

## **RESOLUTION NO. 2317**

### **RESOLUTION OF THE BOARD OF DIRECTORS OF THE MONTECITO WATER DISTRICT ADOPTING FISCAL YEAR 2025-26 BUDGET AMENDMENT NO. 1**

**WHEREAS**, the Montecito Water District (“District”) is a County Water District organized and existing under and by virtue of Water Code §§30000 – 33901; and

**WHEREAS**, the District manages water resources to deliver a safe and reliable supply of high-quality water to over 4,660 residential, commercial, institutional, agricultural and non-potable customers in the Montecito and Summerland communities; and

**WHEREAS**, the District prepares and adopts an annual budget that provides a financial plan to assist with the implementation of the District’s necessary programs, projects and work plan for the fiscal year; and

**WHEREAS**, on June 24, 2025, the District Board of Directors adopted the Fiscal Year (FY) 2025-26 Budget, covering the period from July 1, 2025, through June 30, 2026, which identifies expenses required for operations, maintenance, capital improvements, debt service, prudent reserve, and other District needs, along with the revenues necessary to fund those expenses; and

**WHEREAS**, the adopted FY 2025-26 Budget includes extraordinary revenues in the amount of approximately \$5.1M to reflect anticipated reimbursements from the Federal Emergency Management Agency (FEMA) for the 2023 Juncal Pipeline Repair Project, which involved repairs to pipeline infrastructure damaged during the January 2023 storms; and

**WHEREAS**, in September 2025, the District received reimbursement of eligible project costs in the amount of approximately \$4.4M, the remaining being held by FEMA as retention pending project closeout, expected during FY 2025-26; and

**WHEREAS**, based on auditor recommendations and in accordance with generally accepted accounting principles, these revenues have been recognized in FY 2024-25, because the reimbursement work was completed and paid for during the fiscal year; and

**WHEREAS**, the Board of Directors now desires to amend its FY 2025-26 Budget to adjust revenue assumptions accordingly and reflect recognition of the reimbursement in the prior fiscal year.

**NOW THEREFORE BE IT RESOLVED** by the Board of Directors of Montecito Water District as follows:

1. FY 2025-26 Budget Amendment No.1, attached hereto as *Attachment A*, is hereby adopted, reducing Special Items revenue by \$4,466,209.56.
2. Authorize the General Manager to take all actions and execute all documents which may be necessary or appropriate to give effect to this resolution.

3. Except as specifically amended herein, all provisions of the FY 2025-26 Budget, as adopted in Resolution No. 2309, shall remain in full force and effect.

**PASSED AND ADOPTED** by the Board of Directors of the Montecito Water District this 18<sup>th</sup> day of November 2025 by the following roll call vote:

AYES: Coates, Goebel, Hayman, Plough, Wicks

NOES:

ABSENT:

ABSTAIN:

APPROVED:

  
Kenneth Coates, Board President

ATTEST:

  
Nicholas Turner, Board Secretary

**ATTACHMENT "A"**  
**TO**  
**RESOLUTION NO. 2317**  
**FISCAL YEAR 2025-26 BUDGET AMENDMENT NO. 1**

**Revision No. 1**  
**to Fiscal Year 25-26 Budget**

**MONTECITO WATER DISTRICT**  
**FISCAL YEAR ENDING JUNE 30, 2026**  
**BUDGET SUMMARY**

	<b>FY 25-26</b>	<b>FY 25-26</b>
	<b>BUDGET</b>	<b>BUDGET</b>
	<b>ADOPTED</b>	<b>PROPOSED</b>
<b>Operating Revenue</b>		
Water Sales - Customer Classes	19,634,432	19,634,432
Water Sales - Construction	75,000	75,000
Water Sales - Surplus SWP Sales	600,000	600,000
Water Loss Adjustments	(100,000)	(100,000)
Water Conservation Rebates	(40,000)	(40,000)
Customer Credits (Fee Reversals, Misread rebills)	-	-
<b>Total Water Sales</b>	<b>20,169,432</b>	<b>20,169,432</b>
Monthly Meter Charges	6,558,499	6,558,499
Water Availability Charge (WAC)	300,000	300,000
Private Fire Line Srv Charge	304,189	304,189
Other Operating Revenues	114,000	114,000
<b>Total Operating Revenue</b>	<b>27,446,120</b>	<b>27,446,120</b>
<b>Operating Expenses</b>		
<b>Source of Supply-Water Purchases</b>		
Cachuma Lake	1,226,611	1,226,611
Cater Water Treatment Plant	860,452	860,452
State Water Project (SWP)	4,465,692	4,465,692
WSA Water Purchase (DESAL)	7,388,663	7,388,663
Supplemental Water Purchases	-	-
Water Marketing & Storage (Semitropic/Westwater)	104,705	104,705
<b>Total Source of Supply-Water Purchases</b>	<b>14,046,123</b>	<b>14,046,123</b>
<b>MWD Direct expenses</b>		
Jameson Lake	385,458	385,458
Water Treatment	2,298,679	2,298,679
Transmission and Distribution	2,201,931	2,201,931
<b>Total MWD Direct Expenses</b>	<b>4,886,069</b>	<b>4,886,069</b>
<b>Total Direct Expenses</b>	<b>18,932,192</b>	<b>18,932,192</b>
<b>MWD Indirect Expenses</b>		
Customer Services	646,465	646,465
Conservation	331,473	331,473
Fleet	311,898	311,898
Engineering	1,532,373	1,532,373
Administration	2,439,296	2,439,296
Legal	288,000	288,000
Public Information	266,611	266,611
Extraordinary Expense	-	-
General & Administrative	5,169,650	5,169,650
<b>Total Indirect Expenses</b>	<b>5,816,115</b>	<b>5,816,115</b>
<b>Total Operating Expenses</b>	<b>24,748,306</b>	<b>24,748,306</b>

**Revision No. 1**  
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**MONTECITO WATER DISTRICT**  
**FISCAL YEAR ENDING JUNE 30, 2026**  
**BUDGET SUMMARY**

	FY 25-26	FY 25-26
	BUDGET	BUDGET
	ADOPTED	PROPOSED
<b>Operating Income before Depreciation Expense</b>	<b>2,697,814</b>	<b>2,697,814</b>
Depreciation Expense	2,128,651	2,128,651
<b>OPERATING SURPLUS / (DEFICIT)</b>	<b>569,163</b>	<b>569,163</b>
<b>Non-Operating Revenues:</b>		
Rental Revenue	95,845	95,845
Investment Earnings	320,000	320,000
Other Non-Operating Revenues	143,845	143,845
<b>Total Non-Operating Revenues</b>	<b>559,690</b>	<b>559,690</b>
<b>Non-Operating Expenses:</b>		
Interest Expense - 2020 COP Refunding Bonds	8,334	8,334
Interest Expense - Cater Loans	59,482	59,482
Groundwater Sustainability Fee Payment	136,916	136,916
<b>Total Non-Operating Expenses:</b>	<b>204,732</b>	<b>204,732</b>
<b>Non-Operating Income (Loss)</b>	<b>354,958</b>	<b>354,958</b>
<b>Net Position</b>		
<b>Change in Net Position before Capital Contributions</b>	<b>924,121</b>	<b>924,121</b>
<b>Capital Contributions</b>		
Capital cost recovery fees	300,000	300,000
Connection fees	100,000	100,000
Capital Grants & Other Reimbursements	3,039,800	3,039,800
<b>Total Capital Contributions</b>	<b>3,439,800</b>	<b>3,439,800</b>
<b>Change in Net Position before Special Items</b>	<b>4,363,921</b>	<b>4,363,921</b>
<b>Special Items</b>		
FEMA reimbursements	5,372,355	906,146
<b>Total Special Items</b>	<b>5,372,355</b>	<b>906,146</b>
<b>Change in Net Postion</b>	<b>9,736,276</b>	<b>5,270,067</b>
<b>Total Revenues</b>	<b>36,817,966</b>	<b>32,351,756</b>
<b>Total Expenditures</b>	<b>27,081,690</b>	<b>27,081,690</b>
<b>Surplus before Debt and Capital</b>	<b>9,736,276</b>	<b>5,270,067</b>
<b>Net Position-Beginning</b>	<b>58,870,389</b>	<b>63,336,598</b>
<b>Net Position-End</b>	<b>68,606,665</b>	<b>68,606,665</b>
<b>Debt Service</b>		
Principal - 2003 Cater DWR Loan (SRF)	-	-
Principal - 2011 Cater Ozone Project Loan	216,864	216,864
Principal - 2020 COP Refunding Bonds	1,375,000	1,375,000
<b>Total Debt Service</b>	<b>1,591,864</b>	<b>1,591,864</b>

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**MONTECITO WATER DISTRICT**  
**FISCAL YEAR ENDING JUNE 30, 2026**  
**BUDGET SUMMARY**

	<b>FY 25-26</b>	<b>FY 25-26</b>
	<b>BUDGET</b>	<b>BUDGET</b>
	<b>ADOPTED</b>	<b>PROPOSED</b>
<b>Capital &amp; Equipment</b>		
Vehicles & Equipment	240,000	240,000
Pipelines	2,900,000	2,900,000
Reservoirs	8,783,500	8,783,500
Pumping/Wells/Valves/Treatment Plant	830,000	830,000
Other Projects	455,000	455,000
Extraordinary Projects	425,000	425,000
Capital Improvement Program	13,393,500	13,393,500
<b>Net Capital &amp; Equipment Expenditures</b>	<b>13,633,500</b>	<b>13,633,500</b>
<b>Total OutFlows: Expenditures, Debt &amp; Capital Expenditures</b>	<b>42,307,053</b>	<b>42,307,053</b>
<b>Remove Non-Cash Activity</b>		
Bond Interest Amortization	288,666	288,666
Inventory Disbursements	(86,344)	(86,344)
Depreciation Expense	(2,128,651)	(2,128,651)
<b>Total Non-Cash Activity</b>	<b>(1,926,329)</b>	<b>(1,926,329)</b>
<b>Total OutFlows less Non-Cash Activity</b>	<b>40,380,724</b>	<b>40,380,724</b>
<b>Total Revenues</b>	<b>36,817,966</b>	<b>32,351,756</b>
<b>Cash Impact before Transfers</b>	<b>(3,562,758)</b>	<b>(8,028,968)</b>
Transfers In	3,562,758	8,028,967
Transfers Out	-	-
<b>MWD CASH IMPACT</b>	<b>-</b>	<b>-</b>