

2025 PAFR

POPULAR ANNUAL FINANCIAL REPORT



This Popular Annual Financial Report provides an overview of the District's financial activities and how we manage and deliver water and wastewater services to the community.

BOARD OF DIRECTORS



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PRESIDENT**



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MANAGEMENT TEAM

**REMLEH SCHERZINGER,
MBA, CSDM, PE
GENERAL MANAGER**

**GARRETT HAERTEL, PE
DISTRICT
ENGINEER**

**MARY LAGASCA, CPA
DIRECTOR OF
ADMINISTRATIVE SERVICES**

**DEREK CRAY
OPERATIONS &
MAINTENANCE MANAGER**

**PATRICK BREEN
WATER RESOURCES
MANAGER**



TRANSMITTAL LETTER



We're excited to share the Marina Coast Water District's 2025 Popular Annual Financial Report (PAFR) — a clear, easy-to-read summary of how your local water district is managing your dollars, investing in critical projects, and securing a sustainable water future for our community.

While this PAFR is not audited, it is based on the District's audited Annual Comprehensive Financial Report (ACFR), which follows Generally Accepted Accounting Principles (GAAP) and received a clean opinion from independent auditors. That means the information you see here reflects accurate, transparent, and reliable financial data. The full ACFR is available on our [website](#).

Every day, Marina Coast Water District (MCWD) delivers clean, safe water and dependable wastewater and recycled water services to more than 41,000 residents in the Marina and Ord service areas. Beneath our feet runs a vast network of pipelines, wells, tanks, and pumps — hundreds of miles of infrastructure working 24/7 to serve homes, schools, businesses, and parks.

In 2024, the District adopted a new five-year financial and rate plan designed to keep rates fair, fund essential upgrades, and strengthen the system for future generations. This plan supports over \$90 million in upcoming capital improvements, including water pipeline replacements, new storage reservoirs, and expanded recycled water service to reduce reliance on groundwater.

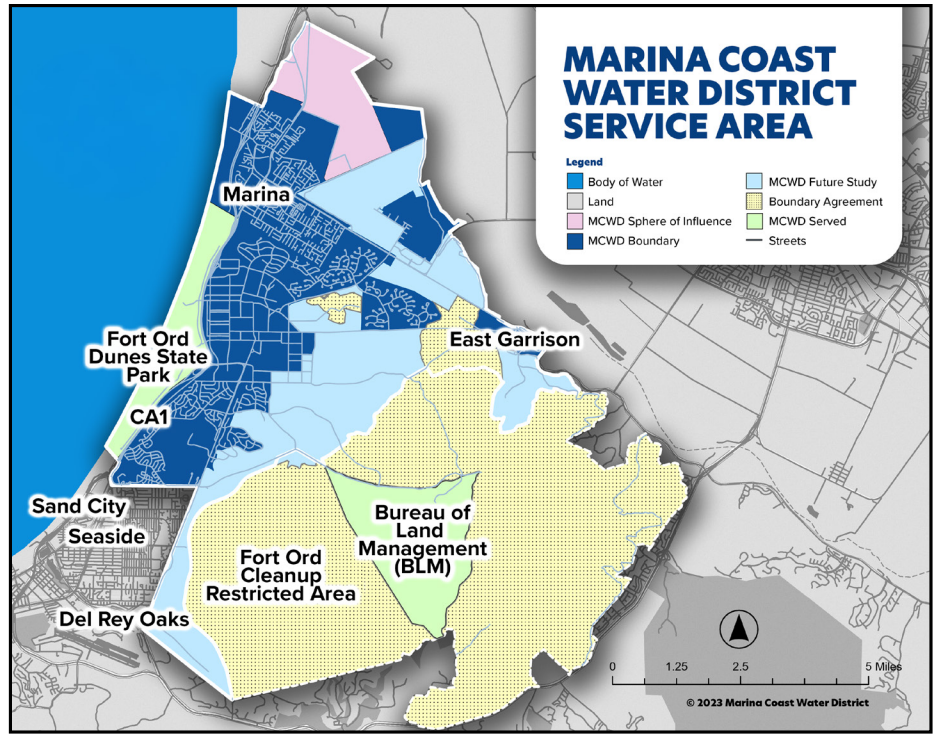
Looking ahead, MCWD remains focused on protecting local water resources, improving system reliability, and building resilience in the face of changing conditions. We're proud to serve this community — and we thank our customers, staff, and Board of Directors for your continued trust and partnership.

With appreciation,

Remleh Scherzinger, MBA, CSDM, PE
General Manager

AT A GLANCE

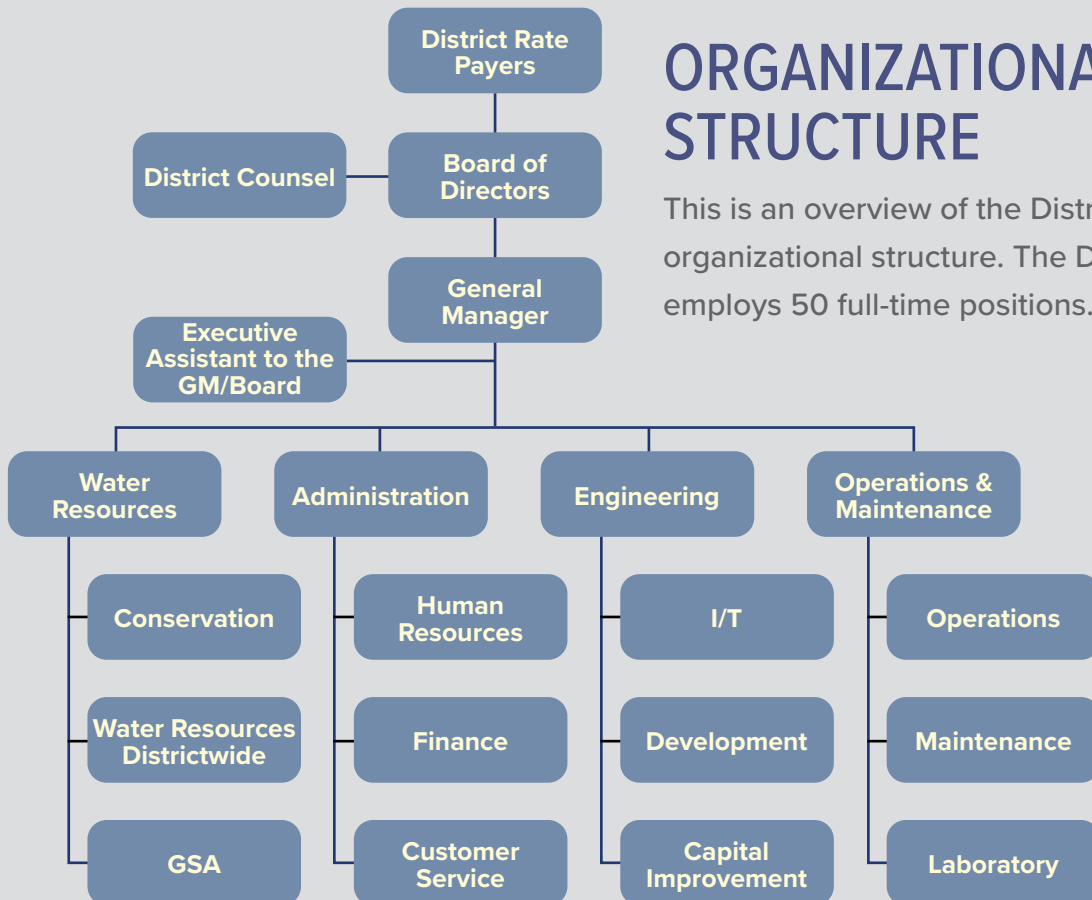
Founded in 1960 (originally as the Marina County Water District and renamed Marina Coast Water District in 1994). MCWD is a public agency serving the City of Marina and Ord Community. The District provides potable water, recycled water, and wastewater collection services, with a focus on delivering reliable sources and infrastructure, and supporting the long-term needs of the Community. Within its service area, MCWD serves as the state-



designated Groundwater Sustainability Agency (GSA) responsible for implementing California’s Sustainable Groundwater Management Act (SGMA). The MCWDGSA monitors local aquifers, manages seawater intrusion risks, and collaborates with regional partners to ensure a resilient groundwater supply for current and future customers.

ORGANIZATIONAL STRUCTURE

This is an overview of the District’s organizational structure. The District employs 50 full-time positions.

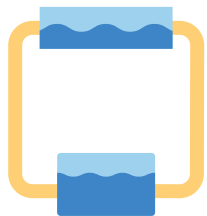


DISTRICT'S KEY INFRASTRUCTURE AND METRICS

Our extensive water and wastewater systems form the backbone of the District's services. Continuous maintenance and investment in this infrastructure ensure reliable delivery of safe drinking water, effective wastewater collection, and protection of public health and the environment.



BY THE NUMBERS:



225 miles
of potable water pipeline

17 miles
of recycled water pipeline



2,973
Sewer manholes



2,150
Backflows assemblies



Marina water consumption
1,312 acre ft

Ord water consumption
2,250 acre ft



7.5 miles of force sewer main

165.93 miles
of sewer cleaned

8.1 miles
of sewer monitored



8

Production wells



49.09

District's square mile area



1,224

Valves exercised



819

Samples collected

STRATEGIC PLAN AND VISION

Planning is strategic when it helps move an organization forward from its current situation to its desired future.

Why the Strategic Plan Matters

The Strategic Plan guides Marina Coast Water District in providing sustainable, reliable, and affordable water supplies, maintaining strong finances, supporting our workforce, engaging the



[Click for full Strategic Plan](#)

community, and ensuring effective governance.

For ratepayers: Ensures quality services today and a resilient system, financial transparency and predictable and affordable rates.

District's Vision

During the next five years, the District will:

- Be a regional leader and productive partner in providing sustainable water and wastewater services. Maintain reliable, productive facilities and properties.
- Secure strong, stable finances and affordable rates.
- Deliver excellent customer service. Hire and retain a qualified, high-performing staff.
- Enhance service quality and effectiveness through innovation.



Actively and creatively seek to collaborate with regional partners to develop and sustainably manage a diverse portfolio of water supplies to meet our shared needs.

Continue progressing in efficiency and effectiveness by building out systems, policies, procedures, training, Standard Operating Procedures improved use of technology, development of a strong culture, and more.

Unify its water and wastewater service areas when costs are within 10% across these service areas. The Board will prioritize maintaining affordable, predictable rates and seek substantial grant funding to minimize customer costs.

Develop a comprehensive plan to guide the use of its properties and the renewal and replacement of facilities for timeliness, cost-effectiveness, and maximum long-term benefit.

Provide quality service while building understanding and garnering support from its customers, which is fundamental to the District's success.

Implement the comprehensive climate action plan, continue investing in backup power solutions and explore opportunities for developing green power and storage independently or in collaboration with partners.

WATER QUALITY SERVICES – WHAT WE DO

At Marina Coast Water District, our priority is to provide customers with high quality water. Every day, trained professionals monitor and safeguard the system to ensure your water meets or exceeds all state and federal drinking water standards.

Extensive Water Quality Testing

Water is tested at multiple points – from our groundwater source wells to the distribution system – and again after disinfection. In total, more than 2,000 water quality tests are conducted each year. All testing is performed by independent state-certified laboratories.



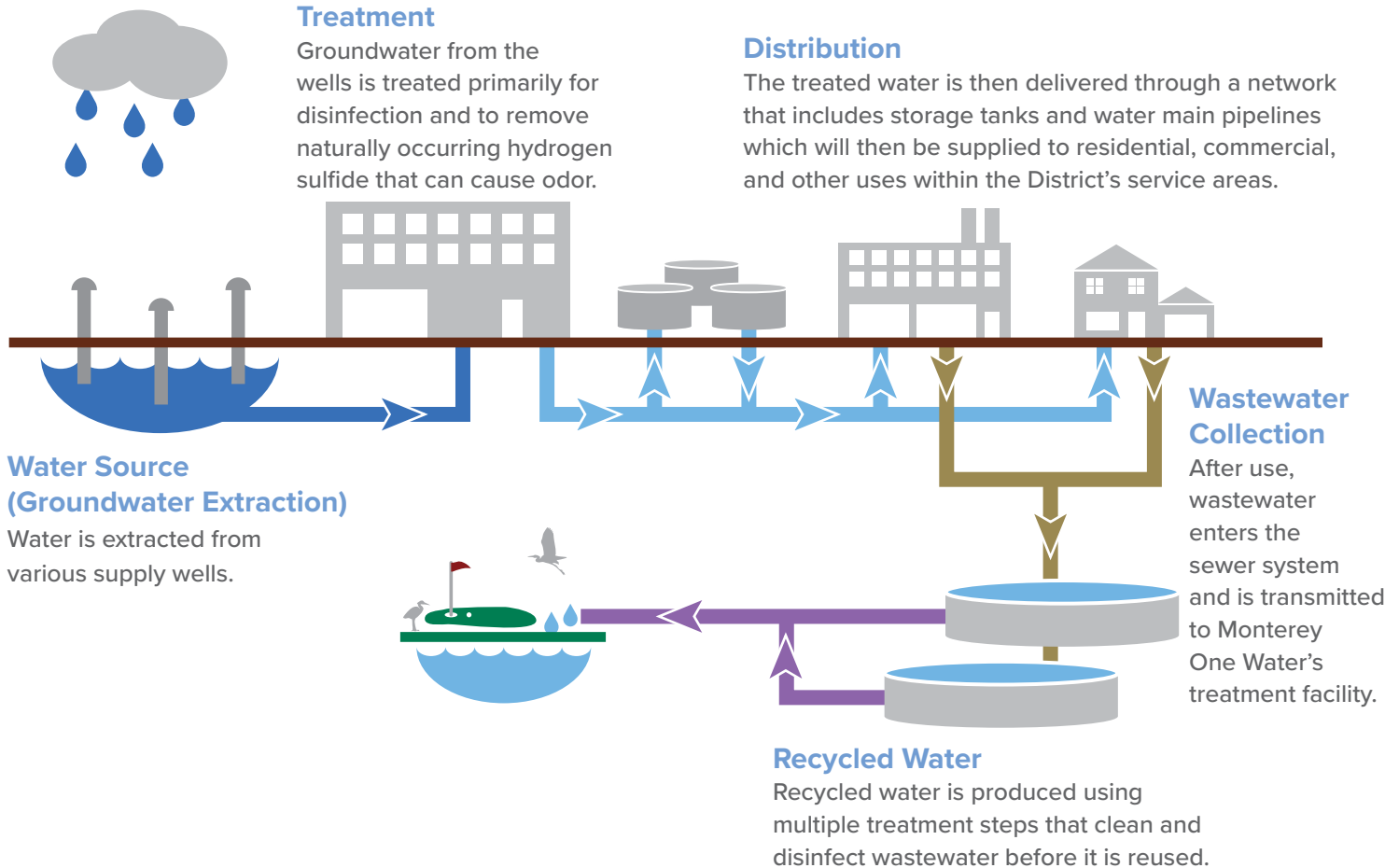
Latest Consumer Confidence Report (CCR)

Each year, MCWD publishes a Consumer Confidence Report (CCR) that explains:

- Where your water comes from.
- What it contains.
- How it compares to drinking standards.
- The full report is available on our website at www.mcwd.org



Our Water Cycle in Action



WATER CONSERVATION KEY INITIATIVES

Saving water is a shared goal in our community. MCWD encourages customers to use water wisely through rebate programs, community events, and digital outreach, including monthly e-newsletters and social media updates.

Conservation Programs and Metrics

Program	Units Installed/Area	Estimated Water Savings
Toilet Rebates	50 toilets	77,000 gallons
Washer Rebates	47 washers	194,000 gallons
Landscape Rebates	6,354 sq.ft lawn replaced and 3,494 sq. ft. sprinkler converted to drip irrigation	256,000 gallons
Evapotranspiration (ET) Controller	3 Installed	45,000 gallons
Rainwater Barrel	1 Installed	400 Gallons



PUBLIC EVENTS AND COMMUNITY ENGAGEMENT

The District actively participates in community events to share water conservation information and connect with residents of all ages. Through public outreach, the District promotes smart water use, leak detection, and local sustainability.



MCWD participation in these events helps educate the community and promote smart water use across the District.

KEY CAPITAL IMPROVEMENT PROJECTS

Enhancing and Investing in Water Infrastructure

Project Number: GW-0112

Project Name: Zone A Tank and Improvements

The A1/A2 project improves water reliability and distribution across the district. It increases storage capacity with new reservoirs, modernizes aging infrastructure, and enhances operational efficiency. The project ensures consistent water pressure, especially during peak demand or emergencies. By upgrading pipelines and pump stations, it helps maintain high service standards while preparing the district for the future.



Project Phase: Substantially Complete

Budget: \$19,220,000

Inception-to-date Expenses: \$21,242,192



Project Number: OW-2421

**Project Name: Inter-Garrison Rd Pipeline Upsizing
Schoonover to East Garrison**

This project enhances the reliability and redundancy of the water system serving the East Garrison area. The project involved installing approximately 1,800 feet of new 18-inch pipeline along Inter-Garrison Road, while retaining the existing pipeline as an emergency backup. In addition, a new fire hydrant along Inter-Garrison Rd, installed as part of this project, enhances public safety and rapid fire suppression, providing firefighters with immediate and reliable access to the available water supply. These upgrades ensure a more robust and dependable water supply, especially during peak usage or unforeseen disruptions.

Project Phase: Construction in Progress

Budget: \$1,458,000

Inception-to-date Expenses: \$107,025

Project Number: MW-0321

**Project Name: Water Pipeline in California Avenue from
Patton Parkway to Reindollar Avenue**

This project significantly enhances the reliability and durability of the local water infrastructure. The project involves replacing 1,675 feet of aging 12-inch water pipeline with a new ductile iron pipe, material known for its strength and longevity. This upgrade improves water flow and pressure consistency, supports future demand, and reduces the risk of leaks or service interruptions.



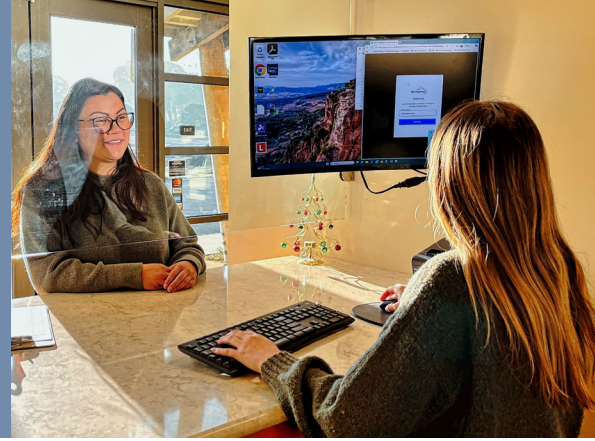
Project Phase: Design

Budget: \$628,000

Inception-to-date Expenses: \$31,923

REVENUE BY SOURCES

The Marina Coast Water District generates the majority of its revenues from users and rate fees, which account for 81% of total income. These rates are based on the approved 2024 Rate Study conducted by Hilderbrand Consulting, designed to cover the cost of providing water and wastewater services to customers.

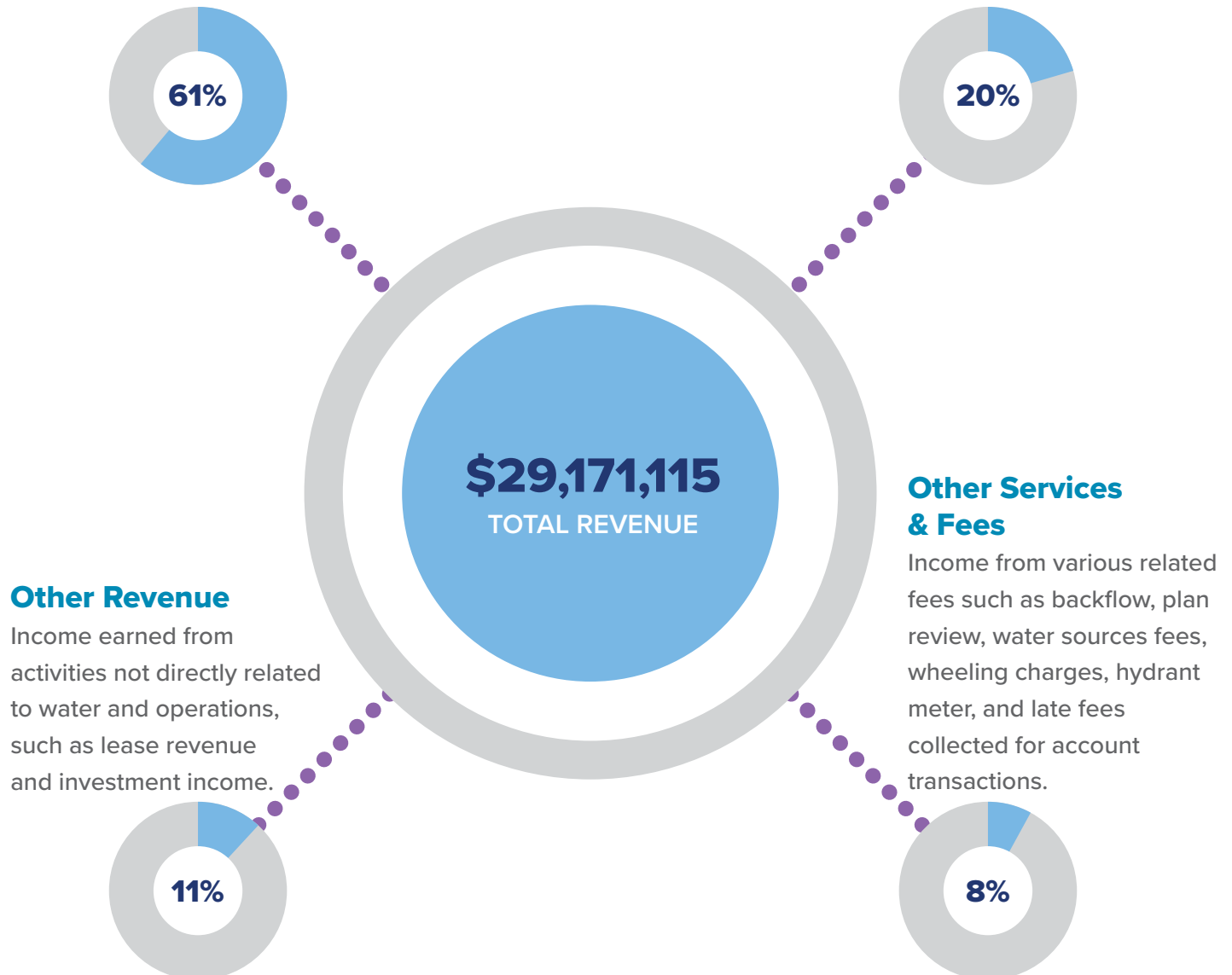


Water Services

Income from the sale of potable and recycled water, based on the volume of water used by customers. It also includes account and meter charges related to water service connections.

Wastewater Services

Consists of a fixed monthly charge and a flow-based charge determined by the average of winter water for residential and actual usage for non-residential.



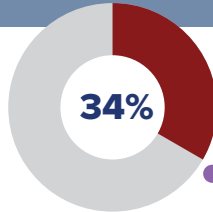
BREAKDOWN OF EXPENSES

Expenses reflect the costs of providing water to meet customer demand and collecting wastewater from residential and commercial customers. Marina Coast Water District works to deliver high quality services while managing resources efficiently.



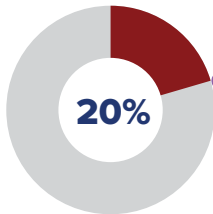
Personnel Services

These costs include employee wages, benefits, and other related expenses such as training and professional certifications.



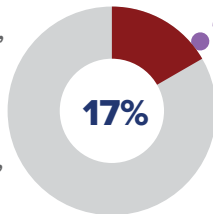
Districtwide

Expenses related to bond issuance costs, interest expenses, losses on the sale of assets, bad debt expenses and maintenance related to District owned buildings such as Bureau of Land Management.



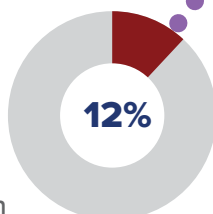
General & Administrative

Represents support costs, including legal and consulting services, insurance, office supplies, communications and memberships, and information technology related expenses.



Amortization & Depreciation

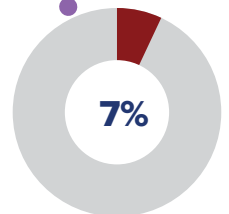
Accounting practice of spreading the costs of an asset over time by expensing fixed assets over their useful lives.



\$29,895,265
TOTAL EXPENSES

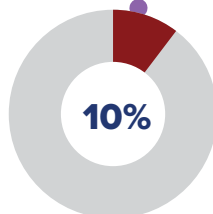
Water Resources & Programs

Supports efforts to protect and manage local water supplies. This includes water source fees, conservation and efficiency programs, consultant services for water resources and community outreach.



Operations & Maintenance

Includes the day-to-day costs of operating and maintaining our water and sewer system. These expenses cover maintenance and repairs, equipment servicing and utilities.



HISTORICAL OPERATING REVENUES AND EXPENSES

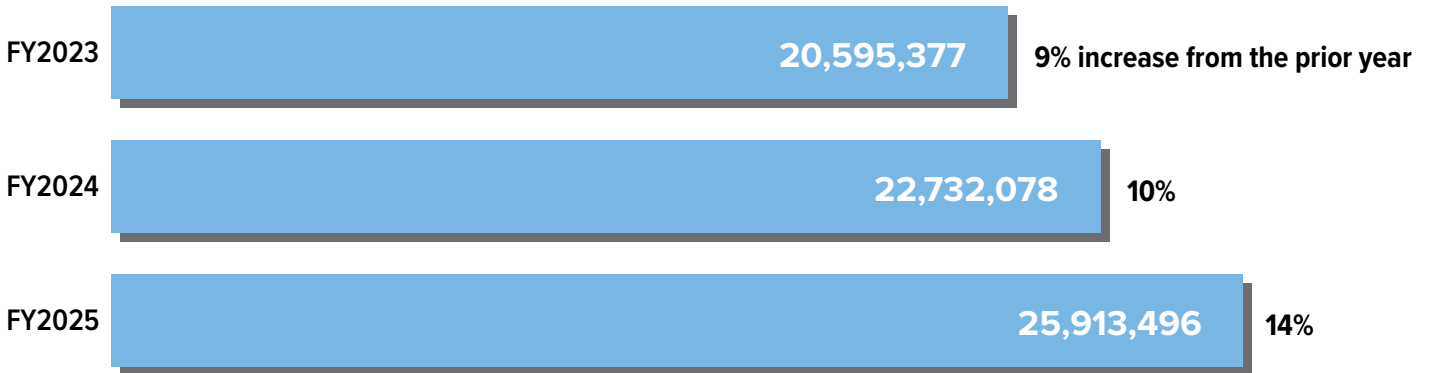
This section highlights changes in the District’s operating revenues and expenses over the past three years. Operating revenues increased steadily from 2023 to 2025, reflecting stable service demand and continued investment in reliable water and sewer operations.

Operating Expenses increased significantly in 2023 and then grew at a more moderate pace through 2025, impacted by inflation, administrative costs, and higher operating needs. To help manage rising costs, the District reduced overtime, secured grant funding, completed more project in-house and cross-trained employee to improve efficiency.

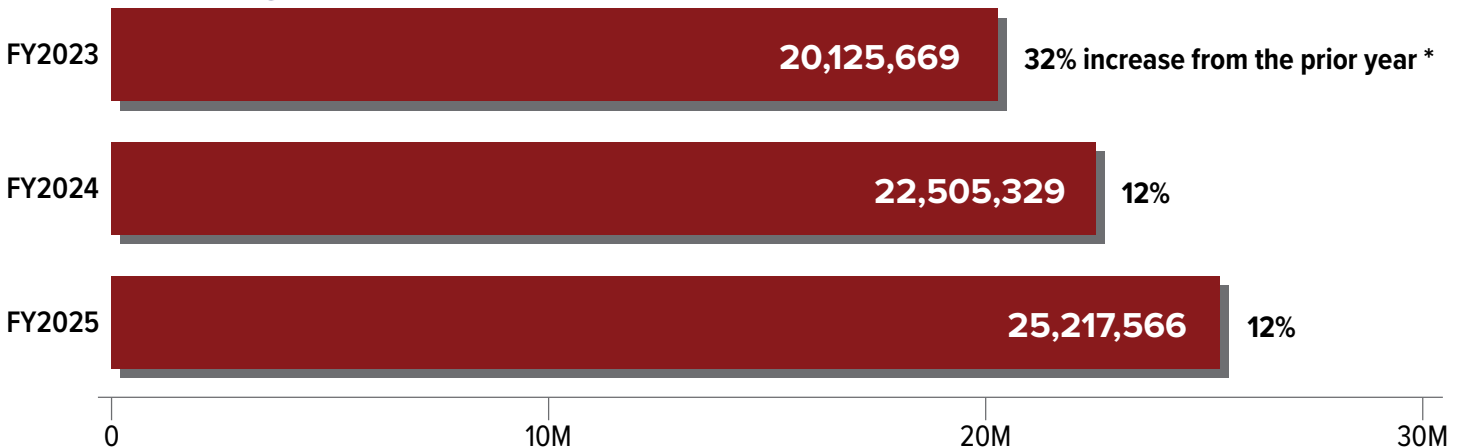
The District remains committed to maintaining reliable services while keeping rates affordable for customers.



Operating Revenues



Operating Expenses



*The majority of the 32% increase is from legal fees and non-cash expense such as pension and other post-employment benefits valuation adjustments.

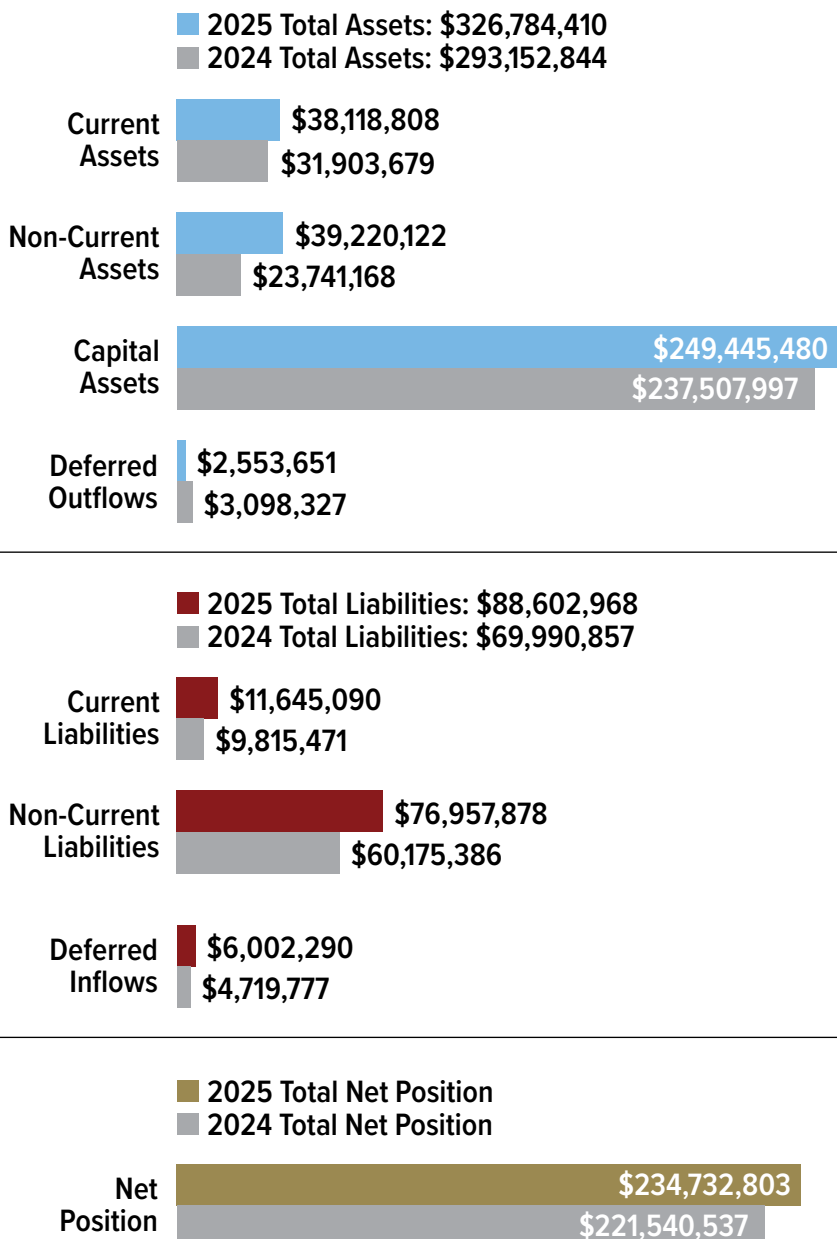
NET POSITION: WHAT IT IS AND WHY IT MATTERS

Net position is basically the difference between what the District owns (assets) and what it owes (liabilities). It reflects the overall financial health of Marina Coast Water District.

A positive net position suggests the District has the financial health to cover its debts, invest in infrastructure, handle emergencies, and maintain, and maintain system reliability.

As of June 30, 2025, the District’s total net position was \$234.7 million. This includes the value of long-term infrastructure, equipment, and other assets, offset by outstanding debt and obligations.

Condensed Statement of Net Position



Explanation of Assets & Liabilities

Current Assets – Assets expected to be used or converted to cash within one year, such as cash, accounts receivable, interest receivable, inventories and prepaid expenses.

Noncurrent Assets – Are long-term resources owned by the District that are not expected to be converted into cash or used up within one year.

Capital Assets – Any land, building, equipment, vehicles, inventory, pipeline and water distribution systems owned by the District.

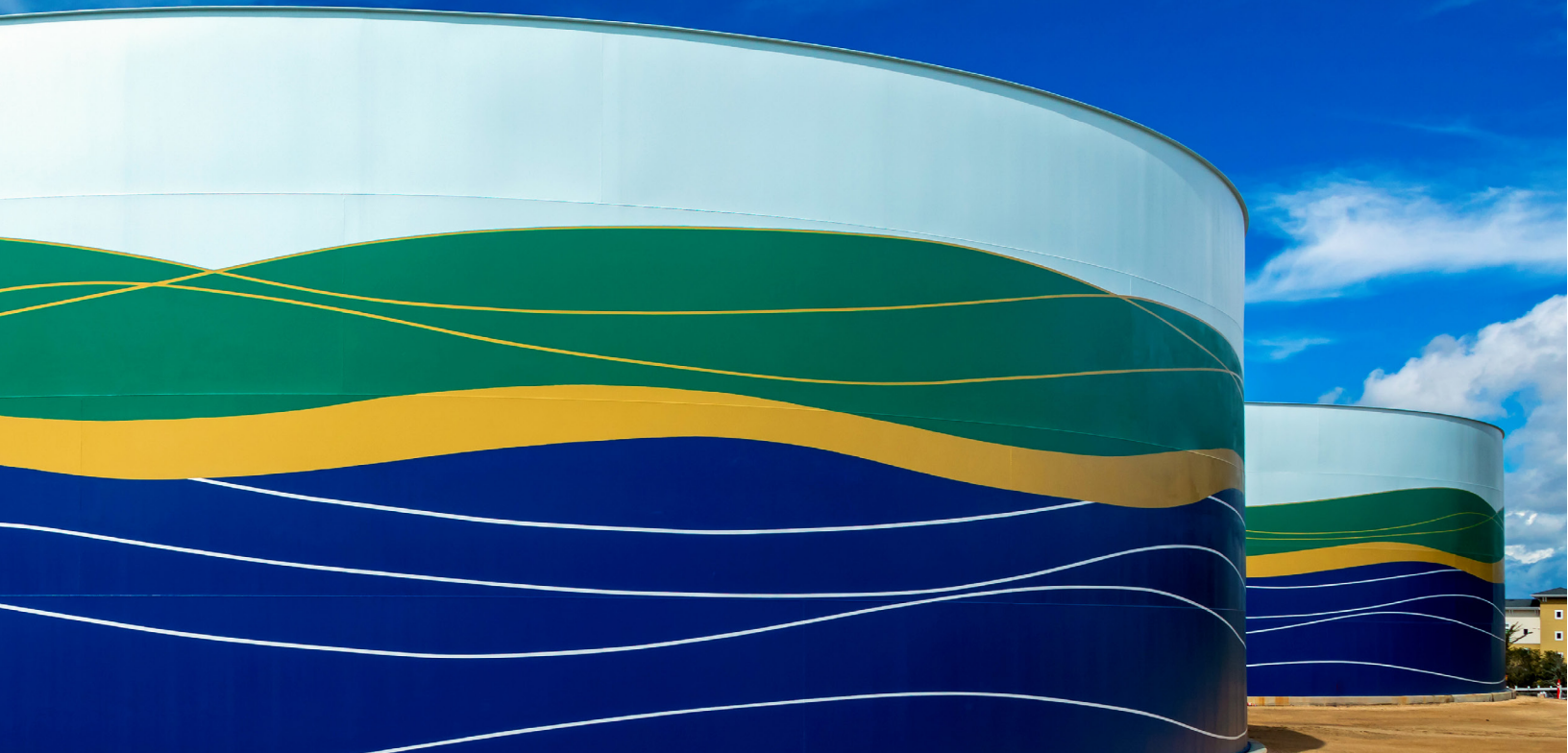
Deferred Outflows of Resources – Amounts the District has paid or recognized now but will count as expenses in future years. For example, payments made toward pension or retiree health benefits that apply to future periods.

Current Liabilities – Financial obligations the District expects to pay within one year, including payments to vendors, payroll, employee benefits, interest payable and customer deposits.

Noncurrent Liabilities – Long term financial obligations such as bonds payable or loans beyond one year and employee retirement benefits.

Deferred Inflows of Resources – Amounts the District will recognize as future revenues or reductions to future expenses such as pensions and debt refunding gains.

OUTSTANDING LONG-TERM DEBT



The District manages its long-term debt, including bonds and loans, to fund water and wastewater infrastructure projects while maintaining strong financial stability. Special Districts like MCWD receive credit ratings from agencies such as Standard & Poor’s (S&P). These ratings work much like a personal credit score: a high rating shows the District is financially responsible. Maintaining strong credit ratings helps the District keep financing costs low and protect ratepayers.

\$15,885,000

2019 Series Revenue Bond

\$3,703,138

CWSRF Loan 110 Transmission

\$1,937,100

WRFP 1 Loan 120 Distribution

\$19,310,000

2024 Series Revenue Bond

\$1,084,391

WRFP 1 Loan 110 Transmission

\$2,037,486

Santa Cruz Bank Installment Loan

\$17,850,000

2025 Refunding Bonds

\$4,624,235

CWSRF Loan 120 Distribution

\$66,431,350

Total



LATEST BOND RATING:

MCWD recent bond rating is AA- with a Positive outlook, one of the highest ratings available and an improvement from the previous AA- stable rating.

This change reflects stronger financial performance and prudent management.

RECOGNIZED FOR EXCELLENCE

GFOA – Certificate of Achievement for Excellence in Financial Reporting

For the 17th year in a row, the District earned the GFOA Certificate of Achievement for Excellence in Financial Reporting. This continued recognition reflects our commitment to open and accurate financial report for the public.

GFOA – Distinguished Budget Presentation

This year, the District received the GFOA Distinguished Budget Presentation Award for the first time. The award recognizes our progress in making the budget more readable and useful for the community, with a focus on clarity, goals, and long-term planning.



The Government Finance Officers Association (GFOA), is a national organization that promotes transparency and clarity in public financial reporting.

National Recognition for Recycled Water

Marina Coast Water District, Monterey Peninsula Water Management District (MPWDMD), and California American Water (Cal-AM) were jointly honored by the WaterReuse Association as “2024 Recycled Water Customer of the Year” for innovation and support of advanced purified, recycled water.





Mission Statement

Marina Coast Water District delivers safe and environmentally sustainable water, recycled water, and wastewater services that meet community needs.



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24-Hour Emergency – (831)-883-5990
www.mcwd.org
customerservice@mcwd.org

OFFICE HOURS
Monday – Friday, 8:00AM – 5:00PM
***Closed every other Friday**