

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 18th 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

**FY 25-26
BUDGET
ADOPTED**

**FY 25-26
BUDGET
PROPOSED**

Operating Revenue		
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)	-	-
Total Water Sales	20,169,432	20,169,432
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
Total Operating Revenue	27,446,120	27,446,120
Operating Expenses		
Source of Supply-Water Purchases		
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
Total Source of Supply-Water Purchases	14,046,123	14,046,123
MWD Direct expenses		
Jameson Lake	385,458	385,458
Water Treatment	2,298,679	2,298,679
Transmission and Distribution	2,201,931	2,201,931
Total MWD Direct Expenses	4,886,069	4,886,069
Total Direct Expenses	18,932,192	18,932,192
MWD Indirect Expenses		
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
Total Indirect Expenses	5,816,115	5,816,115
Total Operating Expenses	24,748,306	24,748,306

Revision No. 1
to Fiscal Year 25-26 Budget

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

BUDGET SUMMARY

	FY 25-26 BUDGET ADOPTED	FY 25-26 BUDGET PROPOSED
Operating Income before Depreciation Expense	2,697,814	2,697,814
Depreciation Expense	2,128,651	2,128,651
OPERATING SURPLUS / (DEFICIT)	569,163	569,163
Non-Operating Revenues:		
Rental Revenue	95,845	95,845
Investment Earnings	320,000	320,000
Other Non-Operating Revenues	143,845	143,845
Total Non-Operating Revenues	559,690	559,690
Non-Operating Expenses:		
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
Total Non-Operating Expenses:	204,732	204,732
Non-Operating Income (Loss)	354,958	354,958
Net Position		
Change in Net Position before Capital Contributions	924,121	924,121
Capital Contributions		
Capital cost recovery fees	300,000	300,000
Connection fees	100,000	100,000
Capital Grants & Other Reimbursements	3,039,800	3,039,800
Total Capital Contributions	3,439,800	3,439,800
Change in Net Position before Special Items	4,363,921	4,363,921
Special Items		
FEMA reimbursements	5,372,355	906,146
Total Special Items	5,372,355	906,146
Change in Net Postion	9,736,276	5,270,067
Total Revenues	36,817,966	32,351,756
Total Expenditures	27,081,690	27,081,690
Surplus before Debt and Capital	9,736,276	5,270,067
Net Position-Beginning	58,870,389	63,336,598
Net Position-End	68,606,665	68,606,665
Debt Service		
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
Total Debt Service	1,591,864	1,591,864

Revision No. 1
to Fiscal Year 25-26 Budget

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

BUDGET SUMMARY

	FY 25-26 BUDGET ADOPTED	FY 25-26 BUDGET PROPOSED
Capital & Equipment		
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
Net Capital & Equipment Expenditures	13,633,500	13,633,500
Total OutFlows: Expenditures, Debt & Capital Expenditures	42,307,053	42,307,053
Remove Non-Cash Activity		
Bond Interest Amortization	288,666	288,666
Inventory Disbursements	(86,344)	(86,344)
Depreciation Expense	(2,128,651)	(2,128,651)
Total Non-Cash Activity	(1,926,329)	(1,926,329)
Total OutFlows less Non-Cash Activity	40,380,724	40,380,724
Total Revenues	36,817,966	32,351,756
Cash Impact before Transfers	(3,562,758)	(8,028,968)
Transfers In	3,562,758	8,028,967
Transfers Out	-	-
MWD CASH IMPACT	-	-