

**A REGULAR MEETING OF THE OPERATING COMMITTEE
of the
CENTRAL COAST WATER AUTHORITY**

will be held at 9:00 a.m., on Thursday, March 14, 2024
at 255 Industrial Way, Buellton

Members of the public may participate by video call or telephone via
URL: <https://meetings.ringcentral.com/j/1494829862>
or via telephone by dialing 1 (623) 404-9000 and entering code 149 482 9862 #



Eric Friedman
Chairman

Jeff Clay
Vice Chairman

Ray A. Stokes
Executive Director

Brownstein Hyatt
Farber Schreck
General Counsel

Member Agencies

City of Buellton

Carpinteria Valley
Water District

City of Guadalupe

City of Santa Barbara

City of Santa Maria

Goleta Water District

Montecito Water District

Santa Ynez River Water
Conservation District,
Improvement District #1

Associate Member

La Cumbre Mutual
Water Company

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Public Comment on agenda items may occur via video call or telephonically, or by submission to the Board Secretary via email at lfw@ccwa.com no later than 8:00 a.m. on the day of the meeting. In your email, please specify (1) the meeting date and agenda item (number and title) on which you are providing a comment and (2) that you would like your comment read into the record during the meeting. If you would like your comment read into the record during the meeting (as either general public comment or on a specific agenda item), please limit your comments to no more than 250 words.

Every effort will be made to read comments into the record, but some comments may not be read due to time limitations. Please also note that if you submit a written comment and do not specify that you would like this comment read into the record during the meeting, your comment will be forwarded to Board members for their consideration.

Pursuant to Government Code section 54957.5, non-exempt public records that relate to open session agenda items and are distributed to a majority of the Board less than seventy-two (72) hours prior to the meeting will be available on the CCWA internet web site, accessible at <https://www.ccwa.com>.

- I. Call to Order and Roll Call**
- II. CLOSED SESSION**
CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
Government Code section 54956.9(d) (1)
Name of case: Central Coast Water Authority, et al. v. Santa Barbara County Flood Control and Water Conservation District, et al. (Case No. 21CV02432)
- III. Public Comment – (Any member of the public may address the Committee relating to any matter within the Committee’s jurisdiction. Individual Speakers may be limited to five minutes; all speakers to a total of fifteen minutes.)**
- IV. * Consent Calendar**
 - A. Minutes of the January 11, 2024 Operating Committee Meeting
Staff Recommendation: Approve Consent Calendar.
- V. Executive Director’s Report**
 - A. Operations Update
Staff Recommendation: Informational item only.
 - B. Water Supply Situation Report
Staff Recommendation: Informational item only.
 - * C. DRAFT Administrative Rules for the Transfer and Exchange of Water
Staff Recommendation: Informational item only.
 - * D. CCWA FY 2024/25 Preliminary Budget
Staff Recommendation: Informational item only.
- VI. Reports from Committee Members for Information Only**
- VII. Date of Next Regular Meeting: July 11, 2024**
- VIII. Adjournment**

- * Indicates attachment of document to agenda packet
- ◆ The CCWA FY 2023/24 Preliminary Budget has been provided to Committee members and is available on-line at www.CCWA.com, if you require a hard copy please contact Lisa Watkins at lfw@ccwa.com.

**MINUTES OF THE
CENTRAL COAST WATER AUTHORITY
OPERATING COMMITTEE**

January 11, 2024

I. Call to Order and Roll Call

Mr. Garcia, Committee Chair, called the January 11, 2024, Central Coast Water Authority Operating Committee meeting to order at 9:02 a.m.

Committee members present:

| | | |
|-----------------|---|--|
| Paeter Garcia | - | Santa Ynez River Water Conservation District, ID#1 |
| Rose Hess | - | City of Buellton |
| Shad Springer | - | City of Santa Maria |
| Ryan Drake | - | Goleta Water District |
| Dakota Corey | - | City of Santa Barbara |
| Shirley Johnson | - | Carpinteria Valley Water District |
| Nick Turner | - | Montecito Water District |

Mr. Ray Stokes, CCWA Executive Director, requested the Closed Session be removed from the Agenda. The Committee concurred with the request.

II. Closed Session

There was no closed session discussion.

III. Public Comment

There was no public comment.

IV. Consent Calendar

A. Approve Minutes of the July 13, 2023 Operating Committee Meeting

Motion to approve the consent calendar was made by Mr. Springer, seconded by Ms. Hess, and carried with all in favor and none opposed.

V. Executive Director's Report

A. Operations Update

Prior to Mr. Brady's presentation, Mr. Stokes reported that Mr. Brady has announced that he will be retiring effective July 1, 2024.

Mr. Brady, CCWA Deputy Director, reported on plant production, chemical costs, and totals pumped into Lake Cachuma. He also updated the Committee on CCWA's efforts to control nitrification, including projects that are underway to create permanent chloramination facilities at Tank 7, Tank 5 and Nipomo.

Proposed projects for the upcoming fiscal year include a design for pigging the pipeline, a new sample station downstream of Tank 5, and Tank 7 system improvements.

The recently purchased gas chromatograph/mass spectrometer has been delivered and will be installed at the Polonio Pass Water Treatment Plant. An upgrade to the powdered Activated Carbon (PAC) is also planned.

Other activities during the period included:

- Emergency Response Plan tabletop exercise for Distribution and Administrative staff.
- Network operations that took place included:
 - Datto Annual Exercise,
 - A workgroup completed Cyber Security Policy recommendations
 - Nutonixs Hyperconvergence and updates to several administrative systems are being planned.
- Design work included
 - Carport at SYPP and WTP.
 - “Rusty Riser” Project.
 - Utility Water Header Evaluation.
 - WTP Office Bid Documents
 - SYPP Surge Tank Re-certify Design
 - Operations Manager Office
 - Stairs For WTP Backwash Tank and Tank 2 & 5
- Hazardous Materials Business Plan
 - Update of Tank 5 and Tank 7
 - Update Environmental Contact Information
- Formalizing Agreement with Stantec
- Water Accounting
- Devil’s Den Pumping Plant Christmas Eve Issue.
 - Discharge Valve Stuck Open.
 - Resolved 12/29/23

B. Water Supply Situation Report

Mr. Stokes reviewed precipitation indices for various locations that show that the current water year is well below average amounts for both precipitation and snow pack levels. Oroville Reservoir is at 69% of capacity, and San Luis Reservoir is at 57% of capacity, and currently there is very low risk of spill.

Snow levels, precipitation forecasts, and the current delivery schedule for CCWA’s participants were also reviewed.

The State’s share of San Luis Reservoir is below 400 TAF so there is currently not a high risk of spill or the loss of carryover. Mr. Stokes stated there will not be an increase in the 2024 allocation until DWR has met the 800 TAF obligation for 2023.

The SWC are developing an internal water database to match sellers and buyers for 2024 before going outside of the SWC Contractors for purchases.

C. Pacheco Reservoir Expansion Project

Julianne O'Brien of Santa Clara Valley Water provided a presentation on the project, including background of Valley Water,

Questions regarding availability of non-SWP water to partners in the project, as well as financing, evaporation, availability during extremely dry years, and certain operational matters were asked of the representatives of Valley Water present. Model agreements would be available as part of next steps in the project process.

No action was requested.

D. Santa Ynez II Long-Term Project Overview

In the mid-1990's, an assessment of the CCWA pipeline between the Santa Ynez Pumping Plant and Lake Cachuma (Reach SYII) to determine its' remaining service life was completed which suggested approximately 20 years of service life. CCWA staff have been monitoring the condition of the pipeline and have not observed any issues. However, a long-term plan is needed to begin the development of a plan to that the pipeline in the most cost-effective manner and allow time to arrange for financing, environmental review, design and permitting.

This project will also include planning for replacing the temporary pipeline installed to by-pass the Bradbury Dam Penstock with a permanent pipeline. CCWA could combine efforts with the US Bureau of Reclamation to build a pipeline alongside the Bureau's pipeline across the Stilling Basin, which would provide a permanent bypass without impact to the dam facilities.

Mr. Brady noted the project is anticipated to take years to complete, and stated CCWA is looking for guidance on when the project should be initiated. Mr. Stokes noted that there is a risk analysis related to loss of the pipeline and impact to delivery of water to the South Coast project participants.

Following the presentation, the Committee asked questions related to next steps on the process.

No action was requested.

E. Draft CCWA Water Transfer Administrative Policies

The policies in use were adopted after the Water Management Amendment to the State Water Contract was adopted last year, and Mr. Stokes stated the presentation was focused on a proposal to update those policies with input from the Committee. He provided general framework for the process of transfer and exchange of water both within CCWA and outside of CCWA.

The Committee discussed implementation of the right of first refusal (ROFR) created by CCWA Resolution 21-01.

Feedback was provided by Committee members related to notification on potential transactions, type of water available for transfer and exchange, and the relationship to the CCWA exchange program with Santa Ynez ID#1.

F. Warren Act Contract Renewal Update

The short term contract between CCWA and the United States Bureau of Reclamation (USBR) will expire in September 2024, and Mr. Stokes reported that CCWA has been in contact with the USBR and requested negotiations begin as soon as possible. USBR has indicated they will be providing another short term contract in lieu of a long term contract.

G. FY 2024/25 Budget Preparation Schedule

The 2024/25 Budget Preparation Schedule was included in the packet materials for the information of the Committee.

H. The Economy of the State Water Project

The report was included in the packets for the information of the Committee.

VI. Reports from Committee Members for Information Only

Mr. Garcia introduced Santa Ynez River Water Conservation District, ID#1's new water resource manager, Dan Drugan.

There were no other reports from the Committee members.

VII. Date of Next Regular Meeting:

March 14, 2023 is the date of the next Regular meeting.

VIII. Adjournment

The meeting was adjourned at 11:59 AM.

Respectfully submitted,

Elizabeth F. Watkins
Secretary to the Board



CENTRAL COAST WATER AUTHORITY

MEMORANDUM

March 5, 2024

TO: CCWA Operating Committee
FROM: Ray A. Stokes, Executive Director
SUBJECT: DRAFT Administrative Rules for the Transfer and Exchange of Water

SUMMARY

To implement the Water Management Amendment of the State Water Supply Contract, and standardize CCWA's procedures for all transfers and exchanges, Staff has developed DRAFT Administrative Rules for the Transfer and Exchange of Water (Transfer Rules) for discussion.

The attached DRAFT Transfer Rules are preliminary and subject to change. Staff requests feedback from the Operations Committee and all CCWA Participants.

RECOMMENDATION

This item is for discussion only. No action is requested at this time.

DISCUSSION

CCWA staff proposes updating and supplementing CCWA's current Policies and Procedures for Water Transfers (adopted in 2013) to implement the Water Management Amendment and standardize CCWA's procedures for all transfers and exchanges. If the Board of Directors elects to adopt the proposed Administrative Rules for the Transfer and Exchange of Water (Transfer Rules), they would replace the existing policies and procedures.

CCWA staff presented a conceptual overview of the proposed Transfer Rules at the January meetings of the Board of Directors and Operations Committee. A preliminary draft of the proposed Transfer Rules was presented to the Board of Directors at its February Meeting. The attached draft of the proposed Transfer Rules reflects all comments received to date in "track changes" format.

CCWA staff proposes the following remaining schedule for review, discussion and consideration of the proposed Transfer Rules:

March 14, 2024 – CCWA Ops Committee Meeting

- Discussion re. draft updated CCWA Transfer Rules

March 21, 2024 – CCWA Board Agenda Packet

- Final updated CCWA Transfer Rules available for review

March 28, 2024 – CCWA Board Meeting

- CCWA Board considers updated CCWA Transfer Rules

ENVIRONMENTAL REVIEW

N/A

Attachments:

March 5, 2024 DRAFT Administrative Rules for the Transfer and Exchange of Water

Central Coast Water Authority

**ADMINISTRATIVE RULES FOR THE
TRANSFER OR EXCHANGE OF WATER**

Adopted _____, 2024

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TABLE OF DEFINED TERMS

| | |
|---------------------------------|---|
| AF | Acre-foot/acre-feet |
| CCWA | Central Coast Water Authority |
| CCWA Facilities | All water supply conveyance and treatment facilities owned by CCWA |
| Day(s) | Calendar day(s) |
| DWR | California Department of Water Resources |
| Nonproject Water | Has the same meaning as used in the SWP Contract |
| Non-Project Participants | Participants that do not execute a Purchase Agreement or Sale Agreement with CCWA for a specific transaction. |
| Participant | A party that holds a Water Supply Agreement with CCWA |
| Participant Seller | A Participant that has surplus Project Water available for transfer to another Participant or third party |
| Participant Buyer | A Participant that has a need for supplemental water |
| Project Allotment | Has the same meaning as used in each Participant's Water Supply Agreement |
| Project Water | Has the same meaning as used in the SWP Contract |
| ROFR | Right of First Refusal established by Resolution No. 21-01 |
| SBCFCWCD | Santa Barbara County Flood Control and Water Conservation District |
| SWP | State Water Project |
| SWP Contract | The State Water Supply Contract between DWR and SBCFCWCD dated February 26, 1963, as amended |
| SWP Contractor | A party that holds a State Water Supply Contract with DWR |
| SWPP | Supplemental Water Purchase Program |
| SWTP | Surplus Water Transfer Program |

I. INTRODUCTION AND BACKGROUND

The State Water Supply Contract (**SWP Contract**) between the Department of Water Resources (**DWR**) and Santa Barbara County Flood Control and Water Conservation District (**SBCFCWCD**) provides for the purchase and delivery of water from the State Water Project (**SWP**) to Santa Barbara County. In 1991, CCWA assumed responsibility for the SWP Contract. Amendment No. 21 to the SWP Contract (**the Water Management Amendment**) allows the parties that contract with DWR (the **SWP Contractors**) for delivery of water from the SWP (**Project Water**) to transfer and exchange their Project Water with other SWP Contractors and to utilize the SWP for the conveyance of other water supplies (**Nonproject Water**), with DWR's approval and subject to the terms and conditions set forth in the SWP Contract, including the Water Management Amendment. CCWA has contracted with retail water providers and others within its service area (each a **Participant** and collectively, the **Participants**) pursuant to certain Water Supply Agreements for the delivery of Project Water to them. The Water Management Amendment provides CCWA and the Participants with flexibility to manage their water supplies in a changing environment and to improve water supply reliability.

In conjunction with its approval of the Water Management Amendment, the CCWA Board of Directors adopted Resolution No. 21-01, "A Resolution of the Board of Directors of the Central Coast Water Authority Adopting A Right of First Refusal Rule for Any Transfer of State Water Project Water Outside the County of Santa Barbara Pursuant to the SWP Contract, as Amended by Amendment No. 21 (The Water Management Amendment)." Resolution No. 21-01 requires Participants to offer any Project Water the Participant intends to transfer out of Santa Barbara County to a third party first to the other Participants on the same terms and conditions.¹ Accordingly, Resolution No. 21-01 grants all Participants with a right of first refusal (**ROFR**) to purchase Project Water from the other Participants before it is transferred out of Santa Barbara County to a third party.

For many years, CCWA has administered the Supplemental Water Purchase Program (**SWPP** or **Purchase Program**) in dry years only. Beginning in 2024, CCWA will maintain the SWPP in all years. Participants may opt in to the SWPP at any time and remain in the program from year to year. Pursuant to the terms and conditions of the SWPP Participation Agreement, Program Participants share in the administrative costs and liabilities of the SWPP.

On July 27, 2023, CCWA's Board of Directors adopted Resolution No. 23-26 approving CCWA's Surplus Water Transfer Program (**SWTP** or **Transfer Program**). Participants may opt in to the SWTP at any time and remain in the program from year to year. Pursuant to the terms and conditions of the SWTP Participation Agreement, Program Participants share in the administrative costs and liabilities of the SWTP.

These Administrative Rules for the Transfer or Exchange of Water (**CCWA Transfer Rules**) set forth CCWA's policies and procedures for implementation of transfers and exchanges involving CCWA and its

¹ Resolution 21-01 provides: "A Participant may transfer all or any portion of its available SWP Water within its boundaries or to another Participant without approval by the Authority. As may be permitted by the SWP Contract, a Participant may transfer all or any portion of its available SWP Water outside the County of Santa Barbara County with the approval of the Authority, which approval shall not be unreasonably withheld, provided that the Authority shall require that any such proposed transfer outside of the County of Santa Barbara shall be subject to a right of first refusal of all Participants on a pro rata basis to take delivery of such SWP Water on the same terms and conditions."

Participants, whether pursuant to the SWPP or SWTP, or independent of those programs, such as when an individual Participant engages in a transfer or exchange of Project Water directly with a third party.

DRAFT

II. GENERAL

A. Application and Interpretation

These CCWA Transfer Rules apply to any transfer (purchase or transfer) or exchange of Project Water, ~~including transfers to~~ the temporary delivery of Project Water to a groundwater storage programs or ~~facilities~~ facility for later use within CCWA's service area, and the transfer and conveyance of Nonproject Water through the SWP for delivery to CCWA's service area, all as may be permitted by the SWP Contract.

These Rules do not apply to the permanent transfer of a Participant's Project Allotment pursuant to its Water Supply Agreement.

These CCWA Transfer Rules implement the Water Management Amendment and further are intended to be consistent with all applicable contracts, including all provisions of the SWP Contract and each Participant's Water Supply Agreement. In the event of a conflict between these Transfer Rules and any applicable contract, the terms and conditions of the contract shall prevail.

B. Prioritize Needs of Participants

It is the policy of CCWA to meet the needs of its Participants before transferring available Project Water to third parties. Therefore, if any Participant wishes to transfer Project Water, either to acquire additional supplies or to sell surplus supplies, CCWA will attempt to meet the needs of the Participants first, before entering into transactions outside the CCWA service area.

~~Notwithstanding the foregoing, individual Participants are not required to transfer Project Water to other Participants.~~

C. Compliance With All Obligations and Laws

All CCWA and Participant transfers and exchanges shall be carried out consistent with all applicable requirements and obligations, including but not limited to the SWP Contract, each Participant's Water Supply Agreement, Resolution No. 2021-01, and all applicable laws, including but not limited to the California Environmental Quality Act (CEQA).

D. Standardized Notices, Forms and Contracts

The Executive Director may, in his/her discretion, develop standardized notices, forms and contracts as may be necessary or convenient to implement these Transfer Rules. These Transfer Rules refer to several such notices, forms and contracts by title. However, these titles are for convenience only and may change over time without amendment of these Rules. Further, CCWA retains all discretion to modify the terms, conditions and other provisions of such notices, forms and contracts over time.

III. TRANSFERS AND EXCHANGES BETWEEN PARTICIPANTS

Note: The following updates and revises the 2013 Transfer Policy.²

A. Project Water Freely Transferrable Within CCWA

Participants may transfer or exchange Project Water between or among them. CCWA is not a party to any agreement that may exist involving such transfers and exchanges and is not responsible for any terms or conditions of such agreement.

CCWA approval is not required for any transfer or exchange between or among Participants, but the Participant that sells some or all of its Project Water (**Participant Seller**) must communicate the terms and conditions of the transfer or exchange to CCWA so that CCWA may account for and implement the transfer or exchange. Unless otherwise agreed by the Participant Seller and the Participant that purchases Project Water (**Participant Buyer**), CCWA staff will take direction from the Participant Seller.

B. Procedures for Internal Transfers

At any time, a Participant may notify CCWA of its intention to buy or sell Project Water. CCWA will maintain a record of this information, distribute it to all Participants at least quarterly (every three months), and attempt to satisfy all such requests within CCWA.

The procedure for communicating and directing CCWA to affect a one-time internal ~~or~~ transfer or exchange is as follows:

- The Participant Seller will complete a Water Transfer Form. This form will require the signatures of both the Participant Seller and Participant Buyer as well as provide the volume of water planned for transfer and the planned date of the transfer. All requests must be submitted to CCWA a reasonable amount of time before the desired date of transfer.
- CCWA staff will verify that the Participant Seller has the volume of water available to complete the transfer. The verification will be completed by at least two CCWA staff. One staff to process the request and a second staff for quality control review.
- CCWA staff will update the Delivery Status Report to reflect the transfer, complete CCWA's portion of the Water Transfer Form, and will return the completed Water Transfer Form to the Participant Seller and Participant Buyer. This will serve as confirmation that the transfer is complete.

² See <https://www.ccwa.com/internal-transfers>.

IV. TRANSFERS AND EXCHANGES OUTSIDE CCWA'S SERVICE AREA

The SWP Contract permits: ~~(1) the storing of Project water in a groundwater storage program, project surface conservation facilities and in nonproject surface storage facilities located outside a SWP's service area for later use by the SWP Contractor within its service area;~~ (2) balanced and unbalanced exchanges and transfers of Project Water between and among SWP Contractors; (2) transfers (purchases and sales) of Project Water between and among SWP Contractors; ~~and~~ (3) the transfer and conveyance of Nonproject Water through the SWP; and (4) the temporary delivery and storing of Project water in a groundwater storage program, project surface conservation facilities and in nonproject surface storage facilities located outside a SWP's service area for later use by the SWP Contractor within its service area.

A. Exchanges

1. Balanced And Unbalanced Exchanges in Favor of The Participant

CCWA will process all Participant requests for balanced and unbalanced exchanges in favor of the Participant (i.e., a greater quantity of water will be transferred to the Participant during the term of the transaction) using the same procedures that apply to supplemental water purchases. (See Section IV.B.) These exchanges do not require compliance with Resolution No. 21-01. (See Section IV.C.3.)

2. Unbalanced Exchanges in Favor of a Third Party

CCWA will process all Participant requests for unbalanced exchanges in favor of a third party (i.e., a greater quantity of water will be transferred to the third party during the term of the transaction) using the same procedures that apply to surplus water transfers. (See Section IV.C.) These exchanges require compliance with Resolution No. 21-01. (See Section IV.C.3.)

B. Supplemental Water Purchases

As described in Section II.B-9, CCWA will maintain and regularly update a schedule of all Participant requests to buy and sell water. If, after the needs of all Participants have been met or acceptable terms cannot be achieved among Participants (see Section III), there still exists a need for supplemental water, Participants may purchase supplemental water. CCWA will assist in obtaining the supplemental water, either through the SWPP or directly with the individual Participant.

1. CCWA's Supplemental Water Purchase Program

All Participants that wish to retain CCWA's services in identifying and facilitating the purchase of supplemental water must execute a SWPP Participation Agreement. Participants may execute the SWPP Participation Agreement at any time and may remain in the SWPP from year to year. As described in the SWPP Participation Agreement, SWPP Participants share in any costs and liabilities of the program.

From time to time, CCWA will make purchase opportunities available to the SWPP Participants. If a SWPP Participant elects to purchase a particular supply, the SWPP Participant must execute a Purchase Agreement with CCWA for that supply. As described in the Purchase Agreement, any SWPP Participants that execute a Purchase Agreement (**Project Participant(s)**) will share in any costs and liabilities of the particular transaction. CCWA will contract with third party the seller on behalf of the Project Participant.

As described in the Purchase Agreement, the Project Participant agrees to fully indemnify and defend CCWA and all other Participants that are not Project Participants (**Non-Project Participants**) from all liability associated with the purchase transaction.

Project Participants are responsible for compliance with CEQA and Article 57(g) of the SWP Contract. (See Appendix A: The Water Management Amendment.) For purposes of these Transfer Rules, all references to “Agency” in Article 57(g) shall include the Project Participant and CCWA.

2. Participant Purchases Outside the Purchase Program

Participants that purchase supplemental water supplies outside of the SWPP must execute an Assistance Agreement with CCWA fully indemnifying CCWA and all other Participants from all liability associated with the purchase transaction.

In this context, the Participant, and not CCWA, will contract directly with the third-party seller for the purchase and delivery of the water. As described in the Assistance Agreement, CCWA will assist the Participant in facilitating the purchase and delivery of the supply, including all communications with DWR, but otherwise will not be responsible for ensuring compliance with the terms and conditions of the transfer. Further, the Participant agrees to fully indemnify and defend CCWA and all other Participants from all liability associated with the purchase transaction.

C. **Surplus Water Transfers**

If, after the needs of all Participants have been met or acceptable terms cannot be achieved among Participants (see Section III), there still exists additional supplies for transfer outside the CCWA service area, CCWA and/or the Participant may seek to transfer supplies outside the CCWA service area.

1. CCWA’s Surplus Water Transfer Program

All Participants that wish to retain CCWA’s services in identifying and facilitating the transfer of surplus water must execute a SWTP Participation Agreement. Participants may execute the SWTP Participation Agreement at any time and may remain in the SWTP from year to year. As described in the SWTP Participation Agreement, SWTP Participants share in any costs and liabilities of the program.

From time to time, CCWA will make transfer opportunities available to the SWTP Participants. If a SWTP Participant elects to sell water, the SWTP Participant must execute a Sale Agreement with CCWA for that supply. As described in the [Transfer-Participation](#) Agreement, any SWTP Participants that execute a Sale Agreement (**Project Participant(s)**) will share in any costs and liabilities of the particular transaction. CCWA will contract with the third-party buyer on behalf of the Project Participant.

As described in the Sale Agreement, the Project Participant agrees to fully indemnify and defend CCWA and all **Non-Project Participants** from all liability associated with the purchase transaction.

Project Participants are responsible for compliance with CEQA and Article 57(g) of the SWP Contract. (See Appendix A.)

2. Participant Transfers Outside of Transfer Program

Participants that transfer surplus water supplies outside of the SWTP must execute an Assistance Agreement with CCWA fully indemnifying CCWA and all other Participants from all costs and liability associated with the transfer transaction.

In this context, the Participant, and not CCWA, will contract directly with the third-party buyer for the purchase and delivery of the water. As described in the Assistance Agreement, CCWA will assist the Participant in facilitating the transfer and delivery of the supply, including all communications with DWR, but otherwise will not be responsible for ensuring compliance with the terms and conditions of the transfer. Further, the Participant agrees to fully indemnify and defend CCWA and all other Participants from all liability associated with the transfer transaction.

3. Procedure for Compliance with Resolution No. 21-01

As described in Section I above, ~~all the~~ transfer of Project Water for later use outside Santa Barbara County ~~are is~~ subject to Resolution No. 21-01. Although CCWA will assist the Participant Seller with coordination among the Participants, compliance with Resolution No. 21-01 is the sole responsibility of the Participant Seller. Early and regular communication between the Participant Seller(s) and the other Participants is encouraged.

Because the SWP Contract permits multi-year transfers and exchanges, a Participant Seller may elect to enter into a long-term contract that includes transfers and/or exchanges over multiple years. In this circumstance, Resolution No. 21-01 applies to the entire transaction, not each year as transfers and exchanges are performed as part of the multi-year transaction. Accordingly, the Participants' ROFR occurs only once at the time the multi-year transaction is proposed.

The Resolution No. 21-01 applies only to a Participant's transfer of Project Water to a third party for later use outside of Santa Barbara. It does- not apply to the temporary delivery of the supply to a groundwater storage program or facility outside of Santa Barbara County for later use within CCWA's service area.

a. *Participant Seller to Give Notice of Sale Terms and Set Deadlines*

Upon execution of a Letter of Intent, Term Sheet, or other document that memorializes the basic terms and conditions (**Sale Terms**) of a transfer of Project Water from a Participant Seller to a third-party buyer, the Participant Seller shall promptly provide: (i) notice of the propose transfer of Project Water to all other Participants (**Notice of Transfer**), (ii) the Sale Terms, (iii) the Participant Seller's contact information, and (iv) the deadline for any Participant to give notice of the Participant's preliminary intention to exercise its ROFR pursuant to Resolution No. 21-01 which deadline shall be **at least 4510 days** from the date the Participant Seller delivers ~~its notice to the Participants (ROFR Deadline)~~the Notice of Transfer.

If no Participant gives notice of its intention to exercises its ROFR by the ROFR Deadline, all Participants shall be deemed to have waived their ROFR and the Participant Seller may continue to process the transaction with a third party.

b. *Exercise of ROFR*

If a Participant Buyer ~~elects~~notice of its intention to exercise its ROFR pursuant to Section IV.C.3.a, it must deliver its *binding commitment* to the Sale Terms in writing to the Participant Seller's contact person(s) within 45 days of the Notice of Transfer by the ROFR Deadline. Thereafter, tThe Participant Seller and the

Participant Buyer will work expeditiously to execute any desired contracts between them and comply with the procedures in Section III.

~~If no Participant exercises its ROFR by the ROFR Deadline, all Participants shall be deemed to have waived their ROFR and the Participant Seller may continue to process the transaction with a third party.~~

D. Temporary Delivery to a Storage Program or Facility Outside Santa Barbara County

The SWP Contract permits the storing of Project water in a groundwater storage program, project surface conservation facilities and in nonproject surface storage facilities located outside a SWP's service area for later use by the SWP Contractor within its service area.

CCWA will process ~~all transfers~~ [the temporary transfer and delivery of Project Water](#) to out-of-county storage [programs or facilities](#) in the same manner as Participant transfers outside of CCWA's Transfer Program. (See Section IV.C.2. -As noted above, Resolution No. 21-01 does not apply to these transactions, [so long as the water temporarily stored outside of Santa Barbara County is later used within CCWA's service area.](#)

E. SBCFCWCD Execution of DWR Agreements

As the contracting party to the SWP Contract with DWR for Santa Barbara County, DWR requires SBCFCWCD's execution of all agreements with DWR required to administer any transfer or exchange involving Project Water or that utilities the SWP for conveyance of Nonproject Water (each a **DWR Agreement**).

On behalf of Project Participants, CCWA will contract with SBCFCWCD to secure SBCFCWCD's execution of any DWR Agreement.

V. SPECIAL WATER TYPES

In addition to each SWP Contractor's Table A Amount, the SWP Contract makes certain additional supplies available, including carryover water (Article 56) and interruptible water (Article 21).

A. Article 56 Carryover Water

The SWP Contract allows SWP Contractors to carryover into storage at San Luis Reservoir a portion of the SWP Contractor's Table A Amount that was not delivered in the prior year (**Article 56 Carryover Water**). Further, the SWP Contract allows SWP Contractor's to transfer or exchange a portion, depending on DWR's final water supply allocation, of its Article 56 Carryover Water. (See Appendix A: Article 56(c).)

On or about January 15 of each year, DWR determines each SWP Contractor's maximum amount of Article 56 Carryover Water based on the availability of storage in San Luis Reservoir. After receipt of DWR's calculation of CCWA's **Article 56 Water**, CCWA will calculate each Participant's share of CCWA's Article 56 Carryover Water based on each Participant's use of Project Water in the prior year.

Participants may elect to transfer or exchange any portion of their allocated share of the CCWA Article 56 Water, so long as the total quantity of CCWA Article 56 Carryover Water to be transferred or exchanged does not exceed 50% of CCWA's Article 56 Carryover Water.³

If the total Article 56 Carryover Water requested to be transferred or exchanged by all Participants is less than the amount available for transfer or exchange by CCWA (e.g., less than 50% of CCWA's Article 56 Carryover Water), the requesting Participants may elect to transfer or exchange any additional Article 56 Carryover Water allocated to them. The requesting Participants will share in the balance of the available transfer capacity pro-rata based on each Participant's Project Allocation, as provided in each Participant's Water Supply Agreement.

Example:

Assume the CCWA's Article 56 Water is 20,000 AF for the year and therefore that CCWA is permitted to transfer or exchange 10,000 AF for the year.

If Participants A, B and C collectively request transfer of 8,000 AF of CCWA's Article 56 Carryover Water, CCWA will allocate the remaining transfer capacity to Participants A, B and C pro-rata based on each Participant's Project Allotment.

B. Article 21 Water

Pursuant to Article 21 of the SWP Contract, each year DWR makes available and allocates among the SWP Contractors interruptible water (**Article 21 Water**). Generally, Article 21 Water is not available for transfer or exchange, unless the acquiring SWP Contractor can demonstrate a special need for the water. In the event a Participant has a special need for the purchase of water, CCWA will assist the Participant as part of the SWPP.

³ The SWP Contractor may request from DWR an exception to the 50% limitation. (See Article 56(c)(4)(iii).) If DWR grants an exception, the approved percentage shall apply for purposes of implementing this Section V.AIV.C.4.

However, Article 21 Water may be delivered to an alternate point of delivery temporarily, for example to a non-SWP water bank outside of Santa Barbara County. SWP Contractors make take delivery of Article 21 Water and simultaneously re-direct some portion of the Article 21 Water to another point of delivery.

DWR determines the estimated Article 21 Water available for delivery to each SWP Contractor on a weekly basis, and Article 21 must be taken in “real-time” by the receiving SWP Contractor. When Article 21 Water is available to CCWA, CCWA will promptly notify the Participants of their right to take delivery of their allocated share of the Article 21 Water and the deadline for any Participant to elect to take the available supply. A Participant’s failure to notify CCWA of its election to take Article 21 Water forfeits the Participant’s right to Article 21 Water.

If a Participant elects to take delivery of its allocated share of CCWA’s Article 21 Water in a different location other than the CCWA facilities, it may do so, but only if all required approvals providing for the Participant’s delivery to the alternate point of delivery and temporary storage have been obtained and all associated contracts have been executed in advance of the availability of Article 21 Water. Participants that elect to re-direct some portion of their allocated share of Article 21 Water to another point of delivery shall provide CCWA’s Executive Director with copies of all required approvals and associated contracts.

Resolution No. 21-01 does not apply to the delivery of Article 21 Water because transfer of the water out of Santa Barbara County is not permitted.

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VI. DELIVERY OF TRANSFERRED/EXCHANGED WATER TO CCWA SERVICE AREA

The following is adapted and revised from the 2013 Transfer Policy:⁴

1. Procedure

The procedure for requesting a return of Project Water that is stored outside CCWA's service area or the delivery of exchanged water from outside CCWA's service area is as follows:

- A Participant makes a request to return water to CCWA using the Banked/Exchange Water Return Request Form.
- If other Participants have a right to the water to be returned, CCWA will advise those Participants of a Participant's request to return water. CCWA will provide a deadline to the other Participants for adding their request to return water. If Participants are in agreement with the terms of the returned water, CCWA will formally request the return of the banked or exchanged water.
- CCWA will facilitate all communications with third parties and DWR and schedule all deliveries.

2. Allocation of Supply Between/Among Multiple Participants

CCWA will advise Participants of total volume to be returned. The volume of returned water will be proportioned as follows:

For the first return request for the particular transfer agreement, the volume of returned water will be proportioned according to amount of initial contribution to the original water bank or exchange. For second and subsequent return request for the particular transfer agreement, the volume of returned water will be proportioned according to amount of water remaining in the water bank or exchange.

⁴ See <https://www.ccwa.com/return-of-banked-or-exchanged-water-from-outside-agencies>.

APPENDIX A

List of Standard Notices, Forms and Contracts

NOTE: The forms and contracts listed here are for convenience only. The titles and contents of these documents may change at any time and without amendment of CCWA's Transfer Rules.

Standard Forms:

1. Banked/Exchange Water Return Request Form
2. Delivery Status Report
3. Water Transfer Form

Standard Contracts:

1. Assistance Agreement
2. DWR Agreement
3. Purchase Agreement
4. Sale Agreement
5. SWPP Participation Agreement
6. SWTP Participation Agreement

APPENDIX B
The Water Management Amendment

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STATE OF CALIFORNIA
CALIFORNIA NATURAL RESOURCES AGENCY
DEPARTMENT OF WATER RESOURCES

AMENDMENT NO. 21 (THE WATER MANAGEMENT AMENDMENT)
TO WATER SUPPLY CONTRACT
BETWEEN
THE STATE OF CALIFORNIA DEPARTMENT OF WATER RESOURCES
AND
SANTA BARBARA COUNTY FLOOD CONTROL AND WATER CONSERVATION
DISTRICT

THIS AMENDMENT to the Water Supply Contract is made this 22nd day of April, 2021 pursuant to the provisions of the California Water Resources Development Bond Act, the Central Valley Project Act, and other applicable laws of the State of California, between the State of California, acting by and through its Department of Water Resources, herein referred to as the "State," and Santa Barbara County Flood Control and Water Conservation District, herein referred to as the "Agency."

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RECITALS

- A. The State and the Agency entered into and subsequently amended a water supply contract (the “contract”), dated February 26, 1963, providing that the State shall supply certain quantities of water to the Agency and providing that the Agency shall make certain payments to the State, and setting forth the terms and conditions of such supply and such payments; and
- B. The State and the Agency, in an effort to manage water supplies in a changing environment, explored non-structural solutions to provide greater flexibility in managing State Water Project (SWP) water supplies; and
- C. The State and the Agency, in an effort to support the achievement of the coequal goals for the Delta set forth in the Delta Reform Act, sought solutions to develop water supply management practices to enhance flexibility and reliability of SWP water supplies while the Agency is also demonstrating its commitment to expand its water supply portfolio by investing in local water supplies; and
- D. The State and the Agency, in response to the Governor’s Water Resiliency Portfolio, wish to maintain and diversify water supplies while protecting and enhancing natural systems without changing the way in which the SWP operates; and
- E. The State and the Agency sought to create a programmatic solution through transfers or exchanges of SWP water supplies that encourages regional approaches among water users sharing watersheds and strengthening partnerships with local water agencies, irrigation districts, and other stakeholders; and
- F. The State and the Agency, in an effort to comply with the Open and Transparent Water Data Platform Act (Assembly Bill 1755), sought means to create greater transparency in water transfers and exchanges; and
- G. The State, the Agency and representatives of certain other SWP Contractors have negotiated and agreed upon a document (dated May 20, 2019), the subject of which is “ Draft Agreement in Principle for the SWP Water Supply Contract Amendment for Water Management” (the “Agreement in Principle”); and
- H. The Agreement in Principle describes that the SWP Water Supply Contract Amendment for Water Management “supplements and clarifies terms of the SWP water supply contract that will provide greater water management regarding transfers and exchanges of SWP water within the SWP service area”; the principles agreed to achieve this without relying upon increased SWP diversions or changing the way in which the SWP operates, and are consistent with all applicable contract and regulatory requirements; and

- I. The State, the Agency and those Contractors intending to be subject to the contract amendments contemplated by the Agreement in Principle subsequently prepared an amendment to their respective Contracts to implement the provisions of the Agreement in Principle, and such amendment was named the "SWP Water Supply Contract Amendment for Water Management"; and
- J. The State and the Agency desire to implement continued service through the contract and under the terms and conditions of this "SWP Water Supply Contract Amendment for Water Management";

NOW, THEREFORE, IT IS MUTUALLY AGREED that the following changes and additions are hereby made to the Agency's water supply contract with that State:

AMENDED CONTRACT TEXT

ARTICLE 1 IS AMENDED TO ADD THE FOLLOWING DEFINITIONS, PROVIDED THAT IF THIS WATER MANAGEMENT AMENDMENT TAKES EFFECT BEFORE THE CONTRACT EXTENSION AMENDMENT TAKES EFFECT, THE ADDITIONS HEREIN SHALL CONTINUE IN EFFECT AFTER THE CONTRACT EXTENSION AMENDMENT TAKES EFFECT NOTWITHSTANDING THE CONTRACT EXTENSION AMENDMENT'S DELETION AND REPLACEMENT OF ARTICLE 1 IN ITS ENTIRETY:

1. Definitions

- (au) **"Article 56 Carryover Water"** shall mean water that the Agency elects to store under Article 56 in project surface conservation facilities for delivery in a subsequent year or years.

ARTICLES 21 and 56 ARE DELETED IN THEIR ENTIRETY AND REPLACED WITH THE FOLLOWING TEXT:

21. Interruptible Water Service

(a) Allocation of Interruptible Water

Each year from water sources available to the project, the State shall make available and allocate interruptible water to contractors in accordance with the procedure in Article 18(a). Allocations of interruptible water in any one year may not be carried over for delivery in a subsequent year, nor shall the delivery of interruptible water in any year impact the Agency's approved deliveries of Annual Table A Amount or the Agency's allocation of water for the next year. Deliveries of interruptible water in excess of the Agency's Annual Table A Amount may be made if the deliveries do not adversely affect the State's delivery of Annual Table A Amount to other contractors or adversely affect project operations. Any amounts of water owed to the Agency as of the date of this amendment pursuant to former Article 12(d), any contract provisions or letter agreements relating to wet weather water, and any Article 14(b) balances accumulated prior to 1995, are canceled. The State shall hereafter use its best efforts, in a manner that causes no adverse impacts upon other contractors or the project, to avoid adverse economic impacts due to the Agency's inability to take water during wet weather.

(b) Notice and Process for Obtaining Interruptible Water

The State shall periodically prepare and publish a notice to contractors describing the availability of interruptible water under this Article. To obtain a supply of interruptible water, including a supply from a transfer of interruptible water, the Agency shall execute a further agreement with the State. The State will timely process such requests for scheduling the delivery of the interruptible water.

(c) Rates

For any interruptible water delivered pursuant to this Article, the Agency shall pay the State the same (including adjustments) for power resources (including on-aqueduct, off-aqueduct, and any other power) incurred in the transportation of such water as if such interruptible water were Table A Amount water, as well as all incremental operation, maintenance, and replacement costs, and any other incremental costs, as determined by the State. The State shall not include any administrative or contract preparation charge. Incremental costs shall mean those nonpower costs which would not be incurred if interruptible water were not scheduled for or delivered to the Agency. Only those contractors not participating in the repayment of the capital costs of a reach shall be required to pay any use of facilities charge for the delivery of interruptible water through that reach.

(d) Transfers of Interruptible Water

- (1) Tulare Lake Basin Water Storage District, Empire West-Side Irrigation District, Oak Flat Water District, and County of Kings may transfer to other contractors a portion of interruptible water allocated to them under subdivision (a) when the State determines that interruptible water is available.
- (2) The State may approve the transfer of a portion of interruptible water allocated under subdivision (a) to contractors other than those listed in (d)(1) if the contractor acquiring the water can demonstrate a special need for the transfer of interruptible water.
- (3) The contractors participating in the transfer shall determine the cost compensation for the transfers of interruptible water.

The transfers of interruptible water shall be consistent with Articles 56(d) and 57.

56. Use and Storage of Project Water Outside of Service Area and Article 56 Carryover Water

(a) State Consent to Use of Project Water Outside of Service Area

Notwithstanding the provisions of Article 15(a), the State hereby consents to the Agency storing Project Water in a groundwater storage program, project surface conservation facilities and in nonproject surface storage facilities located outside its service area for later use by the Agency within its service area and to the Agency transferring or exchanging Project Water outside its service area consistent with agreements executed under this contract.

(b) Groundwater Storage Programs

The Agency shall cooperate with other contractors in the development and establishment of groundwater storage programs. The Agency may elect to store Project Water in a groundwater storage program outside its service area for later use within its service area. There shall be no limit on the amount of Project Water the Agency can store outside its service area during any year in a then existing and operational groundwater storage program.

(1) Transfers of Annual Table A Amount stored in a groundwater storage program outside a contractor's service area.

In accordance with applicable water rights law and the terms of this Article, the Agency may transfer any Annual Table A Amount stored on or after the effective date of the Water Management Amendment in a groundwater storage program outside its service area to another contractor for use in that contractor's service area. These transfers must comply with the requirements of Articles 56(c)(4)(i)-(v), (6) and (7), and Article 57. The Agency will include these transfers in its preliminary water delivery schedule required in Article 12(a).

(2) Exchanges of any Annual Table A Amount stored in a groundwater storage program outside a contractor's service area.

In accordance with applicable water rights law and the terms of this Article, the Agency may exchange any Annual Table A Amount stored on or after the effective date of the Water Management Amendment in a groundwater storage program outside its service area with another contractor for use in that contractor's service area. These exchanges must comply with the requirements in Article 56(c)(4)(i)-(v). The Agency shall include these exchanges in its preliminary water delivery schedule pursuant to Article 12(a).

(c) Article 56 Carryover Water and Transfers or Exchanges of Article 56 Carryover Water

- (1) In accordance with any applicable water rights laws, the Agency may elect to use Article 56 Carryover Water within its service area, or transfer or exchange Article 56 Carryover Water to another contractor for use in that contractor's service area in accordance with the provisions of subdivision (c)(4) of this Article. The Agency shall submit to the State a preliminary water delivery schedule on or before October 1 of each year pursuant to Article 12(a), the quantity of water it wishes to store as Article 56 Carryover Water in the next succeeding year, and the quantity of Article 56 Carryover Water it wishes to transfer or exchange with another contractor in the next succeeding year. The amount of Project Water the Agency can add to storage in project surface conservation facilities and in nonproject surface storage facilities located outside the Agency's service area each year shall be limited to the lesser of the percent of the Agency's Annual Table A Amount shown in column 2 or the acre-feet shown in column 3 of the following table, depending on the State's final Table A water supply allocation percentage as shown in column 1. For the purpose of determining the amount of Project Water the Agency can store, the final water supply allocation percentage shown in column 1 of the table below shall apply to the Agency. However, there shall be no limit to storage in nonproject facilities in a year in which the State's final water supply allocation percentage is one hundred percent. These limits shall not apply to water stored pursuant to Articles 12(e) and 14(b).

| 1. Final Water Supply Allocation Percentage | 2. Maximum Percentage of Agency's Annual Table A Amount That Can Be Stored | 3. Maximum Acre-Foot That Can Be Stored |
|---|--|---|
| 50% or less | 25% | 100,000 |
| 51% | 26% | 104,000 |
| 52% | 27% | 108,000 |
| 53% | 28% | 112,000 |
| 54% | 29% | 116,000 |
| 55% | 30% | 120,000 |
| 56% | 31% | 124,000 |
| 57% | 32% | 128,000 |
| 58% | 33% | 132,000 |
| 59% | 34% | 136,000 |
| 60% | 35% | 140,000 |
| 61% | 36% | 144,000 |
| 62% | 37% | 148,000 |
| 63% | 38% | 152,000 |
| 64% | 39% | 156,000 |
| 65% | 40% | 160,000 |
| 66% | 41% | 164,000 |
| 67% | 42% | 168,000 |
| 68% | 43% | 172,000 |
| 69% | 44% | 176,000 |
| 70% | 45% | 180,000 |
| 71% | 46% | 184,000 |
| 72% | 47% | 188,000 |
| 73% | 48% | 192,000 |
| 74% | 49% | 196,000 |
| 75% or more | 50% | 200,000 |

- (2) Storage capacity in project surface conservation facilities at any time in excess of that needed for project operations shall be made available to requesting contractors for storage of project and Nonproject Water. If such storage requests exceed the available storage capacity, the available capacity shall be allocated among contractors requesting storage in proportion to their Annual Table A Amounts for that year. The Agency may store water in excess of its allocated share of capacity as long as capacity is available for such storage.
- (3) If the State determines that a reallocation of excess storage capacity is needed as a result of project operations or because of the exercise of a contractor's storage right, the available capacity shall be reallocated among contractors requesting storage in proportion to their respective Annual

Table A Amounts for that year. If such reallocation results in the need to displace water from the storage balance for any contractor or noncontractor, the water to be displaced shall be displaced in the following order of priority:

First, water, if any, stored for noncontractors;

Second, water stored for a contractor that previously was in excess of that contractor's allocation of storage capacity; and

Third, water stored for a contractor that previously was within that contractor's allocated storage capacity.

The State shall determine whether water stored in a project surface water conservation facility is subject to displacement and give as much notice as feasible of a potential displacement. If the Agency transfers or exchanges Article 56 Carryover Water pursuant to this subdivision to another contractor for storage in such facility, the State shall recalculate the amount of water that is subject to potential displacement for both contractors participating in the transfer or exchange. The State's recalculation shall be made pursuant to subdivision (4) of this Article.

(4) Transfers or Exchanges of Article 56 Carryover Water

The Agency may transfer or exchange its Article 56 Carryover Water as provided in this subdivision under a transfer or an exchange agreement with another contractor. Water stored pursuant to Articles 12(e) and 14(b) and Nonproject Water shall not be transferred or exchanged. Transfers or exchanges of Article 56 Carryover Water under this subdivision shall comply with subdivision (f) of this Article and Article 57 as applicable, which shall constitute the exclusive means to transfer or exchange Article 56 Carryover Water.

On or around January 15 of each year, the State shall determine the maximum amount of Article 56 Carryover Water as of January 1 that will be available for transfers or exchanges during that year. The State's determination shall be consistent with subdivisions (c)(1) and (c)(2) of this Article.

The State shall timely process requests for transfers or exchanges of Article 56 Carryover Water by participating contractors. After execution of the transfer or exchange agreement between the State and the contractors participating in the transfer or exchange, the State shall recalculate each contractor's storage amounts for the contractors participating in the transfer or exchange. The State's recalculation shall result in an increase by an amount of water within the storage amounts for the contractor receiving the water and a decrease by the same amount of water for the contractor transferring or exchanging water. The State's recalculation shall be based on the criteria set forth in the State's transfer or exchange agreement with the participating contractors. The State's calculations shall also apply when a contractor uses Article 56 Carryover Water to complete an exchange.

Transfers and exchanges of Article 56 Carryover Water shall meet all of the following criteria:

- (i) Transfers or exchanges of Article 56 Carryover Water are limited to a single-year. Project Water returned as part of an exchange under subdivision (c)(4) may be returned over multiple years.
- (ii) The Agency may transfer or exchange an amount up to fifty percent (50%) of its Article 56 Carryover Water to another contractor for use in that contractor's service area.
- (iii) Subject to approval of the State, the Agency may transfer or exchange an amount greater than 50% of its Article 56 Carryover Water to another contractor for use in that contractor's service area. The Agency seeking to transfer or exchange greater than 50% of its Article 56 Carryover Water shall submit a written request to the State for approval. The Agency making such a request shall demonstrate to the State how it will continue to meet its critical water needs in the current year of the transfer or exchange and in the following year.

- (iv) The contractor receiving the water transferred or exchanged under subdivisions (4)(i) or (ii) above shall confirm in writing to the State its need for the water that year and shall take delivery of the water transferred or exchanged in the same year.
 - (v) Subject to the approval of the State, the Agency may seek an exception to the requirements of subdivisions (4)(i), (ii), and (iii) above. The Agency seeking an exception shall submit a written request to the State demonstrating to the State the need for 1) using project surface conservation facilities as the transfer or exchange point for Article 56 Carryover Water if the receiving contractor cannot take delivery of the transfer or exchange water in that same year, 2) using project surface conservation facilities for the transfer or exchange of one contractor's Article 56 Carryover Water to another contractor to reduce the risk of the water being displaced, or 3) for some other need.
- (5) The restrictions on storage of Project Water outside the Agency's service area provided for in this subdivision (c), shall not apply to storage in any project off-stream storage facilities constructed south of the Delta after the date of the Monterey Amendment.
- (6) For any Project Water stored outside its service area pursuant to subdivisions (b) and (c), the Agency shall pay the State the same (including adjustments) for power resources (including on-aqueduct, off-aqueduct, and any other power) incurred in the transportation of such water as the Agency pays for the transportation of Annual Table A Amount to the reach of the project transportation facility from which the water is delivered to storage. If Table A Amount is stored, the Delta Water Charge shall be charged only in the year of delivery to interim storage. For any stored water returned to a project transportation facility for final delivery to its service area, the Agency shall pay the State the same for power resources (including on-aqueduct, off-aqueduct, and any other power) incurred in the transportation of such water calculated from the point of

return to the aqueduct to the turn-out in the Agency's service area. In addition, the Agency shall pay all incremental operation, maintenance, and replacement costs, and any other incremental costs, as determined by the State, which shall not include any administrative or contract preparation charge. Incremental costs shall mean those nonpower costs which would not be incurred if such water were scheduled for or delivered to the Agency's service area instead of to interim storage outside the service area. Only those contractors not participating in the repayment of a reach shall be required to pay a use of facilities charge for use of a reach for the delivery of water to, or return of water from, interim storage.

- (7) If the Agency elects to store Project Water in a nonproject facility within the service area of another contractor it shall execute a contract with that other contractor prior to storing such water which shall be in conformity with this Article and will include at least provisions concerning the point of delivery and the time and method for transporting such water.

(d) Non-Permanent Water Transfers of Project Water

Notwithstanding the provisions of Article 15(a), the State hereby consents to the Agency transferring Project Water outside its service area in accordance with the following:

- (1) The participating contractors shall determine the duration and compensation for all water transfers, including single-year transfers, Transfer Packages and multi-year transfers.
- (2) The duration of a multi-year transfer shall be determined by the participating contractors to the transfer, but the term of the transfer agreement shall not extend beyond the term of the Contract with the earliest term.
- (3) A Transfer Package shall be comprised of two or more water transfer agreements between the same contractors. The State shall consider each proposed water transfer within the package at the same time and shall apply the transfer criteria pursuant to Article 57 in the review and approval of each transfer. The State shall not consider a Transfer Package as an exchange.

(e) Continuance of Article 12(e) Carry-over Provisions

The provisions of this Article are in addition to the provisions of Article 12(e), and nothing in this Article shall be construed to modify or amend the provisions of Article 12(e). Any contractor electing to transfer or exchange Project Water during any year in accordance with the provisions of subdivision (c) of this Article, shall not be precluded from using the provisions of Article 12(e) for carrying over water from the last three months of that year into the first three months of the succeeding year.

(f) Bona Fide Exchanges Permitted

Notwithstanding the provisions of Article 15(a), the State hereby consents to the Agency exchanging Project Water outside its service area consistent with this Article. Nothing in this Article shall prevent the Agency from entering into bona fide exchanges of Project Water for use outside the Agency's service area with other parties for Project Water or Nonproject Water if the State consents to the use of the Project Water outside the Agency's service area. Also, nothing in this Article shall prevent the Agency from continuing those exchange or sale arrangements entered into prior to September 1, 1995. Nothing in this Article shall prevent the Agency from continuing those exchange or sale arrangements entered into prior to the effective date of this Amendment which had previously received any required State approvals. The State recognizes that the hydrology in any given year is an important factor in exchanges. A "bona fide exchange" shall mean an exchange of water involving the Agency and another party where the primary consideration for one party furnishing water to another party is the return of a substantially similar amount of water, after giving due consideration to the hydrology, the length of time during which the water will be returned, and reasonable payment for costs incurred. In addition, the State shall consider reasonable deductions based on expected storage or transportation losses that may be made from water delivered. The State may also consider any other nonfinancial conditions of the return. A "bona fide exchange" shall not involve a significant payment unrelated to costs incurred in effectuating the exchange. The State, in consultation with the contractors, shall have authority to determine whether a proposed exchange of water constitutes a "bona fide exchange" within the meaning of this paragraph and not a disguised sale.

Exchanges of Project Water

Exchanges of Project Water shall be consistent with Article 57. In addition, the State shall apply the following criteria to its review of each exchange of Project Water as set forth below:

(1) **Exchange Ratio**

Exchange ratio shall mean the amount of water delivered from a contractor's project supply in a year to another contractor compared to the amount of water returned to the first contractor in a subsequent year by the other contractor. All exchanges shall be subject to the applicable exchange ratio in this Article as determined by the allocation of available supply for the Annual Table A Amount at the time the exchange transaction between the contractors is executed.

- (a) For allocations greater than or equal to 50%, the exchange ratio shall be no greater than 2 to 1.
- (b) For allocations greater than 25% and less than 50%, the exchange ratio shall be no greater than 3 to 1.
- (c) For allocations greater than 15% and less than or equal to 25%, the exchange ratio shall be no greater than 4 to 1.
- (d) For allocations less than or equal to 15%, the exchange ratio shall be no greater than 5 to 1.

(2) **Cost Compensation**

The State shall determine the maximum cost compensation calculation using the following formula:

The numerator shall be the exchanging contractor's conservation minimum and capital and transportation minimum and capital charges, including capital surcharges. DWR will set the denominator using the State Water Project allocation which incorporates the May 1 monthly Bulletin 120 runoff forecast.

If the Agency submits a request for approval of an exchange prior to May 1, the State shall provide timely approval with the obligation of the contractors to meet the requirement of the maximum compensation. If the maximum compensation is exceeded because the agreement between the

contractors is executed prior to the State Water Project allocation as defined in (c)(2) above, the contractors will revisit the agreement between the two contractors and make any necessary adjustments to the compensation. If the contractors make any adjustments to the compensation, they shall notify the State.

(3) Period During Which the Water May Be Returned:

The period for the water to be returned shall not be greater than 10 years and shall not go beyond the expiration date of this Contract. If the return of the exchange water cannot be completed within 10 years, the State may approve a request for an extension of time.

(g) Other Transfers

Nothing in this Article shall modify or amend the provisions of Articles 15(a), 18(a) or Article 41, except as expressly provided for in subdivisions (c) and (d) of this Article and in subdivision (d) of Article 21.

NEW CONTRACT ARTICLES

ARTICLE 57 IS ADDED TO THE CONTRACT AS A NEW ARTICLE AS FOLLOWS:

57. Provisions Applicable to Both Transfers and Exchanges of Project Water

- (a) Nothing in this Article modifies or limits Article 18 (a).
- (b) Transfers and exchanges shall not have the protection of Article 14(b).
- (c) The Agency may be both a buyer and seller in the same year and enter into multiple transfers and exchanges within the same year.
- (d) Subject to the State's review and approval, all transfers and exchanges shall satisfy the following criteria:
 - (1) Transfers and exchanges shall comply with all applicable laws and regulations.
 - (2) Transfers and exchanges shall not impact the financial integrity of the State Water Project. Transfers and exchange agreements shall include provisions to cover all costs to the State for the movement of water such as power costs and use of facility charge.
 - (3) Transfers and exchanges shall be transparent, including compliance with subdivisions (g) and (h) of this Article.
 - (4) Transfers and exchanges shall not harm other contractors not participating in the transfer or exchange.
 - (5) Transfers and exchanges shall not create significant adverse impacts to the service area of each contractor participating in the transfer or exchange.
 - (6) Transfers and exchanges shall not adversely impact State Water Project operations.
- (e) The Agency may petition the State and the State shall have discretion to approve an exception to the criteria set forth in subdivision (d) in the following cases:
 - (1) When a transfer or an exchange does not meet the criteria, but the Agency has determined that there is a compelling need to proceed with the transfer or exchange.

- (2) When the Agency has received water in a transfer or an exchange and cannot take all of the water identified in the transaction in the same year, the Agency may request to store its water consistent with Article 56(c), including in San Luis Reservoir.
- (f) The State will timely process such requests for scheduling the delivery of the transferred or exchanged water. Contractors participating in a transfer or an exchange shall submit the request in a timely manner.
- (g) The Agency shall, for each transfer or exchange it participates in, confirm to the State in a resolution or other appropriate document approving the transfer or exchange, including use of Article 56(c) stored water, that:
 - (1) The Agency has complied with all applicable laws.
 - (2) The Agency has provided any required notices to public agencies and the public.
 - (3) The Agency has provided the relevant terms to all contractors and to the Water Transfers Committee of the State Water Contractors Association.
 - (4) The Agency is informed and believes that the transfer or exchange will not harm other contractors.
 - (5) The Agency is informed and believes that the transfer or exchange will not adversely impact State Water Project operations.
 - (6) The Agency is informed and believes that the transfer or exchange will not affect its ability to make all payments, including payments when due under its Contract for its share of the financing costs of the State's Central Valley Project Revenue Bonds.
 - (7) The Agency has considered the potential impacts of the transfer or exchange within its service area.
- (h) **Dispute Resolution Process Prior to Executing an Agreement**

The State and the contractors shall comply with the following process to resolve disputes if a contractor that is not participating in the transfer or exchange claims that the proposed transfer and/or exchange has a significant adverse impact.

 - (1) Any claim to a significant adverse impact may only be made after the Agency has submitted the relevant terms pursuant to Article

57(g)(3) and before the State approves a transfer or an exchange agreement.

- (2) In the event that any dispute cannot be resolved among the contractors, the State will convene a group including the Department's Chief of the State Water Project Analysis Office, the Department's Chief Counsel and the Department's Chief of the Division of Operations or their designees and the contractors involved. The contractor's representatives shall be chosen by each contractor. Any contractor claiming a significant adverse impact must submit written documentation to support this claim and identify a proposed solution. This documentation must be provided 2 weeks in advance of a meeting of the group that includes the representatives identified in this paragraph.
- (3) If this group cannot resolve the dispute, the issue will be taken to the Director of the Department of Water Resources and that decision will be final.

**WATER MANAGEMENT AMENDMENT IMPLEMENTING
AND ADMINISTRATIVE PROVISIONS**

IT IS FURTHER MUTUALLY AGREED that the following provisions, which shall not be part of the Water Supply Contract text, shall be a part of this Amendment and be binding on the Parties.

1. EFFECTIVE DATE OF WATER MANAGEMENT AMENDMENT

- (a) The Water Management Amendment shall take effect (“Water Management Amendment effective date”) on the last day of the calendar month in which the State and 24 or more contractors have executed the Water Management Amendment, unless a final judgment by a court of competent jurisdiction has been entered that the Water Management Amendment is invalid or unenforceable or a final order has been entered that enjoins the implementation of the Water Management Amendment.
- (b) If any part of the Water Management Amendment of any contractor is determined by a court of competent jurisdiction in a final judgment or order to be invalid or unenforceable, the Water Management Amendments of all contractors shall be of no force and effect unless the State and 24 or more contractors agree any the remaining provisions of the contract may remain in full force and effect.
- (c) If 24 or more contractors have not executed the Water Management Amendment by February 28, 2021 then within 30 days the State, after consultation with the contractors that have executed the amendment, shall make a determination whether to waive the requirement of subdivision (a) of this effective date provision. The State shall promptly notify all contractors of the State’s determination. If the State determines, pursuant to this Article to allow the Water Management Amendment to take effect, it shall take effect only as to those consenting contractors.
- (d) If any contractor has not executed the Water Management Amendment within sixty (60) days after its effective date pursuant to subdivisions (a) through (c) of this effective date provision, this Amendment shall not take effect as to such contractor unless the contractor and the State, in its discretion, thereafter execute such contractor’s Water Management Amendment, in which case the Water Management Amendment effective date for purposes of that contractor’s Amendment shall be as agreed upon by the State and contractor, and shall replace the effective date identified in subdivision (a) for that contractor.

2. ADMINISTRATION OF CONTRACTS WITHOUT WATER MANAGEMENT AMENDMENT

The State shall administer the water supply contracts of any contractors that do not execute the Water Management Amendment in a manner that is consistent with the contractual rights of such contractors. These contractors' rights are not anticipated to be affected adversely or benefited by the Water Management Amendments.

3. OTHER CONTRACT PROVISIONS

Except as amended by this Amendment, all provisions of the contract shall be and remain the same and in full force and effect, provided, however, that any reference to the definition of a term in Article 1, shall be deemed to be a reference to the definition of that term, notwithstanding that the definition has been re-lettered within Article 1. In preparing a consolidated contract, the parties agree to update all such references to reflect the definitions' lettering within Article 1.

4. DocuSign

The Parties agree to accept electronic signatures generated using DocuSign as original signatures.

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment on the date first above written.

Approved as to Legal Form and Sufficiency:

Spencer Kenner _____ ^{kd}
Chief Counsel
Department of Water Resources

STATE OF CALIFORNIA
DEPARTMENT OF WATER RESOURCES

[Signature] _____
Director

4/22/2021
Date

Michael G. Ghizzoni
County Counsel
Approved as to Form:
Johannah Hartley _____
BD0FDC916C3B468...
~~General Counsel~~ Deputy
Santa Barbara County Flood Control
and Water Conservation District

SANTA BARBARA COUNTY FLOOD
CONTROL AND WATER
CONSERVATION DISTRICT
Approved by:
Scott McGolpin _____
1D6104A97F1C4E8...
~~General Manager~~
Scott D. McGolpin, Public Works Director
4/20/2021 | 4:14 PM PDT

Date



CENTRAL COAST WATER AUTHORITY MEMORANDUM

March 14, 2024

TO: CCWA Operating Committee
FROM: Dessi Mladenova
Controller
SUBJECT: CCWA FY 2024/25 Preliminary Budget

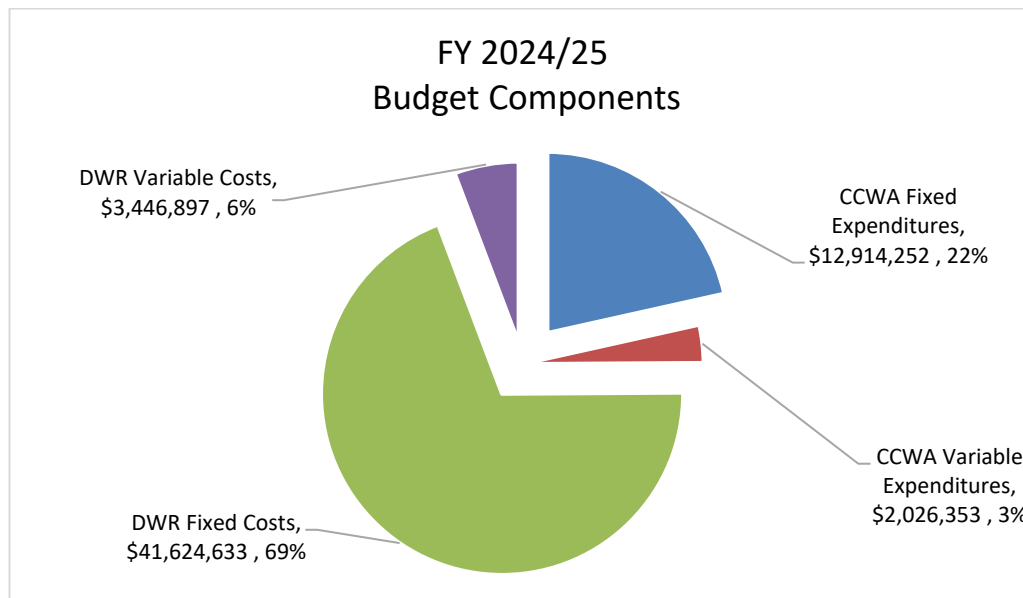
SUMMARY

The Preliminary FY 2024/25 Budget document has been posted for review at the CCWA website www.ccwa.com under the Major Reports tab. This memorandum provides an overview of the preliminary budget and highlights significant changes between it and the Final approved FY 2023/24 Budget.

DISCUSSION

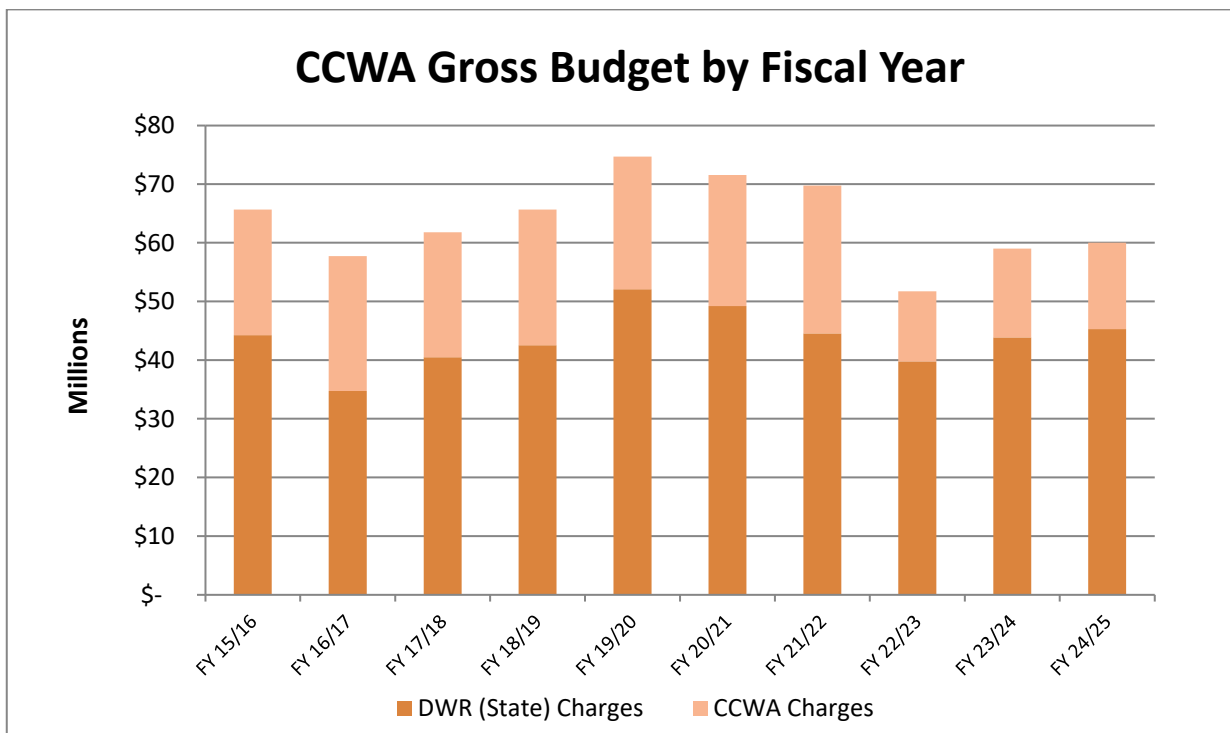
The FY 2024/25 Preliminary Budget calls for total project participant payments of \$59.4 million compared to the FY 2023/24 adopted budget of \$58 million, a \$1.4 million increase.

The following graph shows the various components of the FY 2024/25 Preliminary Budget and subsequent table compares the Preliminary FY 2024/25 Budget and the Final FY 2023/24 Budget:



| Budget Item | Final FY 2022/23 Budget | Preliminary FY 2024/25 Budget | Increase (Decrease) |
|------------------------------------|-------------------------------|-------------------------------------|------------------------|
| CCWA Expenses | | | |
| CCWA Operating Expenses - Fixed | \$ 10,542,387 | \$ 10,636,562 | \$ 94,175 |
| CCWA Operating Expenses - Variable | 1,787,951 | 2,026,353 | 238,402 |
| Capital/Non-Capital Projects | 2,806,978 | 2,060,730 | (746,248) |
| Total CCWA Expenses: | 15,137,316 | 14,723,646 | (413,670) |
| Pass-Through Expenses | | | |
| DWR Fixed Costs | 41,332,415 | 41,624,633 | 292,218 |
| DWR Variable Costs | 2,192,585 | 3,446,897 | 1,254,312 |
| Warren Act and Trust Fund Payments | 331,429 | 216,960 | (114,469) |
| Total Pass-Through Expenses: | 43,856,429 | 45,288,489 | 1,432,060 |
| Subtotal Gross Budget: | 58,993,745 | 60,012,135 | 1,018,390 |
| CCWA (Credits) Due | (971,784) | (546,086) | 425,698 |
| TOTAL: | \$ 58,021,961 | \$ 59,466,049 | \$ 1,444,088 |

The following graph shows the CCWA and DWR gross budget (without CCWA credits) for the past ten years.



CCWA Operating Expense Budget

The Preliminary FY 2024/25 CCWA operating expense budget totals \$12,662,916 which is \$332,577 more than the FY 2023/24 operating expense budget, or a 2.7% increase.

The following table shows the allocation between the fixed and variable CCWA O&M expenses for FY 2024/25 and FY 2023/24.

| | Final FY 2023/24 Budget | Preliminary FY 2024/25 Budget | Increase | Percentage Change |
|--------------|--|--|-------------------|------------------------------|
| Fixed O&M | \$ 10,542,387 | \$ 10,636,562 | \$ 94,175 | 0.89% |
| Variable O&M | 1,787,951 | 2,026,353 | 238,402 | 13.33% |
| Total: | <u>\$ 12,330,338</u> | <u>\$ 12,662,916</u> | <u>\$ 332,578</u> | <u>2.70%</u> |

The following is a list of the major highlights of the operating expense budget. Additional highlights and detailed explanations are available in the departmental sections of the preliminary budget.

Water Deliveries

Total requested water deliveries for FY 2024/25 are 16,338-acre feet compared to the FY 2023/24 requested deliveries of 13,964-acre feet, an increase of 2,374 acre-feet.

Personnel Expenses

Personnel expenses are increasing by about \$489,797 which includes the following changes from the prior year:

- The FY 2024/25 total salaries and wages budget for all departments is increasing \$225,869 as compared to the prior fiscal year budget, representing an increase of 5.9%.
- CalPERS retirement expenses are increasing by approximately \$68,148. The combined CCWA paid employer, employee and unfunded actuarial liability contribution rates for the FY 2024/25 total 33.62% as compared to the prior year amount of 33.52%, for a combined increase of 0.10%.
- Health insurance, dental/vision plan expenses and cafeteria plan benefits combined are increasing by about \$105,796 or 14.92% due to; 1) The 2024 CalPERS health insurance plan with the lowest premiums increased by 14.87% over the 2023 premiums, as opposed to the increase of 5% budgeted for the calendar year 2024; 2) The FY 2024/25 Budget also includes an estimated 10% increase in the health insurance premiums effective January 1, 2025. The health plan estimates are based on the elections of each employee at the time the budget is prepared.
- The FY 2024/25 Budget includes a \$213,476 deposit into the Retiree Benefit Trust Program, a 2% increase or \$4,760 from FY 2023/24 budget amount. This OPEB actuarial determined contribution is based on actuarial assumptions for the required minimum contribution under PEMHCA and the additional vested portion of retiree only

premiums for employees who are 62 years of age or older and retire from CCWA having completed at least 10 years of CCWA service.

Supplies and Equipment

Supplies and equipment are decreasing by \$21,328 based primarily due to the decreased cost of chemicals needed. Estimates are based on historical data and the costs of treatment are directly related to changes in water quality.

Monitoring Expenses

Monitoring expenses are only decreasing by \$9,835 due to fewer lab supplies and equipment needed as identified by the Senior Chemist.

Repairs and Maintenance

Repairs and maintenance costs are increasing by about \$51,660 due to increased repair and maintenance on aging equipment and vehicles.

Professional Services

Professional Services are decreasing by \$624,966 due primarily to a decrease in legal costs and partially offset by an increase in accounting and recruiting services.

General and Administrative

General and Administrative costs are increasing by about \$9,426 due to an increase in meeting and travel and dues and memberships.

Utilities

Utility expenses are increasing by about \$282,262 largely due to an increase in variable electric expenses based on expected deliveries.

Other Expenses

Other expenses are increasing by about \$154,562 due to increased insurance costs and computer expenses.

Approximately 54% of the operating expense budget represents personnel expenses. This is followed by 13% for supplies and equipment and 12% for professional services, with the balance being comprised of other expenses.

CCWA Capital Improvement & Non-Capital Projects

The Preliminary FY 2024/25 Budget includes \$2,060,730 for capital and non-capital improvement projects, a \$746,248 decrease over the prior year amount. All capital improvement and non-capital projects are normally funded on a current basis from project participant assessments.

Please refer to the “*Projects*” section of the Preliminary FY 2024/25 Budget for additional information on the budgeted capital improvement projects.

Regional Water Treatment Plant Allocation and Santa Ynez Exchange Agreement Modifications

The Preliminary FY 2024/25 fixed and variable regional water treatment plant allocation expense and corresponding credit is \$1,454,867 or \$44.19/AF for all Project Participants. The Preliminary FY 2024/25 fixed and variable Santa Ynez exchange agreement modifications total \$509,158, or \$209.96/AF.

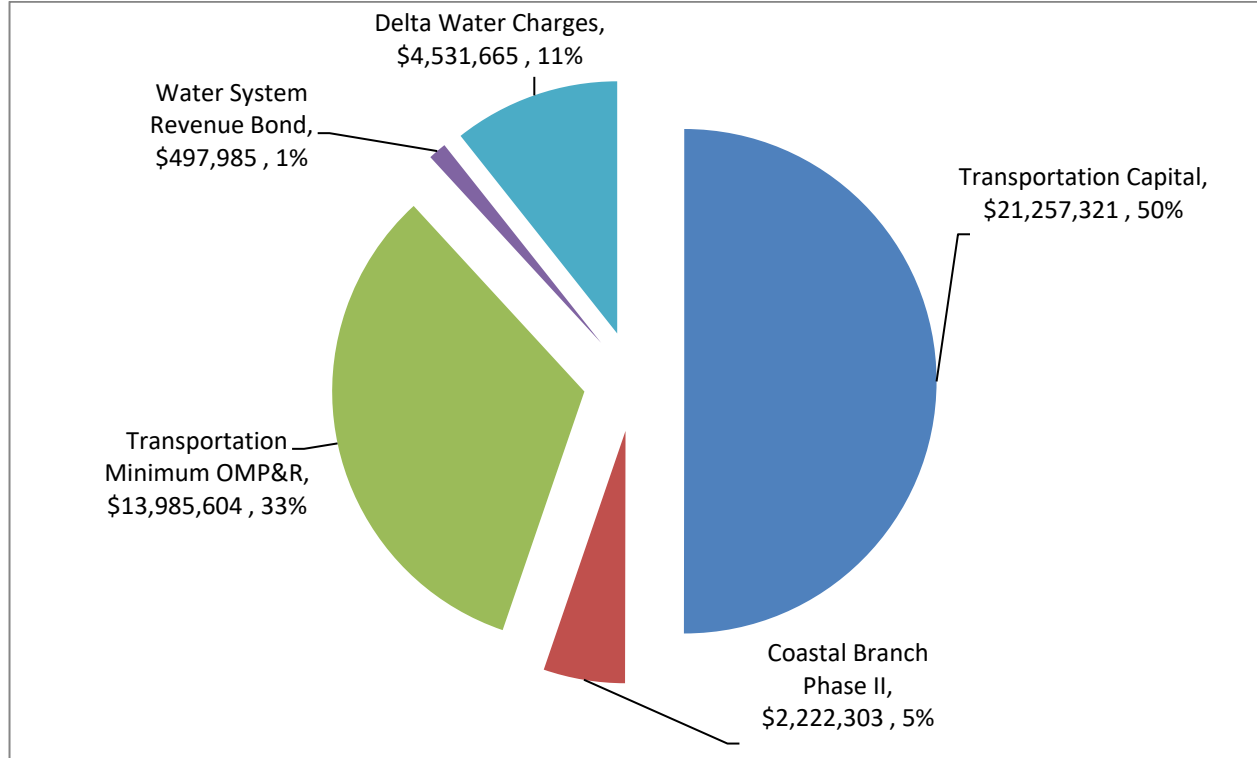
Please refer to the Water Treatment Plant section of the Budget for additional information on the regional water treatment plant allocation and Santa Ynez exchange agreement modifications.

Warren Act and Trust Fund Payments

The Preliminary FY 2024/25 Budget includes \$216,960 for Warren Act and Trust Fund MOU payments based on \$166.38 per acre foot for 1,304-acre feet of water to be delivered to Cachuma Lake.

DWR FIXED COSTS

The DWR fixed costs are comprised of the following cost components:



The FY 2024/25 DWR fixed charges, exclusive of DWR investment income, total \$42,494,877 which is \$881,412 higher than the FY 2023/24 Budget. The reasons for the cost component variances are described later in this report.

Transportation Capital

The Transportation Capital cost component covers the use of facilities to transport water to the vicinity of each State water contractor turnout. Generally, the charge represents each contractor’s proportionate share of the reimbursable capital costs and fixed operating costs.

The FY 2024/25 Transportation capital charges are increasing by \$2,028,440 due to the following:

| Transportation Capital Budget-to-Budget Changes | | | |
|--|----------------------|----------------------|---------------------|
| | FY 2023/24 | FY 2024/25 | Change |
| Calculated Component | \$ 23,696,592 | \$ 24,030,139 | \$ 333,547 |
| Rate Management Credits | (2,712,382) | (1,471,123) | 1,241,260 |
| Prior Year amount due | 2,084 | - | (2,084) |
| Prior Year Overcollection Credit | (1,327,321) | (1,325,144) | 2,177 |
| Other Adjustments | 20,707 | 23,449 | 2,742 |
| Addtl Amount Due (Credit) | (58,729) | - | 58,729 |
| Debt Service Reserve Fund Credit | (392,070) | - | 392,070 |
| Total: | \$ 19,228,881 | \$ 21,257,321 | \$ 2,028,440 |

Coastal Branch Extension-Transportation Capital Reach 37 and 38

This represents the debt service for the Coastal Branch Extension bonds issued by DWR for the Coastal Branch Extension facilities in Santa Barbara County south of the Santa Maria River. CCWA is solely responsible for repayment of the debt service on these bonds to DWR. The charges are allocated according to DWR’s actual construction costs for the project with 51.84% allocated to Reach 37 and 48.16% allocated to Reach 38.

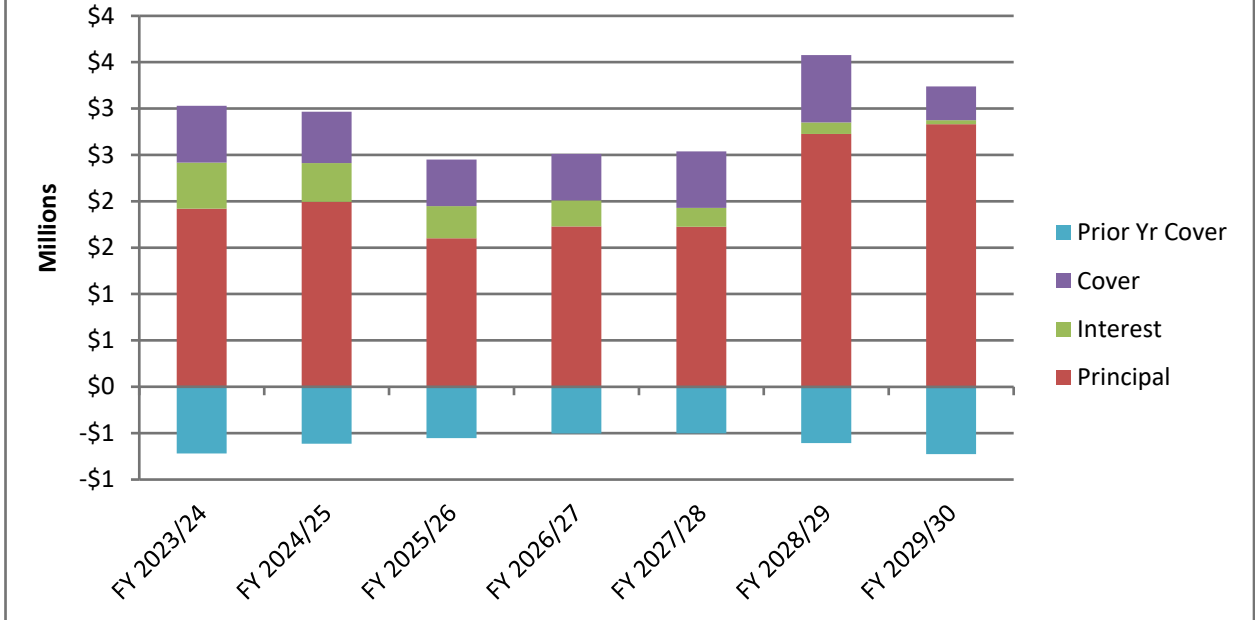
Coastal Branch Extension debt service payments for FY 2024/25 total \$2,222,303, which is \$631,070 higher than the prior year amount due to the following:

| Coastal Branch Extension Debt Service | | | |
|--|---------------------|---------------------|-------------------|
| | FY 2023/24 | FY 2024/25 | Change |
| Principal Payments | \$ 1,920,927 | \$ 1,994,337 | \$ 73,410 |
| Interest Payments | 495,546 | 418,073 | (77,473) |
| Bond Cover | 613,294 | 553,958 | (59,336) |
| Rate Management Credits | (206,939) | (112,238) | 94,701 |
| Return of Prior Year Cover | (728,336) | (613,294) | 115,042 |
| Prior year amount due (credit) | (245,802) | (18,533) | 227,269 |
| Excess Reserve Fund Credits | (237,995) | - | 237,995 |
| Prior year amount due (credit) | (19,462) | - | 19,462 |
| Total: | <u>\$ 1,591,233</u> | <u>\$ 2,222,303</u> | <u>\$ 631,070</u> |

Principal, Interest and Bond Cover Changes

Over the years, DWR has refinanced some of the original bonds used to finance these facilities and the resulting debt service repayment fluctuates significantly between years as can be seen in the following graph.

Actual and Future Coastal Branch Extension Payments by Fiscal Year



In addition to the revenue bond principal and interest, DWR also collects bond cover or an additional 25% of revenue bond payments as an additional security for the bond holders. DWR holds one year of bond cover and then returns the prior year bond cover payments as credits.

Transportation Minimum OMP&R

Transportation Minimum OMP&R charges are the operations and maintenance costs incurred by DWR to operate the State Water Project that generally do not depend on or vary with the quantities of water delivered to CCWA.

For FY 2024/25, total Transportation Minimum OMP&R charges are \$13,985,604, which is \$1,700,502 less than the prior year amount due to the following:

| Transportation Minimum OMP&R | | | |
|---|----------------------|----------------------|-----------------------|
| | FY 2023/24 | FY 2024/25 | Change |
| Calculated Component | \$ 12,125,783 | \$ 13,499,575 | \$ 1,373,792 |
| Prior Year (Over)/Under Collection | 2,616,229 | 486,030 | (2,130,200) |
| Addtl Amount Due (Credit) | 1,758,404 | - | (1,758,404) |
| Prior Year Amount Due (Credit) | (814,310) | - | 814,310 |
| Total: | \$ 15,686,106 | \$ 13,985,604 | \$ (1,700,502) |

DWR estimates the calendar year charges for each Contractor and then reconciles or “trues-up” the actual charges incurred in the following year(s) resulting in either an over or under-payment of charges.

Water System Revenue Bond Surcharge

The Water System Revenue Bond Surcharge (WSRB) represents the difference between the capital payments to DWR from the Contractors and the actual revenue bond debt service payments paid by DWR. For FY 2024/25, the WSRB is \$437,708 lower than the prior year amount.

Delta Water Charge

The Delta Water Charge is a unit charge applied to each acre-foot of State water Table A. The unit charge covers repayment of all outstanding reimbursable costs of the DWR Project Conservation Facilities with appropriate interest, by the end of the State water contract repayment period in 2035.

The FY 2024/25 Delta Water Charge totals \$4,531,665, which is \$360,112 higher than the prior year amount for the following reasons.

| <i>Delta Water Charge</i> | | | |
|--------------------------------|-------------------|-------------------|---------------|
| | FY 2023/24 | FY 2024/25 | Change |
| Rate per acre-foot | \$ 102.53 | \$ 101.45 | \$ (1.08) |
| Delta Water Charge | 4,663,686 | 4,614,555 | (49,131) |
| Rate Management Credits | (151,827) | (82,890) | 68,937 |
| Prior year amount due (credit) | (340,306) | - | 340,306 |
| Total: | \$ 4,171,553 | \$ 4,531,665 | \$ 360,112 |

As the table above shows, the FY 2024/25 rate per acre-foot totals \$101.45, which is \$1.08/AF less than the prior year amount.

The FY 2024/25 rate includes an estimated \$20.00/AF increase for calendar year 2025 for potential other conservation and delta related facilities (\$10.00/AF on a fiscal year basis).

DWR VARIABLE COSTS

The DWR variable charges are comprised of the following two cost components:

- Off-Aqueduct Charge
- Variable OMP&R

Variable OMP&R Charges

Variable OMP&R costs basically represent power costs to pump the water and represent costs that are based on and vary with the amount of State water deliveries.

For 2024/25, the variable OMP&R charges total \$3,425,677, which is \$1,272,395 more than the prior year amount. The budget is based on estimated water deliveries of 11,978 acre-feet.

The cost per acre-foot for water deliveries in FY 2024/25 is estimated to be \$286/AF.

Variable Cost Per Acre-Foot Analysis

The Preliminary FY 2024/25 variable cost per acre-foot for Table A water is \$389.90 for the North County project participants and \$864.18 for South Coast project participants.

The Preliminary Budget for FY 2024/25 reflects 2,425 AF in exchange deliveries between Santa Ynez ID#1 and the South Coast exchange participants. The large decrease in the estimated cost per acre-foot for South Coast project participants is due to the development of SYPP Operational Matrix to aid in the cost estimate for pumping water to Lake Cachuma by delivery amount and by number of pumps used.

Total Payments Comparison by Project Participant

The following table shows the total budgeted payments by project participant for FY 2023/24 and total payments shown on the FY 2024/25 Preliminary Budget and the corresponding increase or (decrease).

Two-Year Total Combined Fixed and Variable Payments History by Project Participant

| Project Participant | Total Payments FY 2023/24 | Total Payments FY 2024/25 | Change FY 2023/24 to FY 2024/25 |
|----------------------------|--------------------------------------|--------------------------------------|--|
| Guadalupe | \$ 734,046 | \$ 737,392 | \$ 3,346 |
| Santa Maria | 21,292,758 | 22,601,803 | 1,309,045 |
| Golden State Water Co. | 722,008 | 749,974 | 27,966 |
| Vandenberg SFB | 8,444,833 | 8,518,003 | 73,170 |
| Buellton | 834,809 | 875,082 | 40,273 |
| Santa Ynez (Solvang) | 2,195,787 | 2,297,460 | 101,673 |
| Santa Ynez | 1,174,374 | 1,211,548 | 37,174 |
| Goleta | 7,838,427 | 7,344,795 | (493,632) |
| Morehart Land | 326,862 | 321,854 | (5,008) |
| La Cumbre | 1,621,145 | 1,774,945 | 153,800 |
| Raytheon | 68,638 | 66,573 | (2,066) |
| Santa Barbara | 4,377,647 | 4,601,779 | 224,132 |
| Montecito | 4,346,841 | 4,277,864 | (68,977) |
| Carpinteria | 2,955,975 | 2,941,881 | (14,093) |
| Shandon | 15,779 | 14,557 | (1,222) |
| Chorro Valley | 518,146 | 591,416 | 73,270 |
| Lopez | 553,885 | 539,121 | (14,764) |
| TOTAL: | \$58,021,962 | \$ 59,466,049 | \$ 1,444,087 |

Note: Total Payments for FY 2023/24 include \$1,611,216 in additional DWR fixed costs billed after the release of the 2024 SOC Rebill in October 2023

Two-Year Total Fixed Payments History by Project Participant

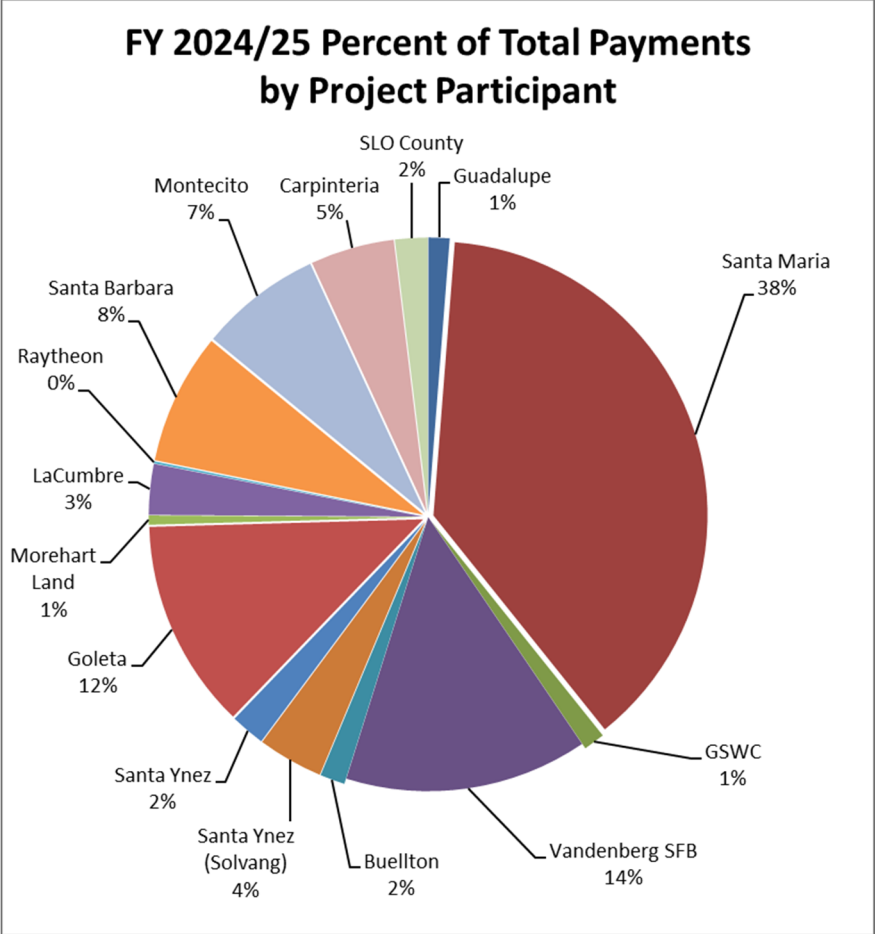
| Project Participant | Total Payments FY 2023/24 | Addtl DWR Fixed Payments FY 2023/24 | Total Payments FY 2023/24 | Total Payments FY 2024/25 | Change FY 2023/24 to FY 2024/25 |
|------------------------|---------------------------------|---|---------------------------------|---------------------------------|---------------------------------------|
| Guadalupe | \$ 679,975 | \$ 17,416 | \$ 697,391 | \$ 691,821 | \$ (5,569) |
| Santa Maria | 19,980,008 | 700,737 | 20,680,745 | 20,653,598 | (27,148) |
| Golden State Water Co. | 645,258 | 10,186 | 655,444 | 647,098 | (8,347) |
| Vandenberg SFB | 7,236,494 | 204,597 | 7,441,091 | 7,665,545 | 224,454 |
| Buellton | 786,778 | 25,364 | 812,143 | 820,935 | 8,792 |
| Santa Ynez (Solvang) | 2,030,892 | 50,555 | 2,081,447 | 2,084,634 | 3,187 |
| Santa Ynez | 575,164 | 280,865 | 856,030 | 963,886 | 107,856 |
| Goleta | 6,736,161 | 97,928 | 6,834,089 | 6,746,920 | (87,169) |
| Morehart Land | 272,151 | 8,181 | 280,333 | 269,133 | (11,200) |
| La Cumbre | 1,403,604 | 18,662 | 1,422,267 | 1,399,029 | (23,238) |
| Raytheon | 66,309 | 2,329 | 68,639 | 60,527 | (8,112) |
| Santa Barbara | 4,189,175 | 55,296 | 4,244,471 | 4,174,949 | (69,522) |
| Montecito | 4,129,296 | 84,369 | 4,213,665 | 4,110,439 | (103,227) |
| Carpinteria | 2,756,935 | 54,729 | 2,811,664 | 2,743,797 | (67,867) |
| Shandon | 15,779 | - | 15,779 | 14,557 | (1,222) |
| Chorro Valley | 277,357 | - | 277,357 | 389,897 | 112,540 |
| Lopez | 317,442 | - | 317,442 | 339,075 | 21,634 |
| TOTAL: | \$ 52,098,781 | \$ 1,611,216 | \$ 53,709,997 | \$ 53,775,839 | \$ 65,842 |

Two-Year Total Variable Payments History by Project Participant

| Project Participant | Total CCWA Payments FY 2023/24 | Total DWR Payments FY 2023/24 | Total Warren Act Payments FY 2023/24 | Total variable Payments FY 2023/24 | Total variable Payments FY 2024/25 | Change FY 2023/24 to FY 2024/25 |
|------------------------|--------------------------------------|-------------------------------------|--|--|--|---------------------------------------|
| Guadalupe | \$ 11,083 | \$ 23,265 | \$ - | \$ 34,348 | \$ 44,398 | \$ 10,049 |
| Santa Maria | 184,721 | 388,842 | - | 573,563 | 1,898,101 | 1,324,538 |
| Golden State Water Co. | 20,102 | 42,277 | - | 62,379 | 100,229 | 37,850 |
| Vandenberg SFB | 302,740 | 637,987 | - | 940,727 | 830,540 | (110,187) |
| Buellton | 6,846 | 14,396 | - | 21,242 | 52,754 | 31,512 |
| Santa Ynez (Solvang) | 34,445 | 72,724 | - | 107,169 | 207,351 | 100,182 |
| Santa Ynez | - | - | - | - | - | - |
| Goleta | 449,313 | 533,474 | 241,085 | 1,223,872 | 711,192 | (512,680) |
| Morehart Land | 20,548 | 19,233 | 13,976 | 53,757 | 57,728 | 3,972 |
| La Cumbre | 87,818 | 82,220 | 59,730 | 229,769 | 411,619 | 181,849 |
| Raytheon | - | - | - | - | 6,621 | 6,621 |
| Santa Barbara | 63,240 | 133,176 | - | 196,416 | 505,055 | 308,639 |
| Montecito | 63,240 | 133,176 | - | 196,416 | 221,029 | 24,613 |
| Carpinteria | 66,622 | 111,814 | 16,638 | 195,074 | 242,028 | 46,954 |
| Shandon | - | - | - | - | - | - |
| Chorro Valley | 240,789 | - | - | 240,789 | 201,519 | (39,270) |
| Lopez | 236,443 | - | - | 236,443 | 200,046 | (36,397) |
| TOTAL: | \$ 1,787,950 | \$ 2,192,585 | \$ 331,429 | \$ 4,311,965 | \$ 5,690,209 | \$ 1,378,245 |

FY 2024/25 Total Payments by Percentage

The following chart shows the percentage of total payments for FY 2024/25 by project participant.



Budget in Brief

Attached to this report is a "FY 2024/25 Preliminary Budget in Brief" which provides a snapshot of each major component of the proposed FY 2024/25 Preliminary Budget.

Budget Items Not Included in the Preliminary Budget

The following is a partial list of the items that are not included in the preliminary budget but will be included in the final budget.

- Ten Year Financial Plan
- Budget transmittal letter
- Appendix to the budget
- Miscellaneous charts and graphs
- Significant Accomplishments, Goals and Performance Measures

If you have specific questions that can be addressed before the meeting, please call me at 805-688-2292, extension 223.

DHM



Central Coast Water Authority FY 2024/25 Proposed Draft Budget in Brief

FY 2024/25 BUDGET SUMMARY

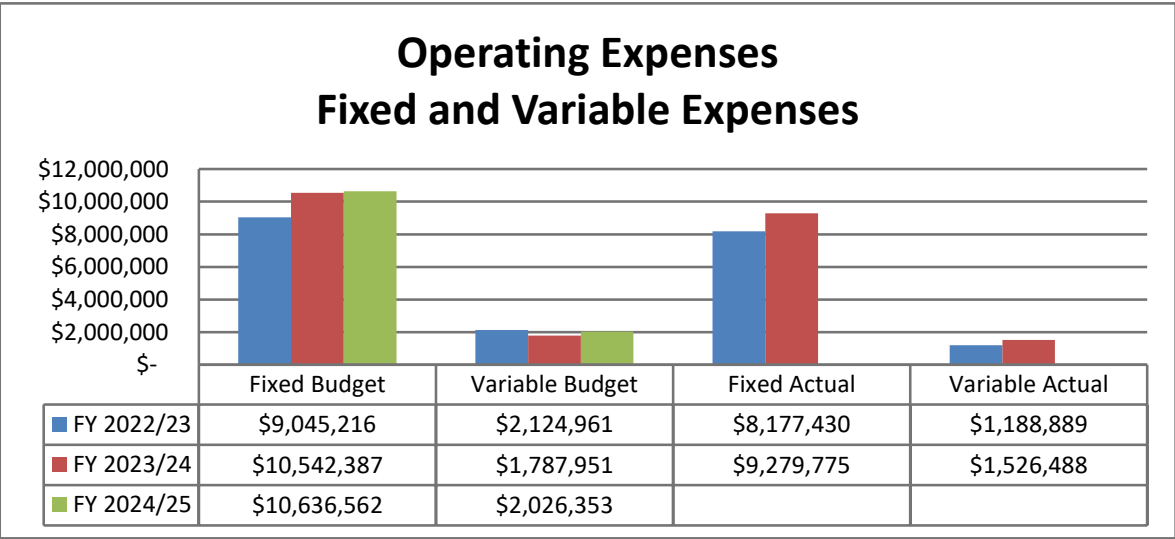
| | FY 2023/24 | FY 2024/25 | Increase |
|--|----------------------|----------------------|---------------------|
| | Budget | Budget | (Decrease) |
| CCWA Operating Expenses | \$ 12,330,339 | \$ 12,662,916 | \$ 332,577 |
| DWR Fixed and Variable Costs | 43,525,000 | 45,071,530 | 1,546,529 |
| Capital Improvement & Non Capital Projects | 2,806,978 | 2,060,730 | (746,248) |
| Warren Act Charges | 331,429 | 216,960 | (114,469) |
| Subtotal | 58,993,746 | 60,012,135 | 1,018,389 |
| CCWA Credits | (971,784) | (546,086) | 425,698 |
| TOTAL : | \$ 58,021,962 | \$ 59,466,049 | \$ 1,444,086 |

\$1 million increase in the gross budget, excluding CCWA credits

CCWA OPERATING EXPENSES

| | FY 2023/24 | FY 2024/25 | Increase |
|--------------------------------|----------------------|----------------------|-------------------|
| | Budget | Budget | (Decrease) |
| Personnel | \$ 6,309,955 | \$ 6,799,750 | \$ 489,795 |
| Office Expenses | 21,800 | 22,800 | 1,000 |
| Supplies & Equipment | 1,622,928 | 1,601,600 | (21,328) |
| Monitoring Expenses | 130,332 | 120,497 | (9,835) |
| Repairs & Maintenance | 326,140 | 377,800 | 51,660 |
| Professional Services | 2,126,169 | 1,501,203 | (624,966) |
| General & Administrative | 298,802 | 308,228 | 9,426 |
| Utilities | 640,818 | 923,080 | 282,262 |
| Other Expenses | 853,395 | 1,007,957 | 154,562 |
| Total Operating Expense | \$ 12,330,339 | \$ 12,662,916 | \$ 332,577 |

Total operating expense increase of \$0.3 million inclusive of the following factors: \$490k increase in Personnel costs; \$21k decrease in supplies and equipment; \$625k decrease in professional services related to legal costs, G&A is higher by \$9k; \$155k increase in other expenses due to anticipated increase in insurance costs and increased computer expenses; \$52k increase in repairs and maintenance related to increased vehicle repair costs, and \$282k in increased utilities due to higher electric costs for SYPP and decreased water delivery requests.



DWR FIXED AND VARIABLE CHARGES

DWR Fixed cost increase of \$0.9 million due to increased costs in Transportation Capital of \$2 Million combined with an decrease of \$1.7 Million in Transportation Minimum OMP&R costs, \$425k increase in Delta Water charges, \$631k in Coastal Branch Phase II and offset by a decrease of \$438k in WSRB.

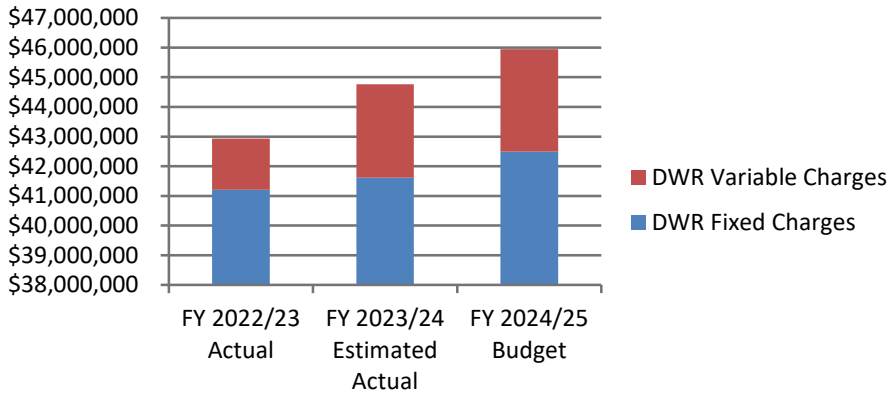
Transportation Capital
Coastal Branch Phase II
Transportation Minimum OMP&R
Water System Revenue Bond
Delta Water Charge
Subtotal Fixed DWR Charges

Off-Aqueduct Charges
Variable OMP&R
Subtotal Variable DWR Charges
DWR Account Investment Income
Total DWR Charges

| | FY 2023/24 | FY 2024/25 | Increase |
|--------------------------------------|----------------------|----------------------|---------------------|
| | Budget | Budget | (Decrease) |
| Transportation Capital | \$ 19,228,880 | \$ 21,257,321 | \$ 2,028,440 |
| Coastal Branch Phase II | 1,591,233 | 2,222,303 | 631,070 |
| Transportation Minimum OMP&R | 15,686,106 | 13,985,604 | (1,700,502) |
| Water System Revenue Bond | 935,693 | 497,985 | (437,708) |
| Delta Water Charge | 4,171,553 | 4,531,665 | 360,112 |
| Subtotal Fixed DWR Charges | 41,613,465 | 42,494,877 | 881,412 |
| Off-Aqueduct Charges | 39,304 | 21,220 | (18,084) |
| Variable OMP&R | 2,153,282 | 3,425,677 | 1,272,395 |
| Subtotal Variable DWR Charges | 2,192,585 | 3,446,897 | 1,254,311 |
| DWR Account Investment Income | (281,050) | (870,244) | (589,194) |
| Total DWR Charges | \$ 43,525,000 | \$ 45,071,530 | \$ 1,546,529 |

DWR Variable cost increase of \$1.3M. over FY 2023/24 is largely due to an increase in the variable cost per AF.

DWR Fixed and Variable Charges

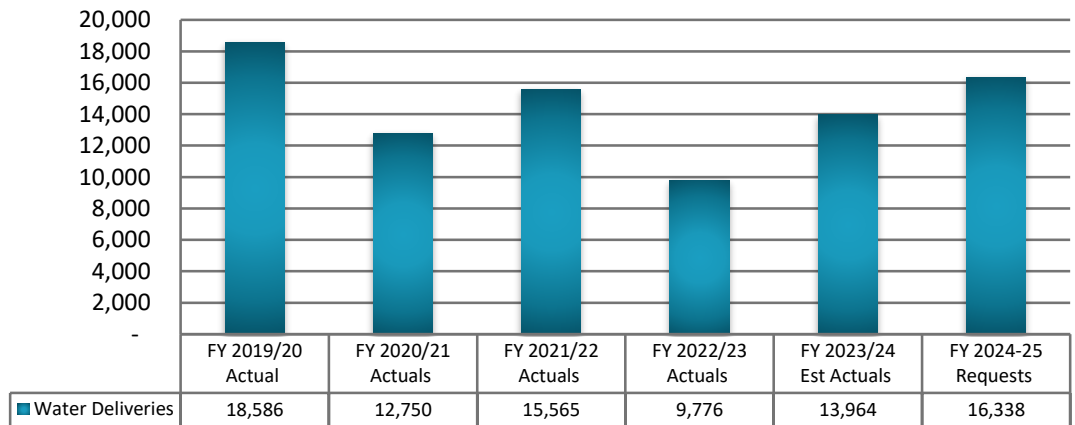


The significant fluctuations in DWR fixed costs year-to-year is due to the DWR Transportation Minimum OMP&R cost component and its calculation for annual over and under-collections. Historically, the Transportation Minimum cost component of DWR Statement of Charges has been the most volatile DWR charge. The volatility is partly based on DWR's Statement of Charges being based on estimates and then reconciling or preparing a "true-up" based on the actual costs incurred.

DWR Delivery Allocation Percentage

| Calendar | |
|--------------|------------|
| Year | Percentage |
| 2013 | 60% |
| 2014 | 5% |
| 2015 | 20% |
| 2016 | 60% |
| 2017 | 85% |
| 2018 | 35% |
| 2019 | 75% |
| 2020 | 20% |
| 2021 | 5% |
| 2022 | 15% |
| 2023 | 100% |
| 2024-Current | 15% |

Water Deliveries and Requests

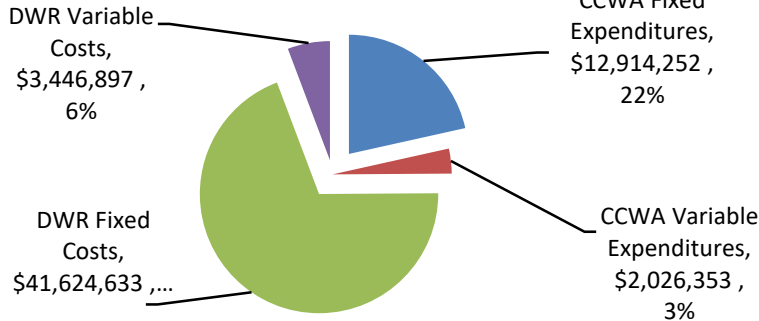


OTHER EXPENDITURES

| | FY 2023/24 Budget | FY 2024/25 Budget | Increase (Decrease) |
|--|----------------------|----------------------|------------------------|
| Capital Improvement & Non-Capital Projects | \$ 2,806,978 | \$ 2,060,730 | \$ (746,248) |
| Warren Act Charges | 331,429 | 216,960 | (114,469) |
| Total Other Expenditures | \$ 3,138,407 | \$ 2,277,690 | \$ (860,717) |

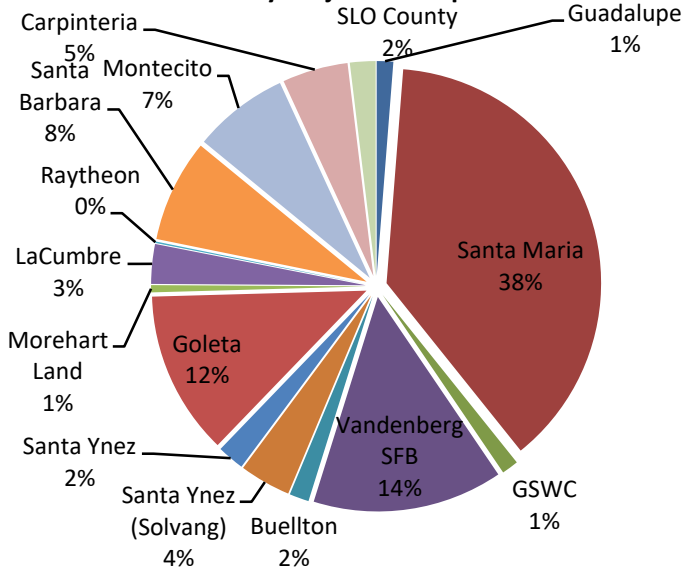
\$0.7M decrease in Capital & Non-Capital Projects; \$114k decrease in Warren Act Charges.

FY 2024/25 Budget Components



75% of the CCWA Budget is outside of the direct control of CCWA. DWR costs comprise 75% of the total CCWA Budget.

FY 2024/25 Percent of Total Payments by Project Participant



FY 2024/25 Variable Cost Per Acre-Foot

| <u>Table A Water</u> | |
|-----------------------------------|-----------|
| North Santa Barbara County | \$ 389.90 |
| South Santa Barbara County | \$ 864.18 |
| <u>Santa Ynez Exchange Water</u> | |
| Santa Ynez ID#1 | \$ 209.96 |
| South Coast Exchange Participants | \$ 287.77 |

For more information, please contact the Central Coast Water Authority at (805) 688-2292 or visit our website at: ccwa.com