

**MONTECITO WATER DISTRICT
MEMORANDUM**

SECTION: 5-B

DATE: OCTOBER 27, 2026

TO: BOARD OF DIRECTORS

FROM: GENERAL MANAGER

SUBJECT: SEMIANNUAL WATER SUPPLY UPDATE

RECOMMENDATION:

Information only.

DISCUSSION:

Overview

As we begin the new water year, Water Year (WY) 2027, which began on October 1, 2026, the District remains committed to the community's water supply security. The District's 3-year water supply outlook remains favorable with limited changes since the prior semiannual update was provided in April 2026. Water deliveries pursuant to the 2020 Water Supply Agreement with the City of Santa Barbara in connection with its ocean desalination plant remain constant. This reliable, rainfall-independent source serves as a critical baseline and meets 35% of customer water needs. After filling and spilling last winter, the Cachuma Project and Jameson Lake, which also serve as critical water sources for the District, remain relatively full at approx. 85% of their current full storage capacity. While State Water availability for 2026 was only 45% of the full contract entitlement, the District doesn't project a need for it within its 3-year outlook. State Water allocated in 2026 that is not exchanged pursuant to the 1993 Santa Ynez River / State Water Project Exchange Agreement, was declared surplus by the Board of Directors in May 2026 and is being sold to Homer LLC, pursuant to the 2024 Water Management Program Agreement, to help offset costs for other more reliable water sources. Since water supply conditions remain favorable and reservoirs are near full, groundwater use is limited and stored water in Semitropic will remain in reserve for future use during periods of below-average rainfall or drought.

The District's water supply planning, including the *2025 Urban Water Management Plan*, *2025 Future Demand and Water Supply Options Analysis*, and 3-year water supply outlook continue to indicate adequate water to meet projected customer water demand without projected water shortages or the near-term need for imported water (i.e., State Water Project, supplemental, Semitropic). This outlook is attributable to the District's past actions to improve long-term water supply reliability, such as acquisition of ocean desalination supplies and groundwater banking, which have well equipped the District to respond to changing conditions.

Total water use for WY 2026, which ended September 30, 2026, is approx. 4,100 acre feet (AF), which is right at planned use. Planned use for WY 2027 remains at 4,100 AF and is based on the average use over the prior 5 years.

The primary sources of supply planned for use to meet customer needs in WY 2027 include ocean desalination, the Cachuma Project, and Jameson Lake. Groundwater use is projected to be minimal, and water stored in Semitropic is expected to remain in reserve. State Water supplies remain in surplus and are not planned for use in WY 2027; any available allocation may be stored in Semitropic or transferred (sold) to Homer LLC, as determined by the Board of Directors in Spring 2027.

As of October 1, 2026, the US Drought Monitor indicates that approximately 70% of the state is experiencing drought conditions, while Santa Barbara County remains entirely drought-free. According to the National Oceanic and Atmospheric Administration's (NOAA) Climate Prediction Center, part of the National Weather Service (NWS), El Niño conditions in the Pacific are continuing to strengthen. El Niño is a climate pattern in which sea surface temperatures in the central and eastern tropical Pacific run warmer than average. The agency declared El Niño's onset in June 2026, when the east-central tropical Pacific Ocean was 0.5°C above average. Its current outlook gives an 83% chance that the event would reach "very strong" status, often called a "super" El Niño, in October through December. Water temperature in the east-central tropical Pacific Ocean is approximately 2.3°C above average, with pockets of surface water 4°C warmer than average. A strong El Niño tends to raise the odds of a wetter, stormier winter in California, particularly in the southern part of the state, but the actual impacts remain uncertain.

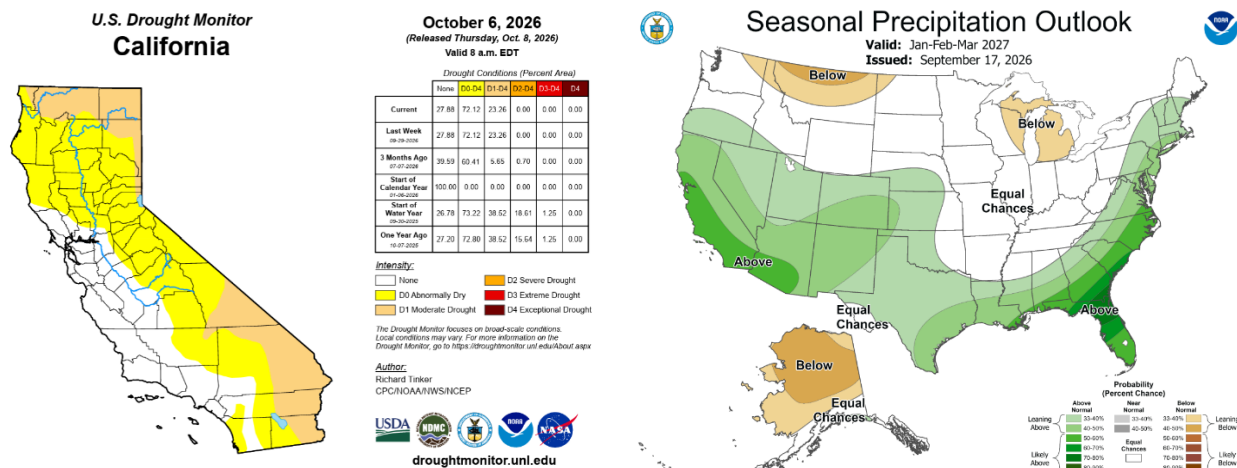


Figure 1: US Drought Monitor Map (Oct 2026) and NOAA Rainfall Prediction Jan-Mar 2027

Despite a strong water supply outlook, efficient use is necessary to stretch existing supplies and ensure long-term reliability. The District continues to promote water use efficiency through rebates, property-specific water budgets, smart meters (automated metering infrastructure), and a demonstration garden. Additionally, the District continues evaluating various long-term water

supply initiatives, including the potential need for additional independent local rainfall water supplies, local groundwater banking, and the optimal use of surplus State Water Project supplies.

BACKGROUND:

Update on Water Sources

The **Cachuma Project**, a United States Bureau of Reclamation (USBR) owned and operated surface water reservoir, is a critical local surface water supply for the District. The Cachuma Project has historically supplied about 40% of the District's annual water supply, but this has been reduced to about 30% since the acquisition of ocean desalination from the City of Santa Barbara. This reduction in reliance on the Cachuma Project enables this critical supply to be preserved for later use, such as during dry periods or droughts. The District's full Cachuma Project contractual entitlement is 2,651 AF, and annual allocations vary depending on lake levels. The Cachuma Project is currently 85% of its current full storage capacity. Since WY 2023, the Cachuma Project has maintained a 100% allocation, with USBR issuing a 100% allocation for WY 2027, and similar full allocations are anticipated over the next two water years, even under dry conditions. As of October 1, 2026, the District has approx. 4,400 AF of Cachuma Project supplies available.

Jameson Lake, another critical local surface water supply for the District, is a District-owned and operated facility that serves as a longer-term drought supply with reduced deliveries over an extended period. Projected annual deliveries are consistent with the District's 2020 modified rule curve for the reservoir, which plans for up to 2,000 acre feet of deliveries when the lake is full, reducing to between 500 and 800 acre feet per year thereafter as the lake level declines. The purpose of increasing deliveries when the lake is full is to draw down the lake level to create available storage capacity to capture runoff, if any, in subsequent years. Jameson Lake typically supplies about 25% of the District's annual water supply, or 1,100 AFY, and is currently 87% of its current full storage capacity.

Doulton Tunnel is a 2.2-mile tunnel through the Santa Ynez Mountains that allows Jameson Lake deliveries to reach the South Coast and the District's service area. The tunnel itself experiences water intrusion (water entry from the surrounding soil and rock), which contributes to water deliveries from Jameson Lake. Tunnel intrusion is groundwater and is highly dependent on rainfall. Deliveries have historically ranged from 50 gallons per minute (gpm) to 1,500 gpm, but typically average between 150 gpm to 350 gpm.

Desalination deliveries began in January 2022, with the District receiving 117.4 AF of water per month from the City of Santa Barbara, in accordance with the September 2020 *Water Supply Agreement* (WSA). These deliveries are made possible by the City's operation of its ocean desalination facility. This local, rainfall-independent water supply is nearly 100% reliable and serves as a baseline supply for the District, helping to mitigate the impact of ongoing and future regulatory, environmental, and climatic challenges affecting other water sources. Pursuant to the WSA, deliveries occur irrespective of hydrologic conditions and make up about 35% of the District's annual water supply.

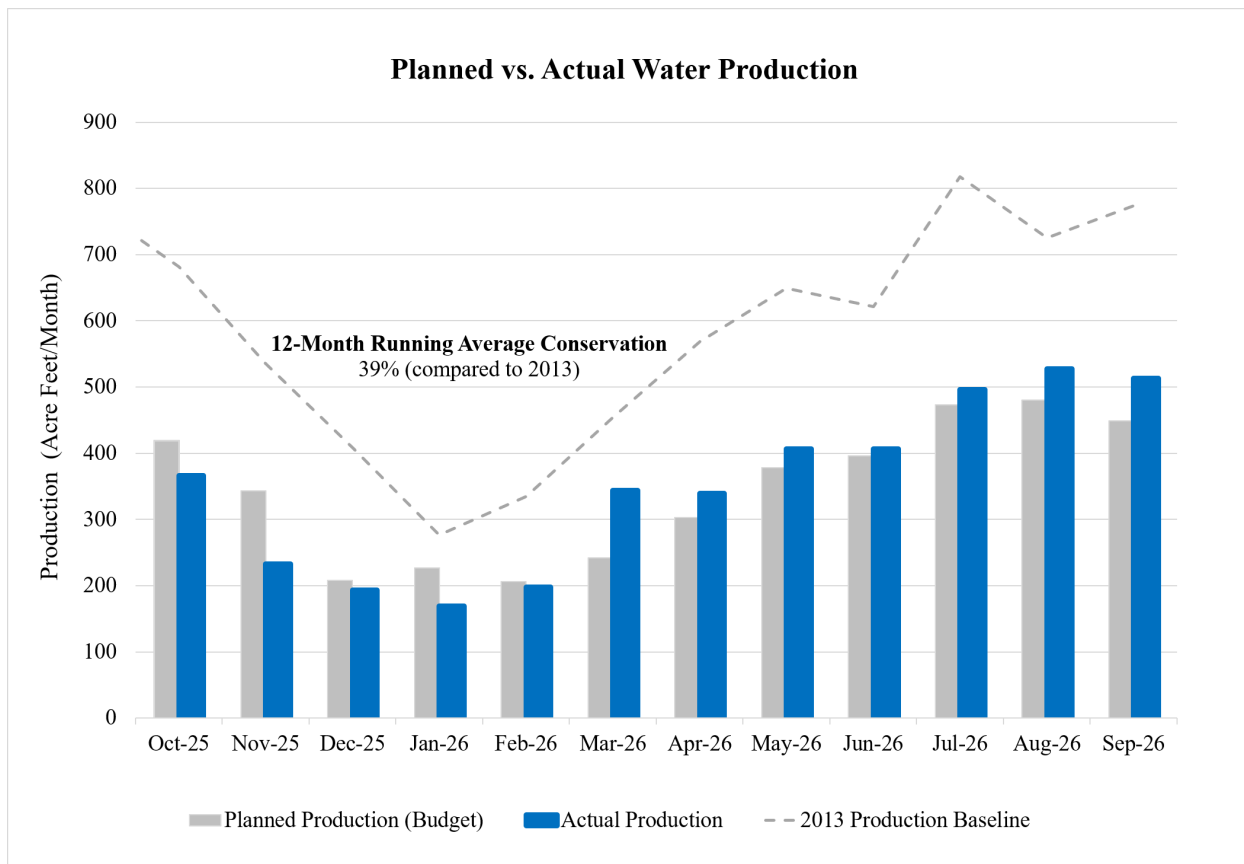
Groundwater serves as an important drought supply for the District. During average or wet conditions, the District reduces the use of groundwater, allowing for increased recovery of the groundwater basin. During below-average or dry periods, the District increases groundwater production from the basin. The District has six potable and six non-potable active groundwater wells capable of pumping a combined total of approximately 700 acre feet per year (AFY), depending on groundwater levels. Typical groundwater production ranges between 5 and 15% of the District's annual water supply, or 150 and 500 AFY, depending on hydrologic conditions.

The **State Water Project (SWP)** is a supplemental surface water source supplying water from Northern California. The District's full Table A entitlement is 3,300 acre feet, which includes a 300 acre foot drought buffer. The Department of Water Resources (DWR) reviews SWP water availability monthly and releases allocation updates, with the first annual allocation typically released around December 1 for the upcoming calendar year and a final annual allocation typically released around May 1. Since deliveries to Santa Barbara County began in 1997, the SWP has averaged about half (58%) of a full allocation, which has reduced to 43% over the last fifteen years. Typically, SWP allocations are higher in wet years when local supplies are abundant, and the District has reduced or no need for the water. Conversely, allocations have historically dropped as low as 5% during droughts, when the District needs the water most. Analyses and modeling continue to project little to no need for SWP supplies over the coming decades. The District has options for managing this supply including (a) storage in the SWP system, (b) delivery to the Cachuma Project for storage, (c) storage in the Semitropic Groundwater Banking and Exchange Program, and/or (d) a transfer (sell). In April/May each year, when the final SWP allocation is known, the District determines how to utilize the available SWP supplies in that year.

The District participates in the **Semitropic Groundwater Banking and Exchange Program**. During average or wet conditions, the District may store surplus SWP water in a groundwater basin located in the Central Valley of California for future use or delivery during below-average or dry conditions. Participation in this program provides a guaranteed right to withdraw or recover up to 1,500 AFY of District-stored water and store up to 4,500 AF at any time. The District's contract with Semitropic allows for the storage of water in excess of the stored water right of 4,500 AF if Semitropic has available capacity within its groundwater banking program. To date, the Semitropic banking program is at approximately half capacity. Currently, the District has about one and a half years of supply stored, or about 5,800 AF in Semitropic and available for use. Storing surplus SWP supplies in Semitropic bolsters the District's drought supplies and reduces the risk of loss due to conditions, such as spills within the SWP system.

Customer Water Use (Demand)

Customer water remains relatively stable at about 4,100 AFY and can vary approx. 10% up or down depending on weather conditions. Customer water use for WY 2026, which ended September 30, 2026, was right on budget at 4,100 AF. This budgeted amount aligns with the five-year average (2021–2025) of approximately 4,100 AF.



In December 2022, the District adopted its first *Water Use Efficiency Plan* (WUEP), which is a long-term plan targeting permanent reductions in customer water use, consistent with the State’s goal of *Making Conservation a California Way of Life*. The Plan includes a variety of recommended actions to encourage and help achieve permanent, long-term reductions in water use. Implementation of the WUEP continues with water conservation programs such as making water use efficiency rebates available, providing customers with property-specific water budgets, a demonstration garden, and other actions. More information on the District’s water conservation programs is available on its website.

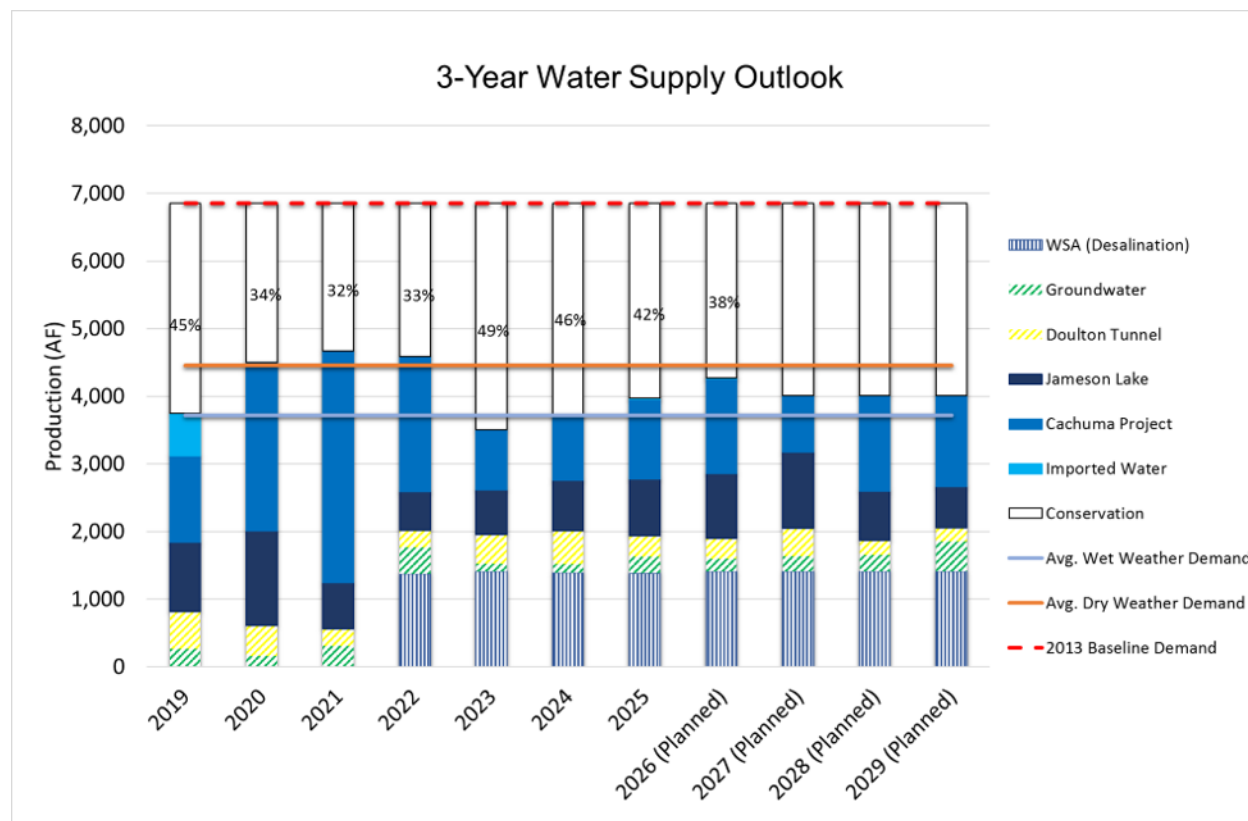
In 2018, the California Legislature enacted two key policy bills, Senate Bill 606 (SB 606) and Assembly Bill 1668 (AB 1668), implementing a new framework for long-term water conservation and drought planning for water suppliers. AB 1668 and SB 606 build on the State’s ongoing efforts *Making Conservation a California Way of Life*, including Senate Bill X7-7, creating a new foundation for long-term improvements in water conservation and drought planning. SB 606 and AB 1668 established guidelines for efficient water use and a framework for the implementation and oversight of the new standards. Among other provisions, the legislation includes establishing urban water use objectives (UWUO) and long-term standards for efficient water use that apply to urban retail water suppliers. The UWUO is an estimate of aggregate efficient water use from the previous year based on adopted water use efficiency service area characteristics for that year. All UWUO requirements became effective in 2024, and compliance must be achieved by 2027. The

District's annual reporting to the State Water Resources Control Board, most recently in late 2025 for the fiscal year ending June 30, 2025, indicates it remains in compliance with its UWUO.

To advance its water-use efficiency efforts, the District completed its rollout of Water Budgets on monthly water bills in April 2025. A Water Budget is a property-specific monthly water-use target that promotes efficient indoor and outdoor water use while preserving existing landscaping and the community's semi-rural atmosphere. Water budgets account for seasonal changes in water use, such as irrigation in winter versus summer, and provide customers flexibility in how they use water on their property while discouraging water waste and excessive use. More details are available on the District's website

Water Supply Outlook

Based on available information, including assumed average hydrologic conditions in WY 2027 followed by below-average conditions in FY 2028 and WY 2029, the District's 3-year water supply outlook indicates adequate supplies to meet planned customer use without anticipated water shortages or the need for imported water.



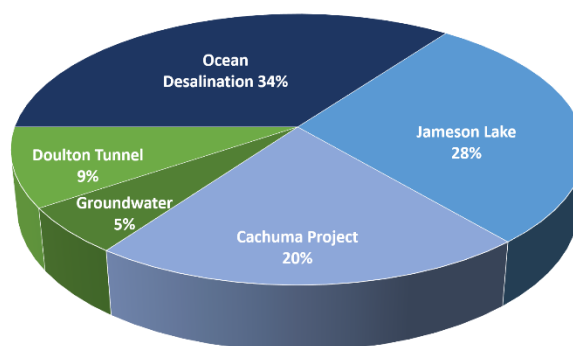
Despite the favorable water supply condition, efficient water use remains essential to the long-term reliability of the District's water supply. Demand management is necessary to ensure alignment with planned use continues. Focus continues to be on efficient water use, in particular the implementation of the 2022 *Water Use Efficiency Plan*, including water use efficiency rebates, and use of property-specific water budgets and smart water meters (automated metering

infrastructure). These actions provide Customers and the District with tools to effectively manage water use, including avoiding water waste and loss.

In June 2026, the District completed its *2025 Urban Water Management Plan*. Urban water suppliers that supply over 3,000 acre-feet of water annually or serve more than 3,000 urban connections are required to prepare an Urban Water Management Plan (UWMP) including a separate Water Shortage Contingency Plan (WSCP). Urban water suppliers prepare UWMPs every five years; the latest is the 2025 UWMP, due to the California Department of Water Resources by July 1, 2026. UWMPs support long-term resource planning to ensure adequate water supplies are available to meet existing and future water needs. They also assess the near- and long-term reliability of District supplies to meet expected demands under various hydrological conditions, including normal and single dry years, as well as during a drought condition lasting five consecutive years. The District's 2025 UWMP projects a diversified, reliable source of supply to meet expected demands under various circumstances for the foreseeable future. In normal hydrologic years, the District has more than sufficient supplies to meet demands without implementing demand management measures through 2050. The District also has sufficient supplies to satisfy demands in all single dry-year scenarios analyzed, meaning the District is well prepared to weather short droughts without needing to reduce customer demands. During Year 5 of severe multi-year droughts, the UWMP anticipates a minor supply shortage of up to 5 percent. Water use during Year 5 of multi-year drought could feasibly be reduced, if needed to align with available supplies through implementation of Stage 1 of the WSCP. No further WSCP stages are anticipated to meet demands during severe multi-year drought periods, though the WSCP provides additional water shortage stages should an emergency shortage occur.

Primary sources of supply planned for use to meet customer demands in the new water year, WY 2027, include the ocean desalination, the Cachuma Project, and Jameson Lake. Water stored in Semitropic is expected to remain in reserve for use in future below-average or dry years. SWP supplies remain in surplus and are not planned for use in WY 2027; any available 2027 allocation may be stored in Semitropic or transferred (sold) to Homer LLC.

Planned Use by Source for WY2027



The District continuously evaluates water supply conditions and the need for additional supplemental water and/or demand-management measures to ensure water supply availability over a three-year planning period and beyond.

Water Supply Enhancements

The District continues to evaluate other means of bolstering water supply reliability, including the acquisition of new sources of local reliable water supplies and local groundwater banking.

In May 2025, the District completed separate evaluations of **Aquifer Storage and Recovery (ASR)** in the Montecito and Carpinteria Groundwater Basins. These evaluations assessed the feasibility of implementing an ASR program to store surplus water and bolster the District's drought supplies. Despite identified challenges in obtaining regulatory approval, the evaluations determined the ASR programs to be feasible, cost-effective, and a water supply reliability benefit. Further evaluation or development of an ASR program in the Montecito Groundwater Basin continues with the planned preparation of an application for an ASR pilot program from the Regional Water Quality Control Board in late 2026. Further evaluation or development of an ASR program in the Carpinteria Groundwater Basin, in collaboration with Carpinteria Valley Water District (CVWD) and the Carpinteria Groundwater Sustainability Agency, remains ongoing and is subject to CVWD's development schedule.

Since 2018, the District has evaluated the feasibility of implementing a **Recycled Water** project. The District's *2023 Enhanced Recycled Water Feasibility Study*, prepared in collaboration with the Montecito Sanitary District (MSD), recommended a regional indirect potable reuse (IPR) project involving multiple special districts and benefiting multiple urban water purveyors and groundwater basins. The project proposed treating secondary wastewater effluent from the MSD Wastewater Treatment Plant (WWTP), implementing advanced treatment at the MSD WWTP site, and conveying purified water south to the Carpinteria Groundwater Basin for injection. The District would recover the injected water either through a supply exchange with the Carpinteria Valley Water District or by pumping it directly back to the District's distribution system. Due to extraordinary cost increases and reductions in available State and Federal funding programs, in March 2024, the District's Board of Directors placed the recycled water project on hold until further notice. If or when additional planning and construction grant funding opportunities become available and/or the anticipated unit cost of advanced treated water decreases, making a recycled water project financially viable, the District will consider reinitiating a recycled water project.

ATTACHMENTS

None