

BUDGET IN BRIEF



For the Fiscal Year Ending
June 30, 2027

As Adopted by the Board of Directors

DISTRICT AT-A-GLANCE FY 2027

As stewards of the public's money, the District is committed to transparency and accountability. The annual budget process ensures that every dollar received from water rates, property taxes, investment returns, and federal or state grants is used to support the District's mission. All revenue is directed towards ensuring delivery of high-quality drinking water, improving service reliability, strengthening infrastructure, and building long-term resilience for the communities we serve. All operating expenses are carefully accounted for using government approved accounting practices. The year-end results are audited by internal and independent accountants.

TOTAL OPERATING BUDGET

\$27.1 M

TOTAL CAPITAL BUDGET

\$22.3 M

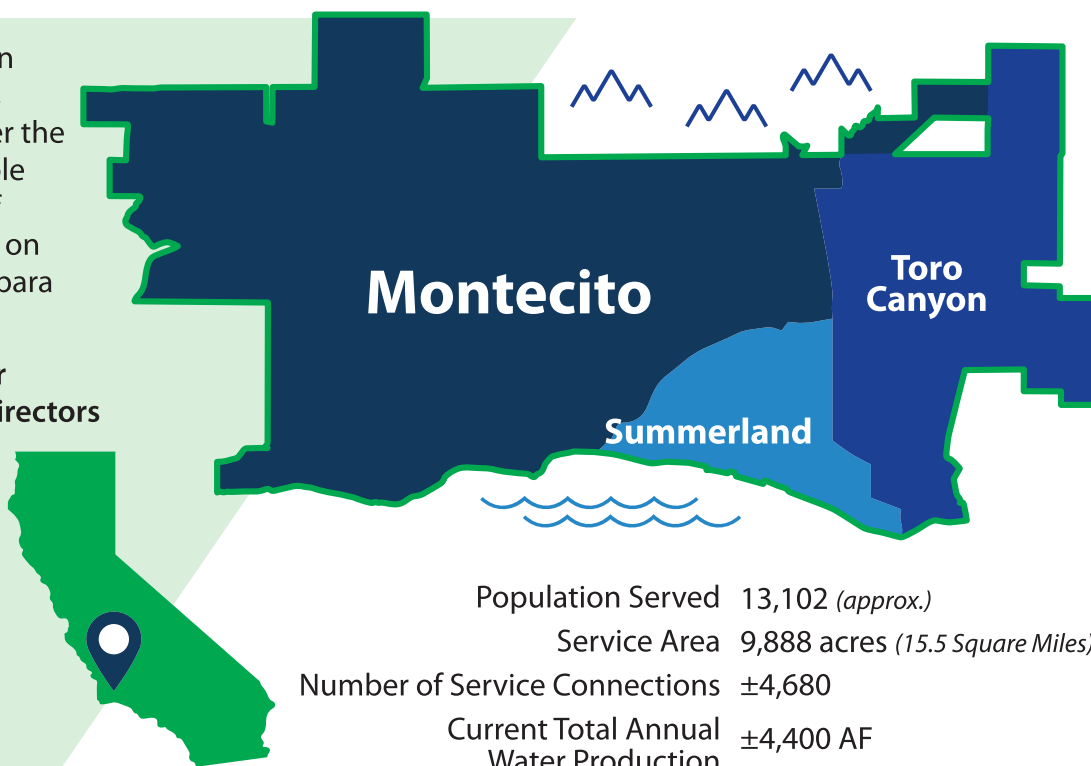
Montecito Water District is an independent special district, organized and existing under the water code, providing potable water to the communities of Montecito and Summerland on the south coast of Santa Barbara County, California.

Governed by a five member publicly elected Board of Directors

Brian Goebel, *President*
Cori Hayman, *Vice President*
Kenneth Coates, *Director*
Tobe Plough, *Director*
Floyd Wicks, *Director*

General Manager and Board Secretary:

Nick Turner, P.E.



THIS BUDGET ALIGNS WITH THE DISTRICT'S STRATEGIC PLAN AND PRIORITIES



Water Supply Reliability
Bolster through additional diversification



Infrastructure Dependability
Enhance through replacement/rehabilitation



Operational Excellence
Improve through planning and investment



Water Policy
Represent the community's unique needs

WATER SUPPLY SUMMARY FY 2027

SOURCES

Diversity of water supplies is a tremendous asset for our community, important for providing resilience and preventing water shortages. Historically water supplies were rainfall dependent and limited in times of drought. As the District prepares for the future, it is increasing its portfolio of local, reliable supplies.



Groundwater Wells

LOCAL SOURCE, SINCE 1921

Montecito Groundwater Basin, managed under the Sustainable Groundwater Management Act.



Jameson Lake & Doulton Tunnel

LOCAL SOURCE, SINCE 1930

District-owned reservoir and conveyance tunnel.



Cachuma Project (Lake Cachuma)

LOCAL SOURCE, SINCE 1958

Federal Bureau of Reclamation entitlement, delivered via the South Coast Conduit.



State Water Project

IMPORTED SOURCE, SINCE 1997

California's Department of Water Resources runs this user-financed water storage and delivery system throughout the State.



Stored Water

NON-LOCAL SUPPLY, SINCE 2017

The District saves surplus wet-year water in Semitropic's Groundwater Storage Bank for later use.



Ocean Desalination

LOCAL SOURCE, SINCE 2022

50-Year Partnership in the City of Santa Barbara's Charles E. Meyer Desalination plant.



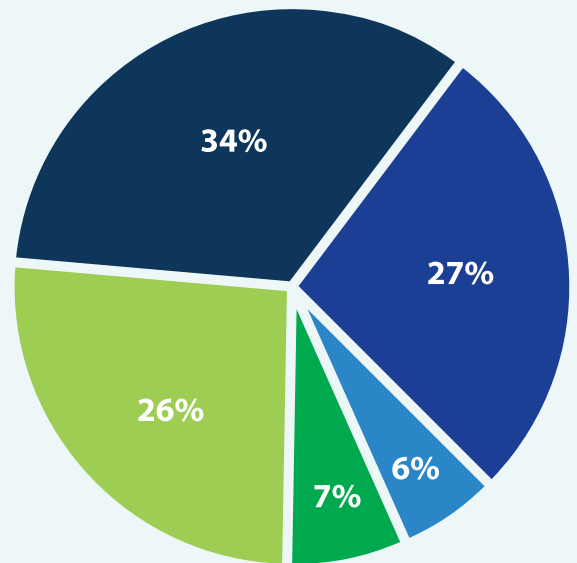
Conservation

LOCAL SOURCE

Not dependent on rainfall. The less water used, the less water needed. Efficient use reduces costs.

PLANNED USE

Having a variety of water sources makes it easier to adapt to changing scenarios. Flexibility is key in facing potential water challenges with certainty.

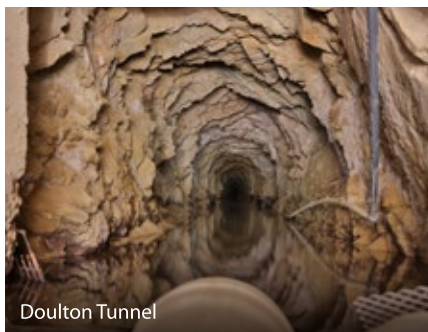


● Ocean Desalination
● Jameson Lake
● Cachuma Project

● Groundwater Wells
● Doulton Tunnel



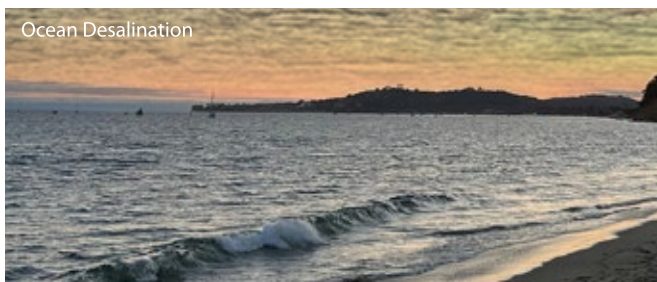
Conservation - Water efficiency



Doulton Tunnel



Groundwater from the Montecito Groundwater Basin



Ocean Desalination



Cachuma Lake

OPERATING BUDGET FY 2027

REVENUES

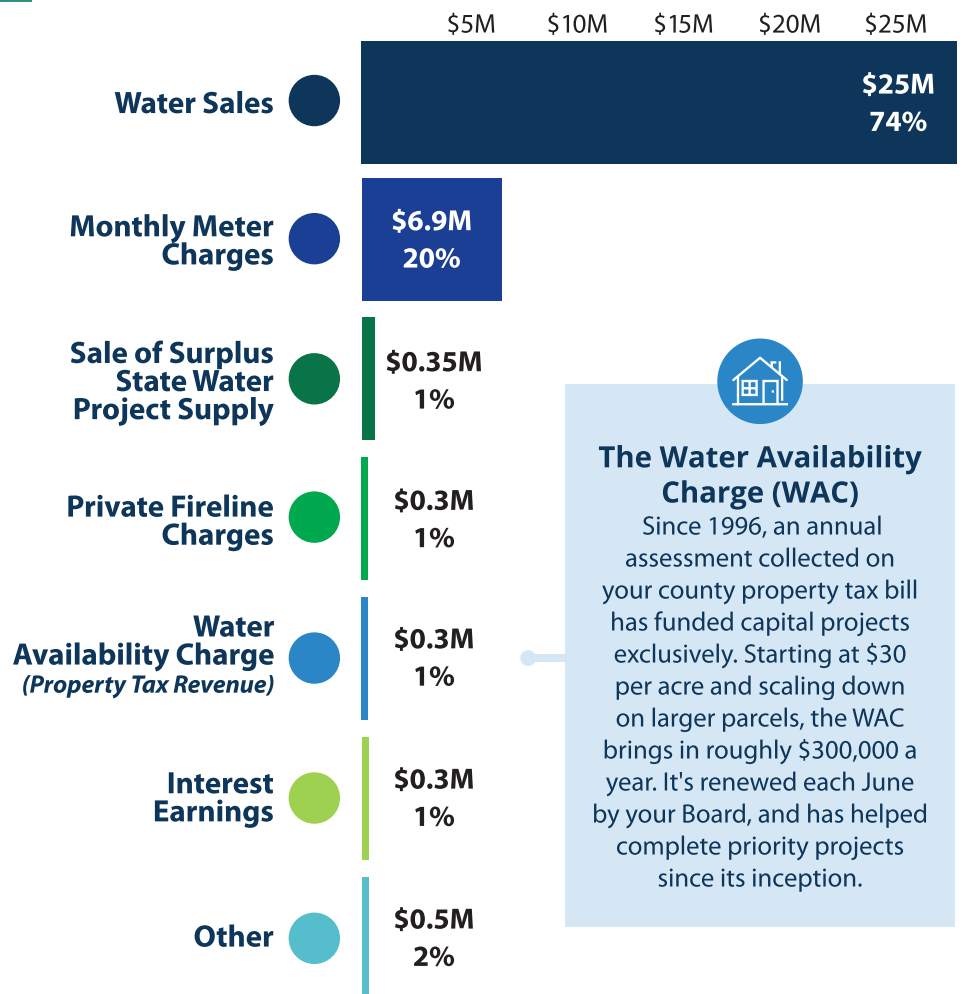
\$29.8M
Total Budgeted
Revenue

Doulton Tunnel will supply
approximately 10% of
annual customer demand.

Jameson Lake will supply
approximately 30% of
annual customer demand.

HOW IS THE DISTRICT'S BUDGET FUNDED?

Montecito Water District receives most of its funding through water sales, monthly meter charges, and a small amount of property tax revenue. The District's revenue is made up of both variable and fixed components, although most of the District's expenses come from fixed costs. Sources of funds for FY 2027 include:



GRANTS & SPECIAL FUNDING OPPORTUNITIES

The District secures funding when it is available for eligible projects. Currently the District's Capital Improvement Program is receiving most of its funding from federal financing in the form of grants and loans (FEMA & ASADRA), not revenues. This reduces the financial burden on our customers while providing for needed infrastructure replacements and improvements.

OPERATING BUDGET FY 2027

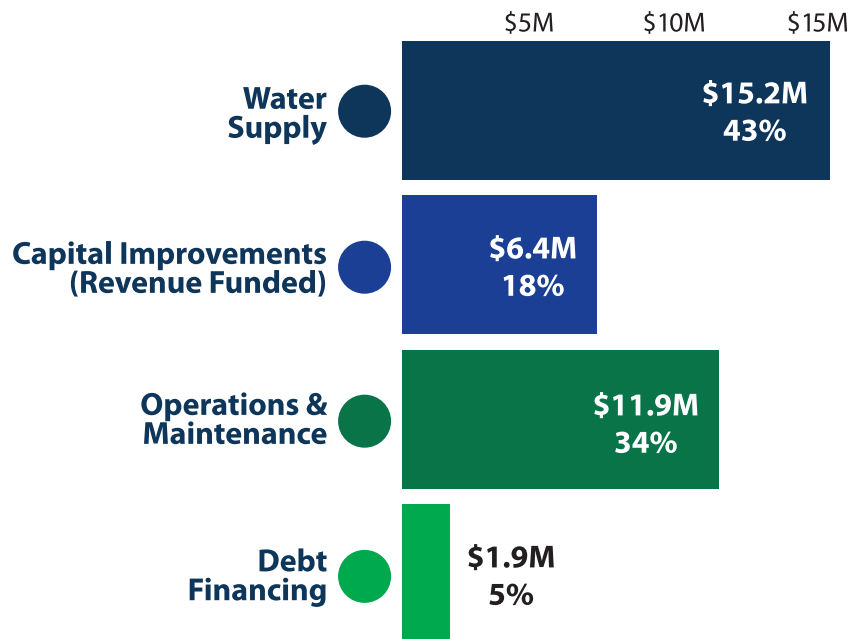
EXPENDITURES

\$27.1M
Total Budgeted
Expenditures



WHAT DOES THE DISTRICT'S BUDGET SUPPORT?

Montecito Water District delivers high quality water all day, every day. While customer use may vary, most of the District's costs are constant. These include water purchases, water treatment, maintenance of the water delivery system, labor and benefits, and debt service.



KEEPING WATER ON TAP 24/7 - 365

Behind every reliable tap is extensive infrastructure requiring constant care. Essential facilities keep water at the ready for the community's wants and needs, including health, safety and fire protection.



2 Surface Water Treatment Plants



9 Storage Reservoirs



114 (approximate) Miles of Pipeline



964 Fire Hydrants



7 Pumping Stations



12 Groundwater Wells



1 Surface Water Reservoir, Dam and Groundwater Conveyance Tunnel

CAPITAL PROGRAM FY 2027 IMPROVEMENTS

INVESTING IN RELIABILITY

Much of the infrastructure that stores, pumps and conveys water to customers was constructed in the 1920's, just after the District was formed. As facilities age and are nearing the end of their useful service life, they require significant upgrades or replacement to ensure a continuous and reliable supply of water.

- Each year, the budget includes projects from the proactive 10-Year Capital Improvement Program, prioritized according to the 2024 Asset Management Plan.
- In some years, capital projects are needed due to unforeseen events like natural disasters.
- Certain vital long-term capital projects are undertaken only when significant funding opportunities come along.

At the moment the District's robust project schedule includes all of the above.



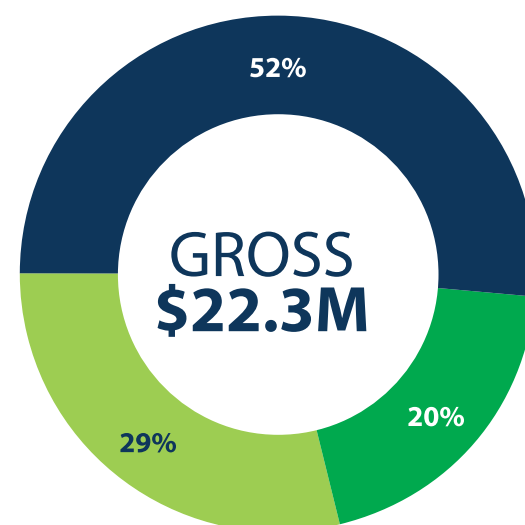
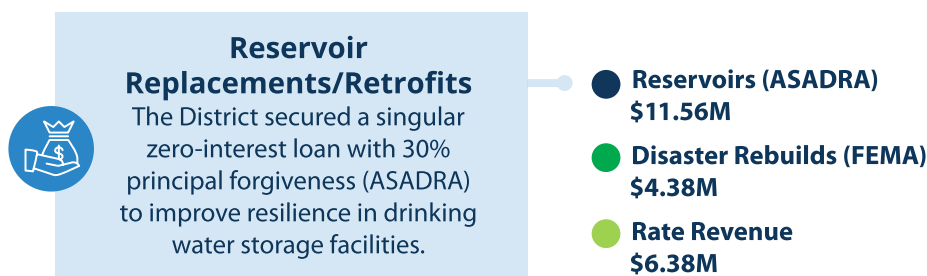
Terminal Reservoir



Bella Vista Treatment Plant

FUNDING FOR INFRASTRUCTURE

The \$22.3 million capital program is funded mostly through grants and loans. Only 29% comes from rates.



TOP 10 PROJECTS IN YOUR NEIGHBORHOOD THIS YEAR

 RESERVOIRS	Park Lane Reservoir Seismic Retrofit	\$4.7M
	Terminal Reservoir Seismic Retrofit	\$3.6M
	Bella Vista Reservoir Seismic Retrofit	\$3.2M
 PIPELINES	Water Main Replacement (East Valley Rd, Lambert Rd, Ladera Ln)	\$3.8M
	US 101 Crossings at Danielson & Miramar	\$0.5M
	Fire Hydrant Replacement Project	\$0.2M
 DISASTER REBUILD	Alder Creek Flume Reconstruction	\$3.1M
	Highline Repair Project	\$1.3M
 EQUIPMENT	Bella Vista Treatment Plant Calcification Management System	\$0.9M
	Ortega Pump Station Backup Generator Replacement	\$0.2M

BUDGET IN BRIEF FY 2027

WHAT FINANCIAL STRENGTH LOOKS LIKE



Independent Audits Prepared Annually

Audit findings, financial statements, and the complete adopted budget are all available on the District website.



Reserves to Provide for the Unexpected

Operating, capital, and emergency reserves are maintained per Board policy. During unplanned disruptions—caused by scenarios such as extreme weather or natural disasters—reserves keep operations moving.



Rate-setting by Public Process (Proposition 218)

Guided by industry best practices, the financial plan is updated yearly and rate studies are conducted every three to five years. An independent rate study ensures that the District collects only the revenue needed to cover costs.



Disciplined Debt Management

Outstanding debt — the 2020A Refunding Bonds and Cater Ozone Project Loan — is conservatively managed. The District's debt service coverage of 1.44x exceeds the 1.25x bond covenant minimum.



Bond Rating

AA-Standard & Poor's
Sound fiscal management and a dependable water supply portfolio drive the District's excellent bond ratings.

AN AWARD-WINNING DISTRICT AT YOUR SERVICE



Distinguished Budget Presentation Award

Presented by the Government Finance Officers Association annually since FY 2022.



District Transparency Certificate of Excellence Recipient

Awarded by the Special District Leadership Foundation consecutively since 2019.



Small Utility Award

Presented by the American Water Works Association, California-Nevada Section, in recognition of positive accomplishments.

SUMMARY

The District's fiscal year runs from July 1st through June 30th. The annual budget provides the Board and stakeholders with an overview of available and anticipated resources and planned spending.

Highlights for FY 2027 include:

- Ample water supply, provides for community needs and wet-year surplus that is stored for dry-year security and sold to offset expenses.
- An ambitious lineup of Capital Improvement Projects.

It all adds up to reliable, affordable water for a more resilient community.

OPERATING BUDGET:

\$29.8M

Total Budgeted Revenue

\$27.1M

Total Budgeted Expenditures

CAPITAL IMPROVEMENT PROGRAM:

\$22.3M

Total Budgeted

\$6.4M

Revenue Funded

\$15.9M

Grants & Loan Funded

OUR MISSION

is to provide an adequate and reliable supply of high-quality water to the residents of Montecito and Summerland, at the most reasonable cost. In carrying out this mission, the District places particular emphasis on providing outstanding customer service, conducting its operations in an environmentally sensitive manner, and working cooperatively with other agencies.

FOR CUSTOMERS

Your water efficiency toolkit



Rebates

montecitowater.com/rebates

Water Budgets

montecitowater.com/waterbudgets



Demonstration Garden

montecitowater.com/garden

Smart Meters

montecitowater.com/smart



Conservation Visits

montecitowater.com/visit

WANT TO CONNECT?

Your elected Board of Directors meets monthly.

Meetings are open to the public, agendas are posted in advance, and audited financial reports, the complete adopted budget, board policies, and rate information are all available on our website.

montecitowater.com

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