

MONTECITO WATER DISTRICT



FY 2027 Budget Revision

May Draft vs. Revised Proposed

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WHAT CHANGED

The Change in One Picture

Terminal Reservoir is nearing completion ~5 months ahead of schedule — advancing the next reservoir project, Bella Vista, into FY 2027

1 **Terminal Reservoir nearing completion**
Projected to finish ~5 months ahead of the original schedule — advancing the start of the next reservoir project Bella Vista in the FY 2027 plan.

2 **Bella Vista pulled forward**
With Terminal wrapping up, the Bella Vista retrofit was advanced into FY 2027 — adding a third active ASADRA reservoir this year.

3 **Operating cascade**
GSA shared-cost reimbursement, Engineering, CalPERS, General/Special Counsel, and Surplus water sales.

GROSS CIP
\$20.85M → **\$22.32M**
+\$1.47M vs. May draft

OPERATING EXPENSES
\$26.5M → **\$27.24M**
+\$0.73M vs. May draft

OPERATING REVENUE
\$29.08M → **\$29.84M**
+\$0.76M vs. May draft

DEBT COVERAGE
1.34x → **1.44x**
+0.10x vs. May draft

RATE-FUNDED NET CIP
\$7.25M → **\$5.73M** **-\$1.52M lower rate burden**

OPERATING BUDGET

Operating — May Draft vs. Revised

Specific revenue and expense changes since the May draft — the GSA reimbursement offsets most of the added cost

| Operating Line | Draft | Revised | Change |
|--------------------------|----------|-----------------|-----------------|
| Operating Revenue | \$29.08M | \$29.84M | +\$0.76M |
| Surplus SWP Sales | \$0.24M | \$0.57M | +\$0.33M |
| GSA transfer-in | — | \$0.43M | +\$0.43M |
| Operating Expense | \$26.51M | \$27.24M | +\$0.73M |
| General/Special Counsel | \$0.25M | \$0.45M | +\$0.20M |
| Engineering | \$0.55M | \$0.70M | +\$0.15M |
| CalPERS UAAL (all depts) | — | — | +\$0.38M |
| Operating Surplus | \$2.60M | \$2.60M | \$0.00M |

KEY DRIVERS SINCE THE MAY DRAFT

- **Surplus SWP Sales** **+\$0.33M**
 Revised to \$571,428 — up from \$240K in the draft as supply conditions firmed.
- **GSA Fund reimbursement** **+\$0.43M**
 \$427,758 shared-cost transfer-in now recognized as revenue.
- **General/Special Counsel** **+\$0.20M**
 Raised to \$450,000 — up from \$250K SWP water marketing and General Counsel rate adjustment.
- **Engineering** **+\$0.15M**
 Raised to by \$701,300: up from \$551,300 valuation of feasibility of physically recovering water from Carpinteria Valley (Future regional ASR Program).
- **CalPERS Unfunded Liability** **+\$0.38M**
 District-wide UAAL true-up across all departments.

CIP — May Draft vs. Proposed

Bella Vista lifts gross CIP by \$1.47M; ASADRA reclassified to SRF financing, raising externally funded share to 74%

| Capital Plan | Draft | Proposed | Change |
|-----------------------------------|----------|-----------------|-----------------|
| Gross Capital Expenditures | \$20.85M | \$22.32M | +\$1.47M |
| Reservoirs | \$10.09M | \$11.56M | +\$1.47M |
| Pipelines | \$4.54M | \$4.54M | — |
| Pumping / Wells / TP | \$1.57M | \$1.57M | — |
| Extraordinary (FEMA) | \$4.38M | \$4.38M | — |
| Vehicles & Equipment | \$0.28M | \$0.28M | — |
| Reimbursed / Financed | \$13.60M | \$16.59M | +\$2.99M |
| Externally Funded % | 65.2% | 74.0% | +8.8 pts |
| Net CIP — Rate-funded | \$7.25M | \$5.73M | -\$1.52M |

REVISED CIP FUNDING SOURCES

ASADRA SRF Financing Proceeds

\$11.56M (52% of gross CIP)

FEMA Reimbursements

\$5.03M (23% of gross CIP)

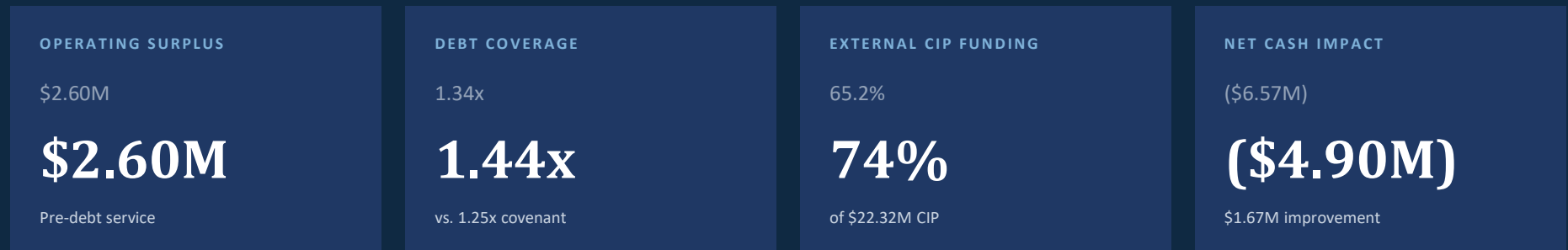
Rate Revenue (District)

\$5.73M (26% of gross CIP)

\$16.59M (74%) of the \$22.32M plan is covered by SRF financing and FEMA — up from \$13.60M (65.2%) in the May draft.

BOTTOM LINE

A Stronger, Better-Funded FY 2027 Plan



- Terminal Reservoir's early delivery let the District advance Bella Vista without waiting a budget cycle.
- The added reservoir is fully SRF-financed, so 74% of the \$22.32M CIP is now externally funded — up from 65.2%.
- GSA shared-cost reimbursement holds the operating surplus steady while SRF financing lifts debt coverage to 1.44x.