget Book**

On a motion by Daniels, seconded by Riley, the Finance and Administration Committee recommended that the Board approve a three-year contract with Gravity Software Services for Budget Suite Software:

1. Approve a three-year contract with Gravity Software Services for Budget Suite software licensing and implementation at a total not-to-exceed amount of $52,704.
2. Authorize two one-year optional renewals at an annual cost not-to-exceed $16,000 each.
3. Approve a budget adjustment to increase the Fiscal Year 2025-26 budget by $23,000 for the first year of licensing and implementation.

The motion passed unanimously on a 2 – 0 vote.

3. Consider a Contribution of $8,000 Towards Restoration of "Rosie's Garden," A Water Efficient Public Demonstration Garden in Carmel Valley

On a motion by Riley, seconded by Daniels, the Finance and Administration Committee recommended that the Board approve waving the Landscape Water Permit fees of $250 and grant the project $8,000 for landscape rehabilitation. The motion passed unanimously on a 2 - 0 vote.

4. Consider Contracting with Weber Water Resources to Destroy Monitor Well FO-10

On a motion by Daniels, seconded by Riley, the Finance and Administration Committee recommended that the Board authorize District staff to enter into a contract with Weber Water Resources to complete the Destruction of FO10 for an amount not to exceed $74,000. Director Daniels suggested creating a picture and video process of the destruction of FO10 for educational purposes. The motion passed unanimously on a 2 – 0 vote.

5. Consider Adoption of Treasurer's Report on August 2025

On a motion by Riley, seconded by Daniels, the Finance and Administration Committee recommended that the Board adopt the August 2025 Treasurer's Report and Statement of Revenues and Expenditures and ratify the disbursements made during the month. The motion passed unanimously on a 2 – 0 vote.

6. Receive Government Accounting Standards Board (GASB) Statement No. 68 – Financial Reporting for Pensions

Nishil Bali, Chief Financial Officer/Administrative Services Manager, reviewed this item with the Finance and Administration Committee. As part of the presentation, Mr. Bali provided a PowerPoint to supplement the discussion. No action was required or taken by the Committee.

7. Receive Government Accounting Standards Board (GASB) Statement no. 75 – Financial Reporting for Post-Employment Benefits other Than Pensions

Nishil Bali, Chief Financial Officer/Administrative Services Manager, reviewed this item with the Finance and Administration Committee. As part of the presentation, Mr. Bali provided a PowerPoint to supplement the discussion. No action was required or taken by the Committee.

8. Consider Recommendation to Adopt Proposed Financial Policies

On a motion by Riley, seconded by Daniels, the Finance and Administration Committee recommended that the Board adopt the proposed Financial Policy, subject to any approved modifications. The motion passed unanimously on a 2 – 0 vote.

Informational Items

9. Report on Activity/Progress on Contracts Over $25,000

This item was presented as information to the committee. No action was required or taken by the committee.

10. Status Report on Expenditures– Public's Ownership of Monterey Water System

This item was presented as information to the committee. No action was required or taken by the committee.

Discussion Items

11. Review Draft October 20, 2025, Regular Board Meeting Agenda

General Manager Stoldt reviewed the draft agenda with the Committee. Mr. Stoldt requested Item 11 be moved ahead of the Consent Calendar, to follow Oral Communications.

Director Daniels requested Item 12 be included on the agenda for the November Board Meeting, and the Committee concurred with this recommendation.

Adjournment

There being no further business, Chair Riley adjourned the meeting at 3:13 p.m.

/s/ Sara Reyes

____

Sara Reyes, Committee Clerk to the
MPWMD Finance and Administration Committee

Reviewed and Approved by the MPWMD Finance and Administration Committee on November 10, 2025.

Received by the MPWMD Board of Directors on November 17, 2025.

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ITEM: INFORMATIONAL ITEM/STAFF REPORT

17. MONTHLY ALLOCATION REPORT

Meeting Date:	**November 17, 2025**	**Budgeted:**	**N/A**
From:	**David J. Stoldt, General Manager**	**Program: Line Item No.:**	**N/A**
Prepared By:	**Gabriela Bravo**	**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: On March 1, 2025, the District released the first Allocation of water from Pure Water Monterey ("Pure Water") via Ordinance No. 197. **Exhibit 17-A** shows the amount of water allocated to each Jurisdiction from Pure Water, the balance of water available by Jurisdiction from the Paralta Well Allocation and Pre-Paralta credits, the amount of "Public Water Credit" remaining, and the quantities of water permitted by Jurisdiction in October 2025 ("changes"), and the balances remaining. The table includes balances for Quail Meadows and Water West, which were specific amounts dedicated to properties located in specific areas of Monterey County.

Exhibit 17-B is the Monthly Entitlement Report which shows water available to Water Entitlement Holders. Entitlements were established by the following ordinances: The Pebble Beach Company (Ordinance Nos. 39 and 109), Hester Hyde Griffin Trust (Ordinance No. 39), J. Lohr Properties Inc. (Ordinance No. 39), the City of Sand City (Ordinance No. 132), Cypress Pacific Investors LLC (Water Distribution System Permit approved September 15, 2014), Malpaso Water Company LLC (Ordinance No. 165), D.B.O. Development No. 30, a California Limited Liability Company (Ordinance No. 166), and the City of Pacific Grove (Ordinance No. 168).

BACKGROUND: The District's Water Allocation Program, associated resource system supply limits, and Jurisdictional Allocations have been modified by a number of key ordinances. These key ordinances are listed in **Exhibit 17-C**.

EXHIBITS

17-A Monthly Allocation Report
17-B Monthly Entitlement Report
17-C District's Water Allocation Program Ordinances

EXHIBIT 17-A
MONTHLY ALLOCATION REPORT
Reported in Acre-Feet
For the month of October 2025

Jurisdiction	Pure Water Monterey Allocation	Changes During Period	Balance Remaining	Paralta & Pre-Paralta Water	Changes During Period	Balance Remaining	Public Credits	Changes During Period	Balance Remaining	Total Available
Airport District	44.000	0.000	39.773	8.100	0.000	5.197	0.000	0.000	0.000	44.970
Carmel-by-the-Sea	14.000	0.000	14.000	20.491	0.000	2.479	0.910	0.000	0.182	16.661
Del Rey Oaks	6.000	0.000	5.901	8.540	0.000	0.030	0.000	0.000	0.000	5.931
Dept of Defense	27.000	0.000	27.000	0.000	0.000	0.000	0.000	0.000	0.000	27.000
Monterey	141.000	0.000	141.000	126.979	0.000	0.553	38.121	0.000	3.627	145.180
Monterey County	72.000	0.000	72.000	100.790	0.000	11.016	7.827	0.000	1.181	84.197
Pacific Grove	32.000	0.000	32.000	27.180	0.000	0.019	15.874	0.000	0.002	32.021
Sand City	14.000	0.000	13.857	52.698	0.000	0.029	24.717	0.000	23.163	37.049
Seaside	21.000	0.000	21.000	99.888	0.243	28.505	2.693	0.000	1.144	50.649
District Reserve	2086.000	0.000	2,086.000	9.000	0.000	3.497	0.000	0.000	0.000	443.658

Allocation Holder	Water Available	Changes During Period	Total Demand from Water Permits Issued	Remaining Water Available
Quail Meadows	33.000	0.000	32.320	0.680
Water West	12.760	0.000	10.354	2.406

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EXHIBIT 17-B
MONTHLY ALLOCATION REPORT
ENTITLEMENTS
Reported in Acre-Feet
For the month of October 2025

Recycled Water Project Entitlements

Entitlement Holder	Entitlement	Changes this Month	Total Demand from Water Permits Issued	Remaining Entitlement/and Water Use Permits Available
Pebble Beach Co. *	188.300	0.350	32.782	155.518
Del Monte Forest Benefited Properties (Pursuant to Ord No. 109)	176.700	0.203	84.620	92.080
Macomber Estates	10.000	0.000	10.000	0.000
Griffin Trust	5.000	0.000	4.829	0.171
CAWD/PBCSD Project Totals	**380.000**	**0.553**	**132.231**	**247.769**

Entitlement Holder	Entitlement	Changes this Month	Total Demand from Water Permits Issued	Remaining Entitlement/and Water Use Permits Available
City of Sand City	206.000	0.000	22.891	183.109
Malpaso Water Company	80.000	0.008	25.488	54.512
D.B.O. Development No. 30	13.950	0.000	3.913	10.037
City of Pacific Grove	38.390	0.115	20.309	18.081
Cypress Pacific	3.170	0.000	3.170	0.000
City of Seaside	10.817	0.000	10.817	0.000

* Increases in the Del Monte Forest Benefited Properties Entitlement will result in reductions in the Pebble Beach Co. Entitlement.

EXHIBIT 17-C

District's Water Allocation Program Ordinances

Ordinance No. 1 was adopted in September 1980 to establish interim municipal water allocations based on existing water use by the jurisdictions. Resolution 81-7 was adopted in April 1981 to modify the interim allocations and incorporate projected water demands through the year 2000. Under the 1981 allocation, Cal-Am's annual production limit was set at 20,000 acre-feet.

Ordinance No. 52 was adopted in December 1990 to implement the District's water allocation program, modify the resource system supply limit, and to temporarily limit new uses of water. As a result of Ordinance No. 52, a moratorium on the issuance of most water permits within the District was established. Adoption of Ordinance No. 52 reduced Cal-Am's annual production limit to 16,744 acre-feet.

Ordinance No. 70 was adopted in June 1993 to modify the resource system supply limit, establish a water allocation for each of the jurisdictions within the District, and end the moratorium on the issuance of water permits. Adoption of Ordinance No. 70 was based on development of the Paralta Well in the Seaside Groundwater Basin and increased Cal-Am's annual production limit to **17,619** acre-feet. More specifically, Ordinance No. 70 allocated 308 acre-feet of water to the jurisdictions and 50 acre-feet to a District Reserve for regional projects with public benefit.

In addition to releasing water from the development of the Paralta Well, Ordinance No. 70 established a "special reserve" of 12.76 acre-feet of water saved by system improvements to the former Water West System when it was purchased and integrated into Cal-Am. This reserve was made available to properties in the former Water West System on a first-come, first-served basis. The ordinance also increased Cal-Am's production limit for savings related to the annexation of the Quail Meadows subdivision.

Ordinance No. 73 was adopted in February 1995 to eliminate the District Reserve and allocate the remaining water equally among the eight jurisdictions. Of the original 50 acre-feet that was allocated to the District Reserve, 34.72 acre-feet remained and was distributed equally (4.34 acre-feet) among the jurisdictions.

Ordinance No. 74 was adopted in March 1995 to allow the reinvestment of toilet retrofit water savings on single-family residential properties. The reinvested retrofit credits must be repaid by the jurisdiction from the next available water allocation and are limited to a maximum of 10 acre-feet. This ordinance sunset in July 1998.

Ordinance No. 75 was adopted in March 1995 to allow the reinvestment of water saved through toilet retrofits and other permanent water savings methods at publicly owned and operated facilities. Fifteen percent of the savings are set aside to meet the District's long-term water conservation goal and the remainder of the savings are credited to the jurisdictions allocation. This ordinance sunset in July 1998.

Ordinance No. 83 was adopted in April 1996 and set Cal-Am's annual production limit at **17,621** acre-feet and the non-Cal-Am annual production limit at **3,046** acre-feet. The modifications to the production limit were made based on the agreement by non-Cal-Am water users to permanently reduce annual water production from the Carmel Valley Alluvial Aquifer in exchange for water service from Cal-Am. As part of the agreement, fifteen percent of the historical non-Cal-Am production was set aside to meet the District's long-term water conservation goal.

Ordinance No. 87 was adopted in February 1997 as an urgency ordinance establishing a community benefit allocation for the planned expansion of the Community Hospital of the Monterey Peninsula (CHOMP). Specifically, a special reserve allocation of 19.60 acre-feet of production was created exclusively for the benefit of CHOMP. With this new allocation, Cal-Am's annual production limit was increased to **17,641** acre-feet and the non-Cal-Am annual production limit remained at **3,046** acre-feet.

Ordinance No. 90 was adopted in June 1998 to continue the program allowing the reinvestment of toilet retrofit water savings on single-family residential properties for 90-days following the expiration of Ordinance No. 74. This ordinance sunset in September 1998.

Ordinance No. 91 was adopted in June 1998 to continue the program allowing the reinvestment of water saved through toilet retrofits and other permanent water savings methods at publicly owned and operated facilities.

Ordinance No. 90 and No. 91 were challenged for compliance with CEQA and nullified by the Monterey Superior Court in December 1998.

Ordinance No. 109 was adopted on May 27, 2004, revised Rule 23.5 and adopted additional provisions to facilitate the financing and expansion of the CAWD/PBCSD Recycled Water Project.

Ordinance No. 132 was adopted on January 24, 2008, established a Water Entitlement for Sand City and amended the rules to reflect the process for issuing Water Use Permits.

Ordinance No. 165 was adopted on August 17, 2015, established a Water Entitlement for Malpaso Water Company and amended the rules to reflect the process for issuing Water Use Permits.

Ordinance No. 166 was adopted on December 15, 2015, established a Water Entitlement for D.B.O. Development No. 30.

Ordinance No. 168 was adopted on January 27, 2016, established a Water Entitlement for the City of Pacific Grove.

Resolution 2024-13 was adopted October 21, 2024, to authorize the use of the District Reserve Allocation to permit unpermitted water fixtures found on final inspection, to suspend specific rules through September 2025, and to not collect the Capacity Fee or administrative fees for staff and legal time needed to close certain open Water Permits.

Ordinance No. 197 was adopted January 27, 2025, to allocate water from Pure Water Monterey.

ITEM: INFORMATIONAL ITEM/STAFF REPORT

18. WATER EFFICIENCY PROGRAM REPORT

Meeting Date:	**November 17, 2025**	**Budgeted:**	**N/A**
From:	**David J. Stoldt, General Manager**	**Program/ Line Item No.**	**N/A**
Prepared By:	**Kyle Smith**	**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.

The following information reflects activities undertaken by the Water Demand Division during the month of ***October 2025****.*

I. MANDATORY WATER CONSERVATION RETROFIT PROGRAM

District Regulation XIV requires the retrofit of water fixtures upon Change of Ownership[1] or Use with High Efficiency Toilets (HET) (1.28 gallons-per-flush), 2.0 gallons-per-minute (gpm) Showerheads, 1.2 gpm Washbasin faucets, 1.8 gpm Kitchen Sink, Utility Sink, and Bar Sink faucets, and Rain Sensors on all automatic Irrigation Systems. Property owners must certify the Site meets the District's water efficiency standards by submitting a Water Conservation Certification Form (WCC) and a self-certification form. A Site inspection is occasionally conducted to verify compliance. Properties that do not require an inspection are issued a Conservation Certification.

A. Changes of Ownership

Information is obtained monthly from *Realquest.com* on properties transferring ownership within the District. The information is compared against the properties that have submitted WCCs. Details on **99** property transfers that occurred were added to the database.

B. Certification

The District received **65** Water Conservation Certification Forms. Data on ownership, transfer date, and status of water efficiency standard compliance were entered into the database.

C. Verification

39 properties were verified compliant with Rule 144 (Retrofit Upon Change of Ownership or Use). Of the **39** verifications, **9** properties verified compliance by submitting certification forms and/or receipts. District staff completed **51** Site inspections. Of the **51** properties visited, **30 (60%)** passed.

[1] Capitalized terms are defined in MPWMD Rule 11, Definitions.

D. Non-Residential Compliance with Water Efficiency Standards
By January 1, 2014, all Non-Residential properties were required to meet Rule 143, Water Efficiency Standards for Existing Non-Residential Uses. District inspectors performed **no** verification inspections.

As part of the Non-Residential compliance effort, MPWMD notifies California American Water (Cal-Am) of properties with landscaping. Cal-Am staff then schedule an outdoor audit to verify compliance with the Rate Best Management Practices (BMPs). (Compliance with MPWMD's Rule 143 achieves Rate BMP compliance for indoor water uses.) Properties with landscaping must comply with Cal-Am's outdoor Rate BMPs to avoid rates in Division 4 (customers that are not in compliance with Rate BMPs). Rate BMPs are used to determine the appropriate Non-Residential rate division for each customer (there are four different rates based on the amount of irrigated area and compliance/noncompliance with the Rate BMPs).

MPWMD referred **no** property to Cal-Am for verification of outdoor Rate BMPs.

E. Water Waste Enforcement
The District has a Water Waste Hotline 831-658-5653 or an online form to report Water Waste occurrences at www.mpwmd.net or www.montereywaterinfo.org. There were **five** Water Waste responses during the past month. There was **no** repeated incident that resulted in a fine.

II. WATER DEMAND MANAGEMENT

A. Permit Processing
District Rule 23 requires a Water Permit application for all properties that propose to expand or modify water use on a Site, including New Construction and Remodels. District staff processed and issued **61** Water Permits. **Nine** permits were issued using Water Entitlements (Pebble Beach Company, Malpaso Water, Sand City, etc.). **No** permits involved a debit to a Public Water Credit account. **Eight,** meter enlargement permits, and **six** hydrant meter permits were issued.

District Rule 24-3-A allows the addition of a second Bathroom in an existing Dwelling Unit that has only one Bathroom. Of the **61** Water Permits issued, **one** were issued under this provision.

B. Permit Compliance
Staff completed **44** site inspections for current permit compliance during October. **Thirty-three** properties passed the interior inspection, and **seven** properties failed due to unpermitted fixtures. **Three** properties were inspected to complete a Landscape Water Permit and passed.

C. Close the "Open" Permits (Amnesty) Project
All open permit letters have been sent by October. **Six** properties were inspected to close open permits. **Three** of the **six** inspected passed and **three** failed. In October, **one** permit was amended using the District Reserve. Other previously noncompliant permits were

amended under the conditions of the program to close the permits. A final report on the project will be presented at the October Board meeting.

D. Notary Services
District staff provided Notary services for **42** customers.

E. Rebates
The District processes rebate applications to ensure that only voluntary replacement of higher efficiency devices receive rebates. The comprehensive list of available rebates can be found in Rule 141. Monthly statistics are shown on the following page.

III. Outreach and Events

The Water Demand Division was not involved in any events during the month of October.

EXHIBIT
18-A Rebate Report for October 2025

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EXHIBIT 18-A

	REBATE PROGRAM SUMMARY	October-2025				2025 YTD			
I.	Application Summary								
A.	Applications Received	73				655			
B.	Applications Approved	56				535			
C.	Single Family Applications	55				528			
D.	Multi-Family Applications	1				7			
E.	Non-Residential Applications	0				0			
II.	Type of Devices Rebated	Number of Devices	Rebate Paid	Estimated AF	Gallons Saved	Year to Date Number	Year to Date Paid		
A.	High Efficiency Toilet (HET)	4	$300.00	0.020000	6,517	55	$4,275.00		
B.	Ultra HET			0.000000	0	7	$875.00		
C.	Toilet Flapper			0.000000	0	7	$97.40		
D.	High Efficiency Dishwasher	10	$1,250.00	0.030000	9,776	96	$12,000.00		
E.	High Efficiency Clothes Washer - Res	16	$8,000.00	0.257600	83,939	231	$115,296.56		
F.	High Efficiency Clothes Washer - Com			0.000000	0	0	$0.00		
G.	Instant-Access Hot Water System	1	$200.00	0.005000	1,629	9	$1,800.00		
H.	Zero Use Urinals			0.000000	0	0	$0.00		
I.	Pint Urinals			0.000000	0	0	$0.00		
J.	Cisterns			0.000000	0	4	$245.00		
K.	Smart Controllers	1	$120.00	0.000000	0	10	$1,260.00		
L.	Rotating Sprinkler Nozzles			0.000000	0	0	$0.00		
M.	Moisture Sensors			0.000000	0	0	$0.00		
N.	Lawn Removal & Replacement			0.000000	0	0	$0.00		
O.	Graywater			0.000000	0	0	$0.00		
P.	Other - Smart Flowmeter	24	$4,800.00	0.000000	0	134	$27,211.73		
Q.	Smart Toilet Leak Detectors			0.000000	0	0	$0.00		
III.	TOTALS	56	$14,670.00	0.312600	101,861	553	$163,060.69		

IV. TOTALS Since 1997 — Paid Since 1997: $ 6,521,816 — 253.0 Acre-Feet Saved Since 1997 (from quantifiable retrofits)

ITEM: INFORMATIONAL ITEM/STAFF REPORT

19. CARMEL RIVER FISHERY REPORT FOR OCTOBER 2025

Meeting Date:	**November 17, 2025**	**Budgeted:**	**N/A**
From:	**David J. Stoldt,** **General Manager**	**Program/** **Line Item No.:**	**N/A**
Prepared By:	**Cory Hamilton**	**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.

AQUATIC HABITAT AND FLOW CONDITIONS: During October, a couple of small rain events increased base flows to the Carmel River. This caused the river to start rewetting approximately 2 miles of intermittent and dry area. The mainstem river is still intermittent from the Palo Corona reach to just below the Rancho San Carlos area. The lagoon mouth was closed for the entire month (see graphic below). Rearing conditions were adequate in the upper river and are improving in the lower river. Los Padres Reservoir stopped spilling on June 13, 2025 and we began using storage to meet flow requirements. The water surface elevation at the end of the month was 1015.53 feet. Flow out of the reservoir at the end of the month was 5.1 cfs.

October's streamflow at the Sleepy Hollow Weir gaging station ranged from 4.1 to 7.0 cfs (mean 5.45 cfs), while flows at the Highway 1 gage ranged from 0.9 to 0 cfs (mean 0.04 cfs).

There was 1.11 inches of measurable rainfall in October as recorded at the San Clemente gauge. The total rainfall for Water Year (WY) 2026 (which started October 1, 2025) is 1.11 inches., which is 150% of normal to date.

FISH RESCUE: On May 16, 2025, District staff started fish rescues due to drying conditions in the tributaries. On June 27, 2025, staff started conducting fish rescues in the mainstem Carmel River, impacted areas include the Crossroads area to the Shulte Bridge area, as well as the Trail and Saddle club area, for a total of approximately 5 miles. As of the end of October, a total of 7,470 fish have been rescued (6,475 YOY, 968 1+ year olds, 3 adult kelt and 24 mortalities). Fish are being released and tagged this season in a variety of locations in order to track which produces the best return rates (part of the Rescue and Rearing Management Plan's release strategy). These release areas are the lagoon, perineal waters of the mainstem and the Sleepy Hollow Steelhead Rearing Facility.

CARMEL RIVER LAGOON: In October, the lagoon's Water Surface Elevation (WSE) ranged from approximately 6.6 to 9.0 feet (NGVD 1988) (see graph below). Water quality depth-profiles were conducted at five sites on October 28, 2025, while the lagoon mouth was closed, water surface elevation was 8.75 feet at the time of sampling, and river inflow was approximately 0 cfs. The north arm of the lagoon was disconnected from the main lagoon with intermittent pools. Lagoon stratification was observed at about 0.5 meters depth at all sites. Salinity levels ranged from 10.5-23.5 parts per thousand (ppt), throughout the lagoon. Water temperatures ranged from 57.5-64.7 degrees Fahrenheit, and dissolved oxygen (DO) levels ranged from 1.31-19.1 mg/l.

ITEM: INFORMATIONAL ITEM/STAFF REPORT

20. MONTHLY WATER SUPPLY AND CALIFORNIA AMERICAN WATER PRODUCTION REPORT

Meeting Date:	**November 17, 2025**	**Budgeted:**	**N/A**
From:	**David J. Stoldt,** **General Manager**	**Program/** **Line Item No.:**	**N/A**
Prepared By:	**Jonathan Lear**	**Cost Estimate:**	**N/A**

General Counsel Review: N/A
Committee Recommendation: N/A
CEQA Compliance: Exempt from environmental review per SWRCB Order Nos. 95-10 and 2016-0016, and the Seaside Basin Groundwater Basin adjudication decision, as amended and Section 15268 of the California Environmental Quality Act (CEQA) Guidelines, as a ministerial project; Exempt from Section 15307, Actions by Regulatory Agencies for Protection of Natural Resources.

Exhibit 20-A shows the water supply status for the Monterey Peninsula Water Resources System (MPWRS) as of **November 1, 2025**. This system includes the surface water resources in the Carmel River Basin, the groundwater resources in the Carmel Valley Alluvial Aquifer and the Seaside Groundwater Basin. **Exhibit 20-A** is for Water Year (WY) 2025 and focuses on three factors: rainfall, runoff, and storage. The rainfall and Streamflow values are based on measurements in the upper Carmel River Basin at Sleepy Hollow Weir.

Water Supply Status: Rainfall through **November** 2025 totaled **1.11 inches** and brings the cumulative rainfall total for WY 2026 to **1.11 inches,** which is **149%** of the long-term average through **October**. Estimated unimpaired runoff through **October** totaled **335 acre-feet (AF)** and brings the cumulative runoff total for WY 2026 to **335 AF,** which is **84%** of the long-term average through **October**. Usable storage for the MRWPRS was **30,560 acre-feet**, which is **111%** of average through **October,** and equates to **92**% of system capacity.

Production Compliance: Under State Water Resources Control Board (SWRCB) Cease and Desist Order No. 2016-0016 (CDO), California American Water (Cal-Am) is allowed to produce no more than 3,376 AF of water from the Carmel River in WY 2026. Through **October**, using the CDO accounting method, Cal-Am has produced **232 AF** from the Carmel River (excluding **0 AF** of Table 13 and **7 AF** of Mal Paso.) In addition, under the Seaside Basin Decision, Cal-Am is allowed to produce 1,474 AF of water from the Coastal Subareas and 0 AF from the Laguna Seca Subarea of the Seaside Basin in WY 2026. Through **October**, Cal-Am has produced **124 AF** from the Seaside Groundwater Basin. Through **October**, **0 AF** of Carmel River Basin groundwater have been diverted for Seaside Basin injection; **0 AF** have been recovered for customer use, **0 AF** have been diverted under Table 13 water rights, and **413 AF** of Pure Water Monterey recovered. Cal-Am has produced **790 AF** for customer use from all sources through **October**. **Exhibit 20-B** shows production by source. Some of the values in this report may be revised in the future as Cal-Am finalizes their production values and monitoring data.

EXHIBITS
20-A Water Supply Status: **Nov 1, 2025**
20-B Monthly Cal-Am production by source: WY 2025

EXHIBIT 20-A

Monterey Peninsula Water Management District
Water Supply Status
November 1, 2025

Factor	Oct 2025	Average To Date	Percent of Average	Oct 2024
Rainfall (Inches)	1.11	0.75	149%	0.00
Runoff (Acre-Feet)	335	401	84%	528
Storage [5] (Acre-Feet)	30,560	27,540	111%	30,910

Notes:

1. Rainfall and runoff estimates are based on measurements at San Clemente Dam. Annual rainfall and runoff at Sleepy Hollow Weir average 21.22 inches and 67,246 acre-feet, respectively. Annual values are based on the water year that runs from October 1 to September 30 of the following calendar year. The rainfall and runoff averages at the Sleepy Hollow Weir site are based on records for the 1922-2024 and 1902-2024 periods respectively.

2. The rainfall and runoff totals are based on measurements through the dates referenced in the table.

3. Storage estimates refer to usable storage in the Monterey Peninsula Water Resources System (MPWRS) that includes surface water in Los Padres and San Clemente Reservoirs and ground water in the Carmel Valley Alluvial Aquifer and in the Coastal Subareas of the Seaside Groundwater Basin. The storage averages are end-of-month values and are based on records for the 1989-2025 period. The storage estimates are end-of-month values for the dates referenced in the table.

4. The maximum storage capacity for the MPWRS is currently 33,130 acre-feet.

EXHIBIT 20-B

Production vs. CDO and Adjudication to Date: WY 2026

(All values in Acre-Feet)

	MPWRS					Water Projects and Rights				
	Carmel River Basin [2, 6]	Seaside Groundwater Basin			MPWRS Total					Water Projects and Rights Total
Year-to-Date Values		Coastal	Laguna Seca	Ajudication Compliance		ASR Recovery	PWM Recovery	Table 13 [7]	Sand City [3]	
Target	320	183	0	183	**503**	0	330	0	25	**355**
Actual [4]	232	115	9	124	**357**	0	413	0	14	**427**
Difference	88	68	-9	59	**147**	0	-83	0	11	**-72**
WY 2025 Actual	296	151	99	250	**546**	0	270	0	28	**297**

1. This table is current through the date of this report.
2. For CDO compliance, ASR, Mal Paso, and Table 13 diversions are included in River production per State Board.
3. Sand City Desal, Table 13, and ASR recovery are also tracked as water resources projects.
4. To date, 0 AF and 0 AF have been produced from the River for ASR and Table 13 respectively.
5. All values are rounded to the nearest Acre-Foot.
6. For CDO Tracking Purposes, ASR production for injection is capped at 600 AFY.
7. Table 13 diversions are reported under water rights but counted as production from the River for CDO tracking.

Monthly Production from all Sources for Customer Service: WY 2026

(All values in Acre-Feet)

	Carmel River Basin	Table 13	Mal Paso	Seaside Basin	ASR Recovery	PWM Recovery	Sand City	Total
Oct-25	232	0	7	124	0	413	14	790
Nov-25								
Dec-25								
Jan-26								
Feb-26								
Mar-26								
Apr-26								
May-26								
Jun-26								
Jul-26								
Aug-26								
Sep-26								
Total	**232**	**0**	**7**	**124**	**0**	**413**	**14**	**790**
WY 2025	**296**	**0**	**9**	**250**	**0**	**270**	**28**	**852**

1. This table is produced as a proxy for customer demand.
2. Numbers are provisional and are subject to update.

Supplement to November 17, 2025
MPWMD Board Packet

The letter dated **October 30, 2025**, was sent to the Board and is included in the meeting packet under the section titled "**Letters Received and Sent**". A summary of the correspondence is provided in the table below for reference:

Author	Addressee	Date	Topic
Janet Ash	MPWMD	10/30/25	Letter of Support for Modifications to the Cease-and-Desist Order WR 2016-0016

Monterey Peninsula Unified School District

PK Diffenbaugh, Superintendent
700 Pacific Street, Monterey, CA 93940
Phone: 831.645.1204

October 30, 2025

Dr. Juliet Christian-Smith, Deputy Director Water Rights
State Water Resources Control Board
1001 I Street,
Sacramento CA 95814

RE: Letter of Support for Modifications to the Cease-and-Desist Order WR 2016-0016

Dear Dr. Christian-Smith:

As Superintendent of Monterey Peninsula Unified School District, I respectfully request the State Water Board to modify the Cease-and-Desist Order (CDO) to allow the Monterey Peninsula to experience an increase in much-needed housing and economic development.

The Pure Water Monterey project, which came online in 2021, coupled with the Monterey Peninsula's longstanding commitment to water-wise conservation strategies for both commercial and residential water consumption, has resulted in California American Water (Cal-Am) not exceeding the legal amount of water available from the Carmel River for the past four years. With the Pure Water Monterey Expansion project now online, there is no threat of Cal-Am exceeding the legal water right limits on the Carmel River in the foreseeable future. This was confirmed by the California Public Utilities Commission (CPUC) in a decision adopted on August 14th, 2025.

The current moratorium on new connections was put in place by the CPUC in response to the 2009 Order WR 2009-0060 by the State Board. This restriction on setting any new water meters in the service area could be lifted if the State Board were able to rescind Condition 2 of the CDO.

Our communities and vested stakeholders are eager to start fulfilling the Regional Housing Needs Allocation (RHNA) in order to have more affordable housing options for local workforce employees. Working to align business and housing element interests for the benefit of our members is a win for all communities on the Monterey Peninsula.

As Superintendent of Monterey Peninsula Unified School District, I encourage you and the State Water Board members to modify the Cease-and-Desist Order to allow our area the opportunity to have some independence in developing projects that work for our residents and businesses.

Sincerely,

PK Diffenbaugh
Superintendent