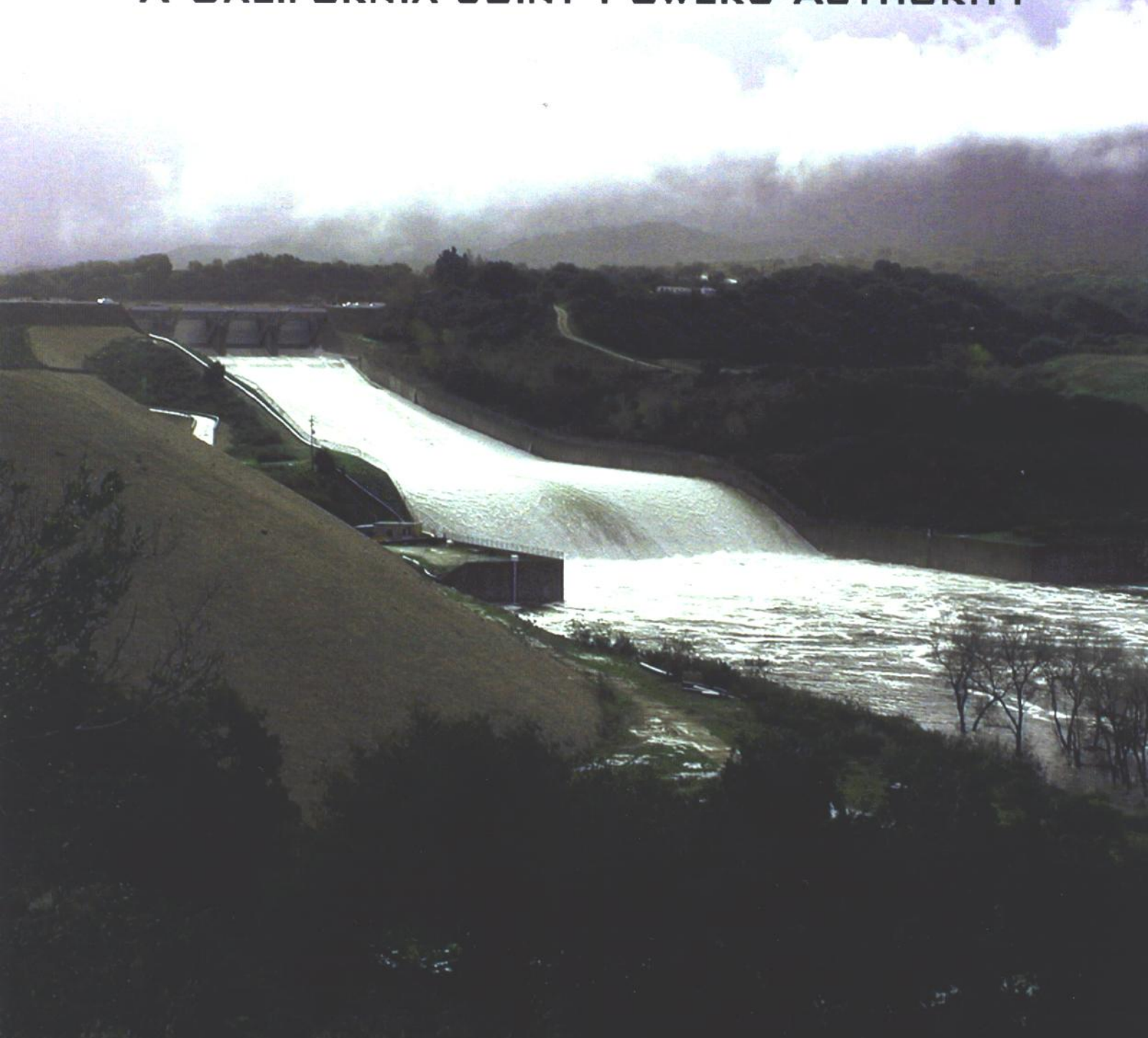


CENTRAL COAST WATER AUTHORITY

A CALIFORNIA JOINT POWERS AUTHORITY



**FISCAL YEAR 2005/06
BUDGET**

CENTRAL COAST WATER AUTHORITY

ANNUAL BUDGET

FISCAL YEAR 2005/06

Central Coast Water Authority

Mission:

To provide San Luis Obispo and Santa Barbara Counties with reliable, high quality supplemental water.

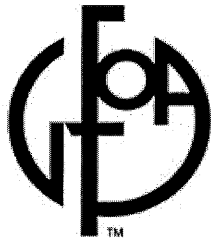
Objectives:

- Treat and deliver water through the Coastal Aqueduct to San Luis Obispo and Santa Barbara Counties.
- Minimize environmental impacts and protect the environment during operation of our facilities.
- Cost effectively operate and maintain our facilities.
- Ensure our water supply meets or exceeds health and safety standards.
- Work with the Department of Water Resources and other state, federal and local agencies to achieve our mutual objectives.
- Assist project participants in their efforts to reduce groundwater overdraft.



On the Cover.....

January 2005 release at Lake Cachuma.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Central Coast Water Authority
California**

For the Fiscal Year Beginning

July 1, 2004

President

Executive Director

*California Society of
Municipal Finance Officers*

Certificate of Award

Excellence in Operational Budgeting 2004-05

Presented to

Central Coast Water Authority

*This certificate recognizes Excellent Achievement in Operational Budgeting and reflects an outstanding budget document
and the underlying budgeting process through which the budget is implemented.*

February 24, 2005



Agnes J. Walker
Agnes Walker
Chair, Budgeting & Financial Management

Dedicated to Excellence in Municipal Financial Management

Central Coast Water Authority

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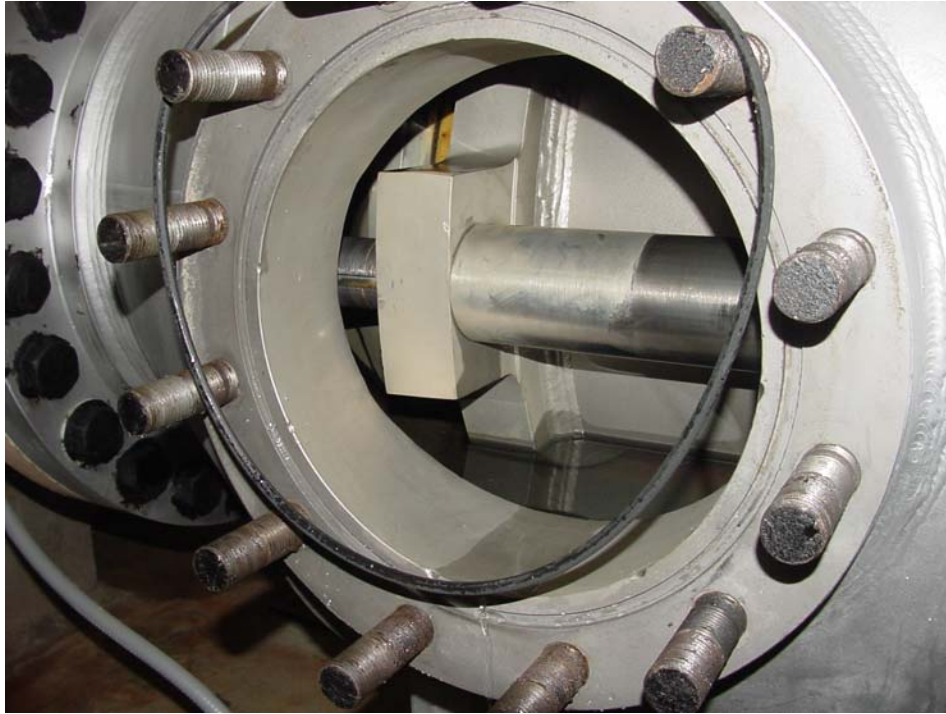
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One of two sleeve valves at the Energy Dissipation Vault in San Luis Obispo.

Budget Foreword

The Budget Foreword section of the FY 2005/06 Budget contains the Budget Transmittal Letter, narrative discussion on the financial policies, goals and objectives of the Authority, an overview of the Authority's organizational structure, and the budget process.

Highlights

General Information

- Form of Government Joint Powers Authority
- Government Code Section Section 6500, Article 1, Chapter 5, Division 7, Title 1
- Date of Organization August 1, 1991
- Member Agencies 8
- Associate Members 1
- Area served Santa Barbara County, San Luis Obispo County
- Fiscal Year End June 30th
- Santa Barbara County Table A 39,078 acre-feet
- Drought Buffer Table A 3,908 acre-feet
- San Luis Obispo County Table A 4,830 acre-feet

Operational Information

- Polonio Pass Water Treatment Plant design capacity 43 million gallons per day
- Authority Pipeline (in miles) 42
- Coastal Branch Phase II Pipeline (in miles) 101
- Total Pipeline operated by the Authority (in miles) 130
- Number of water storage tanks 5
- Number of turnouts 10
- Number of full-time equivalent Positions 27.25

Central Coast Water Authority
Reader's Guide
Fiscal Year 2005/06 Budget

The organization and presentation of the Central Coast Water Authority's fiscal year budget is designed to satisfy the needs of citizens, ratepayers, public officials and Authority employees. It is organized and structured to meet external and internal managerial needs. As a comprehensive management and balanced financial plan, this document describes the programs, services and resources being provided by the Authority as well as policies and long-term financial plans.

The Authority's budget is divided into the following eight (8) major sections with sub-sections included in each major section:

- I. **BUDGET FOREWORD** An introductory section that contains the budget transmittal letter; narrative discussion on the financial policies, goals and objectives of the Authority; and narrative discussion on the budget process.
- II. **BUDGET SUMMARY** A past, present and future overview of the Authority's budget and financial plans.
- III. **REVENUES AND SOURCES OF CASH** Narrative, graphs and spreadsheets describing the Authority's revenue and other sources of cash for the past and present fiscal year and revenue projections.
- IV. **DEPARTMENT OF WATER RESOURCES (DWR)** Narrative, graphs and spreadsheets describing the DWR charges which are paid by the member agencies and other project participants of the Authority.
- V. **OPERATING EXPENSES** The operating expense section of the budget is comprised of the Administration, Water Treatment Plant and Distribution Departments and includes narrative discussion on the operating expenses for each department as well as graphs and spreadsheets.
- VI. **NON-OPERATING EXPENSES** The non-operating expense section of the budget is comprised of Capital Improvement Projects, Debt Management and Reserves and Cash Management. The section includes narrative, graphs and tables on each section.
- VII. **FOUR YEAR FINANCIAL PLAN** The four year financial plan section of the budget provides the four year pro forma projections for each project participant.
- VIII. **APPENDIX** The appendix includes a glossary of terms and other items relevant to the Authority's budget.

To aid the reader in finding specific information quickly, a Table of Contents is provided at the beginning of this document.



April 28, 2005

Board of Directors
Central Coast Water Authority

Dear Members of the Board:

Submitted herewith is the Fiscal Year (FY) 2005/06 Budget for the Central Coast Water Authority. This letter of transmittal presents the budget highlights and addresses the main points and major decisions made in compiling this document. As CCWA's policy makers, you play a critical role in making decisions regarding the direction the organization will take in FY 2005/06.

The basic purpose of the budgetary process is to determine CCWA activities and projects to be undertaken and to identify resources and revenues available to fund them. In addition, the budget is more than just a financial document. The budget represents a process through which CCWA pursues for the ensuing year are established.

Financial control is the traditional function of a budget. This comprehensive budget also contains a vast amount of additional information including manpower requirements, equipment needs and programs and services being provided. This level of detail provides you an opportunity to identify all the resources needed to accomplish CCWA's goals and objectives.

The budget also serves as a guide for policy implementation, making it a thorough and valuable document.

For seven consecutive years, CCWA has received the Government Finance Officers Association (GFOA) "Distinguished Budget Presentation" award and the California Society of Municipal Finance Officers (CSMFO) "Award of Excellence in Operational Budgeting." We will also submit the FY 2005/06 Budget for consideration of the GFOA budget award.

AN OVERVIEW OF LAST FISCAL YEAR

The following are some of the major highlights from FY 2004/05:

Water Deliveries

Estimated total deliveries during FY 2004/05 by CCWA to the Santa Barbara and San Luis Obispo County project participants were 30,107 acre-feet. The FY 2003/04 deliveries were 30,091 acre-feet. The graph on the following page shows water deliveries since CCWA commenced operations in August 1997.

Robert W. Puddicombe
Chairman

Leo Trujillo
Vice Chairman

William Brennan
Executive Director

Hatch & Parent
General Counsel

Member Agencies

City of Buellton

Carpinteria Valley
Water District

City of Guadalupe

City of Santa Barbara

City of Santa Maria

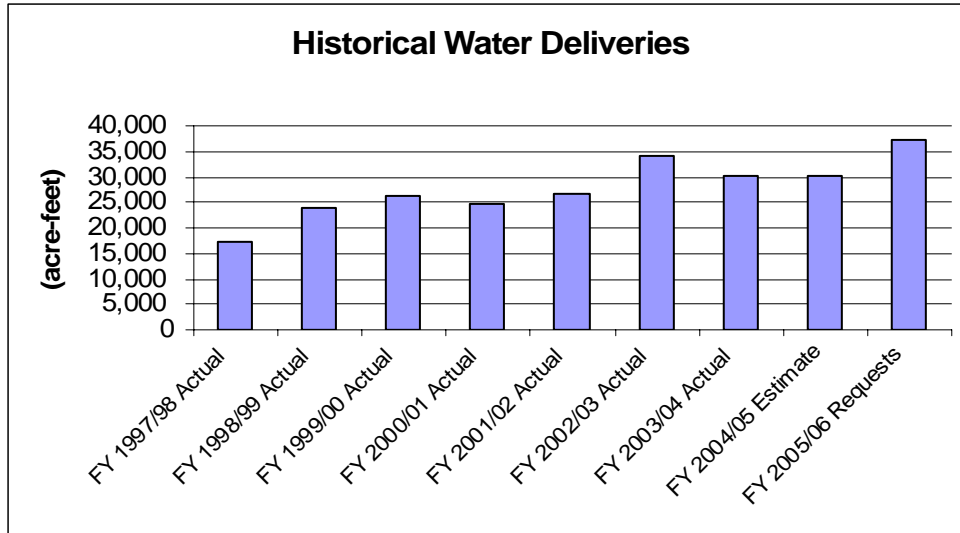
Goleta Water District

Montecito Water District

Santa Ynez River Water
Conservation District,
Improvement District #1

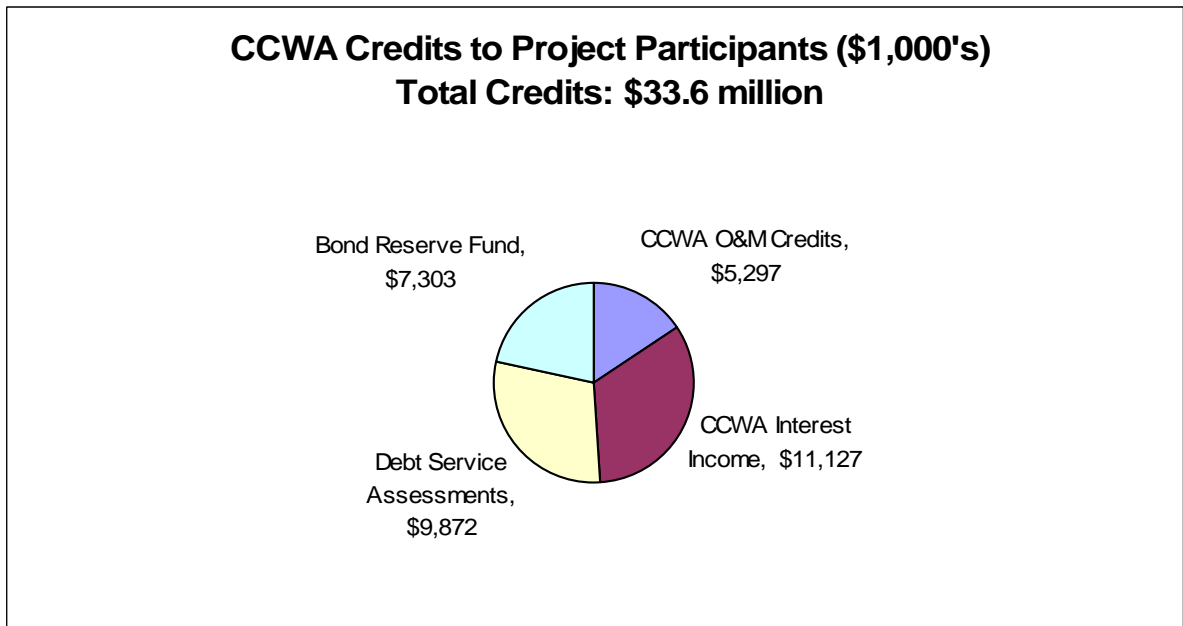
Associate Member

La Cumbre Mutual
Water Company



CCWA Credits

For the ninth consecutive year, actual CCWA operating expenses are projected to be less than budgeted. For Fiscal Years 1996/97 to 2004/05, CCWA has provided approximately \$33.6 million in credits to its project participants. These credits include \$5.3 million for unexpended operating expenses, \$18.4 million for interest income and \$9.9 million for debt service and other credits. The following graph shows the sources of the credits as described above.



Ethernet Conversion Project

During FY 2004/05, CCWA initiated a project to upgrade the distribution communication system from an obsolete and no longer supported Modbus system that used outdated fiber modems to an Ethernet system that operates with state of the art switches. This project also involved upgrading the programmable control switches (PLC's) at various sites and converting our supervisory control and data acquisition (SCADA) from FactoryLink 6.6 to FactoryLink 7.5. Don Ross, CCWA IT/Instrumentation and Control Specialist was the lead-person on this project.

Polonio Pass Pumping Plant Forebay Cleaning

Larry Seifert, CCWA Maintenance Superintendent, and David Renelle, CCWA Maintenance Foreman, were instrumental in developing a system that was capable of removing approximately four feet of accumulated organic debris from the Polonio Pass Pumping Plant forebay without interrupting the water treatment plant production of water. This coordinated effort with DWR operations and maintenance staff saved CCWA both time and money as the project was completed for under \$30,000 and should reduce taste and odor problems this summer.

Cleaning and Maintenance of Tanks 5 and 7

CCWA Distribution staff participated in cleaning Tanks 5 and 7 with the assistance of an outside diving company. In addition to cleaning the tanks, areas of corrosion were repaired and further corrosion has been mitigated by the installation of magnesium anodes.

Cathodic Survey

Eric Kieding, CCWA Distribution Technician, took the lead in gathering the field data to conduct the annual cathodic survey. Prior to this year, the cathodic survey was completed by an outside firm at a much higher cost. This was the first time CCWA staff conducted the cathodic survey without the assistance of an outside consultant.

Awards and Competitions

Over the past year, CCWA received the GFOA "Distinguished Budget Presentation" award and the CSMFO "Award for Excellence in Operational Budgeting" for the FY 2004/05 Budget and the GFOA "Excellence in Financial Reporting" award for the FY 2003/04 Comprehensive Annual Financial Report, as well as the Disaster Repair Under Two Million Dollars and Project of the Year for the CCWA Riverbank Stabilization Project from the Association of Public Water Agencies, Central Coast Chapter.

Additionally, CCWA continued its Employee Recognition Program with great success. Last Fiscal year, 13 awards were given to CCWA staff for exceptional performance and innovative thinking.

AN OVERVIEW OF THIS FISCAL YEAR

Water Delivery Projections

For calendar years 2005 and 2006, Santa Barbara and San Luis Obispo County project participants have requested State water deliveries of 36,593 and 41,449 acre-feet, respectively.

Electrical Savings Projects

CCWA continues to identify and implement methods for cost savings, particularly in chemical and power costs. Two projects in FY 2005/06 will directly impact electrical costs: (1) the interior light replacement project at the Polonio Pass Water Treatment Plant, and (2) the variable frequency drive installation at the Santa Ynez Pump Station. Both projects are eligible for rebates from PG&E to offset the installation costs, and both have savings payback of less than one year.

DWR Forebay Cleaning

In FY 2004/05, CCWA staff worked with DWR staff to clean the Polonio Pass Pumping Plant forebay to improve water quality and decrease the intensity of taste and odor episodes. In FY 2005/06, efforts will be made to clean the final forebay at Bluestone Pumping Plant.

Water Treatment Plant PLC Replacement

In FY 2004/05, CCWA staff completed the programmable logic control (PLC) upgrade for the distribution facilities. The PLC upgrade at the Polonio Pass Water Treatment Plant is scheduled for completion during FY 2005/06.

Tank 7 Chlorination Station

For the last two years, CCWA was able to mitigate nitrification and chlorine residual issues at the far end of the distribution system using a temporary chlorine booster station. This year, the station will be made a permanent addition by including an enclosure for the tank, secondary containment for the chemical feed lines and remote operation capabilities.

FY 2005/06 BUDGET SUMMARY

The FY 2005/06 budget calls for total project participant payments of \$46.1 million compared to the FY 2004/05 budget of \$47.1 million, a \$1.0 million decrease. These amounts include \$1.7 million in CCWA credits for FY 2005/06 and \$2.8 million for FY 2004/05.

The following table compares the FY 2005/06 Budget and the FY 2004/05 Budget:

Budget Item	FY 2004/05 Budget	FY 2005/06 Budget	Increase (Decrease)
CCWA Expenses			
CCWA Operating Expenses	\$ 5,214,699	\$ 5,575,458	\$ 360,759
Revenue Bond Debt Service Payments	11,053,669	11,133,231	79,562
Capital Improvement Projects ⁽¹⁾	-	83,991	83,991
Non-Annual Recurring Expenses	41,461	106,002	64,541
Total CCWA Expenses:	16,309,829	16,898,682	588,853
Pass-Through Expenses			
DWR Fixed Costs	30,342,053	27,987,469	(2,354,584)
DWR Variable Costs	2,883,433	2,651,953	(231,480)
Warren Act and Trust Fund Payments	351,031	279,542	(71,489)
Total Pass-Through Expenses:	33,576,517	30,918,963	(2,657,554)
Subtotal Gross Budget:	49,886,346	47,817,646	(2,068,700)
CCWA Credits	(2,774,518)	(1,671,755)	1,102,763
TOTAL:	\$ 47,111,828	\$ 46,145,892	\$ (965,938)
(1) Excludes capital expenditures funded from non-annual recurring expenses and revenue bond funds and capital deposits.			

CCWA Operating Expense Budget

The FY 2005/06 CCWA operating expense budget totals \$5,575,458, which is \$360,759 higher than the FY 2004/05 operating expense budget, a 6.9% increase.

The following table shows the allocation between the fixed and variable CCWA O&M expenses for FY 2005/06 and FY 2004/05.

	FY 2004/05 Budget	FY 2005/06 Budget	Increase
Fixed O&M	\$ 4,272,262	\$ 4,429,305	\$ 157,043
Variable O&M	942,436	1,146,153	203,717
Total:	\$ 5,214,698	\$ 5,575,458	\$ 360,759

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 budget.

Water Deliveries

Total requested water deliveries for FY 2005/06 are 37,298 acre-feet compared to the FY 2004/05 requested deliveries of 40,012 acre-feet, a decrease of 2,714 acre feet.

Since the final DWR entitlement allocation for 2005 was anticipated to be less than 75% at the time the CCWA budget was prepared, the CCWA variable expense

allocation is based on 75% of the requested water deliveries for the second half of calendar year 2005 and 100% of requested deliveries for the first half of calendar year 2006.

Personnel Expenses

Personnel expenses are increasing about \$43,000, which includes the following changes from the prior year:

- The FY 2005/06 Budget includes a \$127,108 salary pool for employee salary treatment approved by the CCWA Board of Directors on March 24, 2005.
- PERS retirement expenses are increasing by about \$22,000 due to an increase in the PERS employer rate for FY 2005/06.
- Health insurance expenses are decreasing by about \$6,000 due to a decrease in health insurance premiums as of January 1, 2005 partially offset by an estimated 10% increase in premium amounts for 2006.
- Workers' compensation insurance expenses are about \$19,000 lower than the prior year amounts attributed to a decrease in workers' compensation insurance premiums for FY 2005/06.

Supplies and Equipment

Supplies and equipment expenses are increasing by about \$334,000 attributed entirely to an increase in the budgeted chemical unit cost for FY 2005/06 to \$26 per acre-foot compared to the prior year amount of \$15 per acre-foot.

Utilities

Utility expenses are decreasing by about \$123,000 for a decrease in requested water deliveries for the South Coast project participants for FY 2005/06. Electrical expenses for the Santa Ynez Pumping Facility are budgeted at \$55 per acre-foot.

Other Expenses

Other expenses are increasing by about \$110,000 for the following reasons:

- Increase in non-capitalized project expenses of \$76,000.
- Increase in computer expenses of approximately \$28,000.
- Increase in the appropriated contingency account of about \$7,000.

CCWA Capital Improvement Projects

The FY 2005/06 Budget includes \$366,034 for capital improvements. This includes \$67,650 from non-annual recurring expense deposits, \$83,991 from project participant assessments and \$214,393 from revenue bond proceeds and capital deposits.

Please refer to the "Capital Improvements" section of the FY 2005/06 Budget for additional information.

Non-Annual Recurring Expense Deposits

Non-annual recurring expense (NARES) deposits for FY 2005/06 are \$106,002 compared to the FY 2004/05 amount of \$41,461, an increase of \$83,991. The FY 2005/06 NARES deposits are primarily for the replacement of the granular activated carbon in the filters at the Polonio Pass Water Treatment Plant and future vehicle and computer replacements.

Regional Water Treatment Plant Allocation and Exchange Agreement Modifications

The FY 2005/06 fixed, capital and variable regional water treatment plant allocation (and associated credit) is \$1,455,700. The FY 2005/06 fixed, capital and variable exchange agreement modifications total \$365,584.

CCWA 1996 Revenue Bond Debt Service

CCWA 1996 revenue bond debt service for FY 2005/06 totals \$11.1 million, which includes \$697,904 in bond reserve fund guaranteed investment contract interest income credits and \$90,503 for interest income credits earned on debt service payments in FY 2004/05.

Warren Act and Trust Fund Payments

The FY 2005/06 Budget includes \$279,542 for Warren Act and Trust Fund MOU payments based on \$58 per acre-foot. Anticipated water deliveries for Warren Act and Trust Fund MOU payments for the second half of calendar year 2005 are based on 75% of requested deliveries into Lake Cachuma and 100% of requested deliveries for the first half of calendar year 2006.

South Coast Project Participant Amended Delivery Requests Certain South Coast project participants elected to amend their requested water deliveries for FY 2005/06 for budget purposes due to the significant rainfall received during the winter of FY 2004/05.

CCWA Credits

The FY 2005/06 budget includes the following credits:

CCWA O&M Credits	\$	149,871
O&M Reserve Fund Interest Income		10,858
Rate Coverage Reserve Fund Interest		42,929
Prepayments and Other Credits		1,468,096
	\$	<u>1,671,754</u>

DWR Fixed Charges

The DWR fixed charges for FY 2005/06 total \$28.1 million which is approximately \$2.3 million lower than the FY 2004/05 budget. The following is a list of the major changes in the various components of the DWR Fixed Budget for FY 2005/06:

- Transportation capital charges are decreasing by about \$3.0 million due to an increase in rate management credits for 2005 and 2006 coupled with the final payment on the “deferral of charges” obligation to DWR (*refer to the DWR section of this document for additional information on the deferral of charges*).
- Increased Transportation Minimum OMP&R charges of \$0.3 million for an increase in the projection of operations and maintenance costs during FY 2005/06.
- Increase in Water System Revenue Bond Surcharge of approximately \$0.4 million for prior year credits which partially offset the FY 2004/05 budget.
- Decrease in Delta Water Charges for the increase in rate management credits described under the transportation capital above.

DWR Variable Charges

The DWR variable charges for FY 2005/06 total \$2.6 million, a \$0.2 million decrease from the prior fiscal year primarily attributed to a decrease in off-aqueduct costs for FY 2005/06 for credits held by CCWA for certain project participants.

CONCLUSION

We are proud of the many accomplishments achieved during the past year through the combined efforts of CCWA staff and project participants. We look forward to the challenges of the upcoming productive and successful year.

Sincerely,

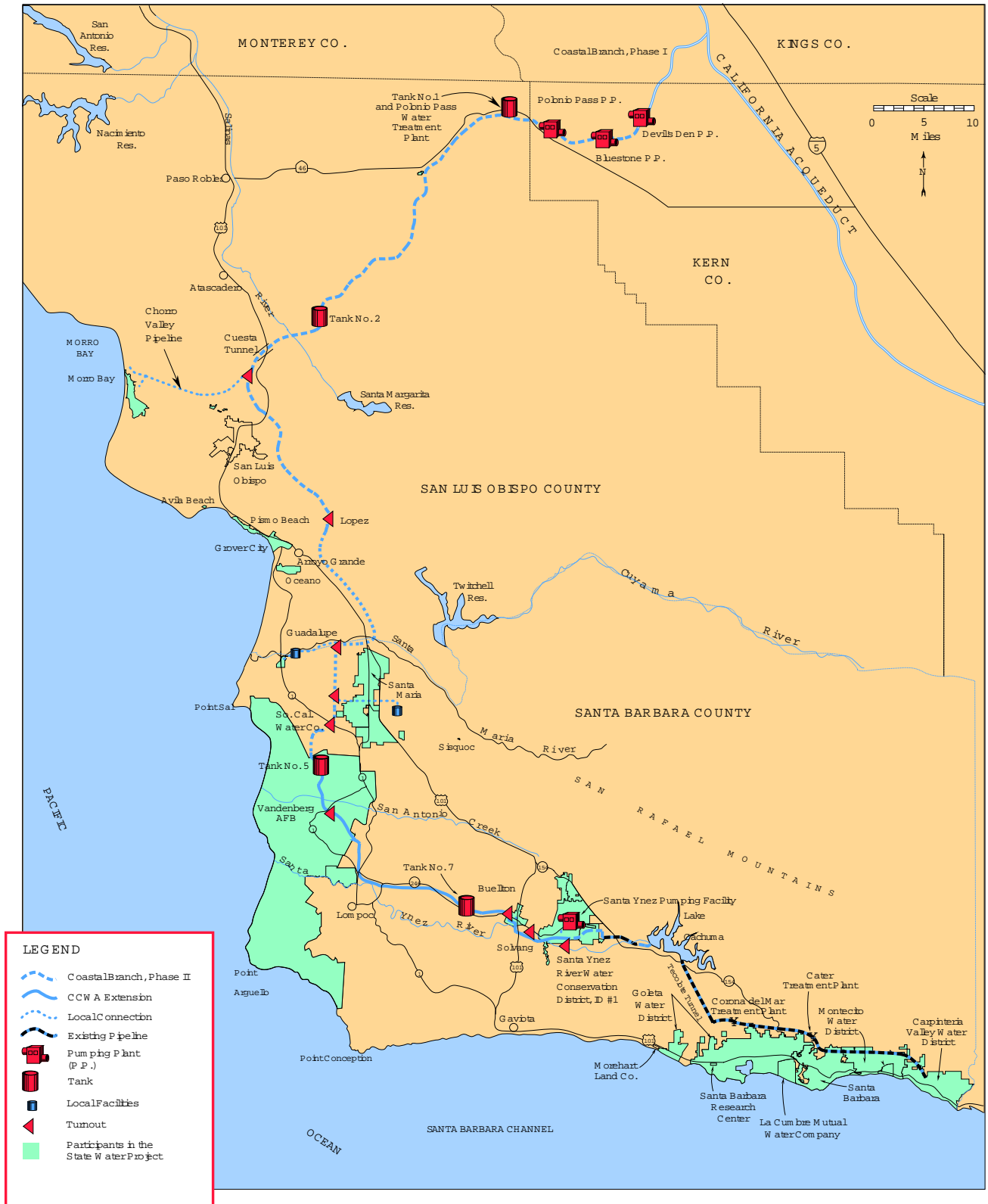


William Brennan
Executive Director



Ray A. Stokes
Deputy Director

Project Map



PROJECT MAP OF COASTAL BRANCH PHASE II

Central Coast Water Authority
Organization Overview, Structure and Staffing
 Fiscal Year 2005/06 Budget

The Authority is a public entity duly organized and existing under a Joint Exercise of Powers Agreement – Central Coast Water Authority, dated as of August 1, 1991, by and among nine public agencies in Santa Barbara County, two of which have subsequently merged. The members entered into the Agreement to exercise their common power to acquire, construct, operate and maintain works and facilities for the development and use of water resources and water rights including without limitation, works and facilities to divert, store, pump, treat and deliver water for beneficial uses. In particular, the members expressed their desire to create the Authority to finance, develop, operate and maintain the Authority’s facilities for their mutual benefit and to act on behalf of the members with respect to the Department of Water Resources (DWR) facilities. The Authority currently has a staff of 24 full-time and 3 part-time employees.

The Authority is presently composed of eight members, all of which are public agencies: the Cities of Buellton, Guadalupe, Santa Barbara and Santa Maria, Carpinteria Valley Water District, Goleta Water District, Montecito Water District and Santa Ynez River Water Conservation District, Improvement District No. 1 (in which the City of Solvang is located). (A founding member of the Authority, the Summerland Water District, was merged into the Montecito Water District.) In addition, the Authority has an Associate Member, the La Cumbre Mutual Water Company. Each member appoints a representative to the Authority’s Board of Directors. San Luis Obispo County Flood Control and Water Conservation District (SLOCFCWCD and/or San Luis Obispo Water Purchasers) has expressed an interest in joining the Authority. However, any decision to do so must be approved by the unanimous vote of the present members.

The member agencies are represented on the CCWA Board of Directors by an individual chosen by each public entity’s Board or City Council. Each vote on the Authority’s Board of Directors is weighted roughly in proportion to the entity’s allocation of State water entitlement. The following table outlines the voting percentage for each member of the CCWA Board of Directors.

<u>Board of Directors Voting Percentages</u>	
City of Guadalupe	1.15%
City of Santa Maria	43.19%
City of Buellton	2.21%
Santa Ynez RWCD, Improvement District #1	7.64%
Goleta Water District	17.20%
City of Santa Barbara	11.47%
Montecito Water District	9.50%
Carpinteria Valley Water District	<u>7.64%</u>
TOTAL	100.00%

Central Coast Water Authority
Organization Overview, Structure and Staffing
 Fiscal Year 2005/06 Budget

CCWA Committees

There are five Authority committees. They consist of the Finance Committee, Personnel Committee, Policy Committee, Operating Committee, and Water Treatment Plant Advisory Committee.

The Operating Committee is composed of the general managers, city administrators and water supply managers of the various water agencies and cities served by the Authority. The Operating Committee typically meets once a month to act on matters such as project construction, operations and financial issues and recommends actions to the Authority's Board of Directors.

Santa Barbara County Project Participants

Each Santa Barbara County project participant is a water purveyor or user located in Santa Barbara County which obtained contractual rights to receive water from the State Water Project prior to 1991. Those rights have been assigned to the Authority pursuant to the terms of the Water Supply Agreements.

Santa Barbara County Project Participant Table A Amounts

<u>Agency</u>	<u>Table A ⁽¹⁾</u>
City of Buellton	578
Carpinteria Valley Water District	2,000
Goleta Water District	4,500
City of Guadalupe	550
La Cumbre Mutual Water Company	1,000
Montecito Water District	3,000
Morehart Land Company	200
City of Santa Barbara	3,000
Raytheon Systems Company (SBRC)	50
City of Santa Maria	16,200
Santa Ynez River W.C.D., ID #1	2,000
Southern California Water Company	500
Vandenberg Air Force Base	<u>5,500</u>
TOTAL	39,078

(1) In acre-feet per year. The amounts do not include the Authority's 3,908 acre-feet per year "drought buffer" entitlement and 2,500 acre-feet per year additional entitlement which has been acquired by Goleta Water District.

Central Coast Water Authority
Organization Overview, Structure and Staffing
 Fiscal Year 2005/06 Budget

San Luis Obispo County Water Purchasers

Each San Luis Obispo County water purchaser is a water purveyor or user located in San Luis Obispo County which obtained contractual rights from San Luis Obispo County Flood Control and Water Conservation District (SLOCFCWCD) to receive water from the State Water Project.

San Luis Obispo County Project Participant Table A Amounts

<u>Agency</u>	<u>Table A</u>
Avila Beach Community Services District	100
Avila Valley Mutual Water Co., Inc.	20
California Mens Colony (State)	400
County of SLO C.S.A. No. 16, I.D. #1	100
County of SLO (Op. Center & Reg. Park)	425
City of Morro Bay	1,313
Oceano Community Services District	750
City of Pismo Beach	1,240
San Luis Coastal Unified School District	7
San Miguelito Mutual Water Company	275
SLO Co. Comm. Coll. District (Cuesta College)	<u>200</u>
TOTAL	4,830

Water Supply Agreements

Each Santa Barbara County project participant has entered into a Water Supply Agreement with the Authority in order to provide for the development, financing, construction, operation and maintenance of the Authority's facilities and to designate the Authority to act on behalf of the Santa Barbara County project participants with respect to the DWR facilities. The purpose of the Water Supply Agreements is to assist in carrying out the purposes of the Authority with respect to the Authority project by (1) requiring the Authority to sell, and the Santa Barbara County project participants to buy, a specified amount of project allotment from the Authority, and (2) assigning the Santa Barbara County project participants' Table A rights in the State Water Project to the Authority.

Local Water Treatment Agreements

Each San Luis Obispo County water purchaser has entered into a Local Water Treatment Agreement with SLOCFCWCD and SLOCFCWCD has entered into the Master Water Treatment Agreement with the Authority to cause the Authority to provide for the development, financing, construction, operation and maintenance of the Authority's facilities. The purpose of the Local Water Treatment Agreements is to provide the terms and conditions of the treatment of the San Luis Obispo County water

Central Coast Water Authority
Organization Overview, Structure and Staffing
Fiscal Year 2005/06 Budget

purchaser's water to be delivered from the State Water Project and to provide for the financing of certain local improvements.

State Water Project

The State Water Project is one of the largest water supply projects undertaken in the history of water development. It encompasses a complex of reservoirs, pumping plants, power plants, canals and tunnels owned and operated by the DWR. State water, which primarily originates north of the Sacramento-San Joaquin Delta, is transported from the Delta to serve water contractors in the San Francisco Bay area, the San Joaquin Valley, and Southern California. All of the initially planned 642-mile aqueduct and pipeline system is operational with the last 100 miles of the Coastal Branch Phase II substantially completed and placed into operation in August 1997.

DWR has previously completed what is known as the Coastal Branch Phase I, which branches off the California Aqueduct in the southwestern corner of Kings County near Interstate 5. The Coastal Branch Phase I is a 15-mile canal that ends near Devils Den in northwestern Kern County.

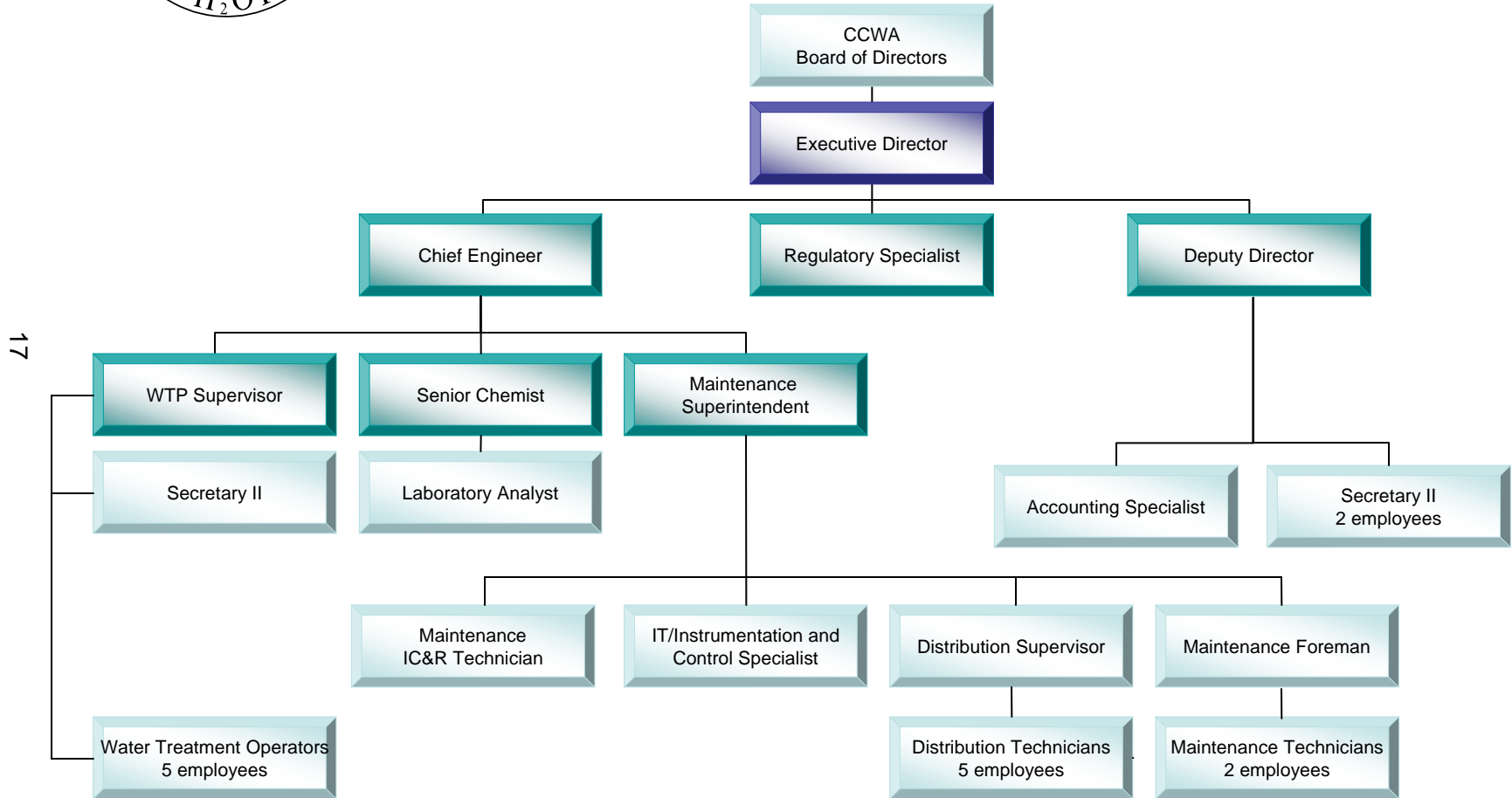
The Coastal Branch Phase II pipeline, which was constructed by DWR between 1995 and 1997 to supply State water to San Luis Obispo and Santa Barbara Counties, runs from the Coastal Branch Phase I terminus over the coastal mountains to and through the County of San Luis Obispo to a terminus in northern Santa Barbara County. Its largest diameter is 57 inches between the Devils Den Pumping Plant and Tank 1 and its smallest diameter is 42 inches along the southerly-most 48 miles.

The CCWA Extension begins at a diameter of 39 inches at Tank 5, continuing south to a point near Lompoc where it turns east, reducing to a diameter of 30 inches along the way. Water flows by gravity to the Santa Ynez Pumping Plant. At this facility, the chloramines used for disinfection are removed (a process called dechloramination) and the water is then pumped into Lake Cachuma through a 30-inch diameter pipe that was originally used to deliver Cachuma Project water to the Santa Ynez River Water Conservation District, Improvement District No. 1.

The water treatment plant receives raw water from the Coastal Branch Phase II and, after treatment, returns the water to the Coastal Branch Phase II. The plant is sized at 43 million gallons per day to accommodate the maximum annual entitlement of both counties. The plant uses conventional modern treatment units for filtration and disinfection of surface water in conformance with the relevant regulations of the California Department of Health Services.



Central Coast Water Authority Organization Chart FY 2005/06



Central Coast Water Authority
Budget Process
Fiscal Year 2005/06 Budget

Fiscal Year Budget

The Authority's fiscal year budget is one of the most important documents prepared by the Authority. Through the process of planning and preparing the budget, the Authority is given the opportunity to reassess its plans and goals for the coming and future years. The process also provides direction for management and staff.

In December of each year, the Authority's staff prepares a list of goals and objectives by department and general area of responsibility. The annual goals and objectives are reviewed by the Executive Director and refined as appropriate. The goals are then presented to the Board of Directors at the regular January Board meeting.

Four Year Financial Plan

The Four Year Financial Plan is prepared to provide the project participants pro forma projections of the Authority's expenditures and includes projections for both the CCWA and DWR portions of the budget. DWR provides projections for each of these years for both the fixed and variable costs, and the CCWA expenses are generally projected with a 3% inflation factor to all operating expenses.

The Four Year Financial Plan is prepared only as an informational tool and is not formally adopted by the Board of Directors. The financial plan is presented to the Operating Committee and is used by the member agencies and other project participants for their planning and long-term budgeting purposes. *The Four Year Financial Plan is found in the Appendix to this document.*

The various components of the budget are compiled, including "pass-through" charges from the Department of Water Resources (DWR) and Warren Act charges paid to the U.S. Bureau of Reclamation (*see the Revenues and Sources of Cash section for a description of Warren Act Charges*). While these expenditures are not considered expenses for the Authority, the charges are collected by the Authority and paid to the respective agencies; therefore, they are included in the budget.

The requested budget is prepared recognizing the Board approved organization-wide and departmental goals. All Authority goals must be funded within the budget to allow each goal to be accomplished. Stated another way, there are no unfunded mandates.

Committee Review of the Budget

The initial review of the budget is presented to the Finance and Operating Committees each March. Each of these Committees provides input to staff regarding the requested budget. As required by California's Brown Act and Public Records Act, both meetings are posted at least 72 hours, and typically one week, in advance of the meetings inviting the public to attend and provide input regarding the proposed budget.

Central Coast Water Authority
Budget Process
Fiscal Year 2005/06 Budget

Board Adoption of the Fiscal Year Budget

Initial review of the preliminary budget by the Board of Directors occurs during its March regular meeting. The Board reviews the proposed budget and makes changes as it deems appropriate. After staff amends the budget reflecting the Board's direction, the amended budget is then resubmitted to the Board for final review and adoption. This process may continue until staff and the Board have reached a budget suitable for Board approval. Approval of the final budget typically occurs at the regular April Board meeting. The budget is approved by motion and majority vote of the Board. All of these meetings are posted for public participation.

Budget Amendment Process

The budget may only be amended during the year by Board action. This process involves requests by staff to the Board for additional funding. The Board considers the requests of staff at regularly scheduled meetings and approves or rejects the requests by motion and majority vote.

CCWA Financial Schedule FY 2005/06

The Financial Schedule on the following page provides a graphical overview of the major financial milestones that occur for the budget preparation and the corresponding revenue and expenditure cycles.

CCWA FINANCIAL SCHEDULE

FISCAL YEAR 2005/2006

		FY 2004/05												FY 2005/06											
		S O N D J F M A M J J A S O N D J F M A M J J A S						S O N D J F M A M J J A S O N D J F M A M J J A S						S O N D J F M A M J J A S O N D J F M A M J J A S											
		← Budget Planning Cycle →						← Budget Expenditure Cycle →						← Budget Expenditure Cycle →											
1.0	BUDGET																								
1.1	Receive DWR Statement of Charges (for following calendar year)																								
1.2	Prepare Project Participant Delivery Forecast																								
1.3	Submit 5-YR Delivery Forecast to DWR																								
1.4	Submit Delivery Forecast and Warren Act Payment to USBR																								
1.5	Prepare Draft Budget*																								
1.6	Submit Preliminary Budget to Operating Committee																								
1.7	Submit Preliminary Budget to Finance Committee																								
1.8	Submit Preliminary Budget to Board of Directors																								
1.9	Board Approval of Final Budget																								
2.0	REVENUE																								
2.1	Project Participant Assessment Billings (CCWA Fixed Expenses)																								
2.2	SLO WTP and Coastal Branch Phase II Billing (CCWA Fixed Expenses)																								
2.3	Project Participant DWR Billings (Fixed Expenses)																								
2.4	Project Participant Bond Payment Billings																								
2.5	CCWA and DWR Variable Cost Billings																								
3.0	EXPENSES																								
3.1	CCWA Expenses																								
3.1.1	Administration / O&M Payments																								
3.1.2	Warren Act Payment																								
3.1.3	MOU Trust Fund Payments																								
3.2	CCWA Project Funds																								
3.2.1	Semi-Annual Bond Payment																								
3.3	DWR Payments																								
3.3.1	Semi Annual DWR Capital Cost Payment																								
3.3.2	Semi Annual DWR Coastal Branch Extension Payment																								
3.3.3	Monthly DWR Minimum and Variable OMP&R Cost Payment																								
4.0	WATER TRANSFERS AND SALES																								
4.1	CCWA Turnback Pool Sales																								
4.2	DWR Turnback Pool Sales																								

*Contains the FY 2005/2006 Budget and the Four-Year Financial Plan for FY 2005/06 through FY 2008/09

DWR Statement Received
 CCWA Board / Committee Milestone

CCWA Bond Payment/Period
 SLO WTP Billing Due Date/Period
 Participants' Bond Payment Due Date/Period

CCWA Staff Milestone
 Participant's DWR Billing Due Date/Period
 Participant Assessment Due Date/Period

DWR Payment/Period
 CCWA Expense Period/Payment
 Participant's Task/Milestone

RAS\FY200506BauSub.m4
January 6, 2005

Central Coast Water Authority
Financial Reporting Basis
Fiscal Year 2005/06 Budget

Budget Reporting

For budgetary reporting purposes, the Central Coast Water Authority uses the modified accrual basis of accounting.

Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the liability is incurred. Non-cash expense items such as depreciation expense for fixed assets and accrued compensated absences are excluded from the budget.

The Authority operates under one fund for budgetary purposes. However, the Authority's various departments and budget preparation are segregated into subsections as follows:

Administration

Water Treatment Plant

Distribution

CCWA Reaches

Mission Hills II
Santa Ynez I
Santa Ynez II

DWR Reaches

Reach 33B
Reach 34
Reach 35
Reach 37
Reach 38

For further information on the various cost centers within the Distribution Department subsection, please see the discussion of financial reaches in the section titled "Distribution Department."

Financial Statement Reporting

The Authority operates as a proprietary fund-type. All proprietary fund-types are accounted for on a flow of economic resources measurement focus. Under this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Where appropriate, net total assets (i.e., fund equity) is segregated into contributed capital and retained earnings. Proprietary fund-type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Central Coast Water Authority
Budget Policy and Strategy
Fiscal Year 2005/06 Budget

The Fiscal Year 2005/06 Budget document has been prepared after analyzing, evaluating, and justifying both the financial and non-financial objectives and goals of the Authority for the current year and beyond. The Authority's budget is a comprehensive document which enables the Board of Directors and Authority staff to evaluate the Authority's past and future.

The Authority's management believes that a successful budget should contain the following ingredients for it to be useful to the individuals using the information:

1. **Worthy Purpose** There should be clear goals for the budget. The goals and objectives of the Authority should dictate the Authority's budget.
2. **Participative Ownership** Budget ownership and the motivation to make it work will only occur when there is significant decision making involvement at the levels of implementation.
3. **Reporting System** A good budgeting system must be fully integrated with the Authority's reporting (i.e., accounting) system. That is, the accounting system and the budgeting system should be consistent in account classifications and methods of accounting for data, time periods, etc. Ease of understanding is enhanced when the budgeted data and the accounting system mirror each other.
4. **Support of Management** In any well-organized budgeting system, support from top management is essential for the system to be effective. By being involved in establishing the budget concepts and procedures as well as reviewing budget variations, the Board will lend support to the rest of the Authority and create acceptance and promote effective use of the budgeting system by all.

BUDGET POLICIES

- The primary budgetary objective is to provide the highest possible level of service to the Authority's project participants without impairing the Authority's sound financial condition. Continual efforts will be made to improve productivity, lower costs, and enhance services.
- The Authority will endeavor to keep current expenditures less than current revenues. Current expenditures are defined as operating expenses, debt payment, and capital improvement expenditures. The Authority will strive to operate within the approved budgetary amounts to avoid subsequent billings to the member agencies and other project participants for over-expenditures.
- The Authority will maintain a budgetary control system to ensure adherence to the budget and will prepare regular reports comparing actual revenues and expenditures/expenses to budgeted amounts.
- Laws and policies limiting revenue sources and expenditures must be explicitly addressed in the budget process.

Central Coast Water Authority
Budget Policy and Strategy
Fiscal Year 2005/06 Budget

- No Unfunded Mandates The Board of Directors will not establish a goal or policy without also providing the necessary funding to accomplish those goals or policies.
- Budget Change Policy The adopted budget may only be changed by Board action. Budget change requests may be made by staff to the Board of Directors at a regularly scheduled Board meeting. The Board will then consider the requests based on staff's recommendations and approve or deny the requests by a majority vote.
- Bond Coverage Policy The project participants have covenanted to collect sufficient revenues to maintain net revenues of 125% of all State water payments made to the Central Coast Water Authority. Net revenues are defined as gross revenues minus operating expenses and excluding depreciation. The Authority's staff will assist project participants in guaranteeing compliance with this covenant.
- Reconciliation of Charges The Authority will endeavor to reconcile differences between actual expenditures incurred and amounts billed to the member agencies and other project participants in a timely manner. Under-expenditures in the budget will be returned to project participants as credits in subsequent billings.
- Investment Income Allocation The Authority will endeavor to provide timely allocation of investment income to the member agencies and other project participants for payments covering 1996 revenue bond debt service and DWR charges.
- DWR Charges and Credits The Authority will endeavor to provide sufficient information to the member agencies and other project participants regarding the DWR charges to enable them to gain a full understanding of the charges. Additionally, the Authority will provide credits given by DWR on the next available billing sent to the project participants.
- Four Year Financial Plan In conjunction with preparation of the fiscal year budget, the Authority will also prepare and make available a four year financial plan which provides estimates of the total State water costs for the four-year period.
- Annual Allocation of Recurring Expenditures (Non-Annual Recurring Expenses – i.e., "NARES") The Authority will endeavor to identify non-annual recurring operating expenses and capital expenditures and allocate a portion of such expenditures over a number of years prior to the anticipated expenditure to eliminate large variances in the annual operating assessments to the project participants.

Central Coast Water Authority
Budget Policy and Strategy
Fiscal Year 2005/06 Budget

- Distribution Department Financial Reach Allocation Percentages The Authority will amend the Distribution Department financial reach allocation percentages for fixed O&M costs based on the actual costs incurred by financial reach. These percentages will be based on the actual percentages from the Yearend Budget Report two years prior to the current budget year.
- Spare Parts Inventory The Authority will track the purchase of spare parts inventory greater than \$2,000 and allocate costs to the appropriate financial reach when the spare parts are actually used at a specific location or financial reach.
- Appropriated Contingency No expenditure will be made from the Appropriated Contingency account without prior approval from the Board of Directors.
- Staff Salary Pool Policy The overall salary pool will consist of two separate pools: (1) a pool for all employees excluding the Executive Director and Deputy Director, and (2) a pool – i.e., proposed salary treatment – for the Executive Director and Deputy Director.

The Authority will calculate and include in the proposed budget a salary pool with a cost of living component and a merit increase component. The merit increase percentage will be three percent (3%). The cost of living percentage will be the annual percentage change computed each year in December based on the Los Angeles-Riverside-Orange, CA Consumer Price Index for All Urban Consumers.

The employee pool will be calculated by multiplying the resulting salary pool percentage (merit increase percentage and cost of living percentage) by the actual annual salaries for all employees at the time the budget is prepared based on full staffing (excluding the Executive Director and Deputy Director). The Executive Director and Deputy Director's pool will be calculated by multiplying the resulting salary pool percentage (merit increase percentage and cost of living percentage) by his or her actual annual salary at the time the budget is prepared. The two pools are then added together to determine the overall salary pool for budget purposes.

The CCWA Board of Directors shall administer the Executive Director and Deputy Director's pay treatment separate from the employee salary pool and the Executive Director shall administer the pay treatment (i.e., the employee pool) for all other CCWA employees.

- Employee Benefits Funding Benchmark The Authority will calculate the Employee Benefits Percentage (EBP) in conjunction with the Budget preparation. The EBP calculation will include PERS retirement, health insurance, cafeteria plan benefits, dental/vision insurance, long-term disability and life insurance as a proportion of the full-time regular wages budget for the fiscal year. If the EBP exceeds 38%, staff will provide alternatives for Board consideration so that the revised EBP remains at or below 38%.

Central Coast Water Authority
Budget Policy and Strategy
Fiscal Year 2005/06 Budget

- Budget Transfer Policy If CCWA staff determine funds are available in an Operations and Maintenance or Project account, staff may transfer available funds to other accounts and/or projects which were not anticipated in the CCWA Board adopted budget with the approval of the Finance Committee Chairperson, or alternatively, the CCWA Board Chairperson. Transfer of funds for projects and/or one-time expenditures cannot exceed \$10,000. Staff will prepare a summary of the Budget Fund Transfers which will include the source and destination of the funds, financial reaches impacted and justification for the transfer. A summary of the approved transfers will be included on the CCWA Board Consent Calendar as part of the next regularly scheduled Board meeting.
- Self-Funded Dental/Vision Plan Annual Limits and Premium Amounts The CCWA self-funded Dental/Vision plan annual limit on total expenditures for each covered employee and the corresponding premium amount will increase at the beginning of each plan year by the December to December percentage change of the Los Angeles/Riverside All Urban Consumers, Consumers Price Index.

CAPITAL IMPROVEMENTS POLICY

- Long-Range CIP Plan The Authority will identify long-range capital projects and capital improvements of all types which will be coordinated with the annual operating budget to maintain full utilization of available revenue sources.
- CIP Paid from Current Revenues When appropriate, capital improvements will be paid through current revenue sources rather than financing capital projects over a period of time.

DEBT POLICY

- Debt Financing The Authority will use debt financing when it is judged to be appropriate based on the long-term capital needs of the Authority and the Authority's ability to repay the indebtedness has been evaluated in light of all sources and uses of cash.
- Long-Term Debt The Authority will only incur long-term debt for the financing of capital improvements that are not expected to recur and are long-lived. Conversely, if the capital requirements are recurring, of relative small scale, or are for short-lived improvements, the cost of these improvements should be paid from current revenues.

RESERVE POLICY

- The Authority will maintain an Operations and Maintenance Reserve Fund in the amount of \$2 million. Monies held in the O&M Reserve Fund may be expended only upon authorization of the Board of Directors for unanticipated operating and maintenance activities.

Central Coast Water Authority
Budget Policy and Strategy
Fiscal Year 2005/06 Budget

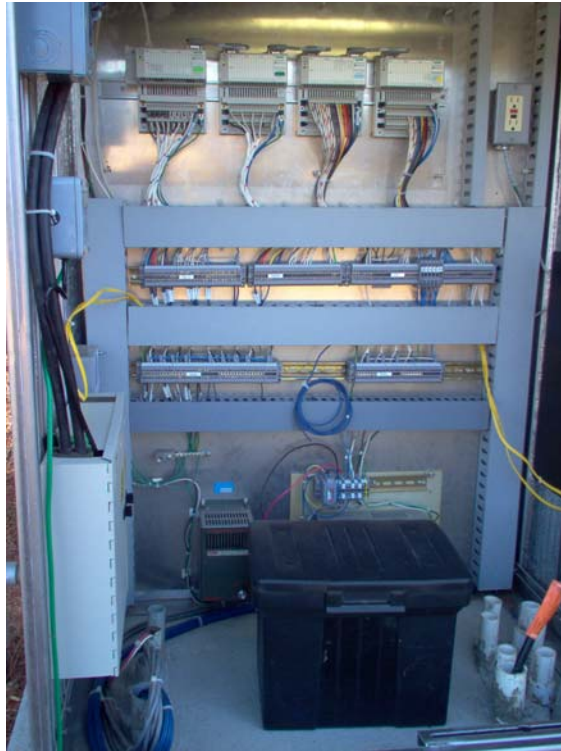
INVESTMENT POLICY

- The Authority will operate its idle cash investments under the prudent person rule which states: "...in investing...property for the benefit of another, a trustee shall exercise judgment and care, under the circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs...."
- The criteria for selecting investments and the order of priority:
 - (1) Safety, which refers to the potential loss of principal, interest or a combination of the two.
 - (2) Liquidity, which refers to the ability to "cash-in" at any moment in time with a minimal chance of losing some portion of principal or interest.
 - (3) Yield is the potential dollar earnings an investment can provide, and sometimes is described as the rate of return.

For further information on the Authority's investment policy, please refer to the Appendix section of this document.

ACCOUNTING, AUDITING AND FINANCIAL REPORTING POLICIES

- Monthly Budget Reports The Authority's Deputy Director will produce monthly budget reports covering the activity for the current period.
- Independent Audit The Authority will employ an independent accounting firm to perform an annual audit of the Authority's financial statements, and make the audit available to all required and interested parties.
- Budget Preparation The Authority will prepare an annual budget document that provides a basic understanding of the Authority's planned financial operations for the coming fiscal year. Copies of the proposed and final budget will be made available to all interested parties and opportunities will be provided for customer input prior to final adoption of the budget.
- Accounting System The accounting system will maintain records on a basis consistent with accepted standards for local government accounting. The Authority will strive to receive the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers' Association.
- Budget Awards The Authority will annually submit its budget to the Government Finance Officers' Association for consideration of the Distinguished Budget Presentation Award.



Solvang Turnout remote processing panel cabinet with new upgrades completed.

Budget Summary

The Budget Summary section of the FY 2005/06 Budget includes tables and graphs which summarize all revenues and expenditures included in the budget document. Additionally, graphs and tables showing the projected expenditures through FY 2008/09 are included in this section.

Highlights

Budget Summary

• FY 2005/06 Gross Budget	\$ 47,817,646
• FY 2004/05 Gross Budget	<u>\$ 49,886,347</u>
Decrease:	\$ 2,068,701
• FY 2005/06 CCWA Credits	\$ 1,671,754
• FY 2004/05 CCWA Credits	<u>\$ 2,774,519</u>
Decrease:	\$ 1,102,765
• FY 2005/06 Net Budget (After CCWA Credits)	\$ 46,145,892
• FY 2004/05 Net Budget (After CCWA Credits)	<u>\$ 47,111,829</u>
Decrease:	\$ 965,937

Significant Budget Changes

- DWR Rate Management Funds credits for second half of calendar year 2005 of \$1.9 million.
- DWR Rate Management Funds credits for first half of calendar year 2006 projected at 75% of normal amount (\$2.7 million for calendar year 2006, or \$1.36 million for the second half of FY 2005/06).
- CCWA O&M Expense budget increase of \$360,759
- CCWA Revenue Bond Debt service increase of \$80,000
- DWR Fixed and Variable cost decrease of \$2.6 million

Central Coast Water Authority

Budget Summary

Fiscal Year 2005/06 Budget

	FY 2003/04		FY 2004/05		Change from FY 2004/05 Budget	Change from FY 2004/05 Est. Actual
	Actual	Budget	Estimated Actual	Budget		
Beginning Cash Balance	\$ 2,503,970	\$ 2,578,557	\$ 2,381,550	\$ 2,301,301		
SOURCES OF CASH						
CCWA Operating Expenses	4,470,874	5,214,699	5,214,699	5,575,458	360,759	360,759
Debt Service Payments	10,922,938	11,053,669	11,053,669	11,133,231	79,562	79,562
Capital Improvement Projects	26,024	-	-	83,991	83,991	83,991
Non-Annual Recurring Expenses	34,149	41,461	41,461	106,002	64,541	64,541
Investment Income and Other	116,529	-	100,000	-	-	(100,000)
CCWA Credits	(3,772,118)	(2,774,518)	(3,510,064)	(1,671,754)	1,102,764	1,838,310
Subtotal Revenues	11,798,396	13,535,311	12,899,765	15,226,928	1,691,617	2,327,163
<u>Pass-Through Expenses</u>						
DWR Fixed Costs	30,134,176	30,342,053	30,911,943	27,987,469	(2,354,584)	(2,924,474)
DWR Variable Costs	3,066,966	2,883,433	2,565,228	2,651,953	(231,480)	86,725
Warren Act Charges	356,418	351,031	356,198	279,542	(71,489)	(76,656)
Subtotal Pass-Through Expenses	33,557,560	33,576,517	33,833,369	30,918,963	(2,657,554)	(2,914,406)
TOTAL SOURCES OF CASH	45,355,956	47,111,828	46,733,134	46,145,892	(965,937)	(587,243)
USES OF CASH						
<u>CCWA Operating Expenses</u>						
Personnel	2,333,401	2,707,133	2,469,200	2,749,769	42,636	280,569
Office Expenses	20,915	23,300	20,192	25,400	2,100	5,208
Supplies and Equipment	504,115	626,955	537,092	960,900	333,945	423,808
Monitoring Expenses	52,558	71,000	59,052	68,700	(2,300)	9,648
Repairs and Maintenance	187,101	163,658	155,758	176,998	13,340	21,240
Professional Services	272,643	288,320	212,601	257,400	(30,920)	44,799
General and Administrative	168,683	196,113	174,676	191,031	(5,082)	16,355
Utilities	398,397	599,476	698,430	476,463	(123,013)	(221,967)
Other Expenses	533,061	538,744	394,961	668,797	130,053	273,836
Total Operating Expenses	4,470,874	5,214,699	4,721,961	5,575,458	360,759	853,497
<u>Other Expenditures</u>						
Warren Act Charges	356,418	351,031	356,198	279,542	(71,489)	(76,656)
Capital Improvement Projects ⁽¹⁾	163,187	262,750	121,710	301,641	38,891	179,931
CCWA Credits	(3,772,118)	(2,774,518)	(3,510,064)	(1,671,754)	1,102,764	1,838,310
1996 Revenue Bond Debt Service	10,922,938	11,053,669	11,053,669	11,133,231	79,562	79,562
Unexpended O&M Assessments	-	-	592,738	-	-	-
Total Other Expenditures	7,670,425	8,892,932	8,614,251	10,042,660	1,149,728	2,021,147
Total CCWA Expenditures	12,141,299	14,107,631	13,336,212	15,618,118	1,510,487	2,874,644
<u>DWR Charges</u>						
Fixed DWR Charges	30,134,176	30,342,053	30,911,943	27,987,469	(2,354,584)	(2,924,474)
Variable DWR Charges	3,066,966	2,883,433	2,565,228	2,651,953	(231,480)	86,725
DWR Credits	-	-	-	-	-	-
Total DWR Charges	33,201,142	33,225,486	33,477,171	30,639,421	(2,586,065)	(2,837,750)
TOTAL USES OF CASH	45,342,441	47,333,117	46,813,383	46,257,539	(1,075,578)	36,894
Ending Cash Balance	\$ 2,517,485	\$ 2,357,268	\$ 2,301,301	\$ 2,189,653	\$ (167,615)	(111,647)
Non-Annual Recurring Balance	517,484	357,268	301,301	189,653		
Operating Reserve Balance	2,000,000	2,000,000	2,000,000	2,000,000		
General Fund Balance	\$ -	\$ -	\$ (0)	\$ -		

(1) Excludes bond fund and capital deposit funded CIP expenditures; includes NARES expenditures.

Central Coast Water Authority
Total Expenditures Summary
 Fiscal Year 2005/06 Budget

Project Participant	Unadjusted	Exchange	Exchange	Exchange	Regional	Regional	Adjusted	Warren Act	1996		Subtotal	Non-Annual	CCWA	Total
	CCWA	Agreement	Agreement	Agreement	WTP	WTP			Revenue	Bond Debt				
	Expense ⁽¹⁾	SYPF Power	Cap. & Fixed	Variable	Allocation	Credit	Charge	Charges ⁽²⁾	Service	CCWA	Expenses	Credits	CCWA	
Guadalupe	63,641	-	-	-	\$21,059	\$0	\$84,701	-	166,875	\$251,576	1,659	(\$5,285)	\$ 247,950	
Santa Maria	1,772,003	-	-	-	\$609,669	-	2,381,672	-	-	2,381,672	55,303	(204,089)	2,232,886	
SCWC	59,292	-	-	-	\$19,134	-	78,425	-	78,425	78,425	338	(311)	78,452	
Vandenberg AFB	669,436	-	-	-	\$208,437	-	877,873	-	-	877,873	21,363	-	899,236	
Buellton	84,238	-	-	-	\$22,131	-	106,368	-	295,775	402,143	1,934	(3,399)	400,679	
Santa Ynez (Solvang)	209,169	-	-	-	\$56,842	-	266,011	-	626,603	892,614	1,693	(16,700)	877,608	
Santa Ynez	75,314	-	305,112	60,472	\$114,455	-	555,354	-	234,615	789,968	204	(41,352)	748,820	
Goleta	803,267	(45,956)	(109,840)	(21,770)	\$130,085	(\$465,097)	290,688	97,584	2,858,097	3,246,369	7,028	(78,419)	3,174,978	
Morehart Land	43,363	-	-	-	\$7,648	(\$28,970)	22,041	11,020	121,360	154,421	312	(6,021)	148,712	
La Cumbre	203,588	-	-	-	\$37,392	(\$140,600)	100,380	45,574	581,209	727,163	1,567	(1,036,755)	(308,025)	
Raytheon (SBRC)	10,841	-	-	-	\$1,899	(\$7,243)	5,497	2,755	27,509	35,760	78	(891)	34,948	
Santa Barbara	453,131	(30,638)	(73,227)	(14,513)	\$81,203	(\$283,584)	132,372	33	1,757,902	1,890,307	4,678	(1,873)	1,893,112	
Montecito	533,007	(30,638)	(73,227)	(14,513)	\$86,006	(\$309,260)	191,375	51,824	1,909,169	2,152,368	4,679	(14,043)	2,143,003	
Carpinteria	401,296	(20,425)	(48,818)	(9,676)	\$59,740	(\$220,946)	161,171	70,753	1,181,162	1,413,086	3,118	(10,794)	1,405,411	
Shandon	5,520	-	-	-	-	-	5,520	-	13,630	19,149	34	837	20,020	
Chorro Valley	202,232	-	-	-	-	-	202,232	-	1,066,496	1,268,496	876	-	1,269,373	
Lopez	197,770	-	-	-	-	-	197,770	-	293,061	490,830	1,136	(252,659)	239,307	
TOTAL:	5,787,106	(\$127,657)	\$0	\$0	\$1,455,700	(\$1,455,700)	\$5,659,449	\$279,542	\$11,133,231	\$17,072,222	\$106,002	(1,671,754)	\$15,506,470	

(1) Includes capital improvement projects.
 (2) Adjusted for Santa Ynez Exchange Agreement modifications.

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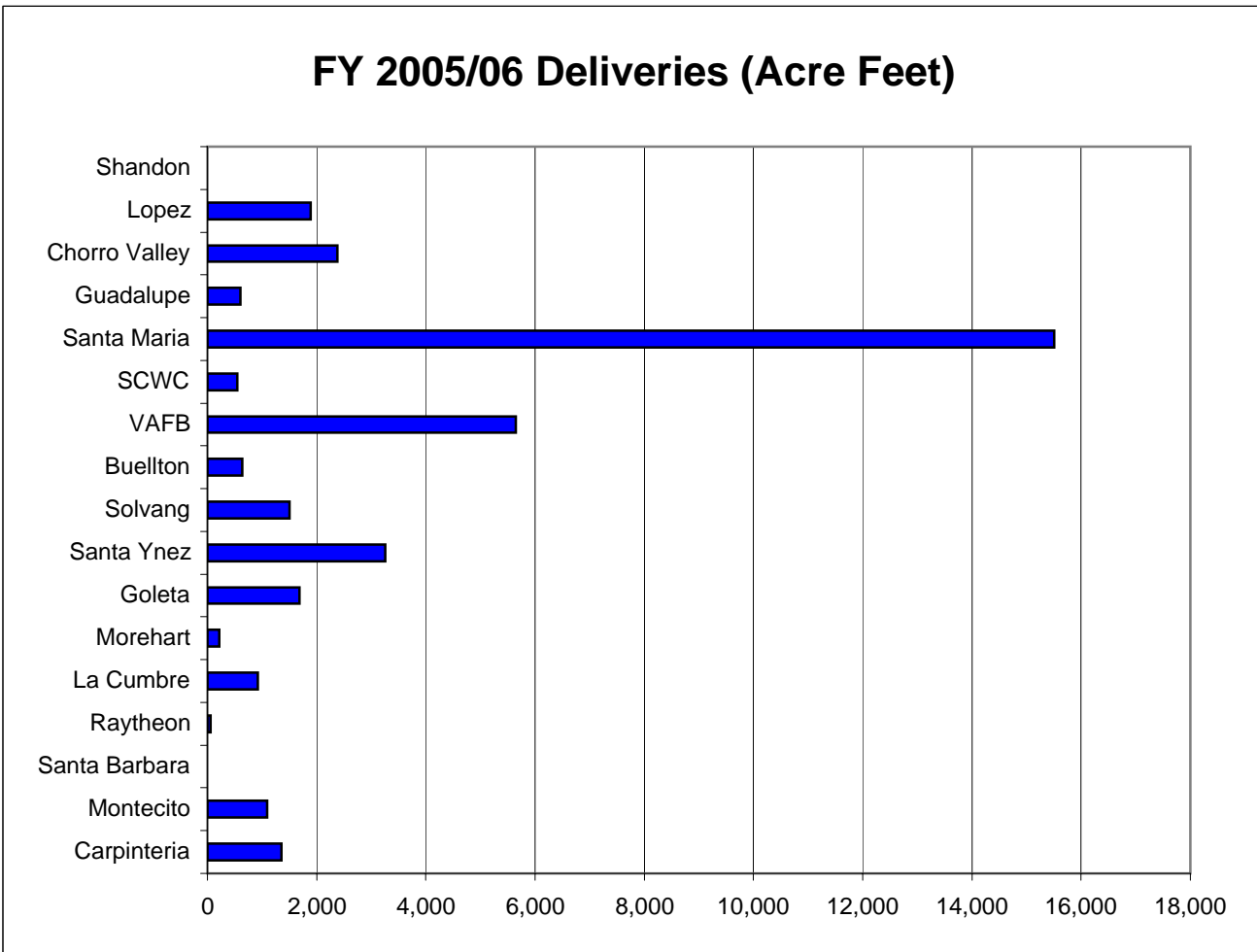
Project Participant	DWR FIXED CHARGES					DWR VARIABLE CHARGES					TOTAL DWR and CCWA		
	Transportation Capital Reach 35	Transportation Capital Reach 37	Transportation Capital Reach 38	Transportation Minimum OMP&R	Water System Revenue Bond	Delta Water Charges	Total Fixed	Off-Aqueduct Charges	Variable OMP&R	Total Variable		DWR Interest Income	Total DWR Charges
Guadalupe	\$ 274,052	\$ -	\$ -	\$ 48,626	\$ 19,360	\$ 13,644	\$ 355,682	\$ 5,882	\$ 36,826	\$ 42,709	\$ (1,261)	\$ 397,130	\$ 645,080
Santa Maria	8,135,237	540,172	-	1,436,251	568,892	402,078	11,082,630	150,388	921,278	1,071,666	(38,388)	12,115,908	14,348,794
SCWC	248,735	16,672	-	44,348	17,535	12,413	339,703	4,749	32,504	37,253	(1,203)	375,754	454,205
Vandenberg AFB	2,731,641	183,392	300,721	487,829	192,882	136,502	4,032,966	46,955	433,609	480,565	-	4,513,531	5,412,767
Buellton	288,358	19,273	31,603	51,109	20,315	14,564	425,223	2,873	39,224	42,096	(1,492)	465,827	866,505
Santa Ynez (Solvang)	755,581	50,016	82,015	136,784	51,625	33,854	1,109,875	14,269	91,439	105,708	(3,635)	1,211,947	2,089,555
Santa Ynez	259,879	16,672	27,338	49,511	18,753	15,799	387,951	2,859	36,617	39,476	(1,377)	426,500	1,174,870
Goleta	2,259,079	150,048	246,044	431,554	157,693	110,227	3,354,646	86,428	126,113	212,541	(12,971)	3,554,215	6,729,193
Morehart Land	99,050	6,669	10,935	17,739	7,062	4,948	146,403	1,309	15,497	16,807	(522)	162,688	311,400
La Cumbre	497,469	33,344	54,677	88,696	35,069	24,826	734,082	3,211	42,550	45,761	(2,721)	777,122	469,097
Raytheon (SBRC)	23,097	1,667	2,734	4,280	1,586	1,237	34,601	149	3,319	3,469	(142)	37,927	72,875
Santa Barbara	1,524,756	100,032	164,030	284,361	105,448	74,435	2,253,062	64,789	113,023	177,812	(6,682)	2,424,193	4,317,305
Montecito	1,490,188	100,032	164,030	265,775	105,448	74,948	2,200,420	45,012	126,370	171,382	(7,337)	2,364,465	4,507,469
Carpinteria	1,001,043	66,688	109,353	177,392	70,139	49,653	1,474,269	29,598	175,111	204,708	(4,640)	1,674,338	3,079,748
Goleta 2500 AF	19,345	-	-	51,337	9,791	57,854	138,327	-	-	-	-	138,327	138,327
Shandon	-	-	-	-	-	-	-	-	-	-	-	-	20,020
Chorro Valley	-	-	-	-	-	-	-	-	-	-	-	-	1,269,373
Lopez	-	-	-	-	-	-	-	-	-	-	-	-	239,307
TOTAL:	\$ 19,607,511	\$ 1,284,676	\$ 1,193,480	\$ 3,575,593	\$ 1,381,598	\$ 1,026,982	\$ 28,069,840	\$ 458,472	\$ 2,193,480	\$ 2,651,953	\$ (82,371)	\$ 30,639,421	\$ 46,145,892

EXHIBIT #2

Central Coast Water Authority FY 2005/06 Delivery Requests (Acre Feet)

Project Participant	Requested Deliveries	Exchange Deliveries	Net Deliveries
Shandon	-	-	-
Lopez	1,887	-	1,887
Chorro Valley	2,384	-	2,384
Guadalupe	605	-	605
Santa Maria	15,511	-	15,511
SCWC	550	-	550
VAFB	5,650	-	5,650
Buellton	636	-	636
Solvang	1,500	-	1,500
Santa Ynez	700	2,560	3,260
Goleta	2,604	(922)	1,682
Morehart	220	-	220
La Cumbre	920	-	920
Raytheon	55	-	55
Santa Barbara	614	(614)	(0)
Montecito	1,702	(614)	1,088
Carpinteria	1,760	(410)	1,350
TOTAL:	37,298	-	37,298

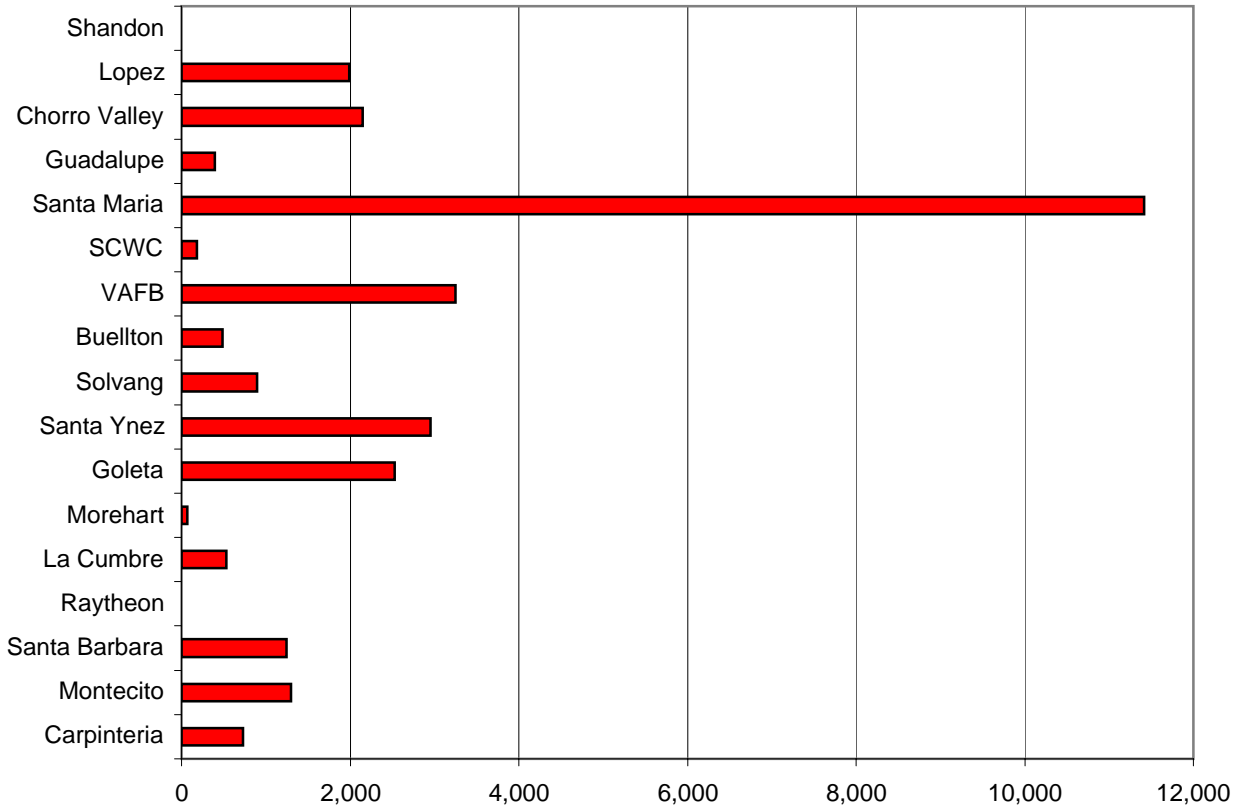
FY 2005/06 Deliveries (Acre Feet)



Central Coast Water Authority
FY 2004/05 Estimated Actual Deliveries (Acre Feet)

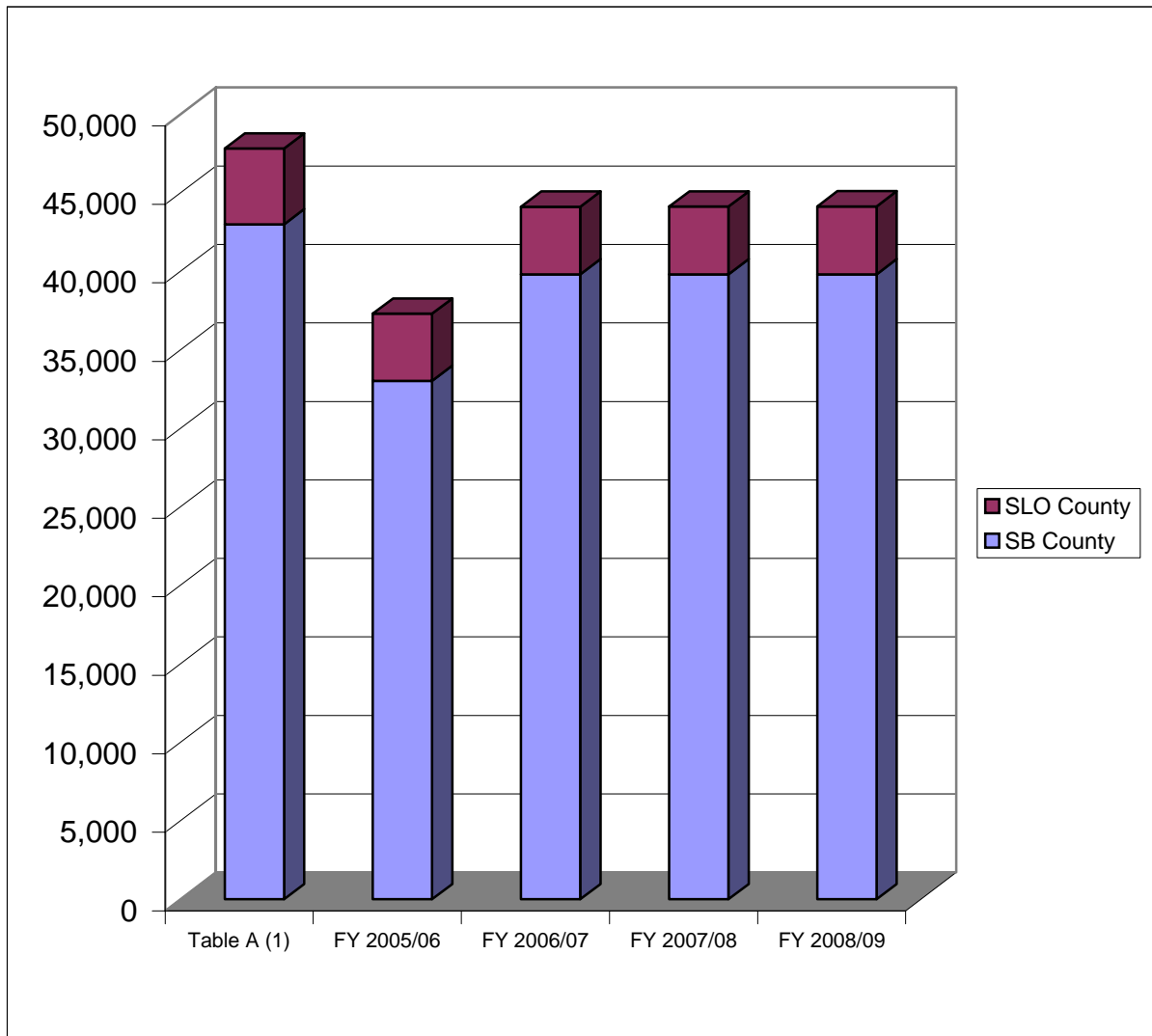
Project Participant	Actual Deliveries	Exchange Deliveries	Actual Deliveries
Shandon	-	-	-
Lopez	1,988	-	1,988
Chorro Valley	2,150	-	2,150
Guadalupe	395	-	395
Santa Maria	11,415	-	11,415
SCWC	184	-	184
VAFB	3,245	-	3,245
Buellton	483	-	483
Solvang	894	-	894
Santa Ynez	717	2,232	2,949
Goleta	3,317	(789)	2,528
Morehart	71	-	71
La Cumbre	528	-	528
Raytheon	-	-	-
Santa Barbara	1,795	(550)	1,245
Montecito	1,837	(536)	1,301
Carpinteria	1,088	(357)	731
TOTAL:	30,107	-	30,107

FY 2004/05 Estimated Actual Deliveries (Acre Feet)



Central Coast Water Authority
Requested State Water Deliveries
 FY 2005/06 to FY 2008/09

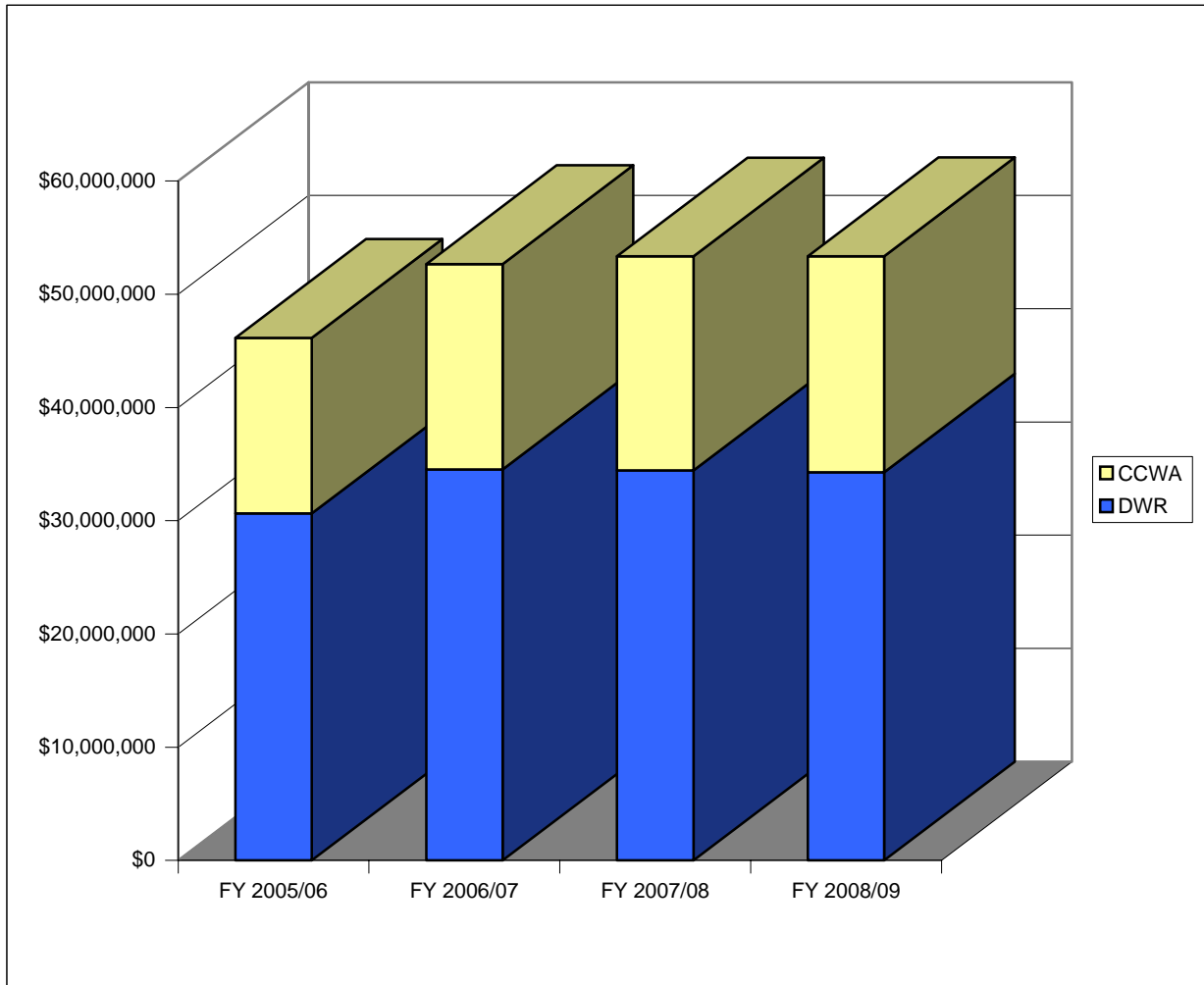
Table A ⁽¹⁾	47,816	AF
FY 2005/06	37,298	AF
FY 2006/07	44,106	AF
FY 2007/08	44,121	AF
FY 2008/09	44,139	AF



(1) Consists of 39,078 AF of Santa Barbara participant Table A allocations, 3,908 AF drought buffer and 4,830 AF San Luis Obispo County Table A amount. Does not include 2,500 AF additional Goleta Water District Table A amount.

Central Coast Water Authority
Total DWR and CCWA SWP Charges
 FY 2005/06 to 2008/09

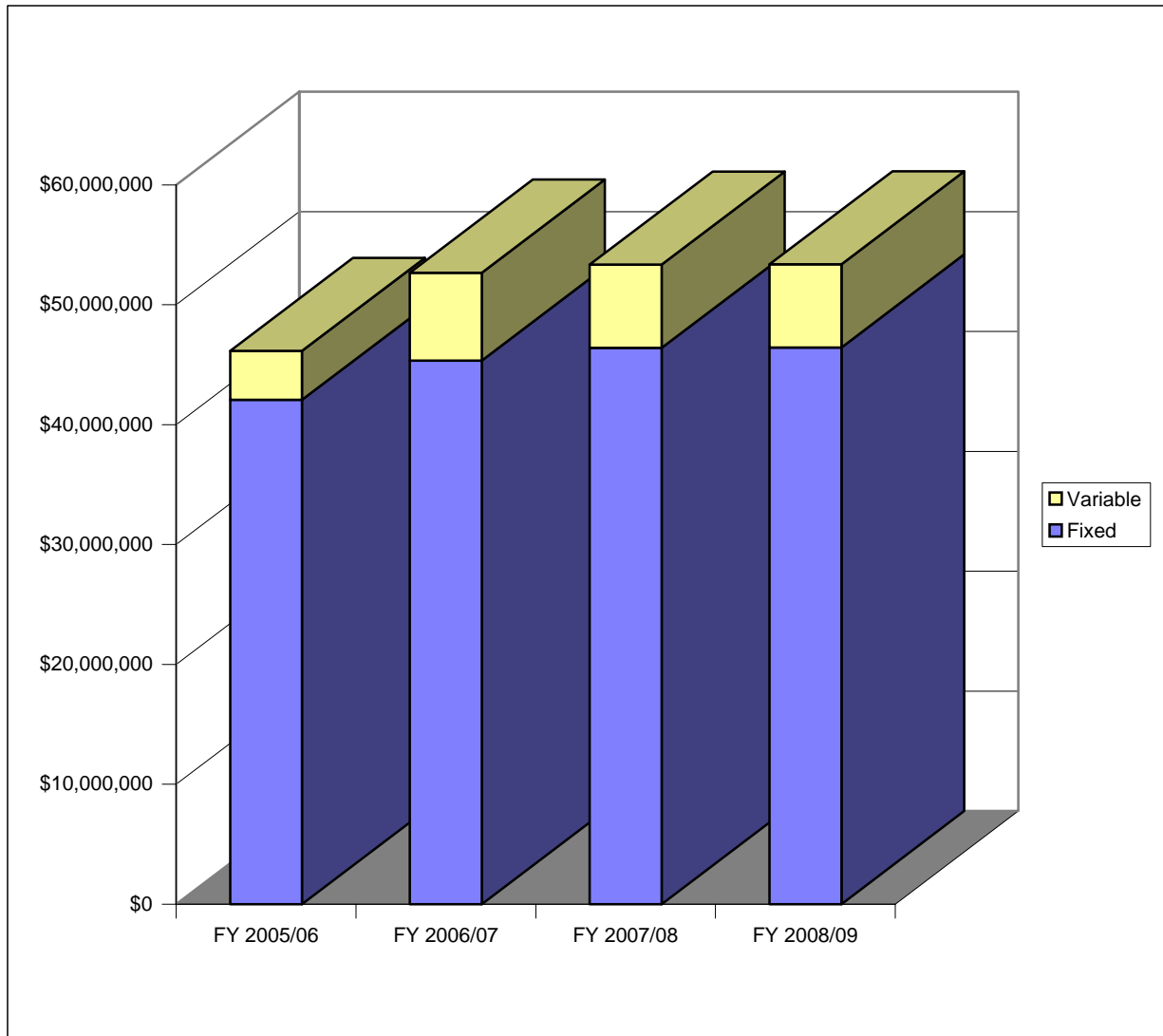
<u>Fiscal Year</u>	<u>DWR</u>	<u>CCWA</u>	<u>Total</u>
FY 2005/06	\$30,639,421	\$15,506,470	\$46,145,892
FY 2006/07	\$34,529,210	\$18,142,953	\$52,672,163
FY 2007/08	\$34,433,165	\$18,916,843	\$53,350,008
FY 2008/09	\$34,272,816	\$19,090,930	\$53,363,746



FY 2003/04 charges net of CCWA credits.

Central Coast Water Authority
Total Fixed and Variable SWP Charges
 FY 2005/06 through 2008/09

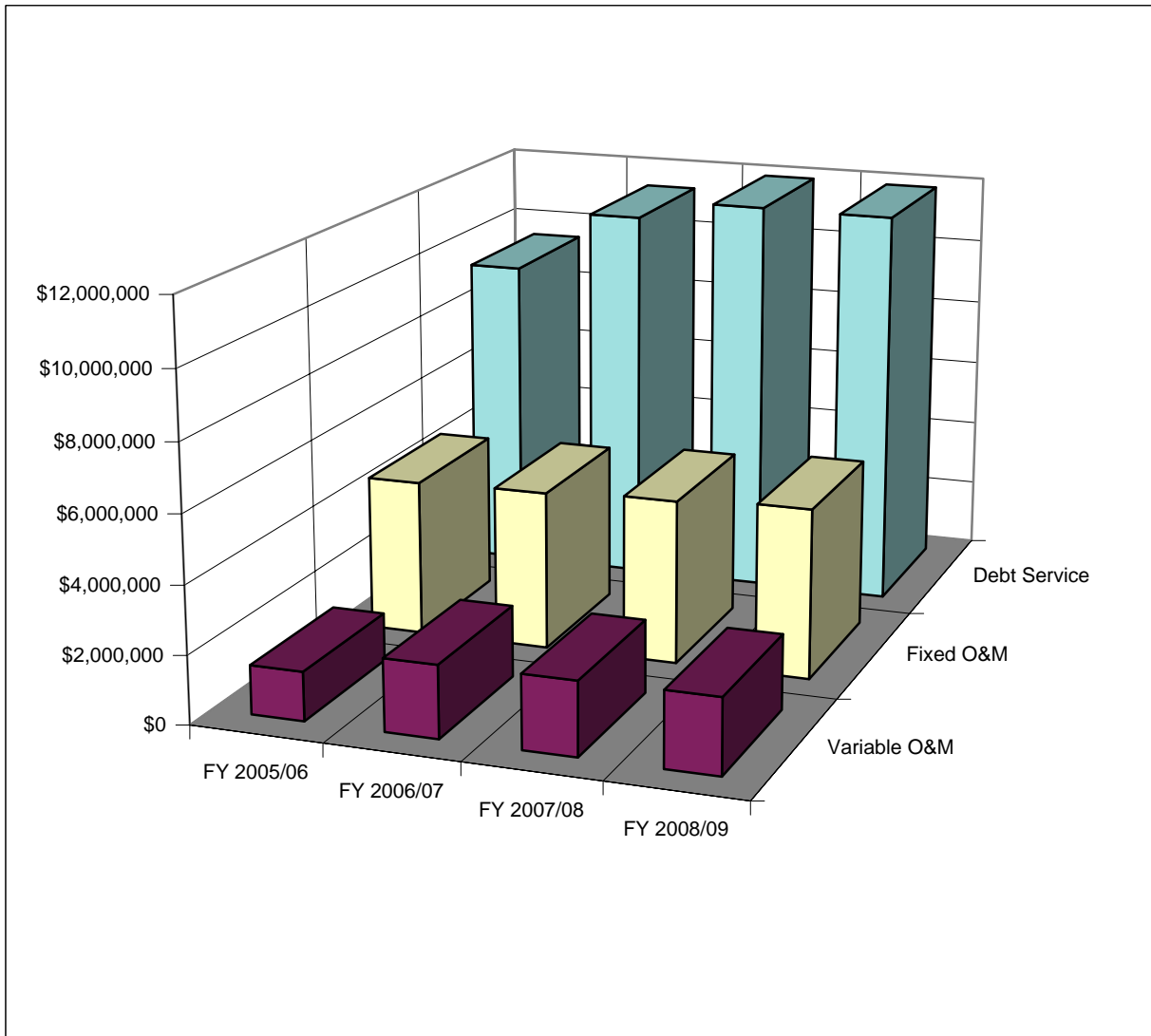
<u>Fiscal Year</u>	<u>Fixed</u>	<u>Variable</u>	<u>Total</u>
FY 2005/06	\$42,068,243	\$4,077,648	\$46,145,892
FY 2006/07	\$45,345,450	\$7,326,712	\$52,672,163
FY 2007/08	\$46,391,967	\$6,958,042	\$53,350,008
FY 2008/09	\$46,435,675	\$6,928,071	\$53,363,746



FY 2003/04 charges net of CCWA credits.

Central Coast Water Authority
CCWA Estimated Charges
 FY 2005/06 to 2008/09

<u>Fiscal Year</u>	<u>Variable O&M</u>	<u>Fixed O&M</u>	<u>Debt Service</u>	<u>Total</u>
FY 2005/06	\$1,425,695	\$4,619,298	\$9,461,477	\$15,506,470
FY 2006/07	\$2,109,330	\$4,695,290	\$11,338,334	\$18,142,953
FY 2007/08	\$2,155,120	\$4,855,214	\$11,906,509	\$18,916,843
FY 2008/09	\$2,198,875	\$5,021,871	\$11,870,184	\$19,090,930



FY 2003/04 charges net of CCWA credits.



One of 27 flexible couplings at the pipelines San Andreas Fault crossing.

Revenues and Sources of Cash

The Revenues and Sources of Cash section of the FY 2005/06 Budget includes information on the Authority's revenues, pass-through receipts and narrative explanations on the Authority's billing procedures and cash management.



Central Coast Water Authority
Revenues and Sources of Cash
 Fiscal Year 2005/06 Budget

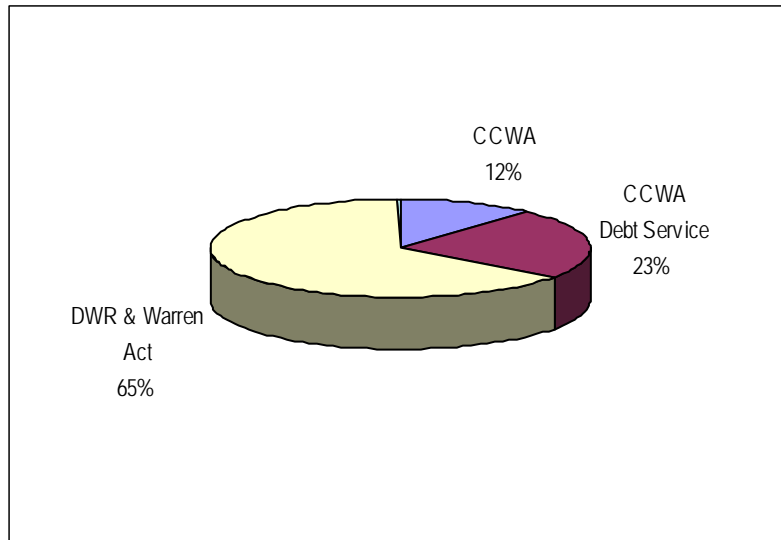
The Authority's Revenue budget is comprised of payments made by member agencies and other project participants for Authority operating expenses, debt service on the Authority's revenue bonds and investment income. Additionally, there are other payments made by the project participants that are treated as pass-through expenses. These pass-through expenses represent payments for the Department of Water Resources and Warren Act charges paid to the U.S. Bureau of Reclamation; they are not considered revenues for the Authority. These payments are collected by the Authority and paid directly to the two agencies by the Authority.

Revenues and Other Sources of Cash

Revenues	FY 2003/04 Actual	FY 2004/05 Estimated Actual	FY 2005/06 Budget
CCWA Operating Expenses ⁽¹⁾	\$ 4,470,874	\$ 5,214,699	\$ 5,575,458
Debt Service Payments	10,922,938	11,053,669	11,133,231
Capital Improvement Projects (CIP)	26,024	-	83,991
Non-Annual Recurring Expenses	34,149	41,461	106,002
Investment Income	116,529	100,000	-
Subtotal Revenues	15,570,514	16,409,829	16,898,682
Pass-Through Expenses			
DWR Fixed Costs	30,134,176	30,911,943	28,069,840
DWR Variable Costs	3,066,966	2,565,228	2,651,953
DWR Account Interest	-	-	(82,371)
Warren Act Charges ⁽¹⁾	356,418	356,198	279,542
Subtotal Pass Through Expenses	33,557,560	33,833,369	30,918,963
Gross Budget Before Credits	49,128,074	50,243,198	47,817,646
Credits and Prepayments	(3,772,118)	(3,510,064)	(1,671,754)
TOTAL SOURCES OF CASH	\$ 45,355,956	\$ 46,733,134	\$ 46,145,892

(1) Adjusted for Santa Ynez Exchange Agreement modifications.

Central Coast Water Authority
Revenues and Sources of Cash
Fiscal Year 2005/06 Budget



FY 2004/05 Actual Cash Receipts

The actual cash receipts for FY 2004/05 are anticipated to be less than the actual expenditures for the year because of credits given to the project participants for (1) unexpended operating expense assessments for FY 2003/04, (2) interest income for FY 2003/04, (3) differences between the DWR actual fixed payments and the budgeted fixed payments, and (4) debt service credits from the project closeout.

CCWA Operating Expense Revenues

The Authority's operating expense revenues are billed directly to project participants in accordance with their Water Supply Agreements. After the total operating expense budget has been determined, it is adjusted based on the "Santa Ynez Exchange Agreement" modifications (*see the Appendix to this document for further information on the Exchange Agreement*). These Exchange Agreement modifications decrease the electrical costs at the Santa Ynez Pumping Facility. This modified amount is billed to the affected member agencies.

The amounts billed to the member agencies and other Santa Barbara County project participants are further adjusted for the "WTP Regional Allocation" (*see the Appendix to this document for further information on the WTP Regional Allocation*). The WTP Regional Allocation does not adjust the total revenues received by the Authority, but it does affect the amount of the payments by the various member agencies and other project participants.

Central Coast Water Authority
Revenues and Sources of Cash
 Fiscal Year 2005/06 Budget

The following table shows the Authority's operating expense budget modified as a result of the Santa Ynez Exchange Agreement, resulting in the net revenues to the Authority.

Project Participant	Original CCWA Operating Expenses ⁽¹⁾	Regional WTP Allocation	Regional WTP Allocation Credit	Exchange Agreement Adjustment SYPF Power	Exchange Agreement Adjustment Cap. and Fixed	Exchange Agreement Adjustment Variable	Adjusted CCWA Operating Expenses
Guadalupe	\$ 63,641	\$ 21,059	\$ -	\$ -	\$ -	\$ -	\$ 84,701
Santa Maria	1,772,003	609,669	-	-	-	-	2,381,672
SCWC	59,292	19,134	-	-	-	-	78,425
Vandenberg AFB	669,436	208,437	-	-	-	-	877,873
Buellton	84,238	22,131	-	-	-	-	106,368
Santa Ynez (Solvang)	209,169	56,842	-	-	-	-	266,011
Santa Ynez	75,314	114,455	-	-	305,112	60,472	555,354
Goleta	803,267	130,085	(465,097)	(45,956)	(109,840)	(21,770)	290,688
Morehart Land	43,363	7,648	(28,970)	-	-	-	22,041
La Cumbre	203,588	37,392	(140,600)	-	-	-	100,380
Raytheon (SBRC)	10,841	1,899	(7,243)	-	-	-	5,497
Santa Barbara	453,131	81,203	(283,584)	(30,638)	(73,227)	(14,513)	132,372
Montecito	533,007	86,006	(309,260)	(30,638)	(73,227)	(14,513)	191,375
Carpinteria	401,296	59,740	(220,946)	(20,425)	(48,818)	(9,676)	161,171
Shandon	5,520	-	-	-	-	-	5,520
Chorro Valley	202,232	-	-	-	-	-	202,232
Lopez	197,770	-	-	-	-	-	197,770
TOTAL:	\$ 5,787,106	\$ 1,455,700	(\$ 1,455,700)	(\$ 127,657)	\$ -	\$ -	\$ 5,659,449

(1) Includes \$333,150 for the gross Santa Ynez Pumping Facility power costs.

The adjusted total CCWA Operating Expense revenues, including capital improvement projects funded with CCWA O&M assessments for Fiscal Year 2005/06, are **\$5,659,449**.

Central Coast Water Authority
Revenues and Sources of Cash
 Fiscal Year 2005/06 Budget

Debt Service Payments

The debt service payments on the 1996 Revenue Bonds issued by the Authority are paid entirely by the financing participants based on their proportional share of the project capital costs. Payments by the financing participants for debt service are treated as revenue by the Authority.

For FY 2005/06, total revenue for debt service payments will be \$11,133,231, or about \$80,000 more than the FY 2004/05 payment. The following table shows each financing participant's share of the debt service.

Financing Participant	FY 2004/05	FY 2005/06	
	Actual Debt Service Payments	Debt Service Revenue	Increase
Avila Beach	\$ 14,406	\$ 14,344	\$ (62)
California Men's Colony	121,952	121,428	(524)
County of SLO	129,898	129,340	(558)
Cuesta College	60,981	60,719	(262)
Morro Bay	758,036	754,778	(3,257)
Oceano	105,519	105,065	(453)
Pismo Beach	174,401	173,651	(749)
Shandon	13,689	13,630	(59)
Guadalupe	167,685	166,875	(809)
Buellton	297,058	295,775	(1,283)
Santa Ynez (Solvang)	629,371	626,603	(2,767)
Santa Ynez	235,651	234,615	(1,036)
Goleta	2,870,488	2,858,097	(12,391)
Morehart Land	115,969	121,360	5,392
La Cumbre	555,345	581,209	25,864
Raytheon (SBRC)	27,621	27,509	(113)
Santa Barbara	1,765,341	1,757,902	(7,439)
Montecito	1,824,069	1,909,169	85,100
Carpinteria	1,186,192	1,181,162	(5,030)
TOTAL:	\$ 11,053,669	\$ 11,133,231	\$ 79,562

Central Coast Water Authority
Revenues and Sources of Cash
 Fiscal Year 2005/06 Budget

FY 2005/06 CCWA Credits

The following table shows a summary of the FY 2005/06 credits for each project participant. Certain project participants have elected to apply their credits against Authority assessments over a number of years.

Project Participant	CCWA O&M Credits	O&M Reserve Fund Interest Credits	Rate Coverage Reserve Fund Interest Credit	Prepayments and Miscellaneous Interest Credits	Total CCWA Credits
Guadalupe	\$2,980	\$344	\$ 1,961	\$ -	\$5,285
Santa Maria	-	-	-	204,089	204,089
SCWC	-	311	-	-	311
Vandenberg AFB	-	-	-	-	-
Buellton	16	361	3,022	-	3,399
Santa Ynez (Solvang)	8,981	937	6,782	-	16,700
Santa Ynez	36,150	313	4,889	-	41,352
Goleta	75,608	2,811	-	-	78,419
Morehart Land	2,114	125	-	3,782	6,021
La Cumbre	25,146	631	4,375	1,006,604	1,036,755
Raytheon	-	31	-	860	891
Santa Barbara	-	1,873	-	-	1,873
Montecito	-	1,874	12,169	-	14,043
Carpinteria	-	1,249	9,545	-	10,794
Shandon	(1,021)	-	184	-	(837)
Oceano CSD	-	-	-	151,847	151,847
Avila Beach CSD	-	-	-	-	-
Pismo Beach	-	-	-	100,915	100,915
Chorro Valley	-	-	-	-	-
Lopez	(102)	-	-	-	(102)
TOTAL:	\$149,871	\$10,858	\$42,929	\$1,468,096	\$1,671,754

Investment Income and Cash Management

The Authority does not include investment income in the revenue budget. However, all cash balances are invested by the Treasurer and investment earnings are allocated to the various project participants depending on the funds being invested.

The Authority's Treasurer is responsible for the investment of all Authority funds within the parameters of the Board adopted investment policy (*see the Appendix for a copy of the CCWA investment policy*).

Central Coast Water Authority
Revenues and Sources of Cash
Fiscal Year 2005/06 Budget

Bank Account Cash Balances

The Authority has three demand deposit bank accounts, one general account at the California Local Agency Investment Fund (LAIF) and various money market accounts. All these accounts earn interest income based on the average outstanding balance for each period the funds are available. Interest income associated with these accounts is allocated by financial reach (*see the Distribution Department section for information on financial reaches*) based on the average outstanding balance for the month.

Debt Service Payments

Payments made by the financing participants for debt service payments on the 1996 Revenue Bonds are held in a separate account and invested in accordance with the Authority's investment policy with investment maturities corresponding to the debt service payment dates. Investment income within this account is allocated to the financing participants based on the proportional amount initially paid.

Investment Income

Investment income associated with the debt service payments and DWR payments is not treated as investment income for CCWA. It is instead recorded as a liability to the project participants until the income is paid to the participants.

DWR Payment Investments

Payments made by project participants for subsequent payment to DWR are held in a separate account and invested in accordance with CCWA's investment policy with investment maturities corresponding to the anticipated payment dates to DWR. Investment income in this account is allocated to the various project participants based on their proportional amount initially paid. Investment income associated with the DWR payments is not treated as investment income for the Authority but is instead recorded as a liability to the project participants until paid to them.

CCWA Operating Expense Revenue

Revenues from assessments for the Authority's operating expense budget are invested in the Local Agency Investment Fund and money market accounts with the Authority's bank. Investment income from these accounts is treated as investment income for the Authority.

Central Coast Water Authority
Revenues and Sources of Cash
Fiscal Year 2005/06 Budget

Pass-Through Expenses

Certain amounts paid to the Authority by the project participants are treated as “pass-through” expenses for purposes of the budget. These expenses include payments to DWR and Warren Act charges.

As these expenses are paid by the project participants to the Authority, they are recorded as a liability, payable to the respective project participants. They are not considered revenues.

Warren Act Charges

Warren Act charges represent the cost of wheeling water through Cachuma Project facilities. These costs are paid to the U.S. Bureau of Reclamation for each acre-foot of water delivered to the lake.

There are two components to the Warren Act charges: (1) Trust Fund payments of \$43 an acre-foot and (2) Warren Act charges of \$15 per acre foot. For FY 2005/06, the charges are based on 75% of requested deliveries to Lake Cachuma for the second half of 2005 and 100% of requested deliveries to Lake Cachuma for the first half of 2006. The Goleta Water District, City of Santa Barbara, Montecito Water District, and Carpinteria Valley Water District FY 2005/06 delivery requests were amended for budgeting purposes only to reflect the reduced demand for State water deliveries as a result of the significant rainfall received during the fall and winter of 2004-2005.

The following table represents the Fiscal Year 2005/06 DWR and Warren Act charges to be collected and paid by the Authority (*see the Department of Water Resources section of this document for further information on the DWR charges*).

Central Coast Water Authority
Revenues and Sources of Cash
 Fiscal Year 2005/06 Budget

Project Participant	FY 2005/06 DWR Fixed Charges	FY 2005/06 DWR Variable Charges	FY 2005/06 Interest Income	FY 2005/06 Warren Act Charges ⁽¹⁾	Total Pass-Through Expenses
Guadalupe	\$355,682	\$42,709	(\$1,261)	\$ -	\$397,130
Santa Maria	11,082,630	1,071,666	(38,388)	-	12,115,908
SCWC	339,703	37,253	(1,203)	-	375,754
Vandenberg AFB	4,032,966	480,565	-	-	4,513,531
Buellton	425,223	42,096	(1,492)	-	465,827
Santa Ynez (Solvang)	1,109,875	105,708	(3,635)	-	1,211,947
Santa Ynez	387,951	39,476	(1,377)	-	426,050
Goleta	3,492,973	212,541	(12,971)	97,584	3,790,127
Morehart Land	146,403	16,807	(522)	11,020	173,708
LaCumbre	734,082	45,761	(2,721)	45,574	822,696
Raytheon (SBRC)	34,601	3,469	(142)	2,755	40,682
Santa Barbara	2,253,062	177,812	(6,682)	33	2,424,226
Montecito	2,200,420	171,382	(7,337)	51,824	2,416,289
Carpinteria	1,474,269	204,708	(4,640)	70,753	1,745,091
Shandon	N/A	N/A	-	-	-
Chorro Valley	N/A	N/A	-	-	-
Lopez	N/A	N/A	-	-	-
TOTAL:	\$28,069,840	\$2,651,953	(\$82,371)	\$279,542	\$30,918,963

(1) Adjusted for Santa Ynez Exchange Agreement modifications.

Authority Billing Procedures

All expenses of the Authority including operating expenses, debt service payments, capital purchases, and pass-through expenses are paid by the Authority's project participants.

The Water Supply Agreements provide guidelines to be followed when billing the Santa Barbara County project participants for the Authority charges. The Master Water Treatment Agreement, the Agreement for Construction, Operation and Maintenance of the Chorro Valley and Lopez Turnouts, and the Agreement for Coastal Branch Operations and Maintenance provide the guidelines to be followed when billing the San Luis Obispo County project participants for the Authority charges.

The agreements stipulate that the Fixed Authority and DWR costs will be billed to the project participants once a year and be due and payable on June 1st of each year. The Variable charges, which are based on the requested deliveries by each project participant, are billed three months in advance on a quarterly basis.

The project participants are billed for the Authority expenses based on the Board adopted fiscal year budget. Additionally, the fixed portion of the DWR charges are billed based on the most recent calendar year Statement of Charges and DWR projections.

DWR prepares its Statement of Charges on a calendar year basis. The DWR State Water Project Analysis Office (SWPAO) also supplies the Authority with projected estimates of the following calendar year charges. The current calendar year Statement

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of Charges and the SWPAO estimated charges are used to calculate the amount payable by the project participants for the budgeted fiscal year.

At the close of each fiscal year, a reconciliation is prepared comparing the actual expenditures for the Authority to the amount billed to the project participants. Under-expenditures in the budget including investment income are refunded to each project participant based on the actual results for the year. Over-expenditures are charged to each participant based on the actual results for the year.

The following table provides a breakdown of the various revenues and pass-through expenses for Fiscal Year 2005/06 for each project participant.

Project Participant	FY 2005/06 Operating Expenses ⁽¹⁾	FY 2005/06 Non-Annual Recurring	FY 2005/06 Debt Service Payments	FY 2005/06 DWR Costs	FY 2005/06 Warren Act Charges ⁽²⁾	FY 2005/06 CCWA Credits	FY 2005/06 Total Payments
Guadalupe	\$84,701	\$1,659	\$ 166,875	\$397,130	\$0	\$ (5,285)	\$645,080
Santa Maria	2,381,672	55,303	-	12,115,908	-	(204,089)	14,348,794
SCWC	78,425	338	-	375,754	-	(311)	454,205
Vandenberg AFB	877,873	21,363	-	4,513,531	-	-	5,412,767
Buellton	106,368	1,934	295,775	465,827	-	(3,399)	866,505
Santa Ynez (Solvang)	266,011	1,693	626,603	1,211,947	-	(16,700)	2,089,555
Santa Ynez	555,354	204	234,615	426,050	-	(41,352)	1,174,870
Goleta	290,688	7,028	2,858,097	3,692,543	97,584	(78,419)	6,867,520
Morehart Land	22,041	312	121,360	162,688	11,020	(6,021)	311,400
La Cumbre	100,380	1,567	581,209	777,122	45,574	(1,036,755)	469,097
Raytheon (SBRC)	5,497	78	27,509	37,927	2,755	(891)	72,875
Santa Barbara	132,372	4,678	1,757,902	2,424,193	33	(1,873)	4,317,305
Montecito	191,375	4,679	1,909,169	2,364,465	51,824	(14,043)	4,507,469
Carpinteria	161,171	3,118	1,181,162	1,674,338	70,753	(10,794)	3,079,748
Shandon	5,520	34	13,630	N/A	-	837	20,020
Chorro Valley	202,232	876	1,066,264	N/A	-	-	1,269,373
Lopez	197,770	1,136	293,061	N/A	-	(252,659)	239,307
TOTAL:	\$5,659,449	\$106,002	\$11,133,231	\$30,639,421	\$279,542	(\$1,671,754)	\$46,145,892

(1) Adjusted for Santa Ynez Exchange Agreement Modifications and Regional WTP Treatment Allocation.

(2) Adjusted for Santa Ynez Exchange Agreement Modifications.





Barge assembly for removal of sediment from Polonio Pass Pumping Plant Forebay.

Department of Water Resources Charges

The Department of Water Resources (DWR) section of the FY 2005/06 Budget provides information on the Authority's payments to DWR. This section includes information on the allocation of the fixed and variable DWR costs and other information regarding the FY 2005/06 DWR charges.

Highlights

Total FY 2005/06 DWR Charges **\$ 30,639,421**

- DWR Fixed Charges \$ 28,069,840
- DWR Variable Charges \$ 2,651,953
- Interest Income Credits \$ (82,371)

Fixed Charge Highlights

- Total fixed charge decrease over FY 2004/05 of \$2,346,894
- Decrease in Transportation Capital charges \$2,980,488
- Final payment of \$464,000 on the deferral of charges for DWR
- Rate Management Funds Credits totaling \$3.2 million

Variable Charge Highlights

- Total variable charge decrease over FY 2004/05 of \$231,480
- Estimated Variable OMP&R unit rate for 2005: \$105.69
- Estimated Variable OMP&R unit rate for 2006: \$77.64

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Through the Santa Barbara County Flood Control and Water Conservation District (SBCFC&WCD), the Authority holds a contract with the Department of Water Resources (DWR) to purchase up to 45,486 acre-feet of water per year. The costs for this water are charged to the various Authority project participants.

The DWR charges include both fixed and variable components. The fixed costs represent costs that must be paid independent of the amount of water requested by the project participants. The variable costs vary based on delivery amounts and are comprised of power and power related costs.

DWR Billing Procedures

The DWR prepares its annual bill ("Statement of Charges") on a calendar year basis and submits the bill to the Authority. The variable portion of the bill is based on the requested deliveries of the Authority's project participants, which the Authority provides to DWR in October of the prior year. The fixed portion of the bill is based on the Authority's State water Table A amount. The Delta Water Charge is billed by DWR net of Table A entitlement reductions (*see the sections entitled "Delta Water Charges" and "Table A Entitlement Reductions"*).

The Statement of Charges is allocated on a financial reach basis (*see the Distribution Department section of this budget for further information on financial reaches*). Invoices are then prepared by the Authority and forwarded to its project participants.

Summary of FY 2005/06 DWR Charges

The DWR charges for the first half of FY 2005/06 are based on the 2005 Statement of Charges. The DWR charges for the second half of FY 2005/06 are based on forecasts prepared by the DWR State Water Project Analysis Office. DWR transportation capital charges starting in 1998 are based on a Coastal Branch Phase II project cost of \$481 million. Coastal Branch Extension capital charges are based on debt service from DWR's 1996 Series Q revenue bond financing including deferral of principal through 2008 and the Series W revenue bonds issued in 2001.

The fixed DWR charges are allocated to the various project participants based on their State water Table A allocation. The variable DWR charges are allocated in proportion to the project participant requested deliveries. San Luis Obispo County pays DWR directly for its DWR costs. The table on page 62 shows fixed and variable DWR costs for each project participant.

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The FY 2005/06 DWR fixed charges total \$28,069,840, which is \$2,346,894 less than the FY 2004/05 Budget.

- Transportation capital charges are decreasing by \$2,980,488 due to the following:

1. Rate Management Credits DWR has determined it has sufficient revenues for calendar year 2005 to provide an additional \$16 million in rate management credits, of which CCWA's share is approximately \$1.3 million. The additional 2005 rate management credits will be applied against the July 2005 transportation capital payment, and thus, 100% of the additional credits are included in the FY 2005/06 Budget.

Rate management credits for the first half of calendar year 2006 are based on a projected 50% funding of rate management credits by DWR. Final funding amounts for calendar year 2006 will not be determined until after final adoption of the CCWA FY 2005/06 budget.

Total rate management credits applied against the transportation capital cost component for FY 2005/06 are approximately \$2.9 million.

2. Prior Year Credits The FY 2004/05 Transportation Capital Budget was based on rate management credit funding of 25% for calendar 2005. Subsequent to final adoption of the CCWA FY 2004/05 budget, DWR raised the funding level to 50% (final funding level for 2005 was 75% as discussed above). As a result of the additional rate management credits for calendar year 2005, additional credits are available.

Certain project participants elected to apply the additional rate management credits against their quarterly DWR variable O&M invoices during the year and certain other project participants elected to use the additional credits for the options payment in the 2005 Dry Year Water Purchase Program. Subsequent to payment of the Dry Year Water program options payments, all CCWA participants declined to participate because of the record rainfall received during the fall and winter of 2005. Therefore, these credits will be returned, minus certain administrative costs and will be shown in the CCWA credits portion of this budget.

3. Repayment of Deferral of Charges In order to partially offset the near-term impact of the increased costs of constructing the DWR facilities, DWR agreed to defer payments of \$1,250,000 per year in 1997, 1998, 1999 and 2000 (the amount of the deferral is shared proportionately on the basis of allocated costs among the Santa Barbara and San Luis Obispo County project participants). Beginning with calendar year 2001, DWR is recovering the deferred amounts with interest by increasing the amount which would have otherwise been payable to it over five years. The final payment of approximately \$464,000 will be made during FY 2005/06, which is about \$786,000 less than payments in prior years.

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- Transportation Minimum OMP&R charges are increasing by \$277,724 from the prior year budget due to an increase in the calendar year 2005 projection of operations and maintenance costs.
- Water System Revenue Bond (WSRB) Charges are about \$424,000 higher than the prior year budget due to additional credits paid by DWR during FY 2003/04, which carried over and were payable in the prior year but not remitted to CCWA until FY 2003/04 and therefore decreased the FY 2004/05 budget.

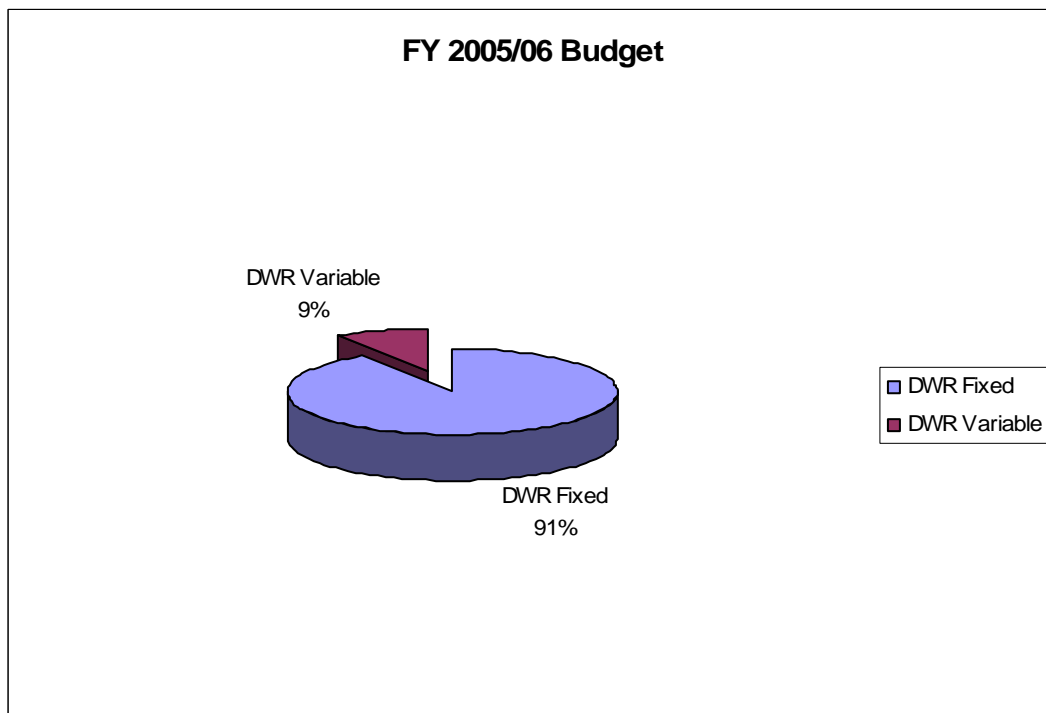
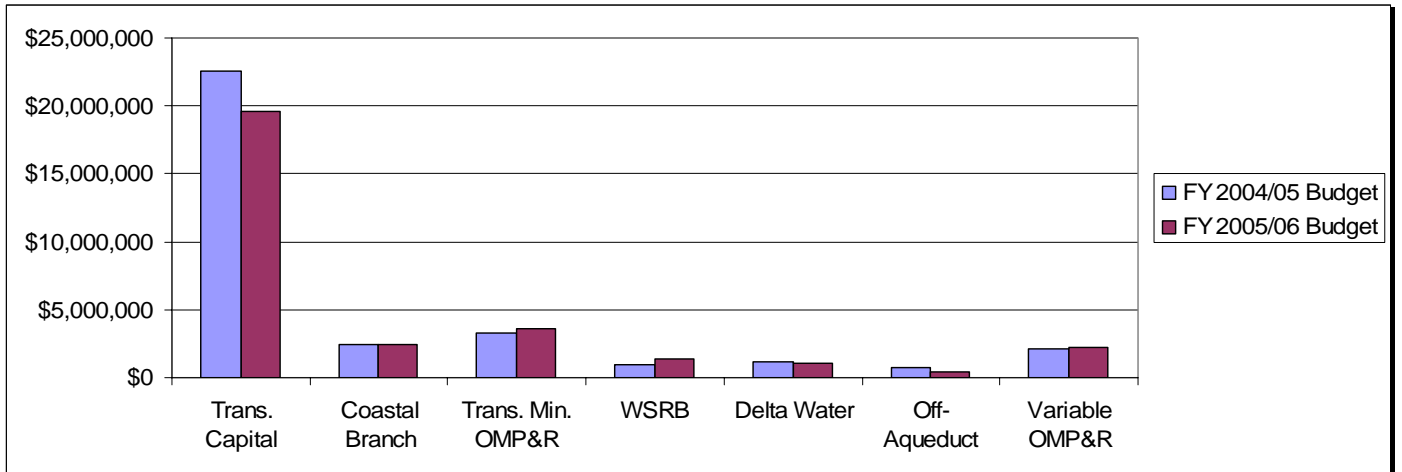
The DWR variable charges for FY 2005/06 total \$2,651,953, which is \$231,480 lower than the budgeted FY 2004/05 variable payments.

- Off-aqueduct charges total \$458,472, which is about \$265,000 lower than the prior year amount due to off-aqueduct credits from DWR received in FY 2004/05.
- Variable OMP&R charges total \$2,193,480 which is about \$33,000 more than the prior year amount.

The following table provides a comparison of the FY 2004/05 and FY 2005/06 DWR charges. The FY 2005/06 charges are partially offset by DWR account investment income payable to the project participants.

DWR Fixed and Variable Cost Comparison			
Cost Component	FY 2004/05 Budget	FY 2005/06 Budget	Increase (Decrease)
Transportation Capital	\$ 22,587,999	\$ 19,607,511	\$ (2,980,488)
Coastal Branch Phase II	2,415,074	2,478,155	63,081
Transportation Minimum OMP&R	3,297,869	3,575,593	277,724
Water System Revenue Bond	957,574	1,381,598	424,024
Delta Water Charges	1,158,218	1,026,982	(131,236)
Subtotal Fixed DWR Charges	30,416,734	28,069,840	(2,346,894)
Off-Aqueduct Charges	723,456	458,472	(264,984)
Variable OMP&R	2,159,977	2,193,480	33,503
Subtotal Variable DWR Charges	2,883,433	2,651,953	(231,480)
DWR Account Investment Income	(74,680)	(82,371)	(7,691)
Total DWR Charges	\$ 33,225,487	\$ 30,639,421	\$ (2,586,066)

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Detail of DWR Fixed Costs

The DWR fixed costs are comprised of the following cost components. (All amounts presented for the Santa Ynez River Water Conservation District, Improvement District #1 (Santa Ynez) and the City of Solvang have been adjusted for the portion of costs associated with the Solvang drought buffer Table A which has been transferred to and is being paid for by Santa Ynez.)

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

The following table shows the Transportation Capital Costs for Reaches 1 through 35 for FY 2005/06 by project participant.

TRANSPORTATION CAPITAL CHARGES

Project Participant	Table A	Percentage	Reaches 1 to 35 ⁽¹⁾	Deferral of Charges Repayment	One-Shot Adjustment	Rate Management Funds Credit	FY 2004/05 (Credits) Additional Charge ⁽²⁾	FY 2005/06 Transportation Capital Charges
Guadalupe	550	1.41%	\$ 313,998	\$ 5,958	\$ 66	\$ (40,503)	\$ (5,467)	\$ 274,052
Santa Maria	16,200	41.46%	9,248,662	175,482	1,942	(1,192,987)	(97,862)	8,135,237
SCWC	500	1.28%	285,453	5,416	60	(36,821)	(5,373)	248,735
VAFB	5,500	14.07%	3,139,978	59,577	659	(405,026)	(63,547)	2,731,641
Buellton	578	1.48%	329,983	6,261	69	(42,565)	(5,391)	288,358
Santa Ynez (Solvang) ⁽³⁾	1,500	3.84%	848,929	16,248	180	(109,443)	(333)	755,581
Santa Ynez ⁽³⁾	500	1.28%	292,881	5,416	60	(37,839)	(639)	259,879
Goleta	4,500	11.52%	2,569,073	48,745	540	(331,385)	(27,893)	2,259,079
Morehart	200	0.51%	114,181	2,166	24	(14,728)	(2,593)	99,050
La Cumbre	1,000	2.56%	570,905	10,832	120	(73,641)	(10,747)	497,469
Raytheon (SBRC)	50	0.13%	28,545	542	6	(3,682)	(2,314)	23,097
Santa Barbara	3,000	7.68%	1,712,715	32,497	360	(220,924)	108	1,524,756
Montecito	3,000	7.68%	1,712,715	32,497	360	(220,924)	(34,460)	1,490,188
Carpinteria	2,000	5.12%	1,141,810	21,664	240	(147,282)	(15,389)	1,001,043
Subtotal:	39,078	100.00%	\$ 22,309,829	\$ 423,300	\$ 4,686	\$ (2,877,750)	\$ (271,900)	\$ 19,588,166
Goleta Additional Table A	2,500	5.50%	22,453	426	-	(3,534)	-	19,345
CCWA Drought Buffer	3,908	-	-	-	-	-	-	-
TOTAL:	45,486		\$ 22,332,282	\$ 423,727	\$ 4,686	\$ (2,881,283)	\$ (271,900)	\$ 19,607,511

(1) Reach 36 was deleted during project design. DWR Reaches to the end of Coastal Branch Phase II consist of Reaches 1 to 35. The Coastal Branch extension consists of Reaches 37 and 38.

(2) Credits or additional amount due from FY 2004/05 transportation capital reconciliation.

(3) Adjusted for transfer of the Solvang 150 acre foot drought buffer Table A to Santa Ynez.

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Transportation Charges - Reaches 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.

The following table shows the Coastal Branch Extension Transportation Capital charges for Reaches 37 and 38. 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.

TRANSPORTATION CAPITAL-COASTAL BRANCH EXTENSION

Project Participant	Reach 37				
	Table A	Percentage	Transportation Capital	Reach 37 Credits ⁽¹⁾	Net Reach 37 Transp. Costs
Guadalupe	-	0.00%	-	-	\$ -
Santa Maria	16,200	42.05%	700,758	(161,236)	539,523
SCWC	500	1.30%	21,628	(4,976)	16,652
VAFB	5,500	14.28%	237,912	(54,740)	183,171
Buellton	578	1.50%	25,002	(5,753)	19,250
Santa Ynez (Solvang)	1,500	3.89%	64,885	(14,929)	49,956
Santa Ynez	500	1.30%	21,628	(4,976)	16,652
Goleta	4,500	11.68%	194,655	(44,788)	149,867
Morehart	200	0.52%	8,651	(1,991)	6,661
La Cumbre	1,000	2.60%	43,257	(9,953)	33,304
Raytheon	50	0.13%	2,163	(498)	1,665
Santa Barbara	3,000	7.79%	129,770	(29,858)	99,912
Montecito	3,000	7.79%	129,770	(29,858)	99,912
Carpinteria	2,000	5.19%	86,513	(19,906)	66,608
Total:	38,528	100.00%	1,666,594	(383,462)	\$ 1,283,132

Project Participant	Reach 38					FY 2005/06	
	Table A	Percentage	Transportation Capital	Reach 38 Credits ⁽¹⁾	Net Reach 38 Transp. Costs	FY 2004/05 Credits (Amount Due)	Transportation Capital Charges
Guadalupe	-	0.00%	-	-	\$ -		\$ -
Santa Maria	-	0.00%	-	-	-	420	539,942
SCWC	-	0.00%	-	-	-	(66)	16,586
VAFB	5,500	25.20%	390,122	(89,762)	300,360	732	484,263
Buellton	578	2.65%	40,998	(9,433)	31,565	(32)	50,783
Santa Ynez (Solvang)	1,500	6.87%	106,397	(24,481)	81,916	228	132,100
Santa Ynez	500	2.29%	35,466	(8,160)	27,305	180	44,138
Goleta	4,500	20.62%	319,190	(73,442)	245,749	371	395,988
Morehart	200	0.92%	14,186	(3,264)	10,922	10	17,592
La Cumbre	1,000	4.58%	70,931	(16,320)	54,611	48	87,962
Raytheon	50	0.23%	3,547	(816)	2,731	81	4,476
Santa Barbara	3,000	13.74%	212,794	(48,961)	163,832	456	264,200
Montecito	3,000	13.74%	212,794	(48,961)	163,832	456	264,200
Carpinteria	2,000	9.16%	141,862	(32,641)	109,222	95	175,925
Total:	21,828	100.00%	1,548,286	(356,241)	\$ 1,192,045	\$ 2,978	\$ 2,478,155

(1) Includes repayment of the Deferral of Charges of \$80,095, credits for the return of bond cover, \$633,686, and Rate Management Funds Credits of \$186,112.

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Transportation Charge-Minimum Operation, Maintenance, Power and Replacement (OMP&R) Costs These are operating costs incurred by DWR that do not depend on or vary with quantities of water delivered to the Authority.

The following table shows the Transportation Charge-Minimum OMP&R charges for FY 2005/06.

TRANSPORTATION MINIMUM OMP&R

Project Participant			Reaches 1		FY 2004/05		FY 2005/06	
	Table A	Percentage	to 35	One-Shot Adjustment	Credit Amount	Transportation Minimum OMP&R		
Guadalupe	550	1.41%	\$ 52,265	\$ (120)	\$ (3,519)	\$	48,626	
Santa Maria	16,200	41.46%	1,539,431	(3,522)	(99,658)		1,436,251	
SCWC	500	1.28%	47,513	(109)	(3,056)		44,348	
VAFB	5,500	14.07%	522,646	(1,196)	(33,621)		487,829	
Buellton	578	1.48%	54,925	(126)	(3,690)		51,109	
Santa Ynez (Solvang) ⁽¹⁾	1,500	3.84%	138,526	(326)	(1,416)		136,784	
Santa Ynez ⁽¹⁾	500	1.28%	51,527	(109)	(1,908)		49,511	
Goleta	4,500	11.52%	427,620	(978)	4,913		431,554	
Morehart	200	0.51%	19,005	(43)	(1,223)		17,739	
La Cumbre	1,000	2.56%	95,027	(217)	(6,113)		88,696	
Raytheon (SBRC)	50	0.13%	4,751	(11)	(461)		4,280	
Santa Barbara	3,000	7.68%	285,080	(652)	(67)		284,361	
Montecito	3,000	7.68%	285,080	(652)	(18,653)		265,775	
Carpinteria	2,000	5.12%	190,053	(435)	(12,226)		177,392	
Subtotal:	39,078	100.00%	\$ 3,713,450	\$ (8,497)	\$ (180,698)	\$	3,524,256	
Goleta Additional Table A	2,500	-	51,455	(118)	-	\$	51,337	
CCWA Drought Buffer	3,908	-	-	-	-		-	
TOTAL:	45,486		\$ 3,764,905	\$ (8,615)	\$ (180,698)	\$	3,575,593	

(1) Adjusted for the transfer of 150 acre feet drought buffer Table A from Solvang to Santa Ynez.

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Water System Revenue Bond Surcharge The surcharge is the difference between the total project charges collected at the project interest rate for a project and the annual financing costs of the water system revenue bonds issued for that project. The project interest rate is the melded financing cost for projects not financed with water system revenue bonds.

The following table shows the Water System Revenue Bond Surcharge for FY 2005/06.

WATER SYSTEM REVENUE BOND SURCHARGE

Project Participant			Gross WSRB Charges	Return of Bond Cover ⁽²⁾	FY 2004/05	FY 2005/06
	Table A	Percentage			WSRB Credits	WSRB Charges
Guadalupe	550	1.41%	\$ 33,582	\$ (13,873)	\$ (349)	\$ 19,360
Santa Maria	16,200	41.46%	989,150	(408,631)	(11,628)	568,892
SCWC	500	1.28%	30,529	(12,612)	(383)	17,535
VAFB	5,500	14.07%	335,823	(138,733)	(4,208)	192,882
Buellton	578	1.48%	35,292	(14,580)	(397)	20,315
Santa Ynez (Solvang) ⁽¹⁾	1,500	3.84%	90,004	(37,181)	(1,197)	51,625
Santa Ynez ⁽¹⁾	500	1.28%	32,114	(13,267)	(93)	18,753
Goleta	4,500	11.52%	274,764	(113,509)	(3,562)	157,693
Morehart	200	0.51%	12,212	(5,045)	(105)	7,062
La Cumbre	1,000	2.56%	61,059	(25,224)	(765)	35,069
Raytheon (SBRC)	50	0.13%	3,053	(1,261)	(206)	1,586
Santa Barbara	3,000	7.68%	183,176	(75,672)	(2,056)	105,448
Montecito	3,000	7.68%	183,176	(75,672)	(2,056)	105,448
Carpinteria	2,000	5.12%	122,117	(50,448)	(1,530)	70,139
Subtotal	39,078	100.00%	\$ 2,386,050	\$ (985,709)	\$ (28,535)	\$ 1,371,807
Goleta Additional Table A	2,500	-	\$ 16,700	(6,908)		\$ 9,791
CCWA Drought Buffer	3,908	-	-	-	-	-
TOTAL:	45,486		\$ 2,402,750	\$ (992,617)	\$ (28,535)	\$ 1,381,598

(1) Adjusted for the transfer of Solvang 150 acre foot drought buffer Table A to Santa Ynez.
 (2) WSRB return of bond cover for July 2004 and January 2005 payments.

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Delta Water Charges This is a unit charge applied to each acre-foot of State water Table A amount net of Table A reductions (see "Table A Reductions" in the section discussing "Other DWR Charges and Credits"). 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.

No Table A reductions are assumed for FY 2005/06.

The following table shows the Delta Water Charges for FY 2005/06.

DELTA WATER CHARGE

Project Participant	Table A Including Drought Buffer ⁽¹⁾	Percentage	Gross Delta Water Charges	Rate Management Funds Credit	FY 2004/05 (Credits) Amount Due	FY 2005/06 Delta Water Charges
Guadalupe	605	1.41%	\$ 15,618	(1,611)	\$ (362)	\$ 13,644
Santa Maria	17,820	41.46%	460,015	(47,463)	(10,474)	402,078
SCWC	550	1.28%	14,198	(1,465)	(320)	12,413
VAFB	6,050	14.07%	156,178	(16,114)	(3,562)	136,502
Buellton	636	1.48%	16,418	(1,694)	(160)	14,564
Santa Ynez (Solvang)	1,500	3.49%	38,722	(3,995)	(872)	33,854
Santa Ynez	700	1.63%	18,070	(1,864)	(407)	15,799
Goleta	4,950	11.52%	127,782	(13,184)	(4,371)	110,227
Morehart	220	0.51%	5,679	(586)	(146)	4,948
La Cumbre	1,100	2.56%	28,396	(2,930)	(640)	24,826
Raytheon	55	0.13%	1,420	(146)	(36)	1,237
Santa Barbara	3,300	7.68%	85,188	(8,790)	(1,963)	74,435
Montecito	3,300	7.68%	85,188	(8,790)	(1,450)	74,948
Carpinteria	2,200	5.12%	56,792	(5,860)	(1,279)	49,653
Subtotal	42,986	100.00%	\$ 1,109,665	\$ (114,493)	\$ (26,043)	\$ 969,129
Goleta Additional Table A	2,500	5.50%	\$ 64,536	(6,682)	-	\$ 57,854
TOTAL:	45,486	-	\$ 1,174,201	\$ (121,175)	\$ (26,043)	\$ 1,026,982

(1) No Table A reductions for calendar years 2005 or 2006.

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 Fiscal Year 2005/06 Budget

DWR Variable Costs The DWR variable costs are comprised of the following types of charges:

Off Aqueduct Charges This is bond debt service, cover and reserves for transmission costs allocated to off-aqueduct power facilities (power cost which includes both fixed and variable cost elements).

The following table shows the Off-Aqueduct charges for FY 2005/06.

OFF-AQUEDUCT CHARGES									
Project Participant	Table A Allocation		2005		2006		FY 2004/05	TOTAL	
	Table A	Allocation Percentage	Off-Aqueduct ^(1 & 2)	One-Half Year	Off-Aqueduct ⁽³⁾	One-Half Year	(Credits) Charges ⁽⁴⁾	FY 2005/06 Off-Aqueduct	
Guadalupe	605	1.33%	\$ 16,216	\$ 8,108	\$ 16,549	\$ 8,275	\$ (10,500)	\$ 5,882	
Santa Maria	17,820	39.18%	477,643	238,822	487,455	243,727	(332,161)	150,388	
SCWC	550	1.21%	14,742	7,371	15,045	7,522	(10,144)	4,749	
VAFB	6,050	13.30%	162,163	81,081	165,494	82,747	(116,873)	46,955	
Buellton	636	1.40%	17,047	8,524	17,397	8,699	(14,350)	2,873	
Santa Ynez (Solvang) ⁽⁵⁾	1,500	3.30%	40,206	20,103	41,032	20,516	(26,349)	14,269	
Santa Ynez ⁽⁶⁾	700	1.54%	18,763	9,381	19,148	9,574	(16,096)	2,859	
Goleta	7,450	16.38%	199,688	99,844	203,790	101,895	(115,311)	86,428	
Morehart	220	0.48%	5,897	2,948	6,018	3,009	(4,648)	1,309	
La Cumbre	1,100	2.42%	29,484	14,742	30,090	15,045	(26,576)	3,211	
Raytheon	55	0.12%	1,474	737	1,504	752	(1,340)	149	
Santa Barbara	3,300	7.25%	88,452	44,226	90,269	45,135	(24,572)	64,789	
Montecito	3,300	7.25%	88,452	44,226	90,269	45,135	(44,349)	45,012	
Carpinteria	2,200	4.84%	58,968	29,484	60,180	30,090	(29,976)	29,598	
	45,486	100.00%	\$ 1,219,196	\$ 609,598	\$ 1,244,240	\$ 622,120	\$ (773,246)	\$ 458,472	

- (1) Off-aqueduct charges are billed to the project participants in four equal installments based on the calendar year DWR charges.
- (2) Source: DWR invoice dated July 1, 2004.
- (3) Source: Attachment #3, July 1, 2004 DWR Invoice.
- (4) Credits for reconciliation of 2004 off-aqueduct charges, return of bond cover and SMIF interest.
- (5) Adjusted for the transfer of Solvang 150 acre foot drought buffer Table A to Santa Ynez.
- (6) Pursuant to the Exchange Agreement, Santa Ynez only pays Off-Aqueduct charges on its Table A deliveries. The South Coast project participants which participate in the Exchange Agreement pay the Off-Aqueduct charges for exchange water they accept.

DWR calculates the Off-Aqueduct charges based on the requested deliveries submitted by the Authority on a calendar year basis. The resulting total is paid by the Authority in twelve equal payments throughout the calendar year. Additionally, in May of each year, DWR provides an amended Off-Aqueduct bill based on the actual water deliveries and power costs for the first six months of the year.

The total calendar year Off-Aqueduct bill to the CCWA project participants is divided into four equal payments to match the cash flow requirements of the payments to DWR. Off-aqueduct charges are allocated to the CCWA project participants on a Table A proportional basis, including the drought buffer, because DWR bills - and CCWA pays - the off-aqueduct payments on the full 45,486 acre-feet Table A amount rather than on the requested deliveries for the year. Reconciliation of actual off-aqueduct expenses after the close of each calendar year are based on the actual deliveries for the calendar year.

Central Coast Water Authority
Department of Water Resources Charges
 Fiscal Year 2005/06 Budget

Variable OMP&R These are charges by DWR for the costs that are based on and vary with the amount of State water deliveries (i.e., power costs).

FY 2005/06 Santa Barbara County South Coast Project Participant requested water deliveries. The requested deliveries for Goleta Water District, Montecito Water District, and the Carpinteria Valley Water District shown in the following table, reflect amended requested water deliveries for the year. This change was based on a decrease for each agency's anticipated State water needs for the year due to the significant rainfall received during the fall and winter of 2005.

The following table shows the Variable OMP&R charges for FY 2005/06.

Project Participant	VARIABLE OMP&R CHARGES									
	July 1, 2005 to Dec 31, 2005 ⁽¹⁾			\$105.69/AF ⁽²⁾	Jan 1, 2006 to June 30, 2006 ⁽³⁾			\$77.64/AF ⁽⁴⁾	TOTAL	
	Requested Delivery	SYID#1 Exchanges	Net Deliveries	2005 Var OMP&R	Requested Delivery	SYID#1 Exchanges	Net Deliveries	2006 Var OMP&R	FY 2004/05 Credits ⁽⁵⁾	FY 2005/06 Var. OMP&R
Guadalupe	230	-	230	\$ 24,335	298	-	298	\$ 23,139	\$ (10,648)	\$ 36,826
Santa Maria	6,082	-	6,082	642,780	7,402	-	7,402	574,752	(296,254)	921,278
SCWC	221	-	221	23,305	256	-	256	19,878	(10,678)	32,504
VAFB	2,414	-	2,414	255,083	2,432	-	2,432	188,841	(10,314)	433,609
Buellton	242	-	242	25,524	314	-	314	24,382	(10,682)	39,224
Santa Ynez (Solvang)	574	-	574	60,640	735	-	735	57,071	(26,273)	91,439
Santa Ynez ⁽⁶⁾	340	1,512	1,852	35,908	247	1,048	1,295	19,179	(18,471)	36,617
Goleta ⁽⁷⁾	544	(544)	(0)	57,504	2,060	(377)	1,683	159,955	(91,347)	126,113
Morehart	90	-	90	9,512	100	-	100	7,765	(1,780)	15,497
La Cumbre	403	-	403	42,567	383	-	383	29,739	(29,756)	42,550
Raytheon (SBRC)	23	-	23	2,378	25	-	25	1,941	(1,000)	3,319
Santa Barbara ⁽⁷⁾	363	(363)	0	38,362	252	(252)	0	19,567	55,094	113,023
Montecito ⁽⁷⁾	945	(363)	582	99,868	563	(252)	311	43,716	(17,213)	126,370
Carpinteria ⁽⁷⁾	633	(242)	392	66,953	996	(168)	828	77,338	30,820	175,111
Total	13,102	-	13,102	\$ 1,384,718	16,063	-	16,063	\$ 1,247,264	\$ (438,501)	\$ 2,193,480

- (1) 2005 Requested Deliveries based on a 75% delivery allocation for Table A deliveries and 100% for exchange deliveries.
- (2) Source: Estimate of initial invoice rate for 2005.
- (3) 2006 Requested Deliveries based on a 100% delivery allocation.
- (4) Source: DWR Attachment #3, July 1, 2004 DWR Invoice.
- (5) Credits for FY 2004/05 actual deliveries compared to budgeted deliveries and DWR Variable OMP&R credits.
- (6) Pursuant to the Exchange Agreement, Santa Ynez only pays Variable OMP&R charges on its entitlement deliveries. The South Coast project participants which participate in the Exchange Agreement pay the Variable OMP&R charges for exchange water they accept.
- (7) Delivery requests for certain South Coast project participants adjusted to reflect revised delivery requests for FY 2005/06.

Other DWR Charges and Credits

Deferral of Coastal Branch Phase II Debt Service Payments The Coastal Branch Phase II portion of the pipeline constructed by DWR is higher than originally projected by DWR in 1992.

In order to partially offset the near-term impact of the increased costs of the DWR facilities, DWR agreed to defer payments of \$1,250,000 per year in 1997, 1998, 1999 and 2000 (the amount of the deferral is shared proportionately on the basis of allocated costs among the Santa Barbara and San Luis Obispo County project participants). Beginning with calendar year 2001, DWR is recovering the deferred amounts with interest by increasing the amount which would have otherwise been payable to it over five years. The final payment on the deferral of charges will occur in calendar year 2006.

Central Coast Water Authority
Department of Water Resources Charges
Fiscal Year 2005/06 Budget

Table A Entitlement Reductions These reductions are the result of elections by certain project participants to temporarily decrease their Table A allocation. This election eliminates the Delta Water Charge associated with the amount of State water Table A that has been reduced. No Table A reductions are assumed for calendar year 2005 or 2006.

Turnback Pool Sales This represents elections by project participants to “turnback” a portion of their State water in a given year. The initial amount of the turnback water, designated as Pool A, must be submitted for sale by February 15 of each year. The water is then sold by DWR to other State water contractors by March 1. The sellers receive half the Delta Water Rate (about \$13.00 per AF) for each acre-foot of water sold in Pool A. Any water that is not sold in Pool A is placed in Pool B for possible sale, unless the sellers indicate otherwise.

The second “pool” of water to be sold, designated as Pool B, must be submitted for sale by March 15 of each year and is sold by DWR by April 1. The sellers receive one-fourth of the Delta Water Rate (about \$6.50 per AF) for each acre-foot sold in Pool B. Any water that is not sold in Pool B to other State water contractors or purchased by DWR is sold by DWR to the highest bidder.

Rate Management Funds Credit This is a credit given to project participants by DWR and represents a return of excess transportation capital charges and other credits from DWR as provided in the Monterey Amendments to the State Water Contracts (Amendment No. 16 to the Santa Barbara County Flood Control and Water Conservation District State Water Contract).

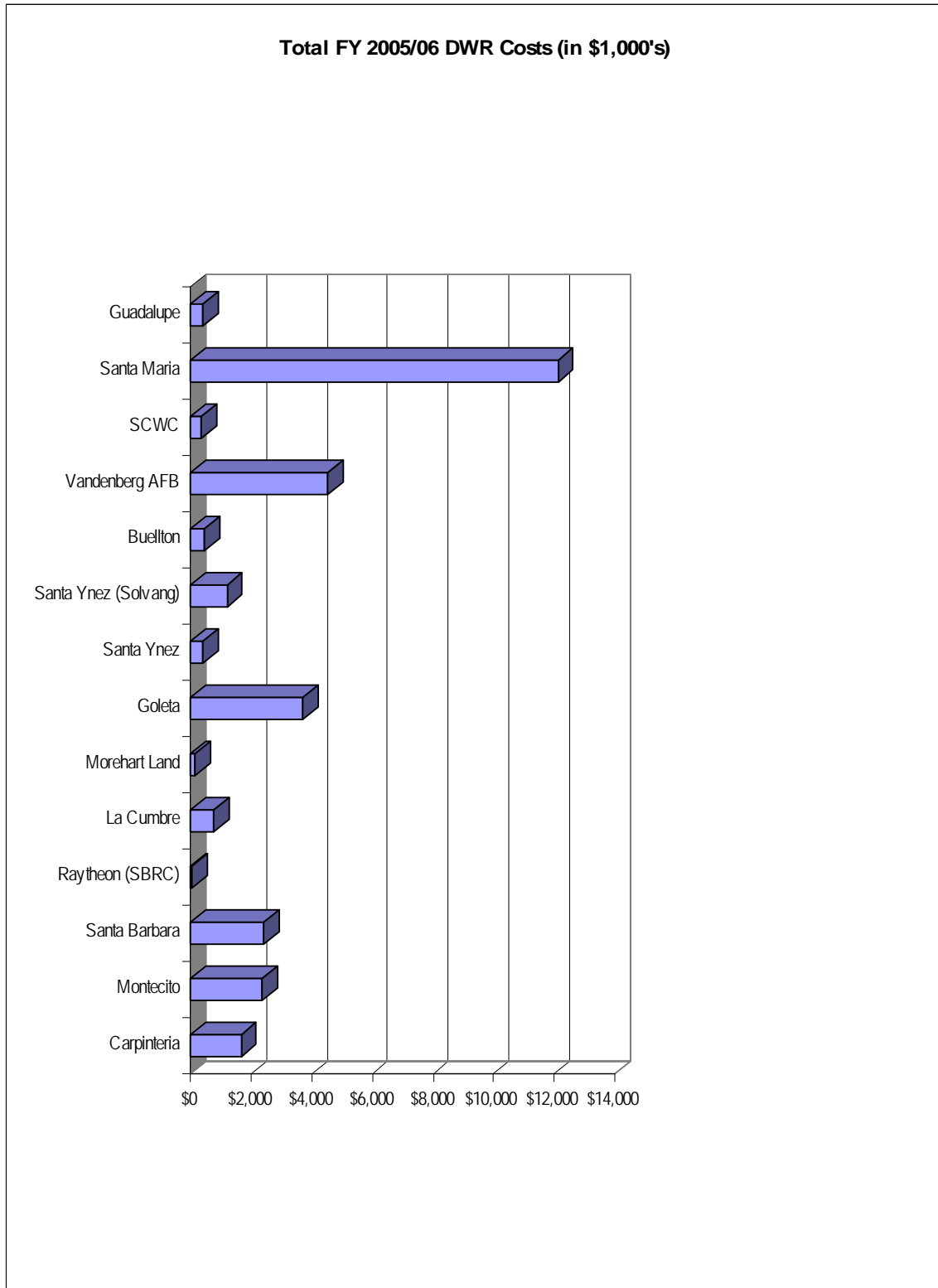
The FY 2005/06 CCWA budget includes rate management credits for the last six months of calendar year 2005 at 50% of the normal amount plus an additional 25% of credits which will be applied against the July 1, 2005 fixed cost invoice from DWR. Rate management credits for calendar year 2006 are based on 50% of the normal amount. A final determination of the 2006 rate management credits will not be made by DWR until after final adoption of the CCWA FY 2005/06 budget.

CCWA Turnback Pool

In January 1998, the Authority implemented an internal turnback pool program similar to the DWR program. The Authority’s pool is utilized during those years when (1) less than 100% of State water allocation is available and (2) filling the Authority’s project participant delivery requests is only possible by acquiring unused Table A amounts from other project participants.

Any water that is not sold in the Authority’s turnback pool is sold in the DWR turnback pool. The price for water sold in the Authority’s turnback pool is the same as that sold in the DWR pool.

Central Coast Water Authority
Department of Water Resources Charges
Fiscal Year 2005/06 Budget



Central Coast Water Authority
DWR Charges
 Fiscal Year 2005/06 Budget

Project Participant	DWR FIXED CHARGES							DWR VARIABLE CHARGES			DWR Account Interest	Total DWR Charges
	Transportation Capital Through Reach 35 ⁽¹⁾	Transportation Capital Reach 37	Transportation Capital Reach 38	Transportation Minimum OMP&R	Water System Revenue Bond	Delta Water Charges	Total Fixed	Off-Aqueduct Charges	Variable OMP&R	Total Variable		
Guadalupe	\$ 274,052	\$ -	\$ -	\$ 48,626	\$ 19,360	\$ 13,644	\$ 355,682	\$ 5,882	\$ 36,826	\$ 42,709	\$ (1,261)	\$ 397,130
Santa Maria	8,135,237	540,172	-	1,436,251	568,892	402,078	11,082,630	150,388	921,278	1,071,666	(38,388)	12,115,908
SCWC	248,735	16,672	-	44,348	17,535	12,413	339,703	4,749	32,504	37,253	(1,203)	375,754
Vandenberg AFB	2,731,641	183,392	300,721	487,829	192,882	136,502	4,032,966	46,955	433,609	480,565	-	4,513,531
Buellton	288,358	19,273	31,603	51,109	20,315	14,564	425,223	2,873	39,224	42,096	(1,492)	465,827
Santa Ynez (Solvang)	755,581	50,016	82,015	136,784	51,625	33,854	1,109,875	14,269	91,439	105,708	(3,635)	1,211,947
Santa Ynez	259,879	16,672	27,338	49,511	18,753	15,799	387,951	2,859	36,617	39,476	(1,377)	426,050
Goleta	2,259,079	150,048	246,044	431,554	157,693	110,227	3,354,646	86,428	126,113	212,541	(12,971)	3,554,215
Morehart Land	99,050	6,669	10,935	17,739	7,062	4,948	146,403	1,309	15,497	16,807	(522)	162,688
La Cumbre	497,469	33,344	54,677	88,696	35,069	24,826	734,082	3,211	42,550	45,761	(2,721)	777,122
Raytheon (SBRC)	23,097	1,667	2,734	4,280	1,586	1,237	34,601	149	3,319	3,469	(142)	37,927
Santa Barbara	1,524,756	100,032	164,030	284,361	105,448	74,435	2,253,062	64,789	113,023	177,812	(6,682)	2,424,193
Montecito	1,490,188	100,032	164,030	265,775	105,448	74,948	2,200,420	45,012	126,370	171,382	(7,337)	2,364,465
Carpinteria	1,001,043	66,688	109,353	177,392	70,139	49,653	1,474,269	29,598	175,111	204,708	(4,640)	1,674,338
Goleta 2500 AF	19,345	-	-	51,337	9,791	57,854	138,327	-	-	-	-	138,327
Total	\$ 19,607,511	\$ 1,284,676	\$ 1,193,480	\$ 3,575,593	\$ 1,381,598	\$ 1,026,982	\$ 28,069,840	\$ 458,472	\$ 2,193,480	\$ 2,651,953	\$ (82,371)	\$ 30,639,421

(1) Reach 36 was deleted during project design.



January 2005 removal of temporary pipeline at Bradbury Dam.

Operating Expenses

The Operating Expenses section of the FY 2005/06 Budget contains a summary of the consolidated department operating expenses, non-annual recurring expenses and allocation of the Authority's operating expenses to its project participants.

Highlights

Summary Information

• Total FY 2005/06 Operating Expenses	\$ 5,575,458
• Fixed expense increase	\$ 157,043
• Variable expense increase	<u>\$ 203,717</u>
• Increase over FY 2004/05 Budget	\$ 360,760
• Percentage increase	6.92%
• FY 2005/06 non-annual recurring expense deposits (all departments)	\$ 106,002

Significant Operating Expense Changes

- Includes salary pool for FY 2005/06 of \$127,108.
- Chemical costs budgeted at \$26 an acre-foot.
- CCWA Variable expense allocation for the second half of calendar year 2005 based on 75% of requested deliveries and 100% of requested deliveries for the first half of calendar year 2006.
- Santa Barbara County South Coast Project Participant delivery requests for FY 2005/06 amended to reflect a reduction in demand.
- Employee benefits percentage for FY 2005/06: 36.97%

Central Coast Water Authority
Operating Expense Overview
Fiscal Year 2005/06 Budget

The Operating Expense section of the Authority's budget includes all expenses for the day-to-day operations of the Authority. These expenses include personnel, office expenses, supplies and equipment, monitoring expenses, repairs and maintenance, professional services, general and administrative and other expenses. The operating expense budget does not include capitalized purchases, debt or reserve payments.

The Central Coast Water Authority's Operating Expense budget is separated into three (3) departments: Administration, Water Treatment Plant, and Distribution.

Administration The **Administration Department** includes all expenses associated with the administration of the Authority including salaries and benefits for administration employees, auditing and legal fees, insurance, office expenses and all other operating expenses for the administration department.

Operations and Maintenance The operations and maintenance section of the budget is comprised of the **Water Treatment Plant Department** and the **Distribution Department**.

The Operations and Maintenance staff comprise the bulk (23.25) of the 27.25 Authority employees. They are charged with the mission of providing San Luis Obispo and Santa Barbara Counties with reliable, high quality supplemental water and the objectives of protecting the environment, cost effectively operating and maintaining all facilities and ensuring the water supply meets or exceeds health and safety standards.

Operating Expense Budget and Exchange Agreement Modifications

The Operating Expense Budget presented in this document represents the anticipated expenses to operate the Authority for Fiscal Year 2005/06. These expenses are billed to the project participants based on the individual Water Supply Agreements for each agency (*see the Revenues and Sources of Cash section of this document for further information on billings*).

When the anticipated expenses for the fiscal year have been determined, certain adjustments are made to the budget based on the "Santa Ynez Exchange Agreement" (*see the Appendix to this document for further information about the exchange agreement*). These adjustments reduce the variable costs (chemicals and electrical) in the budget based on the provisions of the Exchange Agreement. The project participants are billed for the Authority's operating expenses budget based on the adjusted expenses which include the Exchange Agreement modifications. These adjustments are not reflected in the Operating Expense departmental budgets that follow.

The Santa Ynez Exchange Agreement modifications for the Fiscal Year 2005/06 budget are as follows:

- Decrease in electrical costs at the Santa Ynez Pumping Facility of \$127,657.

Central Coast Water Authority
Operating Expense Overview
 Fiscal Year 2005/06 Budget

- Decrease in Warren Act charges of \$148,480 (Warren Act charges are not included in the Operating Expense budget and are treated as a pass-through expense).

Fixed and Variable Operating Expenses

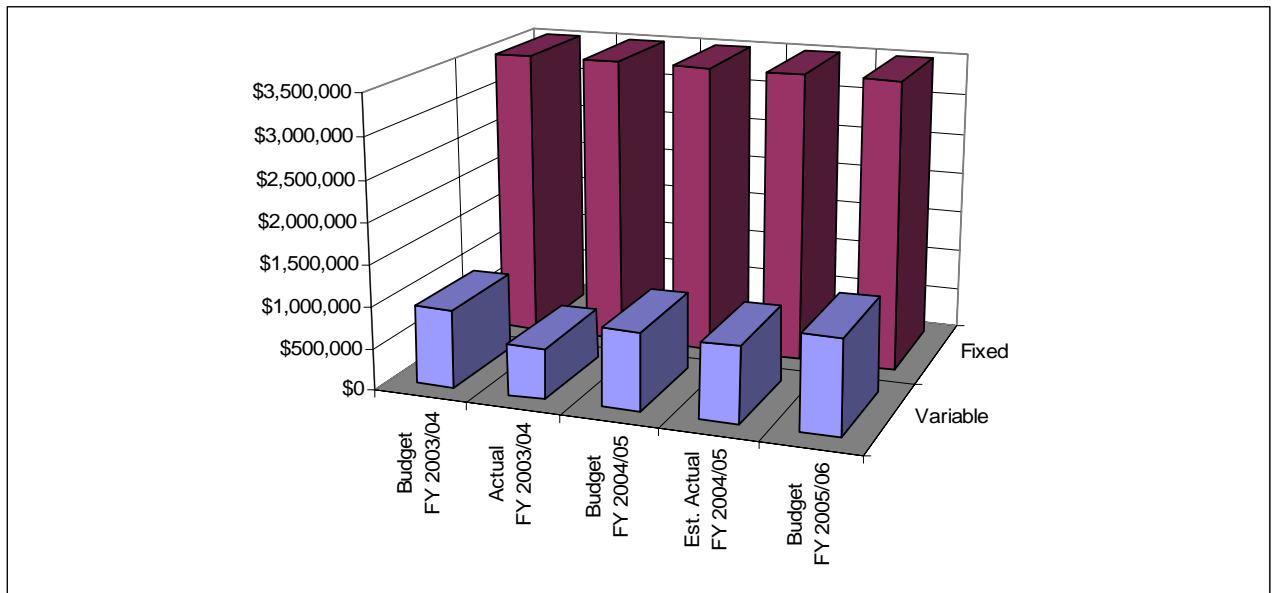
The Authority's Operating Expense budget is separated by department and further subdivided into Fixed and Variable O&M costs.

Fixed O&M Costs refer to all costs of the Authority that do not vary with the amount of water processed. Examples of these expenses include personnel costs, professional services, and general and administrative costs.

Variable O&M Costs refer to all costs that vary with the amount of water processed. These costs include all chemical and electrical costs for the Water Treatment Plant and Distribution Departments.

The following table and chart shows the allocation of fixed and variable costs for all departments for the fiscal years indicated.

	FY 2003/04 Budget	FY 2003/04 Actual	FY 2004/05 Budget	FY 2004/05 Est. Actual	FY 2005/06 Budget
Fixed O&M	\$ 3,905,623	\$ 3,859,462	\$ 4,272,262	\$ 3,808,065	\$ 4,429,305
Variable O&M	942,194	611,412	942,436	913,896	1,146,153
Total:	\$ 4,847,817	\$ 4,470,874	\$ 5,214,698	\$ 4,721,961	\$ 5,575,458



Central Coast Water Authority
Operating Expense Overview
Fiscal Year 2005/06 Budget

The Fiscal Year 2005/06 Consolidated Departmental Operating Expense Budget totals \$5,575,458 (excludes non-annual recurring expenses), which is \$360,760 higher than the Fiscal Year 2004/05 Budget, a 6.92% increase. Explanations for the various changes within the budget are found in the departmental operating expense budgets that follow.

Approximately 49% of the operating expense budget represents personnel expenses. This is followed by 17% for supplies and equipment and the balance comprised of other expenses.

The chart on page 70 provides a detailed breakdown of the components of the FY 2005/06 budget.

Authority Variable Expense Delivery Basis

When the FY 2005/06 budget was prepared, DWR's 2005 water allocation percentage was 65%. The Authority's variable expenses are based on 75% of project participants' delivery requests for the second half of calendar year 2005, with the exception of Water Treatment Plant regional water treatment allocation and exchange agreement charges and credits (which are based on 100% of project participants' delivery requests). For the first half of calendar year 2006, the Authority's variable expenses are based on 100% of project participants' delivery requests.

The FY 2005/06 delivery requests for the Goleta Water District, City of Santa Barbara, Montecito Water District, and Carpinteria Valley Water District were amended to reflect a reduction in requested deliveries for FY 2005/06 for budgeting purposes only. The change in delivery requests was made to recognize the significant rainfall received during the fall and winter of 2004-2005, which reduced the State water demand for these agencies. Therefore, all water delivery requests for these agencies reflect the amended delivery requests and not the original delivery requests submitted to CCWA in October 2004.

CCWA Employee Benefits Percentage

In December 2003, the CCWA Board of Directors established the following Budget policy with regard to employer paid employee benefits:

Employee Benefits Funding Benchmark: The Authority will calculate the Employee Benefits Percentage (EBP) in conjunction with the Budget preparation. The EBP calculation will include PERS retirement, health insurance, cafeteria plan benefits, dental/vision insurance, long-term disability and life insurance as a proportion of the full-time wages budget for the fiscal year. If the EBP exceeds 38%, staff will provide alternatives for Board consideration so that the revised EBP remain at or below 38%.

Central Coast Water Authority
Operating Expense Overview
 Fiscal Year 2005/06 Budget

The following table shows the Employee Benefits Percentage calculation for the adopted and proposed budgets for fiscal years 2003/04 through 2005/06.

Employee Benefits Percentage Calculation			
	FY 2003/04	FY 2004/05	FY 2005/06
	Budget	Budget	Budget
Total Regular Salaries	\$ 1,596,015	\$ 1,726,908	\$ 1,800,715
Benefits			
PERS Retirement	241,317	279,371	301,609
Health Insurance	241,223	282,107	275,777
Cafeteria Plan Benefits	13,081	31,356	34,564
Dental/Vision Plan	40,500	36,250	36,535
Long-Term Disability	8,835	9,834	9,234
Life Insurance	6,216	7,233	7,937
Total Benefits:	\$ 551,171	\$ 646,151	\$ 665,655
Employee Benefits Percentage	34.53%	37.42%	36.97%

Non-Annual Recurring Expenses

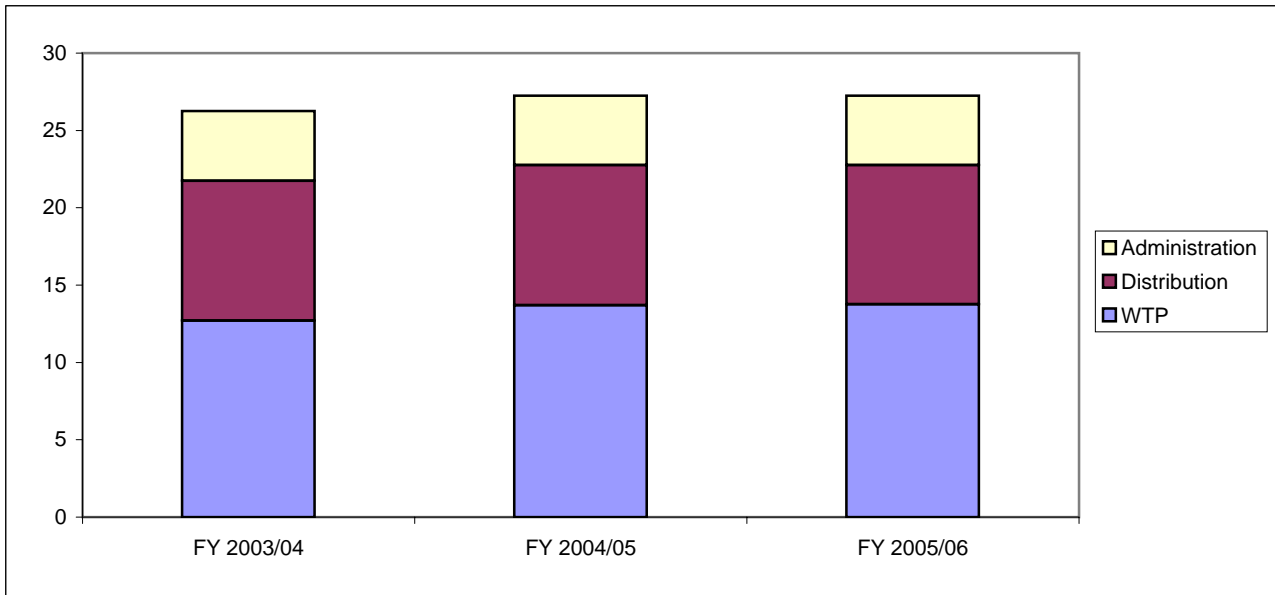
As part of the budget process, certain expenses which occur periodically are identified and charged to the project participants over a number of years to minimize fluctuations in the annual assessments. The following table shows the FY 2005/06 non-annual recurring expenses by department. Please refer to the departmental tabs for further information regarding non-annual recurring expenses.

**Consolidated Departments
 FY 2005/06 Non-Annual Recurring Expenses**

Financing Participant	Water Treatment			FY 2004/05	FY 2005/06
	Administration Department	Plant Department	Distribution Department	Interest Income	Non-Annual Recurring Expenses
Shandon	\$ -	\$ 32	\$ 19	\$ (16)	\$ 34
Chorro Valley	-	741	433	(297)	876
Lopez	-	758	590	(212)	1,136
Guadalupe	70	1,460	166	(37)	1,659
Santa Maria	2,073	48,983	5,348	(1,100)	55,303
So Cal Water Co.	64	158	165	(50)	338
VAFB	704	18,138	2,986	(463)	21,363
Buellton	74	1,434	500	(73)	1,934
Santa Ynez (Solvang)	192	475	1,296	(271)	1,693
Santa Ynez	64	158	432	(451)	204
Goleta	576	1,426	5,721	(695)	7,028
Morehart Land	26	63	254	(31)	312
La Cumbre	128	317	1,271	(149)	1,567
Raytheon (SBRC)	6	16	64	(8)	78
Santa Barbara	384	951	3,814	(471)	4,678
Montecito	384	951	3,814	(470)	4,679
Carpinteria	256	634	2,543	(314)	3,118
TOTAL:	\$ 5,000	\$ 76,695	\$ 29,415	\$ (5,108)	\$ 106,002

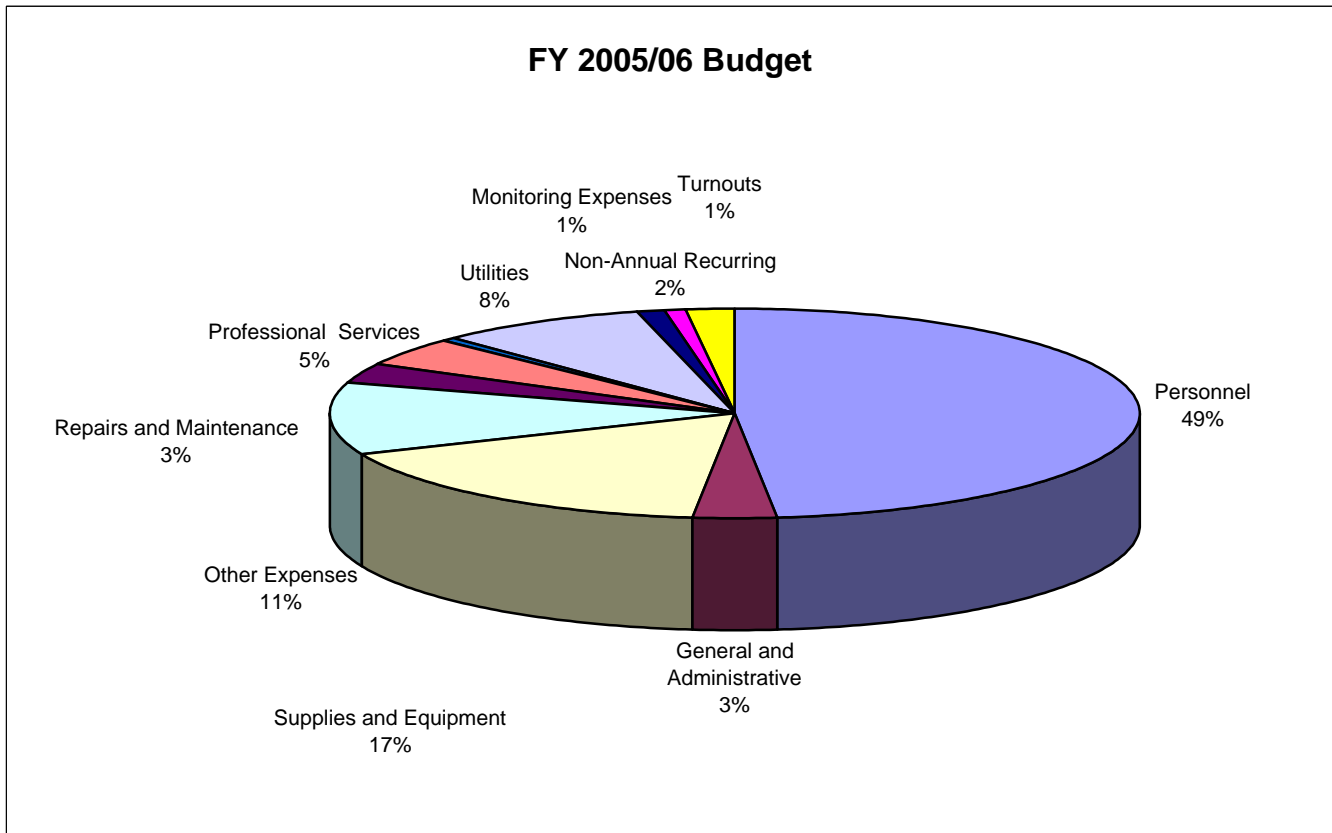
Central Coast Water Authority
Personnel Count Summary
All Departments
 Fiscal Year 2005/06 Budget

PERSONNEL COUNT SUMMARY					
Position Title	Number Authorized FY 2003/04	Number Authorized FY 2004/05	Number Requested FY 2005/06	Change Over FY 2003/04	Change Over FY 2004/05
Executive Director	1.00	1.00	1.00	-	-
Deputy Director	1.00	1.00	1.00	-	-
Chief Engineer	1.00	1.00	1.00	-	-
Regulatory Specialist	1.00	1.00	1.00	-	-
Accounting Specialist	1.00	1.00	1.00	-	-
Secretary II	2.50	2.50	2.50	-	-
WTP Supervisor	1.00	1.00	1.00	-	-
Distribution Supervisor	1.00	1.00	1.00	-	-
Maintenance Superintendent	1.00	1.00	1.00	-	-
Maintenance Foreman	1.00	1.00	1.00	-	-
Senior Chemist	1.00	1.00	1.00	-	-
Laboratory Analyst	0.75	0.75	0.75	-	-
IT/Instrumentation & Control Specialist	1.00	1.00	1.00	-	-
Maintenance Technician	2.00	2.00	2.00	-	-
Maintenance/IC&R Technician	1.00	1.00	1.00	-	-
WTP Operator	5.00	5.00	5.00	-	-
Distribution Technician	5.00	5.00	5.00	-	-
TOTAL:	27.25	27.25	27.25	-	-



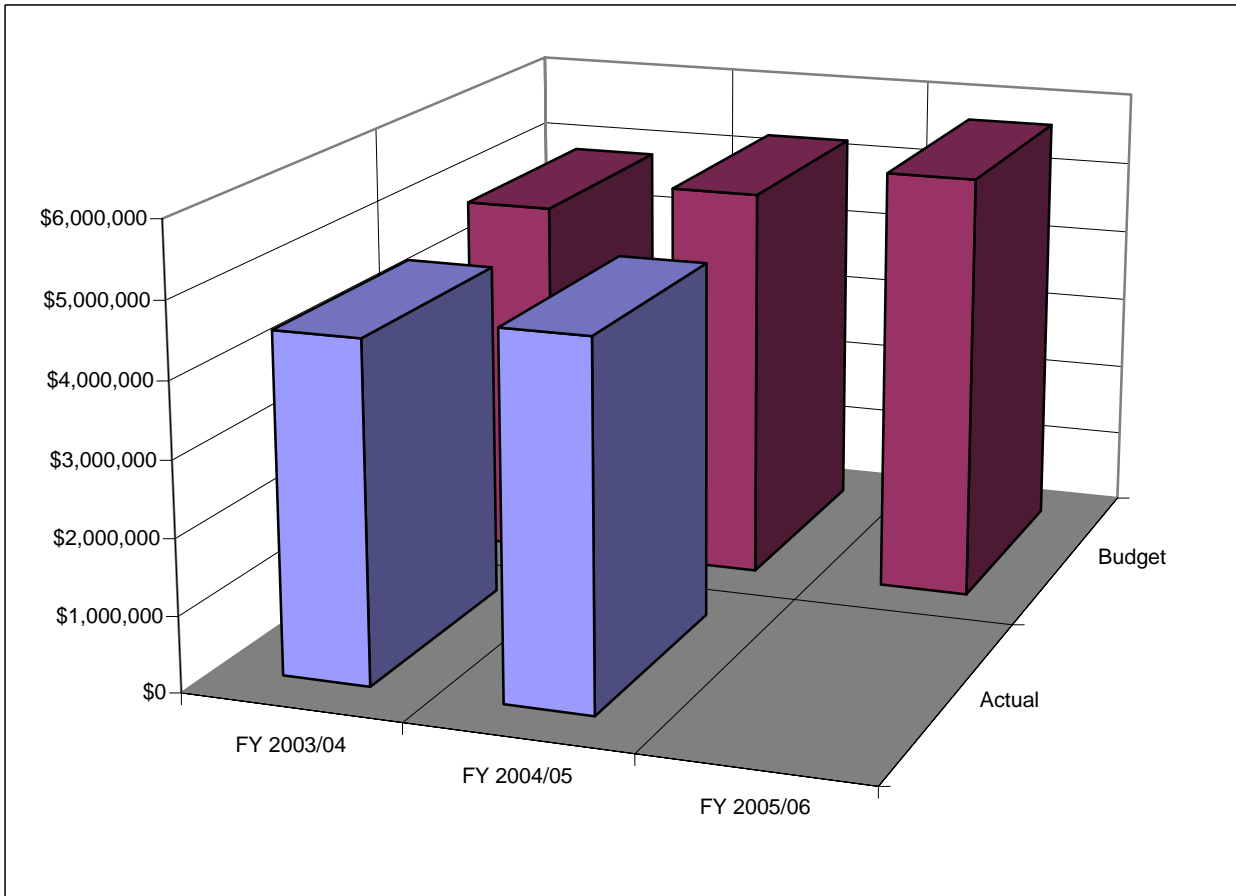
Central Coast Water Authority
Consolidated Department Operating Expenses
 Fiscal Year 2005/06 Budget

Item	FY 2005/06 Budget
Personnel	\$ 2,749,769
Office Expenses	25,400
Supplies and Equipment	960,900
Monitoring Expenses	68,700
Repairs and Maintenance	176,998
Professional Services	257,400
General and Administrative	191,031
Utilities	476,463
Other Expenses	622,725
Non-Annual Recurring	106,002
Turnouts	46,072
TOTAL:	\$ 5,681,460



Central Coast Water Authority
Consolidated Department Operating Expenses
 Fiscal Year 2005/06 Budget

Item	FY 2003/04 Budget	FY 2003/04 Actual	FY 2004/05 Budget	FY 2004/05 Estimated Actual	FY 2005/06 Budget
Personnel	\$ 2,399,268	\$ 2,333,401	\$ 2,707,133	\$ 2,469,200	\$ 2,749,769
Office Expenses	19,500	20,915	23,300	20,192	25,400
Supplies and Equipment	633,925	504,115	626,955	537,092	960,900
Monitoring Expenses	73,000	52,558	71,000	59,052	68,700
Repairs and Maintenance	166,258	187,101	163,658	155,758	176,998
Professional Services	303,170	272,643	288,320	212,601	257,400
General and Administrative	190,806	168,683	196,113	174,676	191,031
Utilities	582,664	398,397	599,476	698,430	476,463
Other Expenses	452,976	489,439	512,393	373,087	622,725
Turnouts	26,250	43,622	26,350	21,873	46,072
Subtotal	\$ 4,847,817	\$ 4,470,874	\$ 5,214,698	\$ 4,721,961	\$ 5,575,458
Non-Annual Recurring	\$ 34,149	\$ 34,149	\$ 41,461	\$ 41,461	\$ 106,002
TOTAL:	\$ 4,881,966	\$ 4,505,023	\$ 5,256,159	\$ 4,763,422	\$ 5,681,460



Central Coast Water Authority
Consolidated Department Operating Expenses
 Fiscal Year 2005/06 Administration/O&M Budget

Account Number	Account Name	FY 2003/04 Budget	FY 2003/04 Actual	FY 2004/05 Budget	FY 2004/05 Estimated Actual	FY 2005/06 Budget	Change from FY 2004/05 Budget	Percent Change FY 2004/05 Budget
<u>PERSONNEL EXPENSES</u>								
5000.10	Full-Time Regular Wages	\$ 1,596,015	\$ 1,547,554	\$ 1,726,908	\$ 1,614,327	\$ 1,800,715	\$ 73,807	4.27%
1300.60	Capitalized Wages and Overtime	-	(10,209)	-	(24,453)	(33,759)	(33,759)	N/A
5000.20	Overtime	79,808	83,616	85,614	82,388	86,496	881	1.03%
5000.40	Standby Pay	31,536	42,790	36,529	37,777	50,020	13,490	36.93%
5000.50	Shift Differential Pay	11,500	11,105	11,500	11,428	11,500	-	0.00%
5100.10	PERS Retirement	241,317	233,141	279,371	268,015	301,609	22,237	7.96%
5100.15	Medicare Taxes	25,119	25,708	27,355	23,647	28,663	1,308	4.78%
5100.20	Health Insurance	241,223	202,002	282,107	206,960	275,777	(6,330)	-2.24%
5100.25	Workers' Compensation	62,719	83,213	119,676	112,896	100,172	(19,504)	-16.30%
5100.30	Vehicle Expenses	6,000	6,225	5,000	7,432	11,400	6,400	128.00%
5100.35	IRC 457-Employer Paid	12,000	12,692	26,000	24,250	28,000	2,000	7.69%
5100.40	Cafeteria Plan Benefits	13,081	24,857	31,356	37,200	34,564	3,208	10.23%
5100.45	Dental/Vision Plan	40,500	33,165	36,250	31,999	36,535	285	0.79%
5100.50	Long-Term Disability	8,835	9,293	9,834	9,018	9,234	(600)	-6.10%
5100.55	Life Insurance	6,216	7,101	7,233	8,024	7,937	704	9.74%
5100.60	Employee Physicals	2,850	1,876	3,150	790	1,650	(1,500)	-47.62%
5000.30	Temporary Services	13,500	7,849	12,000	-	6,000	(6,000)	-50.00%
5100.70	Employee Incentive Programs	4,800	6,242	5,000	7,999	6,400	1,400	28.00%
5100.65	Employee Education Reimbursement	2,250	60	2,250	-	2,250	-	0.00%
1300.60	Capitalized Employee Benefits	-	5,121	-	9,503	(15,391)	(15,391)	N/A
Total Personnel Expenses:		2,399,268	2,333,401	2,707,133	2,469,200	2,749,769	42,636	1.57%

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Central Coast Water Authority
Consolidated Department Operating Expenses
 Fiscal Year 2005/06 Administration/O&M Budget

Account Number	Account Name	FY 2003/04 Budget	FY 2003/04 Actual	FY 2004/05 Budget	FY 2004/05 Estimated Actual	FY 2005/06 Budget	Change from FY 2004/05 Budget	Percent Change FY 2004/05 Budget
<u>OFFICE EXPENSES</u>								
5200.20	Office Supplies	13,200	13,929	17,000	14,510	17,000	-	0.00%
5200.30	Misc. Office Expenses	6,300	6,986	6,300	5,682	8,400	2,100	33.33%
Total Office Expenses:		19,500	20,915	23,300	20,192	25,400	2,100	9.01%
<u>SUPPLIES AND EQUIPMENT</u>								
5500.10	Uniform Expenses	12,205	10,499	12,205	14,019	14,330	2,125	17.41%
5500.15	Minor Tools and Equipment	14,000	16,530	14,000	14,506	15,000	1,000	7.14%
5500.20	Spare Parts	-	-	-	-	-	-	N/A
5500.25	Landscape Equipment and Supplies	2,000	1,271	2,000	1,022	2,000	-	0.00%
5500.30	Chemicals-Fixed	-	-	-	-	-	-	N/A
5500.31	Chemicals-Variable	530,470	413,280	527,000	439,007	855,070	328,070	62.25%
5500.35	Maintenance Supplies/Hardware	25,000	15,991	20,000	16,350	20,000	-	0.00%
5500.40	Safety Supplies	8,000	6,589	7,000	7,418	7,500	500	7.14%
5500.45	Fuel and Lubricants	33,250	39,187	37,250	44,705	39,500	2,250	6.04%
5500.50	Seed/Erosion Control Supplies	8,500	768	7,000	65	7,000	-	0.00%
5500.55	Backflow Prevention Supplies	500	-	500	-	500	-	0.00%
Total Supplies and Equipment:		633,925	504,115	626,955	537,092	960,900	333,945	53.26%
<u>MONITORING EXPENSES</u>								
5600.10	Lab Supplies	35,000	29,186	35,000	39,972	37,500	2,500	7.14%
5600.20	Lab Tools and Equipment	10,000	3,504	8,000	2,300	5,000	(3,000)	-37.50%
5600.30	Lab Testing	28,000	19,868	28,000	16,780	26,200	(1,800)	-6.43%
Total Monitoring Expenses:		73,000	52,558	71,000	59,052	68,700	(2,300)	-3.24%

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Central Coast Water Authority
Consolidated Department Operating Expenses
 Fiscal Year 2005/06 Administration/O&M Budget

Account Number	Account Name	FY 2003/04 Budget	FY 2003/04 Actual	FY 2004/05 Budget	FY 2004/05 Estimated Actual	FY 2005/06 Budget	Change from FY 2004/05 Budget	Percent Change FY 2004/05 Budget
<u>REPAIRS AND MAINTENANCE</u>								
5700.10	Equipment Repairs and Maintenance	106,550	116,483	104,150	91,191	104,700	550	0.53%
5700.20	Vehicle Repairs and Maintenance	13,000	17,822	12,000	17,214	19,420	7,420	61.83%
5700.30	Building Maintenance	36,560	40,456	37,360	38,712	42,730	5,370	14.37%
5700.40	Landscape Maintenance	10,148	12,340	10,148	8,641	10,148	-	0.00%
Total Repairs and Maintenance:		166,258	187,101	163,658	155,758	176,998	13,340	8.15%
<u>PROFESSIONAL SERVICES</u>								
5400.10	Professional Services	178,270	166,561	168,420	117,909	137,350	(31,070)	-18.45%
5400.20	Legal Services	50,000	54,488	50,000	41,133	50,000	-	0.00%
5400.30	Engineering Services	26,000	13,371	21,000	9,042	21,000	-	0.00%
5400.40	Permits	10,500	13,769	10,500	14,751	18,650	8,150	77.62%
5400.50	Non-Contractual Services	15,400	3,727	15,400	6,765	3,400	(12,000)	-77.92%
5400.60	Accounting Services	23,000	20,726	23,000	23,000	27,000	4,000	17.39%
Total Professional Services:		303,170	272,643	288,320	212,601	257,400	(30,920)	-10.72%

Central Coast Water Authority
Consolidated Department Operating Expenses
 Fiscal Year 2005/06 Administration/O&M Budget

Account Number	Account Name	FY 2003/04 Budget	FY 2003/04 Actual	FY 2004/05 Budget	FY 2004/05 Estimated Actual	FY 2005/06 Budget	Change from FY 2004/05 Budget	Percent Change FY 2004/05 Budget
<u>GENERAL AND ADMINISTRATIVE</u>								
5300.10	Meetings and Travel	44,500	39,359	42,500	36,732	47,500	5,000	11.76%
5300.20	Mileage Reimbursement	1,500	1,268	1,250	1,512	1,600	350	28.00%
5300.30	Dues and Memberships	105,386	93,847	108,443	112,268	86,971	(21,472)	-19.80%
5300.40	Publications	6,270	5,589	6,270	4,588	6,810	540	8.61%
5300.50	Training	20,500	11,457	21,500	4,601	24,750	3,250	15.12%
5300.60	Advertising	2,250	3,300	2,750	3,512	6,000	3,250	118.18%
5300.70	Printing and Binding	4,000	6,217	5,000	3,222	8,500	3,500	70.00%
5300.80	Postage	6,400	7,646	8,400	8,242	8,900	500	5.95%
Total General and Administrative:		190,806	168,683	196,113	174,676	191,031	(5,082)	-2.59%
<u>UTILITIES</u>								
5800.20	Natural Gas	5,000	3,438	5,000	3,862	4,940	(60)	-1.20%
5800.30	Electric-Fixed	120,640	152,225	133,740	179,982	133,140	(600)	-0.45%
5800.35	Electric-Variable	411,724	198,132	415,436	474,889	291,083	(124,353)	-29.93%
5800.40	Water	2,400	2,464	2,400	2,686	2,400	-	0.00%
5800.50	Telephone	36,300	35,367	36,300	30,069	38,300	2,000	5.51%
5800.60	Waste Disposal	6,600	6,772	6,600	6,942	6,600	-	0.00%
Total Utilities:		582,664	398,397	599,476	698,430	476,463	(123,013)	-20.52%

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Central Coast Water Authority
Consolidated Department Operating Expenses
 Fiscal Year 2005/06 Administration/O&M Budget

Account Number	Account Name	FY 2003/04 Budget	FY 2003/04 Actual	FY 2004/05 Budget	FY 2004/05 Estimated Actual	FY 2005/06 Budget	Change from FY 2004/05 Budget	Percent Change FY 2004/05 Budget
<u>OTHER EXPENSES</u>								
5900.10	Insurance	104,392	104,840	115,774	115,181	115,774	0	0.00%
5900.30	Non-Capitalized Projects	96,445	227,160	142,411	139,362	218,596	76,185	53.50%
5900.40	Equipment Rental	35,876	41,788	35,876	18,037	35,660	(216)	-0.60%
5900.50	Non-Capitalized Equipment	32,000	33,351	30,000	11,707	30,000	-	0.00%
5900.60	Computer Expenses	85,810	82,300	86,600	88,801	114,275	27,675	31.96%
5900.70	Appropriated Contingency	98,452	-	101,732	-	108,419	6,687	6.57%
Total Other Expenses:		452,976	489,439	512,393	373,087	622,725	110,331	21.53%
Turnout Expenses		26,250	43,622	26,350	21,873	46,072	19,722	74.85%
TOTAL OPERATING EXPENSES		\$ 4,847,817	\$ 4,470,874	\$ 5,214,698	\$ 4,721,961	\$ 5,575,458	\$ 360,760	6.92%

Central Coast Water Authority
Operating Expense and CIP Expense Allocation by Department
 Fiscal Year 2005/06 Budget

Project Participant	<u>Administration Department</u>			<u>Water Treatment Plant Department Fixed Costs</u>					Total Fixed WTP Costs	Turnout Costs
	Entitlement	Percentage	Administration Expenses	Entitlement	Percentage	WTP Fixed	WTP Fixed and Capital Retirement	Exchange Fixed and Capital Adjustments		
Shandon	-	-	\$ -	100	0.23%	\$ 4,607	-	-	4,607	\$ -
Chorro Valley	-	-	-	2,338	5.32%	107,720	-	-	107,720	16,861
Lopez	-	-	-	2,392	5.45%	110,208	-	-	110,208	12,611
Guadalupe	550	1.41%	13,038	550	1.25%	25,340	18,721	-	44,061	2,500
Santa Maria	16,200	41.46%	384,031	16,200	36.90%	746,389	551,412	-	1,297,801	2,700
Southern California Water Co.	500	1.28%	11,853	500	1.14%	23,037	17,019	-	40,056	3,000
VAFB	5,500	14.07%	130,381	5,500	12.53%	253,404	187,208	-	440,611	2,000
Buellton	578	1.48%	13,702	578	1.32%	26,630	19,674	-	46,304	3,000
Santa Ynez (Solvang)	1,500	3.84%	35,558	1,500	3.42%	69,110	51,057	-	120,167	1,900
Santa Ynez	500	1.28%	11,853	500	1.14%	23,037	104,156	305,112	432,304	1,500
Goleta	4,500	11.52%	106,675	4,500	10.25%	207,330	(303,555)	(109,840)	(206,065)	-
Morehart Land	200	0.51%	4,741	200	0.46%	9,215	(16,966)	-	(7,751)	-
La Cumbre	1,000	2.56%	23,706	1,000	2.28%	46,073	(84,830)	-	(38,756)	-
Raytheon (SBRC)	50	0.13%	1,185	50	0.11%	2,304	(4,241)	-	(1,938)	-
Santa Barbara	3,000	7.68%	71,117	3,000	6.83%	138,220	(202,370)	(73,227)	(137,377)	-
Montecito	3,000	7.68%	71,117	3,000	6.83%	138,220	(202,370)	(73,227)	(137,377)	-
Carpinteria	2,000	5.12%	47,411	2,000	4.55%	92,147	(134,913)	(48,818)	(91,584)	-
TOTAL:	39,078	100.00%	\$ 926,369	43,908	100.00%	\$ 2,022,991	\$ 0	-	\$ 2,022,991	\$ 46,072

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Project Participant	<u>Distribution Department Fixed Costs</u>									Total Fixed Distribution Costs	Total Fixed Operating Costs
	Reach 33B	Reach 34	Reach 35	Reach 37	Reach 38	Mission Hills II	Santa Ynez I	Santa Ynez II			
Shandon	912	-	-	-	-	-	-	-	-	912	5,520
Chorro Valley	21,328	-	-	-	-	-	-	-	-	21,328	145,908
Lopez	21,820	8,567	-	-	-	-	-	-	-	30,388	153,206
Guadalupe	5,017	1,970	1,484	-	-	-	-	-	-	8,472	68,071
Santa Maria	147,780	58,024	43,723	22,956	-	-	-	-	-	272,483	1,957,015
Southern California Water Co.	4,561	1,791	1,349	709	-	-	-	-	-	8,410	63,318
VAFB	50,172	19,699	14,844	7,794	13,538	44,139	-	-	-	150,187	723,180
Buellton	5,273	2,070	1,560	819	1,423	4,639	10,098	-	-	25,882	88,888
Santa Ynez (Solvang)	13,683	5,373	4,048	2,126	3,692	12,038	26,207	-	-	67,167	224,792
Santa Ynez	4,561	1,791	1,349	709	1,231	4,013	8,736	-	-	22,389	468,046
Goleta	41,050	16,118	12,145	6,377	11,077	36,114	78,621	96,397	-	297,899	198,510
Morehart Land	1,824	716	540	283	492	1,605	3,494	4,284	-	13,240	10,230
La Cumbre	9,122	3,582	2,699	1,417	2,461	8,025	17,471	21,422	-	66,200	51,149
Raytheon (SBRC)	456	179	135	71	123	401	874	1,071	-	3,310	2,557
Santa Barbara	27,367	10,745	8,097	4,251	7,384	24,076	52,414	64,265	-	198,599	132,340
Montecito	27,367	10,745	8,097	4,251	7,384	24,076	52,414	64,265	-	198,599	132,340
Carpinteria	18,244	7,163	5,398	2,834	4,923	16,051	34,943	42,843	-	132,400	88,226
TOTAL:	400,538	148,533	105,469	54,597	53,729	175,178	285,273	294,547	-	1,517,865	\$ 4,513,296

Central Coast Water Authority
Operating Expense and CIP Expense Allocation by Department
 Fiscal Year 2005/06 Budget

<u>Distribution Department Variable Costs</u>										Total Distribution Variable Costs
Project Participant	Reach 33B	Reach 34	Reach 35	Reach 37	Reach 38	Mission Hills II	Santa Ynez I	Santa Ynez II		
Shandon	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Chorro Valley	0	-	-	-	-	-	-	-	-	0
Lopez	0	0	-	-	-	-	-	-	-	0
Guadalupe	0	0	0	-	-	-	-	-	-	0
Santa Maria	0	0	0	0	-	-	-	-	-	0
Southern California Water Co.	0	0	0	0	-	-	-	-	-	0
VAFB	0	0	0	0	0	0	-	-	-	0
Buellton	0	0	0	0	0	0	0	-	-	0
Santa Ynez (Solvang)	0	0	0	0	0	0	0	-	-	0
Santa Ynez	0	0	0	0	0	0	0	-	-	0
Goleta	0	0	0	0	0	0	0	83,894	83,894	83,894
Morehart Land	0	0	0	0	0	0	0	10,970	10,970	10,970
La Cumbre	0	0	0	0	0	0	0	45,877	45,877	45,877
S.B. Research	0	0	0	0	0	0	0	2,743	2,743	2,743
Santa Barbara	0	0	0	0	0	0	0	30	30	30
Montecito	0	0	0	0	0	0	0	54,230	54,230	54,230
Carpinteria	0	0	0	0	0	0	0	67,339	67,339	67,339
TOTAL:	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 265,083	\$ 265,083	\$ 265,083

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Project Participant	<u>Water Treatment Plant Variable Costs</u>			Total WTP Variable Costs	Total Variable Operating Costs	TOTAL FIXED AND VARIABLE OPERATING COSTS
	WTP Variable	WTP Variable Retreatment	WTP Variable Exchange Adjustments			
Shandon	\$ -			\$ -	\$ -	\$ 5,520
Chorro Valley	56,324			56,324	56,324	202,232
Lopez	44,563			44,563	44,563	197,770
Guadalupe	14,291	2,339		16,630	16,630	84,701
Santa Maria	366,400	58,257		424,657	424,657	2,381,672
Southern California Water Co.	12,992	2,115		15,107	15,107	78,425
VAFB	133,464	21,229		154,693	154,693	877,873
Buellton	15,024	2,457		17,481	17,481	106,368
Santa Ynez (Solvang)	35,433	5,785		41,218	41,218	266,011
Santa Ynez	16,535	10,300	60,472	87,307	87,307	555,354
Goleta	61,512	(31,457)	(21,770)	8,284	92,179	290,688
Morehart Land	5,197	(4,356)		841	11,811	22,041
La Cumbre	21,732	(18,378)		3,354	49,231	100,380
S.B. Research	1,299	(1,102)		197	2,939	5,497
Santa Barbara	14,527	(11)	(14,513)	3	33	132,372
Montecito	40,203	(20,884)	(14,513)	4,805	59,036	191,375
Carpinteria	41,575	(26,293)	(9,676)	5,606	72,945	161,171
TOTAL:	\$ 881,070	\$ 0	\$ -	\$ 881,070	1,146,153	\$ 5,659,449



CCWA with Penfield & Smith were awarded the Project of the Year by the American Public Works Association local chapter. The American Public Works Association also awarded CCWA with Penfield & Smith for the Disaster Repair Project under \$2 Million. This project will be nominated for National Project of the Year next spring.

Administration Department

The Administration Department is comprised of the Executive Director, Accounting and Finance, Engineering and support staff. The department is responsible for administration of the Authority and provides support to the Board of Directors, various Authority committees, and operations and maintenance departments of the Authority.

Highlights

Department Information

- Number of employees 4.50
- Number of Board members 8
- Number of Authority Committees 4
- Board of Directors meetings Fourth Thursday of each month
- Operating Committee meetings Second Thursday, quarterly
- Finance Committee meetings Fourth Thursday, quarterly
- Other Committee meetings As needed

Budget Information

- Total FY 2005/06 O&M Budget \$ 898,181
- Non-Annual Recurring Expense deposits \$ 5,000
- **Total Administration Department**
- **FY 2005/06 Budgeted Expenses \$ 903,181**

- O&M Budget increase over FY 2004/05 \$ 38,458

Significant Accomplishments During FY 2004/05

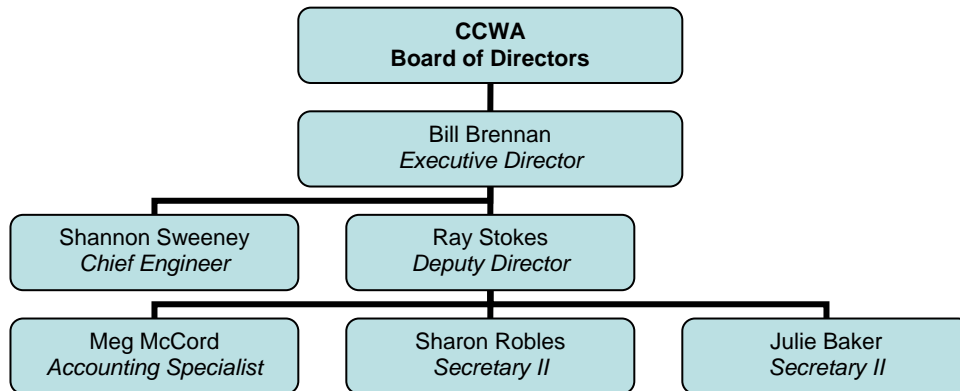
- Received about \$3.1 million in rate management credits from DWR for calendar year 2005.
- Final Habitat Conservation Plan submitted to National Fish and Wildlife Service.
- Completed the bi-annual compensation and benefits analysis.

Significant Goals for FY 2005/06

- Complete the Habitat Conservation Plan according to the schedule presented by Nation Fish and Wildlife service.
- Investigate ground water banking, acquisition of suspended SBCFC&WCD water and unallocated SLOCFC&WCD water and other opportunities to increase State water reliability.

Central Coast Water Authority
Administration Department
Fiscal Year 2005/06 Budget

The Administration Department is comprised of the Executive Director, Deputy Director, Engineering, and support staff. The department is responsible for administration of the Authority and provides support to the (1) Board of Directors and various Authority committees and (2) operations and maintenance departments of the Authority.



EXECUTIVE DIRECTOR

The Executive Director is the chief executive officer and administrative head of the Authority, with the responsibility for planning, organizing, staffing, coordinating, budgeting and directing the administrative activities and operations of the Authority. The Executive Director is appointed by and serves at the pleasure of the Authority Board of Directors. The Executive Director appoints the supervisors of all departments and is responsible for implementation of policies established by the Board of Directors.

The Executive Director is responsible for providing and exercising overall supervision and disciplinary control over the necessary administrative and operating staff to carry out official Board policies. The Executive Director is responsible for the execution of contracts and other documents on behalf of the Authority to the extent provided by the Board of Directors and also serves as Secretary to the Board.

Central Coast Water Authority
Administration Department
Fiscal Year 2005/06 Budget

DEPUTY DIRECTOR

The Authority's Department of Accounting and Finance has three main functions: Finance, which is the central fiscal control and accounting agency of the Authority; Treasury, which invests all cash balances of the Authority; and Administrative Services, which coordinates and administers the employee benefits program and the Authority's auto, property and liability insurances.

The Deputy Director serves as the chief financial officer, treasurer and coordinator of the employee benefits program for the Authority. The department maintains daily finance/accounting activities including payrolls and audits, preparation of the operating and capital budgets, preparation of the comprehensive annual financial reports, investments, debt management, risk management, cash management and bank relations.

In addition, the department is responsible for the workers' compensation program and the employee benefits program which includes health insurance, life insurance, dental and vision insurance, deferred compensation, Section 125 cafeteria plan and the Public Employees' Retirement System (PERS) for the Authority. The Accounting and Finance department includes a staff of one full-time Deputy Director and one full-time Accounting Specialist. Additional secondary duties include in-house administration and maintenance of the computer network system and representing CCWA on the State Water Contractors (SWC) Board of Directors and chairman of the SWC audit-finance committee.

ENGINEERING

The Engineering Department consists of a Chief Engineer. This department is responsible for evaluating, designing, and implementing operational and capital improvements for the Authority. Engineering projects involve oversight of professional consultants and detailed analysis and design for work performed In-house. Additionally, the Chief Engineer is charged with the responsibility for construction contract administration and management, and provides technical support to the operations and maintenance departments.



Central Coast Water Authority
Administration Department
 Fiscal Year 2005/06 Budget

2004 ACCOMPLISHMENTS AND 2005 GOALS

The following pages list all of the Authority’s 2004 goals and their status (i.e., “Accomplishments”) and the Authority’s 2005 goals. The 2004 accomplishments and 2005 goals that are the responsibility of the Water Treatment Plant and Distribution Departments are repeated in the Water Treatment Plant and Distribution Department sections of this budget. Also included is a table of performance indicators (“Service Efforts and Accomplishments”) for the Administration Department.

Each of the following individual departmental goals is tied to the Authority’s Mission Statement and Objectives, which are shown in bold, italics typeface.

<u>Goal</u>	<u>Status</u>
<i>To provide San Luis Obispo and Santa Barbara Counties with reliable, high quality supplemental water.</i>	
Fill vacant Senior Chemist position. [3/04]	Filled 4/04, Vacant Distribution Tech., Water Plant Operator and Maintenance Foreman positions filled 7/04, Maintenance Technician position filled 09/04.
Participate and represent CCWA’s interests in State Water Contractors Association and the State Water Project Contractors Authority. [Ongoing]	Ongoing
Explore additional ways of utilizing the CCWA website to communicate information to our project participants and the public including posting all agendas and agenda material to the CCWA website. [2/04]	Agenda and Minutes for CCWA Board and Committee meetings available on CCWA website.
Update the CCWA brochure and handout materials. [12/04]	Postponed to 6/05
Prepare a study for the Finance Committee outlining issues associated with converting CCWA budget preparation to a biannual cycle. [10/04]	Complete 12/04
Review and update control system logic at each turnout and tank site. [12/04]	Turnout logic modified to improve readability and totalizer performance. Isolation vault logic modified to function properly with new flow meters.
Update CCWA as-built drawings to include system modifications. [12/04]	Methodology developed for updating drawings to include improvements associated with Encroachment Permits.

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Develop strategy for improving communications at Bradbury Dam and Chorro Turnouts. [7/04]	Software purchased to migrate microstation drawings to AutoCAD Map 3D.
Develop long-term replacement plan for high-speed fiber optic communications system. [12/04]	Spread spectrum radio transmission studies complete 8/04. Installation scheduled for early 2005.
Complete SCADA upgrade for distribution system. [10/04]	Replacement plan developed and implemented 11/04.
Complete alternative coagulation strategies study. [5/04]	On schedule as part of the Ethernet conversion. Eleven of 20 sites completed to date.
Install protective coating on walls of the chemical containment areas of the WTP. [10/04]	Study completed. Results indicate that enhanced coagulation with alum or with alum and acid remain the most cost effective alternative.
Automate the WTP chlorine feed system (includes installation of a flow meter on the filtered water effluent line and reprogramming of some computer logic). [10/04]	Scope of project reevaluated to include filters and chlorine contact basin. Project to be initiated in 2005.
Line Sludge Pond A. [7/04]	Flow meter has been purchased and installed 11/04. Logic reprogramming underway.
	Completed 7/04

<i>Minimize environmental impacts and protect the environment during operation of our facilities.</i>
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Complete HCP (Habitat Conservation Plan) and Section 10 permitting for red-legged frogs and other endangered species [6/04] and obtain project operating permits from U.S. Army Corps of Engineers. [12/04]	Final HCP submitted to National Fish and Wildlife Service 6/04. Completion schedule provided by Service 12/04.
Review and update hazardous communications policy. [7/04]	Completed 4/04
Obtain a 1601 permit for control and regulation of beavers and beaver dams at the Arroyo Grande mitigation site. [8/04]	On schedule, Burton Mesa Mitigation Site final report submitted 6/04.
Continue revegetation monitoring program for DWR Reaches 1-6 and CCWA Schedules A, B and C. [Ongoing]	Percent of areas signed off Oaks 34% Grassland 99%

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Chaparral	95%
Coastal Scrub	99%
Riparian Communities	99%
Freshwater Marsh	100%

<i>Cost effectively operate and maintain our facilities.</i>

<p>Continue to work with Department of Water Resources O&M staff through the State Water Contractors O&M and Engineering Committees to control O&M expenses and when possible to capitalize high cost projects. [12/04]</p>	Ongoing
<p>Protect CCWA's interest with regard to the following lawsuits:</p> <ul style="list-style-type: none"> • Adam v. City of Santa Maria, et al. and related cases (Santa Maria groundwater basin litigation) 	Settled 12/04
<p>Continue work on Accounting Department and Administration Department policies and procedures manual chapters on Payroll, Accounts Payable, Employee Benefits, Fixed Assets, and Project Participant Invoices. [6/04]</p>	Payroll Complete. Administrative (Secretaries) in progress.
<p>Purchase investment and income allocation software program to track CCWA investments and allocate investment income to the CCWA project participants, utilizing unused funds in the FY 2003/04 budget for computer related expenditures. [2/04]</p>	Completed.
<p>In conjunction with O&M staff, streamline and coordinate CCWA's fixed assets listing between the accounting records and the maintenance records. [10/04]</p>	Complete 12/04
<p>Prepare the FY 2004/05 Budget in conformance with Government Finance Officers Association (GFOA) and California Society of Municipal Finance Officers (CSMFO) standards and submit it to GFOA for the "Distinguished Budget Presentation" award and to CSMFO for the "Excellence in Operational Budgeting" award. [7/04]</p>	Budget sent to GFOA and CSMFO.
<p>Prepare a Comprehensive Annual Financial Report for FY 2003/04 in conformance with GFOA and CSMFO standards and submit it to GFOA for the "Excellence in Financial Reporting" award and to CSMFO for the "Outstanding Financial Reporting" award. [11/04]</p>	CAFR prepared and distributed.
<p>Prepare and submit FY 2002/03 report of continuing disclosure to Bond Trustee. [3/04]</p>	Complete 3/04
<p>Preserve benefits of Monterey Amendment (Amendment No. 16 to the State Water Contract) to CCWA's project participants and its customers. [Ongoing]</p>	Ongoing

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Conduct internal inspection of Schedule A pipeline and make repairs and modifications to Tanks 5A, 5B and 7 that were identified in the 2003 inspection. [7/04]	Inspection of Schedule A pipeline completed 11/04, tank cleaning and repairs completed 12/04.
Complete filter rate increase study. [6/04]	Second phase complete 10/04. Report preparation underway.
Participate in Cal/OSHA consultation inspection at WTP. [9/04]	Completed 3/04
Develop and initiate mock disaster scenario drills for earthquake and terrorist threat. [12/04]	Reviewed and modified procedures after 2 actual earthquakes. Mock terrorist threat drill postponed to 2005.
Identify and pursue all possible cost saving and quality enhancing opportunities with initial emphasis on taste and odor control, communications, electrical usage, overtime requirements and revegetation and erosion control. [Ongoing]	Cost effective Taste and Odor Monitoring Program developed for summer 2004. DWR construction trailer demolished and removed 6/04. CCWA staff reviewing methods for cleaning DWR forebays.
Consider Table A Amount reduction and, if appropriate, implement a State Water Contract amendment in accordance with Amendment 19.	<u>Goal to be removed in 2005</u>

<i>Ensure our water supply meets or exceeds health and safety standards.</i>

Create in-house laboratory management system. [9/04]	Operational tables and forms developed. On schedule to implement 1/05.
Develop a quality assurance program for laboratory analyses conducted by Water Plant Operations staff. [7/04]	Operator QA program developed and implemented 10/04.
Develop a schedule for the replacement of granular activated carbon media in water treatment plant filters. [4/04]	Complete 4/04
Assist project participants in preparing to meet new federal and state water quality regulations. [Ongoing]	Ongoing

<i>Work with the Department of Water Resources and other state, federal and local agencies to achieve our mutual objectives.</i>

Continue to work with Department of Water Resources fiscal staff through the State Water Contractors Audit-Finance Committee to	Half rate management credits secured for 2005. Additional
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implement full rate management credits for 2005. [4/03]	25% of RMC for 2005 provided by DWR in Dec. 2004.
Assist San Luis Obispo County as needed in transferring Shandon Table A Amount water and ensure that any transfers do not detrimentally impact existing project participants. [12/04]	Morro Bay again interested in Shandon transfer.
Coordinate pipeline and water treatment plant inspections with annual DWR shutdown for Coastal Branch Phase I maintenance. [11/04]	Completed 11/04.
Participate in technical advisory committee regarding Bradbury Dam outlet works. [Ongoing]	Ongoing, Bureau of Reclamation will remove barge and flexible pipeline in 2005.
Obtain approval of and implement Amendment 19 to the State Water Contract (Including "Phase 2" issues).	<u>Some Phase 2 issues to possibly be incorporated into a Financial Amendment in 2005.</u>
Consider San Luis Obispo County membership in CCWA if requested.	SLOC staff have expressed interest in CCWA membership in 2005.

<i>Assist project participants in their efforts to reduce groundwater overdraft.</i>

Complete CCWA review and adoption of water transfer/exchange policies through the Ad Hoc Water Transfers Committee and use as the basis to implement water transfers and sales as requested by project participants. [12/04]	Postponed to 12/05
Investigate ground water banking and other opportunities to increase State water reliability. [12/04]	Report to Operating Committee and Board 7/04 Acquisition of suspended SBCFC&WCD water and unallocated SLOCFC&WCD water ongoing.
Identify and pursue approaches to maximize delivery allocation and maintain high water quality consistent with project participants' needs. [Ongoing]	CCWA on DWR storer's track for 2005. CCWA 2005 delivery schedule structured to enhance Article 21 deliveries.
Identify and implement mechanisms to firm up water supply reliability as needed.	Work ongoing to reacquire 12,214 acre-feet of SBCFC&WCD suspended water. Work ongoing to uncover opportunities relating to SLOCFC&WCD excess Table A Amount water.

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Identify and implement mechanisms to offset shortages due to drought.

Report to Operating Committee and Board 7/04.

Work with State Water Contractors and DWR to develop and implement a multi-year water transfer policy.

Meetings will continue in 2005.

New Goals for Calendar Year 2005

To provide San Luis Obispo and Santa Barbara Counties with reliable, high quality supplemental water.

- Fill vacant Water Treatment Plant Supervisor. [4/05]

Minimize environmental impacts and protect the environment during operation of our facilities.

- Complete HCP (Habitat Conservation Plan) according to schedule presented by National Fish and Wildlife Service.
- Review and update Risk Management Plan to include ammonia. [7/05]
- Create a Spill Release Plan for WTP. [5/05]
- Develop and initiate mock disaster scenario terrorist threat. [12/05]
- Coordinate simulated WTP rescue and chemical release drill with California Department of Forestry. 8/05

Cost effectively operate and maintain our facilities.

- Continue cross-training accounting and administrative staff to provide dual coverage on accounting and administrative functions currently performed by the Deputy Director and analyze potential need for additional accounting personnel. [12/05]
- Begin transition of information technology responsibilities to communications department employees. [12/05]
- Complete final allocation of CCWA project costs, amend debt service schedules and closeout remaining bond trustee and capital deposit accounts. [12/05]
- Prepare history of actual State water payments by project participant from FY 1996/97 through the current fiscal year and distribute to project participants. [12/05]

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- Update control system logic and SCADA system at WTP. [12/05]
- Migrate CCWA as-built drawings to one consistent electronic format. 12/05
- Identify and address concrete cracking issues at Santa Ynez Pumping Facility. 9/05
- Conduct internal inspection of Reach 3 pipeline. 11/05
- Complete SCADA upgrade for distribution system. [6/05]
- Coat and protect concrete surfaces in WTP filters, chlorine contact basin and secondary containment areas. 10/05
- Identify and address Sludge Pond B leakage issues. 8/05
- Identify and implement security enhancements for distribution system. 12/05
- Develop in-house cathodic protection survey methodology. 6/05
- Pursue certification for Instrumentation and Control staff. 12/05
- Replace galvanized piping on Reach 5B/6 AVAR's. [6/05]
- Evaluate pre-oxidation as a method for reducing taste and odor compounds and extending the life of the granular activated carbon. 10/05

Ensure our water supply meets or exceeds health and safety standards.

- Competitively bid outside lab services. 7/05

Assist project participants in their efforts to reduce groundwater overdraft.

- Investigate ground water banking, acquisition of suspended SBCFC&WCD water and unallocated SLOCFC&WCD water and other opportunities to increase State water reliability. [12/05]
- Assist DWR in removing sediment from raw water pump station forebays.

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ADMINISTRATION DEPARTMENT OPERATING EXPENSE OVERVIEW

The Administration Department expenses are treated as fixed expenses for purposes of billing to the project participants. All project participants pay the Administration Department expenses based primarily on their proportional share of Table A amounts.

The Administration Department operating expense budget for Fiscal Year 2005/06 is increasing by \$38,458, or 4.47% when compared to the FY 2004/05 Budget. The total FY 2005/06 budget is \$898,181 compared to the FY 2004/05 budget of \$859,723. The following items represent the major changes in the Administration Department budget.

Personnel Expenses Total personnel expenses are increasing by approximately \$36,000 due to the following:

- Administration Department FY 2005/06 salary pool allocation of \$27,687.
- PERS retirement expense increases of about \$6,300 attributed to a higher employer contribution rate for FY 2005/06.

Professional Services The professional services budget is decreasing by about \$10,000 due to a \$17,000 decrease for the compensation and benefits survey consultant in the FY 2004/05 budget, partially offset by an increase in the FY 2005/06 budgeted auditing services for the CCWA annual financial statements and the State Water Contractors auditing firm.

General and Administrative The general and administrative expenses budget is decreasing by about \$8,000 primarily due to a decrease in dues and membership expenses for the SWC partially offset by an increase in travel expenses and printing and binding expenses.

Other Expenses Other expenses are increasing by about \$18,000 due to an increase in computer expenses in anticipation of additional computer consultant use for training CCWA staff and additional expenditures for redundancy of certain network servers and services.

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Non-Annual Recurring Expenses

As part of the budget process, certain expenses which occur periodically are identified and charged to the project participants over a number of years to minimize fluctuations in the annual O&M assessments. The assessment of the non-annual recurring expenses are charged to the project participants on a Table A and financial reach basis.

FY 2005/06 Non-Annual Recurring Expenses

The FY 2005/06 Administration Department non-annual recurring expenses total \$5,000 for future computer replacements.

The following table shows the allocation of the FY 2005/06 non-annual recurring expenses for the Administration Department.

**Administration Department
 FY 2005/06 Non-Annual Recurring Expenses**

Financing Participant	Entitlement	Percentage	FY 2005/06 Non-Annual Recurring Expenses
Guadalupe	550	1.41%	\$ 70
Santa Maria	16,200	41.46%	2,073
SCWC	500	1.28%	64
VAFB	5,500	14.07%	704
Buellton	578	1.48%	74
Santa Ynez (Solvang)	1,500	3.84%	192
Santa Ynez	500	1.28%	64
Goleta	4,500	11.52%	576
Morehart Land	200	0.51%	26
La Cumbre	1,000	2.56%	128
Raytheon (SBRC)	50	0.13%	6
Santa Barbara	3,000	7.68%	384
Montecito	3,000	7.68%	384
Carpinteria	2,000	5.12%	256
TOTAL:	39,078	100.00%	\$ 5,000

Central Coast Water Authority
Personnel Services Summary
Administration Department
 Fiscal Year 2005/06 Budget

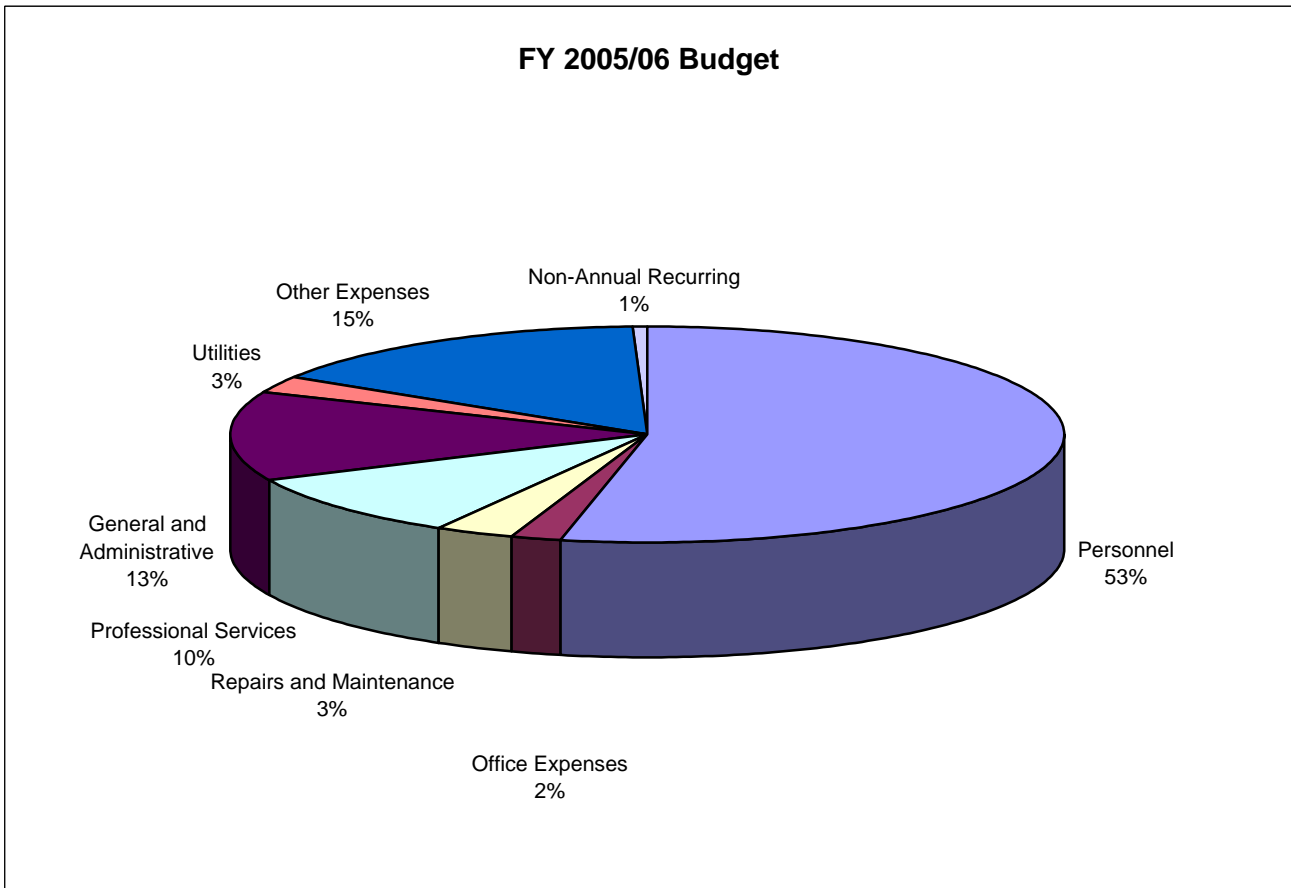
PERSONNEL COUNT SUMMARY					
Position Title	Number	Number	Number	Change	Change
	Auth. FY 2003/04	Auth. FY 2004/05	Requested FY 2005/06	Over FY 2003/04	Over FY 2004/05
Executive Director ⁽¹⁾	0.50	0.50	0.50	-	-
Deputy Director	1.00	1.00	1.00	-	-
Chief Engineer ⁽¹⁾	0.25	0.25	0.25	-	-
Accounting Specialist	1.00	1.00	1.00	-	-
Secretary II	1.75	1.75	1.75	-	-
TOTAL:	4.50	4.50	4.50	-	-

PERSONNEL WAGE SUMMARY				
Position Title	Position Classification	Minimum	Maximum	FY 2004/05
		Monthly Salary	Monthly Salary	Current Salary
Executive Director ⁽¹⁾	N/A	N/A	N/A	\$ 63,703
Deputy Director	N/A	N/A	N/A	\$ 110,786
Chief Engineer ⁽¹⁾	25	\$ 7,454	\$ 9,094	\$ 24,250
Accounting Specialist	13	\$ 3,971	\$ 4,844	\$ 46,975
Secretary II	10	\$ 3,424	\$ 4,178	\$ 67,403
FY 2005/06 Salary Pool				\$ 27,687
TOTAL:				\$ 340,803

(1) The Executive Director is allocated to Administration (50%), Water Treatment Plant (25%) and Distribution (25%).
 The Chief Engineer is allocated to Administration (25%), Water Treatment Plant (35%) and Distribution (40%).

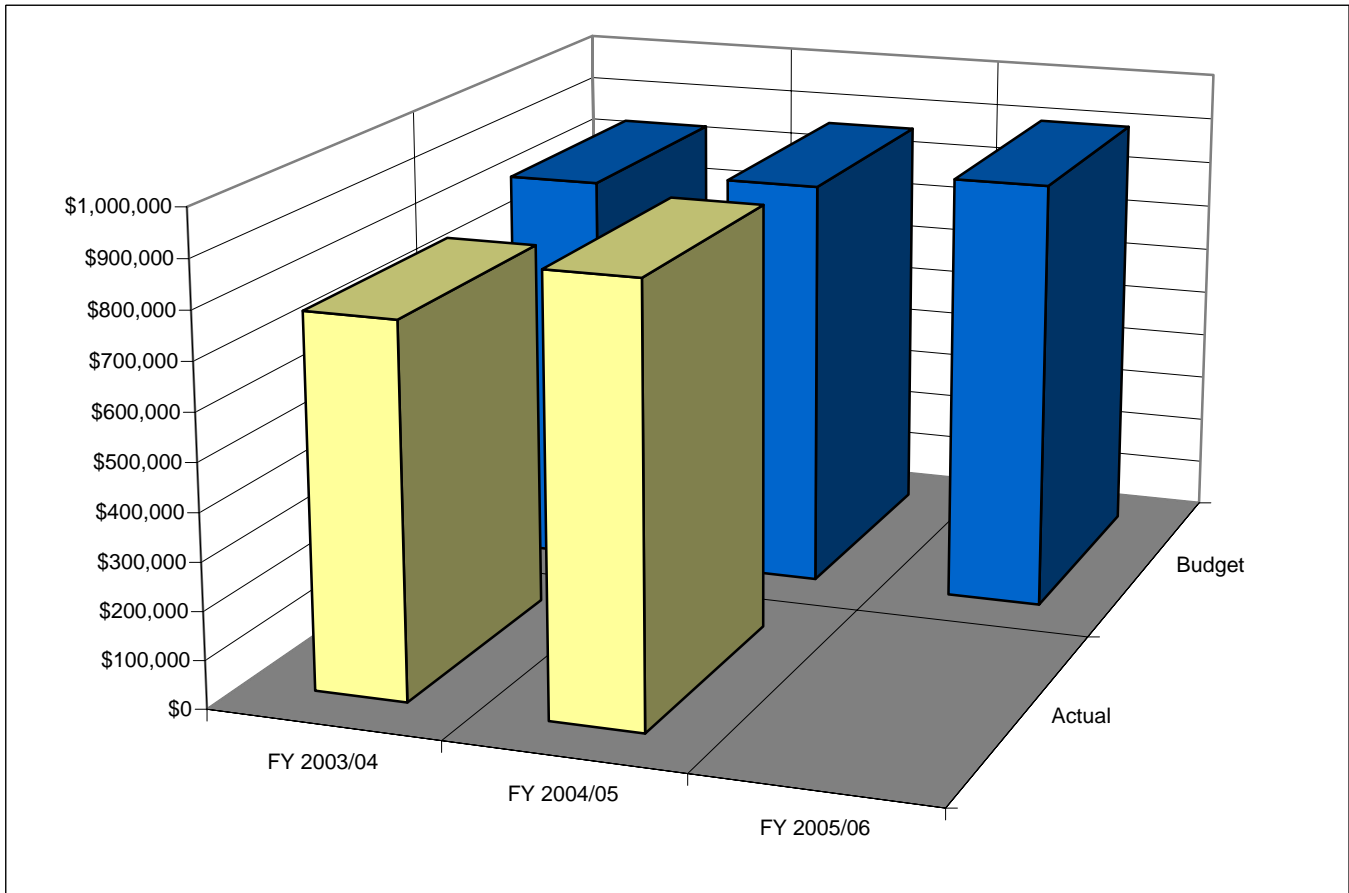
Central Coast Water Authority
Administration Department Operating Expenses
 Fiscal Year 2005/06 Budget

Item	FY 2005/06 Budget
Personnel	\$ 482,591
Office Expenses	17,000
Repairs and Maintenance	27,230
Professional Services	87,600
General and Administrative	121,081
Utilities	23,240
Other Expenses	139,439
Non-Annual Recurring	5,000
TOTAL:	\$ 903,181



Central Coast Water Authority
Administration Department Operating Expenses
 Fiscal Year 2005/06 Budget

Item	FY 2003/04 Budget	FY 2003/04 Actual	FY 2004/05 Budget	FY 2004/05 Estimated Actual	FY 2005/06 Budget
Personnel	\$ 418,052	\$ 412,357	\$ 446,298	\$ 440,730	\$ 482,591
Office Expenses	12,500	14,051	15,500	14,943	17,000
Supplies and Equipment	-	-	-	-	-
Repairs and Maintenance	25,510	25,937	25,510	27,178	27,230
Professional Services	95,520	82,711	97,520	72,276	87,600
General and Administration	132,506	121,169	129,313	120,627	121,081
Utilities	21,800	22,124	23,900	19,645	23,240
Other Expenses	115,694	79,337	121,682	195,031	139,439
Subtotal	\$ 821,582	\$ 757,686	\$ 859,723	\$ 890,431	\$ 898,181
Non-Annual Recurring	\$ 14,400	\$ 14,400	\$ 5,000	\$ 5,000	\$ 5,000
TOTAL:	\$ 835,982	\$ 772,086	\$ 864,723	\$ 895,431	\$ 903,181



Central Coast Water Authority
Administration Department Operating Expenses
 Fiscal Year 2005/06 Administration/O&M Budget

Account Number	Account Name	FY 2003/04 Budget	FY 2003/04 Actual	FY 2004/05 Budget	FY 2004/05 Estimated Actual	FY 2005/06 Budget	Change from FY 2004/05 Budget	Percent Change FY 2004/05 Budget
<u>PERSONNEL EXPENSES</u>								
5000.10	Full-Time Regular Wages	\$ 299,848	\$ 304,742	\$ 314,624	\$ 315,342	\$ 340,803	\$ 26,179	8.32%
1300.60	Capitalized Wages and Overtime	-	-	-	-	-	-	N/A
5000.20	Overtime	3,000	1,365	3,000	-	1,500	(1,500)	-50.00%
5000.40	Standby Pay	-	-	-	-	-	-	N/A
5000.50	Shift Differential Pay	-	-	-	-	-	-	N/A
5100.10	PERS Retirement	46,269	46,137	51,960	51,156	58,277	6,317	12.16%
5100.15	Medicare Taxes	4,522	5,084	4,888	4,880	5,268	380	7.77%
5100.20	Health Insurance	30,842	19,267	22,338	20,363	22,765	427	1.91%
5100.25	Workers' Compensation	2,217	5,135	4,096	7,006	4,708	612	14.95%
5100.30	Vehicle Expenses	6,000	6,225	5,000	7,432	11,400	6,400	128.00%
5100.35	IRC 457-Employer Paid	9,000	9,356	19,500	19,500	21,000	1,500	7.69%
5100.40	Cafeteria Plan Benefits	621	6,124	5,904	7,593	6,327	423	7.17%
5100.45	Dental/Vision Plan	7,125	5,121	5,938	3,308	6,198	260	4.39%
5100.50	Long-Term Disability	1,405	1,687	1,751	1,557	1,719	(33)	-1.87%
5100.55	Life Insurance	954	1,119	1,048	1,171	1,176	128	12.18%
5100.60	Employee Physicals	-	-	-	-	-	-	N/A
5000.30	Temporary Services	5,000	-	5,000	-	-	(5,000)	-100.00%
5100.70	Employee Incentive Programs	1,000	994	1,000	1,421	1,200	200	20.00%
5100.65	Employee Education Reimbursement	250	-	250	-	250	-	0.00%
1300.60	Capitalized Employee Benefits	-	-	-	-	-	-	N/A
Total Personnel Expenses:		418,052	412,357	446,298	440,730	482,591	36,293	8.13%

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Central Coast Water Authority
Administration Department Operating Expenses
 Fiscal Year 2005/06 Administration/O&M Budget

Account Number	Account Name	FY 2003/04 Budget	FY 2003/04 Actual	FY 2004/05 Budget	FY 2004/05 Estimated Actual	FY 2005/06 Budget	Change from FY 2004/05 Budget	Percent Change FY 2004/05 Budget
<u>OFFICE EXPENSES</u>								
5200.20	Office Supplies	9,000	9,590	12,000	11,471	12,000	-	0.00%
5200.30	Miscellaneous Office Expenses	3,500	4,461	3,500	3,473	5,000	1,500	42.86%
Total Office Expenses:		12,500	14,051	15,500	14,943	17,000	1,500	9.68%
<u>SUPPLIES AND EQUIPMENT</u>								
5500.10	Uniform Expenses	-	-	-	-	-	-	N/A
5500.15	Minor Tools and Equipment	-	-	-	-	-	-	N/A
5500.20	Spare Parts	-	-	-	-	-	-	N/A
5500.25	Landscape Equipment and Supplies	-	-	-	-	-	-	N/A
5500.30	Chemicals-Fixed	-	-	-	-	-	-	N/A
5500.31	Chemicals-Variable	-	-	-	-	-	-	N/A
5500.35	Maintenance Supplies/Hardware	-	-	-	-	-	-	N/A
5500.40	Safety Supplies	-	-	-	-	-	-	N/A
5500.45	Fuel and Lubricants	-	-	-	-	-	-	N/A
5500.50	Seed/Erosion Control Supplies	-	-	-	-	-	-	N/A
5500.55	Backflow Prevention Supplies	-	-	-	-	-	-	N/A
Total Supplies and Equipment:		-	-	-	-	-	-	N/A
<u>MONITORING EXPENSES</u>								
5600.10	Lab Supplies	-	-	-	-	-	-	N/A
5600.20	Lab Tools and Equipment	-	-	-	-	-	-	N/A
5600.30	Lab Testing	-	-	-	-	-	-	N/A
Total Monitoring Expenses:		-	-	-	-	-	-	-

Central Coast Water Authority
Administration Department Operating Expenses
 Fiscal Year 2005/06 Administration/O&M Budget

Account Number	Account Name	FY 2003/04 Budget	FY 2003/04 Actual	FY 2004/05 Budget	FY 2004/05 Estimated Actual	FY 2005/06 Budget	Change from FY 2004/05 Budget	Percent Change FY 2004/05 Budget
<u>REPAIRS AND MAINTENANCE</u>								
5700.10	Equipment Repairs and Maintenance	4,150	3,331	4,150	4,462	4,700	550	13.25%
5700.20	Vehicle Repairs and Maintenance	-	-	-	-	-	-	N/A
5700.30	Building Maintenance	18,360	17,432	18,360	20,214	19,530	1,170	6.37%
5700.40	Landscape Maintenance	3,000	5,174	3,000	2,501	3,000	-	0.00%
Total Repairs and Maintenance:		25,510	25,937	25,510	27,178	27,230	1,720	6.74%
<u>PROFESSIONAL SERVICES</u>								
5400.10	Professional Services	19,120	15,759	21,120	8,212	7,200	(13,920)	-65.91%
5400.20	Legal Services	50,000	44,904	50,000	40,039	50,000	-	0.00%
5400.30	Engineering Services	-	-	-	-	-	-	N/A
5400.40	Permits	-	-	-	-	-	-	N/A
5400.50	Non-Contractual Services	3,400	1,321	3,400	1,025	3,400	-	0.00%
5400.60	Accounting Services	23,000	20,726	23,000	23,000	27,000	4,000	17.39%
Total Professional Services:		95,520	82,711	97,520	72,276	87,600	(9,920)	-10.17%
<u>GENERAL AND ADMINISTRATIVE</u>								
5300.10	Meeting and Travel	22,500	21,490	20,500	16,327	24,500	4,000	19.51%
5300.20	Mileage Reimbursement	1,000	748	750	1,171	1,000	250	33.33%
5300.30	Dues and Memberships	94,386	83,101	92,443	92,443	74,671	(17,772)	-19.22%
5300.40	Publications	4,470	3,928	4,470	3,274	4,510	40	0.89%
5300.50	Training	1,500	2,330	1,500	448	2,000	500	33.33%
5300.60	Advertising	750	-	750	330	2,000	1,250	166.67%
5300.70	Printing and Binding	4,000	6,217	5,000	3,222	8,500	3,500	70.00%
5300.80	Postage	3,900	3,356	3,900	3,412	3,900	-	0.00%
Total General and Administrative:		132,506	121,169	129,313	120,627	121,081	(8,232)	-6.37%

Central Coast Water Authority
Administration Department Operating Expenses
 Fiscal Year 2005/06 Administration/O&M Budget

Account Number	Account Name	FY 2003/04 Budget	FY 2003/04 Actual	FY 2004/05 Budget	FY 2004/05 Estimated Actual	FY 2005/06 Budget	Change from FY 2004/05 Budget	Percent Change FY 2004/05 Budget
<u>UTILITIES</u>								
5800.20	Natural Gas	600	232	600	191	540	(60)	-10.00%
5800.30	Electric-Fixed	5,100	5,850	7,200	5,425	6,600	(600)	-8.33%
5800.35	Electric-Variable	-	-	-	-	-	-	N/A
5800.40	Water	1,200	930	1,200	1,098	1,200	-	0.00%
5800.50	Telephone	12,800	13,294	12,800	10,889	12,800	-	0.00%
5800.60	Waste Disposal	2,100	1,819	2,100	2,041	2,100	-	0.00%
Total Utilities:		21,800	22,124	23,900	19,645	23,240	(660)	-2.76%
<u>OTHER EXPENSES</u>								
5900.10	Insurance	13,969	14,285	15,349	14,756	15,742	393	2.56%
5900.30	Non-Capitalized Projects	-	-	-	-	-	-	N/A
5900.40	Equipment Rental	8,876	8,420	8,876	9,502	8,660	(216)	-2.43%
5900.50	Non-Capitalized Equipment	10,000	2,905	10,000	3,211	10,000	-	0.00%
5900.60	Computer Expenses	62,810	53,727	70,600	65,801	87,425	16,825	23.83%
5900.70	Appropriated Contingency	20,039	-	16,857	-	17,611	754	4.48%
Total Other Expenses:		115,694	79,337	121,682	195,031	139,439	17,757	14.59%
TOTAL OPERATING EXPENSES		\$ 821,582	\$ 757,686	\$ 859,723	\$ 839,550	\$ 898,181	\$ 38,458	4.47%

**CENTRAL COAST WATER AUTHORITY
ADMINISTRATION FY 2005/06 BUDGET**

ACCOUNT NUMBER: 5000.10 **ACCOUNT TITLE:** Full-Time Regular Salaries

Description: Funds for the Administration Department regular employees. Includes \$27,687 for the FY 2005/06 salary pool.

FY 05/06 Requested Budget	340,803
FY 04/05 Estimated Actual	315,342
Increase (Decrease)	25,461

ACCOUNT NUMBER: 5000.20 **ACCOUNT TITLE:** Overtime

Description: Overtime expenses for non-exempt Administration employees.

FY 05/06 Requested Budget	1,500
FY 04/05 Estimated Actual	-
Increase (Decrease)	1,500

ACCOUNT NUMBER: 5000.30 **ACCOUNT TITLE:** Temporary Services

Description: Not funded.

FY 05/06 Requested Budget	-
FY 04/05 Estimated Actual	-
Increase (Decrease)	-

ACCOUNT NUMBER: 5100.10 **ACCOUNT TITLE:** PERS Retirement

Description: Funds for the employer and employee portion of PERS retirement system contributions. Based on a 17.1% contribution rate for FY 2005/06.

FY 05/06 Requested Budget	58,277
FY 04/05 Estimated Actual	51,156
Increase (Decrease)	7,121

**CENTRAL COAST WATER AUTHORITY
ADMINISTRATION FY 2005/06 BUDGET**

ACCOUNT NUMBER: 5100.15 **ACCOUNT TITLE:** Medicare

Description: Funds for the employer portion of Medicare taxes for the Administration Department. Amount is equal to 1.45% of regular and overtime wages and employer paid deferred compensation contributions.

FY 05/06 Requested Budget	5,268
FY 04/05 Estimated Actual	4,880
Increase (Decrease)	388

ACCOUNT NUMBER: 5100.20 **ACCOUNT TITLE:** Health Insurance

Description: Funds for the employer provided portion of medical insurance coverage for Administration employees. Budget amount is based on actual medical insurance election for the Administration Department. Includes increase authorized by CCWA Board of Directors in December 2004.

FY 05/06 Requested Budget	22,765
FY 04/05 Estimated Actual	20,363
Increase (Decrease)	2,402

Family: \$ 12,181
Emp+1: \$ 10,517
Emp: \$ 4,472

ACCOUNT NUMBER: 5100.25 **ACCOUNT TITLE:** Workers' Compensation Insurance

Description: Funds for Workers' Compensation insurance for the Administration department. Based on an X-Mod rate of 84%. Based on same premium amounts as FY 2004/05.

FY 05/06 Requested Budget	4,708
FY 04/05 Estimated Actual	7,006
Increase (Decrease)	(2,298)

ACCOUNT NUMBER: 5100.30 **ACCOUNT TITLE:** Vehicle Expenses

Description: Auto allowance for the Executive Director in the amount of \$750 per month and Deputy Director in the amount of \$200 per month.

FY 05/06 Requested Budget	11,400
FY 04/05 Estimated Actual	7,432
Increase (Decrease)	3,968

**CENTRAL COAST WATER AUTHORITY
ADMINISTRATION FY 2005/06 BUDGET**

ACCOUNT NUMBER: 5100.35 **ACCOUNT TITLE:** Deferred Compensation-Employer Paid

Description: Funds for employer paid deferred matching deferred compensation contributions for the

FY 05/06 Requested Budget	21,000
FY 04/05 Estimated Actual	19,500
Increase (Decrease)	1,500

Executive Director and Deputy Director. Executive Director portion is allocated 50% to administration, 25% to the water treatment plant and 25% to the distribution department.

ACCOUNT NUMBER: 5100.40 **ACCOUNT TITLE:** Cafeteria Plan Benefits

Description: Funds for the portion of the cafeteria plan benefits which exceed the premium costs for the Administrative employees based on each employee's benefit election.

FY 05/06 Requested Budget	6,327
FY 04/05 Estimated Actual	7,593
Increase (Decrease)	(1,266)

ACCOUNT NUMBER: 5100.45 **ACCOUNT TITLE:** Dental/Vision Plan

Description: Funds for the self-funded dental/vision plan. The plan provides \$2,610 per year per family for dental and vision expenses. Budgeted amount is \$1,305 per year per employee.

FY 05/06 Requested Budget	6,198
FY 04/05 Estimated Actual	3,308
Increase (Decrease)	2,890

ACCOUNT NUMBER: 5100.50 **ACCOUNT TITLE:** Long-Term Disability Insurance

Description: Funds for premiums paid for long-term disability insurance. Based on a rate of \$0.55 per \$100 of salary.

FY 05/06 Requested Budget	1,719
FY 04/05 Estimated Actual	1,557
Increase (Decrease)	162

**CENTRAL COAST WATER AUTHORITY
ADMINISTRATION FY 2005/06 BUDGET**

ACCOUNT NUMBER: 5100.55 **ACCOUNT TITLE:** Life Insurance

Description: Funds for the employer paid life insurance premiums for each employee. CCWA policy provides life insurance equal to 150% of an employee's annual salary to a maximum of \$100,000.

FY 05/06 Requested Budget	1,176
FY 04/05 Estimated Actual	1,171
Increase (Decrease)	5

ACCOUNT NUMBER: 5100.65 **ACCOUNT TITLE:** Employee Education Reimbursement

Description: Funds for reimbursement of employee educational expenses under the policy established by CCWA.

FY 05/06 Requested Budget	250
FY 04/05 Estimated Actual	-
Increase (Decrease)	250

ACCOUNT NUMBER: 5100.80 **ACCOUNT TITLE:** Employee Incentive Programs

Description: Funds to encourage employee safety through safety awards and incentive programs and the Employee Achievement Awards Program (EAAP).

FY 05/06 Requested Budget	1,200
FY 04/05 Estimated Actual	1,421
Increase (Decrease)	(221)

Safety Program	\$	600
EAAP	\$	600
TOTAL:	\$	1,200

ACCOUNT NUMBER: 5200.20 **ACCOUNT TITLE:** Office Supplies

Description: Funds for Office supplies for the Administration Department. Based on \$1000 per month in office supply expenses.

FY 05/06 Requested Budget	12,000
FY 04/05 Estimated Actual	11,471
Increase (Decrease)	529

**CENTRAL COAST WATER AUTHORITY
ADMINISTRATION FY 2005/06 BUDGET**

ACCOUNT NUMBER: 5200.30 **ACCOUNT TITLE:** Miscellaneous Office Expenses

Description: Funds for miscellaneous expenses such as picture developing, awards, business cards, kitchen supplies and SBB&T monthly bank fees \$125.

FY 05/06 Requested Budget	5,000
FY 04/05 Estimated Actual	3,473
Increase (Decrease)	1,527

ACCOUNT NUMBER: 5300.10 **ACCOUNT TITLE:** Meetings and Travel

Description: Funds for meetings and travel expenses for the Administration Department employees.

FY 05/06 Requested Budget	24,500
FY 04/05 Estimated Actual	16,327
Increase (Decrease)	8,173

\$ 2,500	ACWA Conferences
\$ 18,000	SWC Meetings (\$1,500 per month)
\$ 4,000	Other miscellaneous meetings
\$ 24,500	TOTAL

ACCOUNT NUMBER: 5300.20 **ACCOUNT TITLE:** Mileage Reimbursement

Description: Funds for mileage reimbursement based on the IRS current standard mileage rate.

FY 05/06 Requested Budget	1,000
FY 04/05 Estimated Actual	1,171
Increase (Decrease)	(171)

ACCOUNT NUMBER: 5300.30 **ACCOUNT TITLE:** Dues and Memberships

Description: Funds for professional dues.

FY 05/06 Requested Budget	74,671
FY 04/05 Estimated Actual	92,443
Increase (Decrease)	(17,772)

\$ 9,014	SWC Bay Delta Charges/Urban Account
\$ 28,548	State Water Contractors Dues
\$ 27,110	MWQI Charges for 2005 Calendar Year
\$ 1,000	ACWA
\$ 2,000	SWPCA JPA Allocation
\$ 2,250	Support various water education programs
\$ 4,750	Employee Professional Dues and Misc.
\$ 74,671	TOTAL

**CENTRAL COAST WATER AUTHORITY
ADMINISTRATION FY 2005/06 BUDGET**

ACCOUNT NUMBER: 5300.40 **ACCOUNT TITLE:** Publications

Description: Funds for publications received by CCWA
 \$ 760 News clipping service (\$190 quarterly)
 \$ 2,000 Personnel related subscriptions
 \$ 1,000 Employee professional publications
 \$ 750 Other Publications - General
 \$ 4,510 TOTAL

FY 05/06 Requested Budget	4,510
FY 04/05 Estimated Actual	3,274
Increase (Decrease)	1,236

ACCOUNT NUMBER: 5300.50 **ACCOUNT TITLE:** Training

Description: Funds for training of CCWA personnel.
Does not include educational reimbursement expenses.

FY 05/06 Requested Budget	2,000
FY 04/05 Estimated Actual	448
Increase (Decrease)	1,552

ACCOUNT NUMBER: 5300.60 **ACCOUNT TITLE:** Advertising

Description: Funds for public relations expenses for
CCWA including advertising for open positions and subscription to
"Jobs Available."

FY 05/06 Requested Budget	2,000
FY 04/05 Estimated Actual	330
Increase (Decrease)	1,670

ACCOUNT NUMBER: 5300.70 **ACCOUNT TITLE:** Printing and Binding

Description: Funds for the printing and binding of CCWA
documents including the Board packets, the annual budget, and the
Comprehensive Annual Financial Report (CAFR).

FY 05/06 Requested Budget	8,500
FY 04/05 Estimated Actual	3,222
Increase (Decrease)	5,278

**CENTRAL COAST WATER AUTHORITY
ADMINISTRATION FY 2005/06 BUDGET**

ACCOUNT NUMBER: 5300.80 **ACCOUNT TITLE:** Postage

Description: Funds for all postal and mail expenses.
 \$ 3,000 Postage meter expenses (\$250 per month)
 \$ 900 Overnight and shipping svcs (\$75 per month)
 \$ 3,900 TOTAL

FY 05/06 Requested Budget	3,900
FY 04/05 Estimated Actual	3,412
Increase (Decrease)	488

ACCOUNT NUMBER: 5400.10 **ACCOUNT TITLE:** Professional Services

Description: Funds for miscellaneous consultants and other services.
 Arbitrage/Rebate Calculations-1996 bonds: \$ 3,000
 Administration office alarm system \$ 2,200
 Other services \$ 2,000
 TOTAL: \$ 7,200

FY 05/06 Requested Budget	7,200
FY 04/05 Estimated Actual	8,212
Increase (Decrease)	(1,012)

ACCOUNT NUMBER: 5400.20 **ACCOUNT TITLE:** Legal Services

Description: Funds for CCWA legal services.
 \$ 35,000 Hatch & Parent General Counsel
 \$ 15,000 Sheppard Mullin Personnel Counsel
 \$ 50,000 TOTAL

FY 05/06 Requested Budget	50,000
FY 04/05 Estimated Actual	40,039
Increase (Decrease)	9,961

ACCOUNT NUMBER: 5400.30 **ACCOUNT TITLE:** Engineering Services

Description: Funded in the Water Treatment Plant and Distribution Department budgets.

FY 05/06 Requested Budget	-
FY 04/05 Estimated Actual	-
Increase (Decrease)	-

**CENTRAL COAST WATER AUTHORITY
ADMINISTRATION FY 2005/06 BUDGET**

ACCOUNT NUMBER: 5400.50 **ACCOUNT TITLE:** Non-Contractual Services

Description: Funds for miscellaneous non-contractual services such as the Section 125 plan administration fees and the employee assistance program.

FY 05/06 Requested Budget	3,400
FY 04/05 Estimated Actual	1,025
Increase (Decrease)	2,375

\$	900	IRC 125 Plan administraton fees (\$75 per mo)
\$	1,000	Employee Assistance Program
\$	1,500	Other miscellaneous
\$	3,400	TOTAL

ACCOUNT NUMBER: 5400.60 **ACCOUNT TITLE:** Accounting Services

Description: Funds for the annual audit of the FY 2003/04 Financial Statements and the State Water Contractors audit fees.

FY 05/06 Requested Budget	27,000
FY 04/05 Estimated Actual	23,000
Increase (Decrease)	4,000

\$	13,000	State Water Contractor audit fees
\$	14,000	Auditing FY 2004/05 financial statements
\$	27,000	TOTAL

ACCOUNT NUMBER: 5700.10 **ACCOUNT TITLE:** Equipment Repairs and Maintenance

Description: Funds for repairs to administration office equipment including maintenance agreements.

FY 05/06 Requested Budget	4,700
FY 04/05 Estimated Actual	4,462
Increase (Decrease)	238

\$	2,300	Copier maintenance agreement
\$	2,000	Postage machine, fax, printer agreements
\$	400	Other misc. equipment repairs
\$	4,700	TOTAL

ACCOUNT NUMBER: 5700.30 **ACCOUNT TITLE:** Building Maintenance

Description: Funds for minor repairs to the Administration office building and janitorial services.

FY 05/06 Requested Budget	19,530
FY 04/05 Estimated Actual	20,214
Increase (Decrease)	(684)

\$	780	Monthly Pest Control
\$	12,750	Janitorial services and supplies
\$	3,000	Building repairs
\$	3,000	HVAC quarterly maintenance
\$	19,530	TOTAL

**CENTRAL COAST WATER AUTHORITY
ADMINISTRATION FY 2005/06 BUDGET**

ACCOUNT NUMBER: 5700.40 **ACCOUNT TITLE:** Landscape Maintenance

Description: Funds for landscape maintenance at the Administration office building.

FY 05/06 Requested Budget	3,000
FY 04/05 Estimated Actual	2,501
Increase (Decrease)	499

\$	2,100	Gardener (\$175 per month)
\$	600	Irrigation Water (\$50 per month)
\$	300	Miscellaneous
\$	3,000	TOTAL

ACCOUNT NUMBER: 5800.20 **ACCOUNT TITLE:** Natural Gas

Description: Funds for natural gas service to the Administration building (\$45 per month).

FY 05/06 Requested Budget	540
FY 04/05 Estimated Actual	521
Increase (Decrease)	19

ACCOUNT NUMBER: 5800.30 **ACCOUNT TITLE:** Electric

Description: Funds for electrical service to the Administration building (\$550 per month).

FY 05/06 Requested Budget	6,600
FY 04/05 Estimated Actual	5,425
Increase (Decrease)	1,175

ACCOUNT NUMBER: 5800.40 **ACCOUNT TITLE:** Water and Sewer

Description: Funds for water and sewer service for the Administration building (\$100 per month).

FY 05/06 Requested Budget	1,200
FY 04/05 Estimated Actual	1,098
Increase (Decrease)	102

**CENTRAL COAST WATER AUTHORITY
ADMINISTRATION FY 2005/06 BUDGET**

ACCOUNT NUMBER: 5800.50 **ACCOUNT TITLE:** Telephone

Description: Funds for long distance, local and cellular phone service.

FY 05/06 Requested Budget	12,800	\$	4,500	Long distance (\$375 per month)
FY 04/05 Estimated Actual	10,889	\$	6,900	Local long distance (\$575 per month)
Increase (Decrease)	1,911	\$	1,400	Cell phone airtime (\$140 per month)
		\$	12,800	TOTAL

ACCOUNT NUMBER: 5800.60 **ACCOUNT TITLE:** Waste Disposal

Description: Funds for waste disposal services for the Administration building (\$175 per month).

FY 05/06 Requested Budget	2,100			
FY 04/05 Estimated Actual	2,041			
Increase (Decrease)	59			

ACCOUNT NUMBER: 5900.10 **ACCOUNT TITLE:** Insurance

Description: Funds for insurance related expenses.

FY 05/06 Requested Budget	15,742	\$	1,215	Property and auto insurance based on allocation provided by JPIA
FY 04/05 Estimated Actual	14,756	\$	10,528	General Liability and E&O apportioned by payroll percentages
Increase (Decrease)	987	\$	4,000	Employee fidelity bond
		\$	15,742	TOTAL

ACCOUNT NUMBER: 5900.40 **ACCOUNT TITLE:** Equipment Rental

Description: Funds for rental of equipment.

FY 05/06 Requested Budget	8,660	\$	3,660	Postage meter (\$305 per month)
FY 04/05 Estimated Actual	9,502	\$	4,500	Copier lease (\$375 per month)
Increase (Decrease)	(842)	\$	500	Other
		\$	8,660	TOTAL

**CENTRAL COAST WATER AUTHORITY
ADMINISTRATION FY 2005/06 BUDGET**

ACCOUNT NUMBER: 5900.50 **ACCOUNT TITLE:** Non-Capitalized Equipment

Description: Funds for the purchase of non-capitalized equipment purchases. These equipment purchases are generally under \$5,000 in cost with an estimated useful life under 5 years.

FY 05/06 Requested Budget	10,000
FY 04/05 Estimated Actual	3,211
Increase (Decrease)	6,789

ACCOUNT NUMBER: 5900.60 **ACCOUNT TITLE:** Computer Expenses

Description: Funds for computer expenses including minor software purchases, minor equipment purchases and service contracts.

FY 05/06 Requested Budget	87,425
FY 04/05 Estimated Actual	65,801
Increase (Decrease)	21,624

	\$ 2,000	Silicon Beach (Internet)
	\$ 23,425	Annual service agreements
	\$ 62,000	Compuvision and other computer expenses
	\$ 87,425	TOTAL

ACCOUNT NUMBER: 5900.70 **ACCOUNT TITLE:** Appropriated Contingency

Description: 2.0% of operating expenses

FY 05/06 Requested Budget	17,611
FY 04/05 Estimated Actual	-
Increase (Decrease)	17,611





After nine years as CCWA's Water Treatment Plant Supervisor, Frans Henket retired on May 31, 2005.

Water Treatment Plant Department

The Water Treatment Plant Department receives raw water from DWR and operates and maintains the Polonio Pass Water Treatment Plant. The Department treats the water utilizing full conventional treatment technologies to meet all state and federal potable water standards and performs all chemical and biologic analyses required by the California Department of Health Services and the U.S. Environmental Protection Agency.

Highlights

Department Information

- Number of employees 13.75
- Polonio Pass Water Treatment Plant design capacity 43 million gallons per day
- FY 2005/06 requested water deliveries 37,298 acre-feet

Budget Information

- Total FY 2005/06 O&M Budget \$2,875,874
- Non-Annual Recurring Expense deposits \$ 76,695
- **Total WTP FY 2005/06 Budgeted Expenses \$2,952,568**

- O&M Budget increase over FY 2004/05 \$ 447,916

- Fixed O&M Expenses \$1,994,804
- Variable O&M Expenses \$ 881,070

- FY 2005/06 budgeted chemical cost \$26.00 per acre-foot

Significant Accomplishments During FY 2004/05

- Relined Sludge Pond A.
- Completed an alternative coagulation strategies study which resulted in enhanced coagulation with alum and acid showing the most cost effective methods.

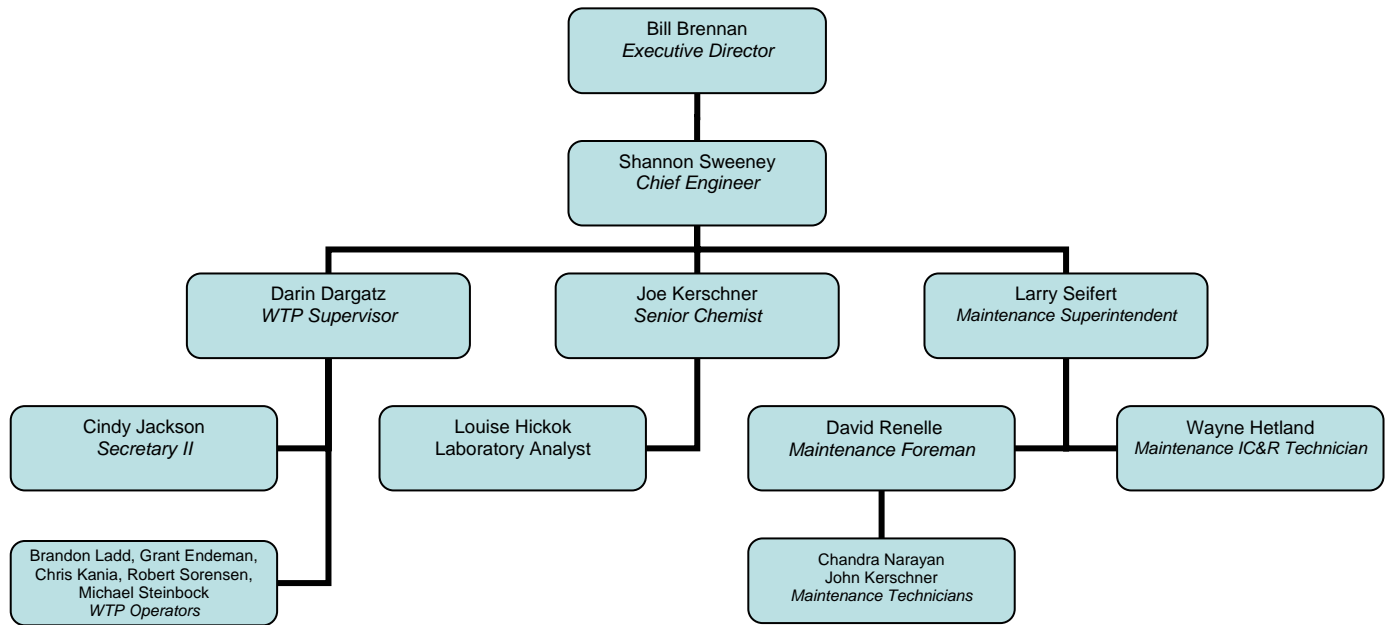
Significant Goals for FY 2005/06

- Coat and protect concrete surfaces in the plant filters, chlorine contact basin and secondary containment areas.
- Assist DWR in removing sediment from the raw water pump station forebays.

Central Coast Water Authority
Water Treatment Plant Department
 Fiscal Year 2005/06 Budget

The Water Treatment Plant Department receives raw water from DWR, operates and maintains the Polonio Pass Water Treatment Plant and performs all chemical and biologic analyses required by the California Department of Health Services.

The Water Treatment Plant Department is supervised by the Water Treatment Plant Supervisor who is responsible for the day-to-day treatment plant operations, maintenance and laboratory functions.



The five (5) Plant Operators operate the treatment plant and monitor the distribution pipeline on a full-time 24 hour per day basis. They place raw water orders to DWR based on system demand, treat the water according to current plant operating parameters, perform water quality analyses, monitor the plant and pipeline Supervisory Control and Data Acquisition (SCADA) system and assist the maintenance and laboratory sections as required.

The Maintenance Superintendent oversees plant maintenance and supervises the Maintenance/IC&R Technician and Maintenance Foreman. Together with available operations staff, they keep the treatment plant in full operation.

The Maintenance Foreman is responsible for the daily plant maintenance and supervises two (2) Maintenance Technicians.

The Senior Chemist and Laboratory Analyst operate the plant laboratory. All analyses required by the Environmental Protection Agency and Department of Health Services or needed for plant process control are either performed in-house or sent to a contract laboratory by the Senior Chemist. The Senior Chemist also submits all federal and state mandated reports, provides laboratory data to project participants, oversees the water

Central Coast Water Authority
Water Treatment Plant Department
 Fiscal Year 2005/06 Budget

sampling program, maintains all laboratory equipment and trains Operations and Maintenance staff in laboratory safety and procedures.

The Maintenance Instrumentation Calibration and Repair Technician repairs instruments and electronics both at the Water Treatment Plant and along the Pipeline.

The following pages list the 2004 accomplishments, performance indicators (“Service Efforts and Accomplishments”) and 2005 goals for the Water Treatment Plant Department.

Each of the following individual departmental goals is tied to the Authority’s Mission Statement and Objectives, which are shown in bold, italics typeface.

2004 ACCOMPLISHMENTS

Goal

Status

<i>To provide San Luis Obispo and Santa Barbara Counties with reliable, high quality supplemental water.</i>

Complete alternative coagulation strategies study. [5/04]

Study completed. Results indicate that enhanced coagulation with alum or with alum and acid remain the most cost effective alternative.

Install protective coating on walls of the chemical containment areas of the WTP. [10/04]

Scope of project reevaluated to include filters and chlorine contact basin. Project to be initiated in 2005.

Automate the WTP chlorine feed system (includes installation of a flow meter on the filtered water effluent line and reprogramming of some computer logic). [10/04]

Flow meter has been purchased and installed 11/04. Logic reprogramming underway.

Line Sludge Pond A. [7/04]

Completed 7/04

<i>Cost effectively operate and maintain our facilities.</i>

Identify and pursue all possible cost saving and quality enhancing opportunities with initial emphasis on taste and odor control, communications, electrical usage, overtime requirements, and revegetation and erosion control. [Ongoing]

Cost effective Taste and Odor Monitoring Program developed for summer 2004. DWR construction trailer demolished and removed 6/04. CCWA staff reviewing methods for cleaning DWR forebays.

Central Coast Water Authority
Water Treatment Plant Department
Fiscal Year 2005/06 Budget

Ensure our water supply meets or exceeds health and safety standards.

Develop a schedule for the replacement of granular activated carbon media in water treatment plant filters. [4/04]	Completed 4/04
Assist project participants in preparing to meet new federal and state water quality regulations. [Ongoing]	Ongoing

Work with the Department of Water Resources and other state, federal and local agencies to achieve our mutual objectives.

Coordinate pipeline and water treatment plant inspections with annual DWR shutdown for Coastal Branch Phase I maintenance. [11/04]	Completed 11/04
--	-----------------

Assist project participants in their efforts to reduce groundwater overdraft.

Identify and pursue approaches to maximize delivery allocation and maintain high water quality consistent with project participants' needs. [Ongoing]	CCWA on DWR storer's track for 2005. CCWA 2005 delivery schedule structured to enhance Article 21 deliveries.
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NEW GOALS FOR CALENDAR YEAR 2005

Cost effectively operate and maintain our facilities.

- Coat and protect concrete surfaces in WTP filters, chlorine contact basin and secondary containment areas. 10/05
- Identify and address Sludge Pond B leakage issues. 8/05
- Identify and implement security enhancements for distribution system. 12/05
- Develop in-house cathodic protection survey methodology. 6/05
- Pursue certification for Instrumentation and Control staff. 12/05
- Replace galvanized piping on Reach 5B/6 AVAR's. [6/05]
- Evaluate pre-oxidation as a method for reducing taste and odor compounds and extending the life of the granular activated carbon. 10/05

Assist project participants in their efforts to reduce groundwater overdraft.

- Assist DWR in removing sediment from raw water pump station forebays.

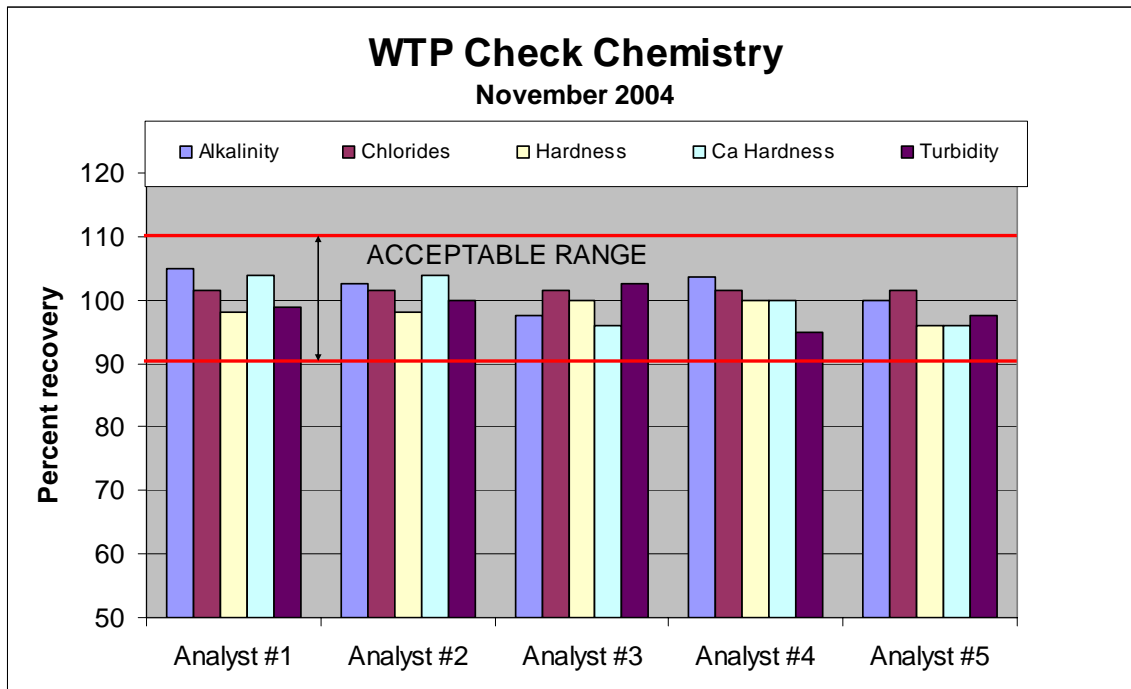
Central Coast Water Authority
Water Treatment Plant Department
 Fiscal Year 2005/06 Budget

WATER TREATMENT PLANT PERFORMANCE MEASURES

The following table shows the number of work orders completed by the Water Treatment Plant personnel during FY 2004/05 for scheduled and unscheduled maintenance and unscheduled repairs.

<i>Water Treatment Plant Performance Measures</i>		FY 2004/05
Activity		Number of Work Orders
<i>Scheduled Maintenance</i>		
Completed		224
Not completed - insufficient staff		79
<i>Unscheduled Maintenance</i>		
Completed		47
<i>Unscheduled Repairs</i>		
Completed		46

The following graph shows the results of “Check Chemistry” tests performed on each of the five Water Treatment Plant Operators to ensure the testing procedures and results are within the acceptable range allowed by various regulatory agencies. The graph shows that each Operator’s testing results were within the acceptable range.



Central Coast Water Authority
Water Treatment Plant Department
 Fiscal Year 2005/06 Budget

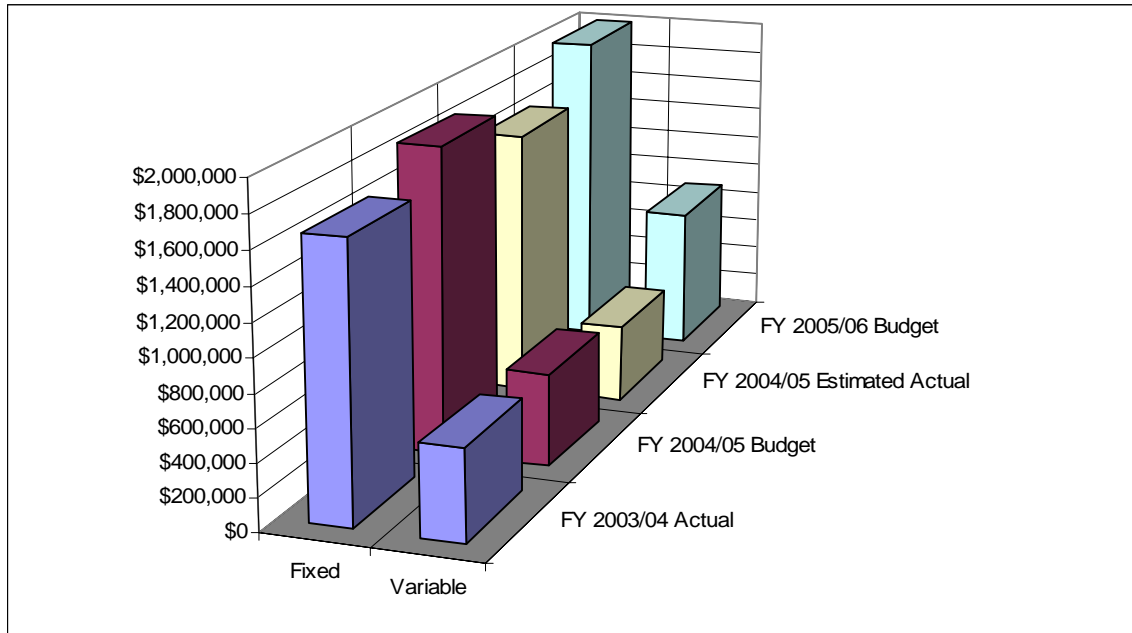
WATER TREATMENT PLANT DEPARTMENT OPERATING EXPENSE OVERVIEW

The expenses associated with operating the Water Treatment Plant are divided into fixed and variable O&M costs.

Fixed O&M Costs are costs of the treatment plant that do not vary with the amount of water processed at the treatment plant. These include personnel costs, professional services, general and administrative costs.

Variable O&M Costs are costs that vary with the amount of water processed at the treatment plant. These costs include chemical and electrical costs.

The following graph shows the allocation of fixed and variable O&M costs at the plant for the fiscal years indicated.



Variable O&M Costs Excluding San Luis Obispo County San Luis Obispo County (SLO) does not pay for costs of dechlorinating water at the Santa Ynez Pumping Facility before the water is discharged into Lake Cachuma.

Allocation of Water Treatment Plant Expenses All project participants pay for fixed costs at the Water Treatment Plant based on their State water Table A allocation.

Central Coast Water Authority
Water Treatment Plant Department
Fiscal Year 2005/06 Budget

Fiscal Year 2005/06 Operating Expense Budget

The FY 2005/06 water treatment plant operating expense budget is \$2,875,874, which is \$447,916 higher than the previous year's budget of \$2,427,958, a 18.45% increase.

The personnel expense section of the Water Treatment Plant budget represents approximately 46% of the budget. Supplies and equipment comprise 31% with other expenses making up the balance of the budget. The variable O&M expenses are included in the supplies and equipment and utilities section of the budget. The chart on page 125 shows the allocation of the various components of the water treatment plant operating expense budget.

Personnel Expenses Total personnel expenses are increasing by about \$81,000 (excluding capitalized salaries and benefits) when compared to the FY 2004/05 budget for the following reasons.

- An increase in full-time regular wages for the FY 2005/06 salary pool allocation of \$59,505 partially offset by lower salaries for new employees in certain positions.
- Standby pay budget increase of about \$13,500 to reflect actual standby pay for Water Treatment Plant Operators and Instrumentation employees.
- PERS cost increase of about \$9,500 for an increase in the contribution rate to 17.10%.
- Health insurance expense increase of approximately \$11,000 for a projected 20% increase effective January 1, 2006.
- Decrease in workers' compensation insurance of about \$12,000 based on an estimated decrease in workers' compensation insurance premiums over the prior year amounts.

Supplies and Equipment Total supplies and equipment expenses for FY 2005/06 are about \$330,896 higher than the previous year primarily due to an increase in chemical expenses to \$26/AF from \$15/AF in FY 2004/05. For the Santa Barbara County South Coast project participants, requested deliveries for chemical expense allocation purposes were revised to accommodate the decrease in State water demand for FY 2005/06 as a result of the significant rainfall received in the fall and winter of 2005.

Other Expenses Other expenses are increasing by approximately \$79,000 primarily due to an increase in expenses for non-capitalized projects. Please refer to the detailed discussion on the Water Treatment Plant non-capitalized projects, later in this section of the budget.

Central Coast Water Authority
Water Treatment Plant Fixed and Variable Cost Per Acre-Foot
 Fiscal Year 2005/06 Budget

Project Participant	FY 2005/06 Requested Deliveries	Variable WTP Cost Per Acre-Foot				
		WTP Variable	WTP Variable Retreatment	WTP Variable Exchange Adjustments	Net WTP Variable Costs	WTP Variable Cost Per AF
Shandon	-	\$ -	\$ -	\$ -	\$ -	\$ -
Chorro Valley	2,384	56,324	-	-	56,324	\$ 23.62
Lopez	1,887	44,563	-	-	44,563	\$ 23.62
Guadalupe	605	14,291	2,339	-	16,630	\$ 27.49
Santa Maria	15,511	366,400	58,257	-	424,657	\$ 27.38
SCWC	550	12,992	2,115	-	15,107	\$ 27.47
VAFB	5,650	133,464	21,229	-	154,693	\$ 27.38
Buellton	636	15,024	2,457	-	17,481	\$ 27.49
Santa Ynez (Solvang)	1,500	35,433	5,785	-	41,218	\$ 27.48
Santa Ynez ⁽¹⁾	3,260	16,535	10,300	60,472	87,307	\$ 26.78
Goleta ⁽²⁾	1,682	61,512	(31,457)	(21,770)	8,284	\$ 4.92
Morehart Land	220	5,197	(4,356)	-	841	\$ 3.82
La Cumbre	920	21,732	(18,378)	-	3,354	\$ 3.65
Raytheon	55	1,299	(1,102)	-	197	\$ 3.58
Santa Barbara ⁽²⁾	(0)	14,527	(11)	(14,513)	3	\$ (6.73)
Montecito ⁽²⁾	1,088	40,203	(20,884)	(14,513)	4,805	\$ 4.42
Carpinteria ⁽²⁾	1,350	41,575	(26,293)	(9,676)	5,606	\$ 4.15
TOTAL:	37,298	\$ 881,070	\$ 0	\$ -	\$ 881,070	\$ 23.62

- (1) Includes Santa Ynez Exchange Agreement delivery requests to Santa Ynez.
 (2) Net of Santa Ynez Exchange deliveries and revised from the October 2004 requests.

Project Participant	Table A Amount	Fixed WTP Cost Per Acre-Foot				Total Fixed WTP Costs	WTP Fixed Cost Per AF
		WTP Fixed	WTP Fixed and Capital Retreatment	Exchange Fixed and Capital Adjustments			
Shandon	100	\$ 4,293	\$ -	\$ -	\$ 4,293	\$ 42.93	
Chorro Valley	2,338	100,367	-	-	100,367	\$ 42.93	
Lopez	2,392	102,685	-	-	102,685	\$ 42.93	
Guadalupe	550	23,611	18,721	-	42,331	\$ 76.97	
Santa Maria	16,200	695,442	551,412	-	1,246,854	\$ 76.97	
SCWC	500	21,464	17,019	-	38,483	\$ 76.97	
VAFB	5,500	236,107	187,208	-	423,315	\$ 76.97	
Buellton	578	24,813	19,674	-	44,487	\$ 76.97	
Santa Ynez (Solvang)	1,500	64,393	51,057	-	115,449	\$ 76.97	
Santa Ynez ⁽³⁾	3,060	131,361	104,156	305,112	540,629	\$ 176.68	
Goleta	4,500	193,178	(303,555)	(109,840)	(220,217)	\$ (48.94)	
Morehart Land	200	8,586	(16,966)	-	(8,380)	\$ (41.90)	
La Cumbre	1,000	42,929	(84,830)	-	(41,901)	\$ (41.90)	
Raytheon	50	2,146	(4,241)	-	(2,095)	\$ (41.90)	
Santa Barbara	3,000	128,786	(202,370)	(73,227)	(146,811)	\$ (48.94)	
Montecito	3,000	128,786	(202,370)	(73,227)	(146,811)	\$ (48.94)	
Carpinteria	2,000	85,857	(134,913)	(48,818)	(97,874)	\$ (48.94)	
TOTAL:	46,468	\$ 1,994,803	\$ 0	\$ -	\$ 1,994,803	\$ 42.93	

- (3) Santa Ynez Table A Amount includes requested exchange deliveries for FY 2005/06.

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Water Treatment Plant Department
 Fiscal Year 2005/06 Budget

Non-Annual Recurring Expenses

As part of the budget process, certain expenses which occur periodically are identified and are charged to the project participants over a number of years to minimize fluctuations in the annual O&M assessments. The assessment of the non-annual recurring expenses (NARES) are charged to the project participants based on the specific expenditures classification (i.e., fixed or variable).

In the year in which the expenditure occurs, the proposed expenditure is allocated to the project participants taking into account the adjustments for the water treatment plant allocation and the exchange agreement. The resulting expenditure is then charged against the deposits made by the project participants over the prior years.

FY 2005/06 Non-Annual Recurring Expenses

The FY 2005/06 water treatment plant non-annual recurring expenses total \$76,695 and are comprised of the following expenses.

- \$8,916 for the replacement of vehicles at the water treatment plant based on the ten-year vehicle replacement schedule.
- \$5,000 for the future replacement of water treatment plant computers.
- \$62,779 for the FY 2005/06 GAC replacement only for those project participants that do not have sufficient NARES deposits to cover the anticipated costs.

The following table shows the allocation of the FY 2005/06 non-annual recurring expenses for the water treatment plant.

FY 2005/06 Non-Annual Recurring Expenses

Project Participant	Entitlement	Percentage	FY 2005/06 Non-Annual Recurring Expenses
Shandon	100	0.23%	\$ 32
Chorro Valley	2,338	5.32%	741
Lopez	2,392	5.45%	758
Guadalupe	550	1.25%	1,460
Santa Maria	16,200	36.90%	48,983
So Cal Water Co.	500	1.14%	158
VAFB	5,500	12.53%	18,138
Buellton	578	1.32%	1,434
Santa Ynez (Solvang)	1,500	3.42%	475
Santa Ynez	500	1.14%	158
Goleta	4,500	10.25%	1,426
Morehart Land	200	0.46%	63
La Cumbre	1,000	2.28%	317
Raytheon (SBRC)	50	0.11%	16
Santa Barbara	3,000	6.83%	951
Montecito	3,000	6.83%	951
Carpinteria	2,000	4.55%	634
TOTAL:	43,908	100.00%	\$ 76,695

Central Coast Water Authority
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FY 2005/06 Granular Activated Carbon (GAC) Replacement

As part of the Authority's on-going efforts to maintain high water quality for its project participants, the GAC in three of the water treatment plant filters is scheduled to be replaced during FY 2005/06. The estimated cost of this project is \$150,000 and will be funded with existing NARES deposits.

The CCWA Board adopted policy for allocation of GAC replacement costs states that GAC replacements will be allocated to the project participants in proportion to the actual water deliveries over the last three fiscal years, including both the variable regional water treatment plant and exchange agreement modifications.

CCWA has previously collected funds for GAC replacements through the NARES deposits, and therefore, no additional funds are required for the FY 2005/06 GAC replacement project.

The following table shows the allocation of the FY 2005/06 GAC replacement costs.

GAC Replacement Allocation

Project Participant	Total Deliveries July 2002 to June 2005 (Est.)	Allocation of GAC Replacement on Delivery Basis	Regional WTP Allocation	Regional WTP Allocation Credit	Exchange Agreement Variable Modifications	Net GAC Replacement Cost
Guadalupe	1,226	\$ 1,813	\$ 473			\$ 2,286
Santa Maria	38,532	56,988	14,272			71,261
SCWC	739	1,093	294			1,387
Vandenberg AFB	12,286	18,171	4,533			22,703
Buellton	1,593	2,356	590			2,946
Santa Ynez (Solvang)	3,274	4,842	1,168			6,010
Santa Ynez	1,458	2,156	3,082		10,479	15,717
Goleta	11,282	16,686	3,928	(13,208)	(3,998)	3,409
Morehart Land	164	243	83	(252)		73
La Cumbre	2,546	3,766	1,069	(3,920)		915
Raytheon (SBRC)	119	176	43	(183)		36
Santa Barbara	5,672	8,389	1,863	(6,113)	(2,516)	1,622
Montecito	6,172	9,128	2,051	(7,080)	(2,327)	1,772
Carpinteria	3,603	5,329	1,149	(3,842)	(1,638)	998
Shandon	-	-	-			-
Chorro Valley	7,006	10,362	-			10,362
Lopez	5,748	8,502	-			8,502
TOTAL:	101,421	\$ 150,000	\$ 34,599	\$ (34,599)	\$ -	\$ 150,000

Central Coast Water Authority
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Non-Capitalized Projects

CCWA operates the Coastal Branch Extension for DWR through an Operations and Maintenance Agreement. Therefore, all expenses associated with the repairs and maintenance of the DWR portion of the Coastal Branch Extension is funded through the CCWA O&M assessments. Additionally, certain portions of the facilities around the Polonio Pass Water Treatment are owned by DWR but also operated and maintained by CCWA such as the access road to the Water Treatment Plant. Since CCWA does not own the DWR facilities, capital related expenditures may not be capitalized as an asset on its books. The account also includes funding for projects on CCWA owned portions of the Water Treatment Plant which are considered extraordinary expenses, but which are not eligible for capitalization.

The following table is a summary of the FY 2005/06 Water Treatment Plant Non-Capitalized Projects.

<i>Non-Capitalized Projects-Reach Specific</i>		
Project Description	Financial Reach	Amount
Consultant services for Factory Link Software Upgrade Project	WTP	\$ 10,500
WTP Road Oiling	WTP	14,175
DWR Forebay Cleaning Project	WTP	64,241
Misc. Coatings Projects at the WTP	WTP	11,550
TOTAL:		\$ 100,466

Central Coast Water Authority
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Description: ***Consultant Services for Factory Link Software Upgrade Project***

Department: Water Treatment Plant

Project Type: Non-Capitalized Project

Expanded Description: Consultant services are necessary to assist staff in upgrading and enhancing the SCADA software system.

Estimated Charge \$ 10,000
Sales Tax \$
Contingency (5%) \$ 500

Total Cost: \$ 10,500

Funding Source: Reach Specific Assessments

Operating Budget Impact: CCWA upgraded to a new version of the SCADA software (older version no longer supported) and will complete the migration this fiscal year.

Description: ***Polonio Pass Water Treatment Plant Road Oiling***

Department: Water Treatment Plant

Project Type: Non-capitalized Project

Expanded Description: Oil the water treatment plant roads.

Estimated Charge \$ 13,500
Sales Tax \$
Contingency (5%) \$ 675

Total Cost: \$ 14,175

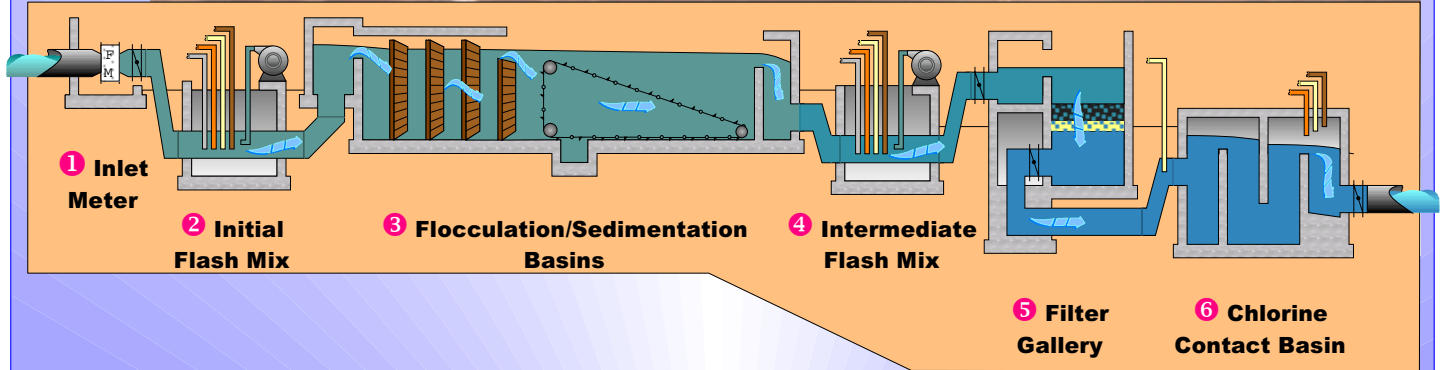
Funding Source: Reach Specific Assessments

Operating Budget Impact: Additional wear will cause loss of aggregate and additional road degradation.

Central Coast Water Authority
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Description:	<i>Department of Water Resources Forebay Cleaning</i>
Department:	Water Treatment Plant
Project Type:	Non-capital Project
Expanded Description:	Removal of built-up sediment in forebays preceding each of Department of Water Resources pumping stations.
Estimated Charge	\$ 60,000
Contingency (5%)	<u>\$ 4,241</u>
Subtotal Excluding CCWA Labor:	\$ 64,241
CCWA Labor	\$18,933
Fringe and Overhead	<u>\$ 9,173</u>
Subtotal:	\$28,106
Total Cost:	\$92,347
Funding Source:	Reach Specific Assessments
Operating Budget Impact:	Removal of sediment may result in reduction of taste and odor compound and ammonia concentrations in raw water.

Description:	<i>Miscellaneous Coatings Projects at Polonio Pass Water Treatment Plant</i>
Department:	Water Treatment Plant
Project Type:	Non-capitalized Project
Expanded Description:	Coat various treatment plant components.
Estimated Charge	\$ 11,000
Sales Tax	\$
Contingency (5%)	<u>\$ 550</u>
Total Cost:	\$ 11,550
Funding Source:	Reach specific Assessments
Operating Budget Impact:	Protection of steel components against further corrosion will extend the life of these components.



Polonio Pass Water Treatment Plant

Central Coast Water Authority

Central Coast Water Authority
Personnel Services Summary
Water Treatment Plant Department
Fiscal Year 2005/06 Budget

PERSONNEL COUNT SUMMARY					
Position Title	Number Auth. FY 2003/04	Number Auth. FY 2004/05	Number Requested FY 2005/06	Change Over FY 2003/04	Change Over FY 2004/05
Executive Director ⁽¹⁾	0.25	0.25	0.25	-	-
Operations Manager	-	-	-	-	-
Chief Engineer ⁽²⁾	0.20	0.20	0.35	0.15	0.15
WTP Supervisor	1.00	1.00	1.00	-	-
Maintenance Superintendent ⁽³⁾	0.80	0.80	0.60	(0.20)	(0.20)
Maintenance Foreman	-	1.00	1.00	1.00	-
Regulatory Specialist ⁽⁴⁾	0.25	0.25	0.25	-	-
Senior Chemist	1.00	1.00	1.00	-	-
Maintenance Technician	2.00	2.00	2.00	-	-
Maintenance/IC&R Technician	0.70	0.70	0.80	0.10	0.10
WTP Operators	5.00	5.00	5.00	-	-
Lab Analyst	0.75	0.75	0.75	-	-
Secretary II	0.75	0.75	0.75	-	-
TOTAL:	12.70	13.70	13.75	1.05	0.05

PERSONNEL WAGE SUMMARY				
Position Title	Position Classification	Minimum Monthly Salary	Maximum Monthly Salary	FY 2004/05 Current Salary
Executive Director ⁽¹⁾	N/A	N/A	N/A	\$ 31,851
Chief Engineer ⁽²⁾	25	\$ 7,454	\$ 9,094	\$ 33,950
WTP Supervisor	20	\$ 5,734	\$ 6,996	\$ 65,000
Maintenance Superintendent ⁽³⁾	20	\$ 5,734	\$ 6,996	\$ 45,300
Maintenance Foreman	16	\$ 4,648	\$ 5,671	\$ 60,000
Regulatory Specialist ⁽⁴⁾	18	\$ 5,163	\$ 6,299	\$ 16,250
Senior Chemist	18	\$ 5,163	\$ 6,299	\$ 67,500
Maintenance Technicians	14	\$ 4,184	\$ 5,105	\$ 104,181
Maintenance/IC&R Technician	15	\$ 4,410	\$ 5,381	\$ 47,000
WTP Operators	14	\$ 4,184	\$ 5,105	\$ 266,912
Lab Analyst	11	\$ 3,609	\$ 4,403	\$ 27,032
Secretary II	10	\$ 3,424	\$ 4,178	\$ 29,500
FY 2005/06 Salary Pool				\$ 59,505
TOTAL:				\$ 853,982

(1) The Executive Director is allocated to Administration (50%), Water Treatment Plant (25%) and Distribution (25%).

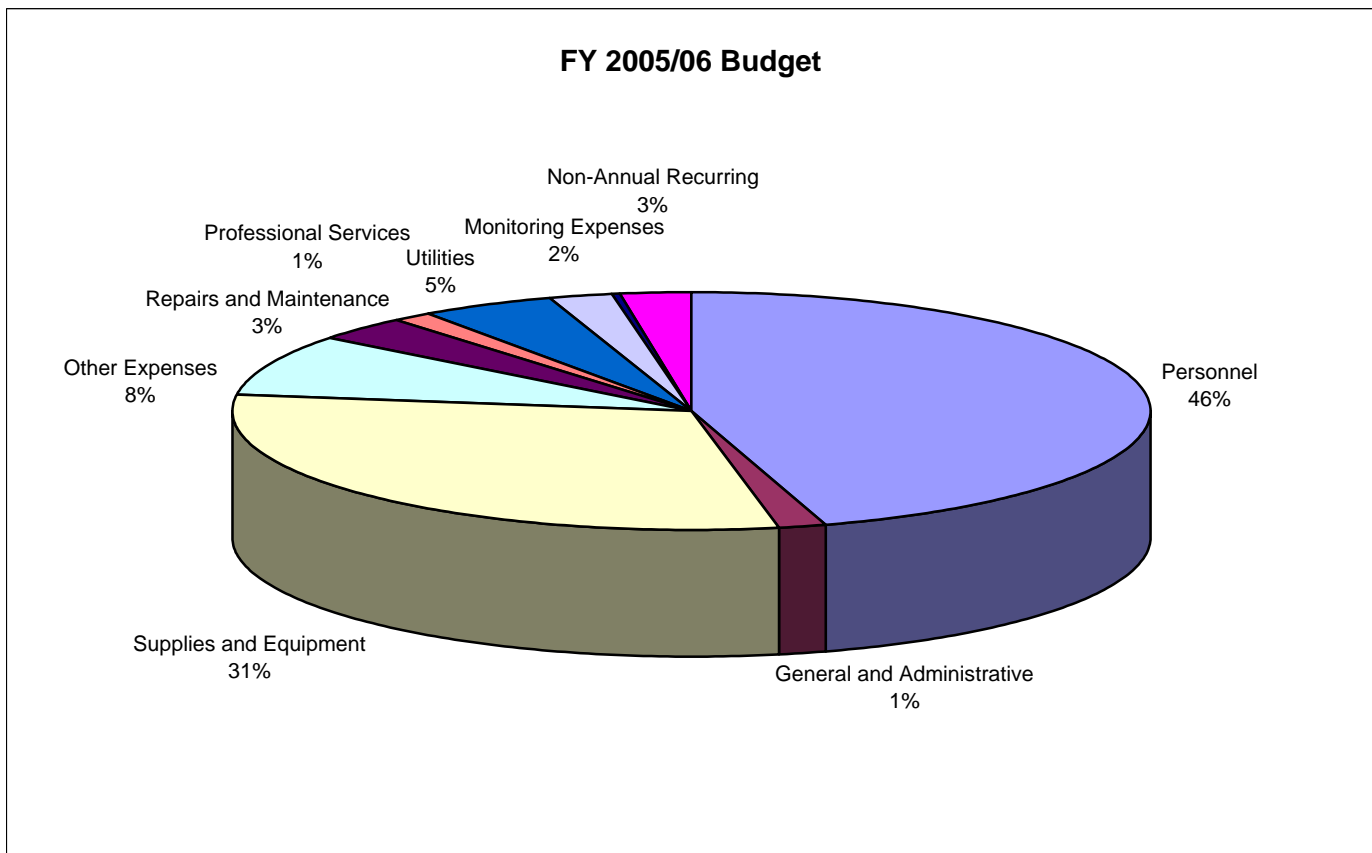
(2) The Chief Engineer is allocated to Administration (25%), Water Treatment Plant (35%) and Distribution (40%).

(3) The Maintenance Superintendent is allocated to Water Treatment Plant (60%) and Distribution (40%).

(4) The Regulatory Specialist is allocated to Water Treatment Plant (25%) and Distribution (75%).

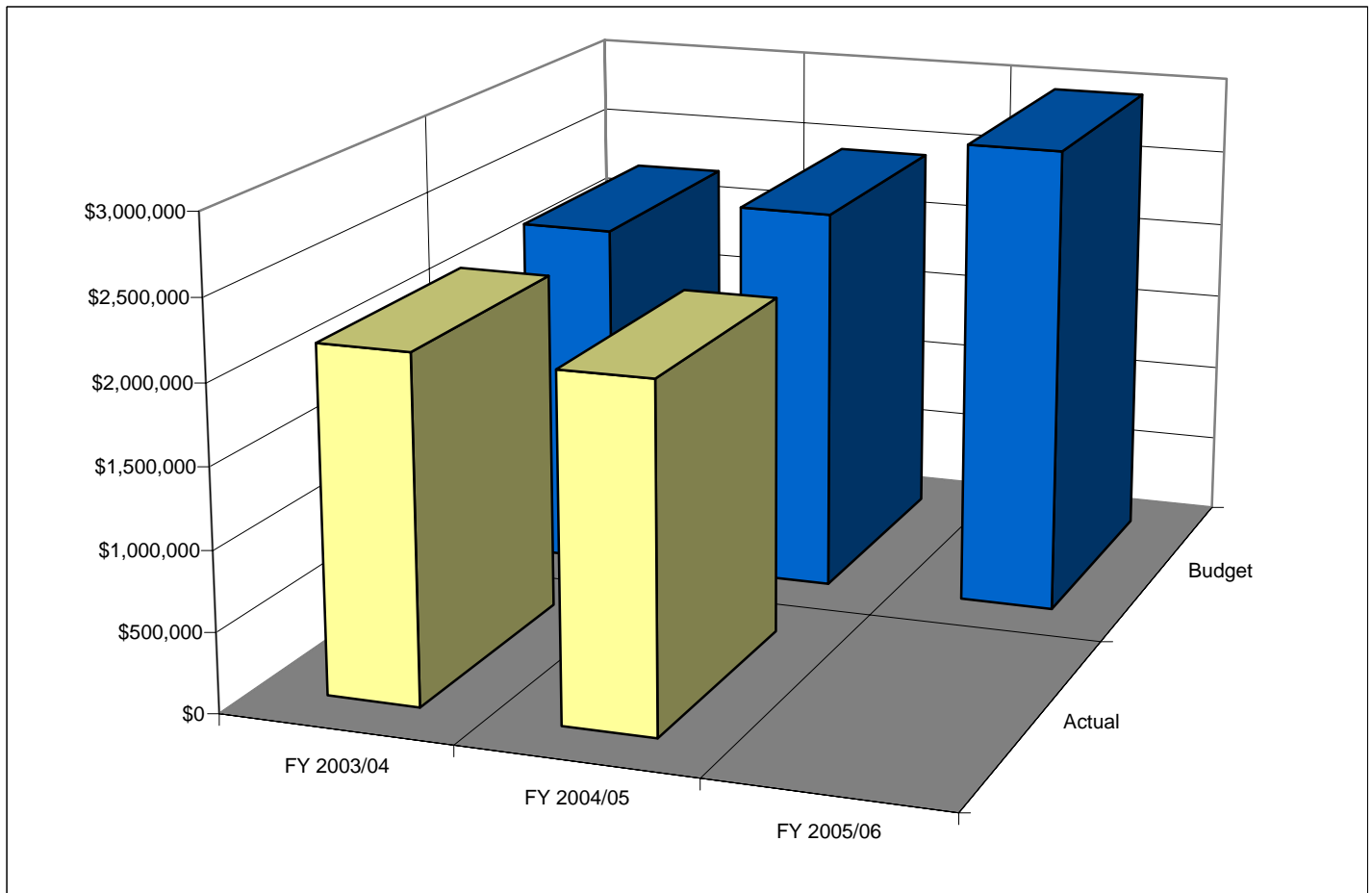
Central Coast Water Authority
Water Treatment Plant Department Operating Expenses
 Fiscal Year 2005/06 Budget

Item	FY 2005/06 Budget
Personnel	\$ 1,339,430
Office Expenses	5,400
Supplies and Equipment	895,195
Monitoring Expenses	68,700
Repairs and Maintenance	98,200
Professional Services	37,200
General and Administrative	43,850
Utilities	138,000
Other Expenses	249,898
Non-Annual Recurring	76,695
TOTAL:	\$ 2,952,568



Central Coast Water Authority
Water Treatment Plant Department Operating Expenses
 Fiscal Year 2005/06 Budget

Item	FY 2003/04 Budget	FY 2003/04 Actual	FY 2004/05 Budget	FY 2004/05 Estimated Actual	FY 2005/06 Budget
Personnel	\$ 1,123,272	\$ 1,154,710	\$ 1,308,783	\$ 1,211,070	\$ 1,339,430
Office Expenses	4,800	4,742	4,800	4,181	5,400
Supplies and Equipment	565,179	448,394	564,209	483,411	895,195
Monitoring Expenses	73,000	52,558	71,000	59,052	68,700
Repairs and Maintenance	92,200	99,814	92,000	79,107	98,200
Professional Services	40,000	23,277	35,000	17,241	37,200
General and Administrative	35,000	30,349	43,500	45,466	43,850
Utilities	122,250	152,988	138,000	139,482	138,000
Other Expenses	151,520	171,084	170,666	78,743	249,898
Subtotal	\$ 2,207,220	\$ 2,137,916	\$ 2,427,958	\$ 2,117,752	\$ 2,875,874
Non-Annual Recurring	\$ 12,633	\$ 12,633	\$ 13,916	\$ 13,916	\$ 76,695
TOTAL:	\$ 2,219,853	\$ 2,150,549	\$ 2,441,874	\$ 2,131,668	\$ 2,952,568



Central Coast Water Authority
Water Treatment Plant Department Operating Expenses
 Fiscal Year 2005/06 Administration/O&M Budget

Account Number	Account Name	FY 2003/04 Budget	FY 2003/04 Actual	FY 2004/05 Budget	FY 2004/05 Estimated Actual	FY 2005/06 Budget	Change from FY 2004/05 Budget	Percent Change FY 2004/05 Budget
<u>PERSONNEL EXPENSES</u>								
5000.10	Full-Time Regular Wages	\$ 738,971	\$ 751,694	\$ 828,496	\$ 786,469	\$ 853,982	\$ 25,485	3.08%
1300.60	Capitalized Wages and Overtime	-	(10,209)	-	(24,453)	(15,244)	(15,244)	N/A
5000.20	Overtime	36,949	37,611	41,425	41,177	42,699	1,274	3.08%
5000.40	Standby Pay	10,512	26,601	12,352	20,229	25,842	13,490	109.22%
5000.50	Shift Differential Pay	11,500	11,105	11,500	11,428	11,500	-	0.00%
5000.10	PERS Retirement	112,329	114,187	134,841	122,943	144,423	9,583	7.11%
5100.15	Medicare Taxes	11,614	12,389	13,007	12,150	13,594	587	4.51%
5100.20	Health Insurance	121,191	112,334	146,414	125,579	158,026	11,612	7.93%
5100.25	Workers' Compensation	33,822	41,035	66,594	57,087	54,827	(11,766)	-17.67%
5100.30	Vehicle Expenses	-	-	-	-	-	-	N/A
5100.35	IRC 457-Employer Paid	1,500	2,502	3,250	1,500	3,500	250	7.69%
5100.40	Cafeteria Plan Benefits	9,367	13,500	17,585	20,295	18,020	435	2.47%
5100.45	Dental/Vision Plan	19,800	18,072	17,750	15,185	18,594	844	4.75%
5100.50	Long-Term Disability	4,160	4,784	4,663	4,933	4,334	(329)	-7.06%
5100.55	Life Insurance	3,008	3,522	3,357	4,389	3,514	157	4.68%
5100.60	Employee Physicals	1,650	1,036	1,950	540	750	(1,200)	-61.54%
5000.30	Temporary Services	3,500	6,948	2,000	-	5,000	3,000	150.00%
5100.70	Employee Incentive Programs	2,400	2,477	2,600	2,116	2,600	-	0.00%
5100.65	Employee Education Reimbursement	1,000	-	1,000	-	1,000	-	0.00%
1300.60	Capitalized Employee Benefits	-	5,121	-	9,503	(7,530)	(7,530)	N/A
Total Personnel Expenses:		1,123,272	1,154,710	1,308,783	1,211,070	1,339,430	30,647	2.34%

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Central Coast Water Authority
Water Treatment Plant Department Operating Expenses
 Fiscal Year 2005/06 Administration/O&M Budget

Account Number	Account Name	FY 2003/04 Budget	FY 2003/04 Actual	FY 2004/05 Budget	FY 2004/05 Estimated Actual	FY 2005/06 Budget	Change from FY 2004/05 Budget	Percent Change FY 2004/05 Budget
<u>OFFICE EXPENSES</u>								
5200.20	Office Supplies	3,000	2,507	3,000	2,283	3,000	-	0.00%
5200.30	Miscellaneous Office Expenses	1,800	2,235	1,800	1,898	2,400	600	33.33%
Total Office Expenses:		4,800	4,742	4,800	4,181	5,400	600	12.50%
<u>SUPPLIES AND EQUIPMENT</u>								
5500.10	Uniform Expenses	6,709	5,770	6,709	7,036	8,125	1,416	21.11%
5500.15	Minor Tools and Equipment	4,000	4,549	4,000	5,340	5,000	1,000	25.00%
5500.20	Spare Parts	-	-	-	-	-	-	N/A
5500.25	Landscape Equipment and Supplies	1,000	662	1,000	1,012	1,000	-	0.00%
5500.30	Chemicals-Fixed	-	-	-	-	-	-	N/A
5500.31	Chemicals-Variable	530,470	411,245	527,000	439,007	855,070	328,070	62.25%
5500.35	Maintenance Supplies/Hardware	10,000	10,621	10,000	13,556	10,000	-	0.00%
5500.40	Safety Supplies	3,000	3,753	3,500	3,685	3,500	-	0.00%
5500.45	Fuel and Lubricants	10,000	11,795	12,000	13,776	12,500	500	4.17%
5500.50	Seed/Erosion Control Supplies	-	-	-	-	-	-	N/A
5500.55	Backflow Prevention Supplies	-	-	-	-	-	-	N/A
Total Supplies and Equipment:		565,179	448,394	564,209	483,411	895,195	330,986	58.66%
<u>MONITORING EXPENSES</u>								
5600.10	Lab Supplies	35,000	29,186	35,000	39,972	37,500	2,500	7.14%
5600.20	Lab Tools and Equipment	10,000	3,504	8,000	2,300	5,000	(3,000)	-37.50%
5600.30	Lab Testing	28,000	19,868	28,000	16,780	26,200	(1,800)	-6.43%
Total Monitoring Expenses:		73,000	52,558	71,000	59,052	68,700	(2,300)	-3.24%

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Central Coast Water Authority
Water Treatment Plant Department Operating Expenses
 Fiscal Year 2005/06 Administration/O&M Budget

Account Number	Account Name	FY 2003/04 Budget	FY 2003/04 Actual	FY 2004/05 Budget	FY 2004/05 Estimated Actual	FY 2005/06 Budget	Change from FY 2004/05 Budget	Percent Change FY 2004/05 Budget
<u>REPAIRS AND MAINTENANCE</u>								
5700.10	Equipment Repairs and Maintenance	70,000	74,965	70,000	53,587	70,000	-	0.00%
5700.20	Vehicle Repairs and Maintenance	4,000	2,507	3,000	5,974	5,000	2,000	66.67%
5700.30	Building Maintenance	14,200	18,561	15,000	15,855	19,200	4,200	28.00%
5700.40	Landscape Maintenance	4,000	3,782	4,000	3,692	4,000	-	0.00%
Total Repairs and Maintenance:		92,200	99,814	92,000	79,107	98,200	6,200	6.74%
<u>PROFESSIONAL SERVICES</u>								
5400.10	Professional Services	12,000	6,328	12,000	4,406	16,300	4,300	35.83%
5400.20	Legal Services	-	(100)	-	-	-	-	N/A
5400.30	Engineering Services	10,000	1,762	5,000	-	5,000	-	0.00%
5400.40	Permits	8,500	13,532	8,500	8,445	15,900	7,400	87.06%
5400.50	Non-Contractual Services	9,500	1,756	9,500	4,390	-	(9,500)	-100.00%
5400.60	Accounting Services	-	-	-	-	-	-	N/A
Total Professional Services:		40,000	23,277	35,000	17,241	37,200	2,200	6.29%
<u>GENERAL AND ADMINISTRATIVE</u>								
5300.10	Meeting and Travel	10,000	10,165	10,000	15,489	11,000	1,000	10.00%
5300.20	Mileage Reimbursement	500	520	500	341	600	100	20.00%
5300.30	Dues and Memberships	10,000	9,353	15,000	17,434	11,000	(4,000)	-26.67%
5300.40	Publications	1,000	493	1,000	946	1,000	-	0.00%
5300.50	Training	11,000	3,848	12,000	3,527	13,750	1,750	14.58%
5300.60	Advertising	500	2,239	1,000	3,182	2,000	1,000	100.00%
5300.70	Printing and Binding	-	-	-	-	-	-	N/A
5300.80	Postage	2,000	3,731	4,000	4,546	4,500	500	12.50%
Total General and Administrative:		35,000	30,349	43,500	45,466	43,850	350	0.80%

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Central Coast Water Authority
Water Treatment Plant Department Operating Expenses
 Fiscal Year 2005/06 Administration/O&M Budget

Account Number	Account Name	FY 2003/04 Budget	FY 2003/04 Actual	FY 2004/05 Budget	FY 2004/05 Estimated Actual	FY 2005/06 Budget	Change from FY 2004/05 Budget	Percent Change FY 2004/05 Budget
<u>UTILITIES</u>								
5800.20	Natural Gas	4,000	2,945	4,000	3,489	4,000	-	0.00%
5800.30	Electric-Fixed	85,000	110,120	96,000	99,557	96,000	-	0.00%
5800.35	Electric-Variable	21,250	27,530	26,000	24,889	26,000	-	0.00%
5800.40	Water	-	-	-	-	-	-	N/A
5800.50	Telephone	9,500	10,248	9,500	8,717	9,500	-	0.00%
5800.60	Waste Disposal	2,500	2,144	2,500	2,831	2,500	-	0.00%
Total Utilities:		122,250	152,988	138,000	139,482	138,000	-	0.00%
<u>OTHER EXPENSES</u>								
5900.10	Insurance	52,091	46,144	58,599	58,599	58,292	(307)	-0.52%
5900.30	Non-Capitalized Projects	24,150	78,072	33,460	4,362	100,466	67,006	200.26%
5900.40	Equipment Rental	12,000	18,627	15,000	2,789	15,000	-	0.00%
5900.50	Non-Capitalized Equipment	12,000	14,817	10,000	2,993	10,000	-	0.00%
5900.60	Computer Expenses	8,000	13,423	6,000	10,000	9,750	3,750	62.50%
5900.70	Appropriated Contingency	43,279	-	47,607	-	56,390	8,783	18.45%
Total Other Expenses:		151,520	171,084	170,666	78,743	249,898	79,232	46.43%
TOTAL OPERATING EXPENSES		\$ 2,207,220	\$ 2,137,916	\$ 2,427,958	\$ 2,117,752	\$ 2,875,874	\$ 447,916	18.45%

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**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2005/06 BUDGET**

ACCOUNT NUMBER: 5000.10

ACCOUNT TITLE: Full-Time Regular Salaries

Description: Funds for the WTP staff including one additional position of WTP Maintenance Foreman. Includes \$59,505 for the FY 2005/06 salary pool.

FY 05/06 Requested Budget	853,982
FY 04/05 Estimated Actual	786,469
Increase (Decrease)	67,513

ACCOUNT NUMBER: 5000.20

ACCOUNT TITLE: Overtime

Description: Funds for overtime expenses for non-exempt WTP employees. Overtime is set at 5% of salaries.

FY 05/06 Requested Budget	42,699
FY 04/05 Estimated Actual	41,177
Increase (Decrease)	1,522

ACCOUNT NUMBER: 1300.60

ACCOUNT TITLE: Capitalized Salaries and Overtime

Description: CCWA employee salaries and overtime capitalized as a component of capital projects constructed or acquired by CCWA.

FY 05/06 Requested Budget	(15,244)
FY 04/05 Estimated Actual	(24,453)
Increase (Decrease)	9,208

ACCOUNT NUMBER: 5000.30

ACCOUNT TITLE: Temporary Services

Description: Temporary services for the Water Treatment Plant Department.

FY 05/06 Requested Budget	5,000
FY 04/05 Estimated Actual	-
Increase (Decrease)	5,000

\$ 5,000 Maintenance support
\$ 5,000 TOTAL

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2005/06 BUDGET**

ACCOUNT NUMBER: 5000.40

ACCOUNT TITLE: Stand-by Pay

Description: Funds for stand-by pay for one employee assigned to stand-by duty on a 24-hour basis. Based on \$1.37 per hour (5% of average hourly rate) for 8,760 hours for WTP operator and \$1.58 per hour for Instrumentation and Control employee stand-by pay.

FY 05/06 Requested Budget	25,842
FY 04/05 Estimated Actual	20,229
Increase (Decrease)	5,613

ACCOUNT NUMBER: 5000.50

ACCOUNT TITLE: Shift Differential Pay

Description: Funds for shift employee pay.

FY 05/06 Requested Budget	11,500
FY 04/05 Estimated Actual	11,428
Increase (Decrease)	72

ACCOUNT NUMBER: 5100.10

ACCOUNT TITLE: PERS Retirement

Description: Funds for the employer and employee portion of PERS retirement system contributions. Based on a 17.1% contribution rate for FY 2005/06.

FY 05/06 Requested Budget	144,423
FY 04/05 Estimated Actual	122,943
Increase (Decrease)	21,480

ACCOUNT NUMBER: 5100.15

ACCOUNT TITLE: Medicare

Description: Funds for the employer portion of Medicare taxes for the WTP department. Amount is equal to 1.45% of all wages and salaries.

FY 05/06 Requested Budget	13,594
FY 04/05 Estimated Actual	12,150
Increase (Decrease)	1,444

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2005/06 BUDGET**

ACCOUNT NUMBER: 5100.20

ACCOUNT TITLE: Health Insurance

Description: Funds for the employer provided portion of medical insurance coverage for WTP employees. Amount is based on the Cafeteria plan elections for each employee.

FY 05/06 Requested Budget	158,026
FY 04/05 Estimated Actual	125,579
Increase (Decrease)	32,447

Family: \$ 12,181
Emp+1: \$ 10,517
Emp: \$ 4,472

ACCOUNT NUMBER: 5100.25

ACCOUNT TITLE: Workers' Compensation Insurance

Description: Funds for Workers' Compensation insurance for the WTP department. Based on an X-Mod rate of 84%. Based on same premium amounts as FY 2004/05.

FY 05/06 Requested Budget	54,827
FY 04/05 Estimated Actual	57,087
Increase (Decrease)	(2,260)

ACCOUNT NUMBER: 5100.35

ACCOUNT TITLE: Employer Paid Deferred Compensation

Description: Employer paid deferred compensation contributions for the Executive Director.

FY 05/06 Requested Budget	3,500
FY 04/05 Estimated Actual	1,500
Increase (Decrease)	2,000

ACCOUNT NUMBER: 5100.40

ACCOUNT TITLE: Cafeteria Plan Benefits

Description: Funds for the portion of the cafeteria plan benefits which exceed the premium costs for the employees based on each employee's benefit election.

FY 05/06 Requested Budget	18,020
FY 04/05 Estimated Actual	20,295
Increase (Decrease)	(2,275)

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2005/06 BUDGET**

ACCOUNT NUMBER: 5100.45

ACCOUNT TITLE: Dental/Vision Plan

Description: Funds for the self-funded dental/vision plan. The plan provides \$2,610 per year per family for dental and vision expenses. Budgeted amount is \$1,305 per year per employee.

FY 05/06 Requested Budget	18,594
FY 04/05 Estimated Actual	15,185
Increase (Decrease)	3,409

ACCOUNT NUMBER: 5100.50

ACCOUNT TITLE: Long-Term Disability

Description: Funds for premiums paid for long-term disability insurance. Based on a rate of \$0.55 per \$100 of salary.

FY 05/06 Requested Budget	4,334
FY 04/05 Estimated Actual	4,933
Increase (Decrease)	(599)

ACCOUNT NUMBER: 5100.55

ACCOUNT TITLE: Life Insurance

Description: Funds for the employer paid life insurance premiums for each employee. CCWA policy provides life insurance equal to 150% of an employee's annual salary to a maximum of \$100,000.

FY 05/06 Requested Budget	3,514
FY 04/05 Estimated Actual	4,389
Increase (Decrease)	(875)

ACCOUNT NUMBER: 5100.60

ACCOUNT TITLE: Employee Physicals

Description: Funds for employee physicals paid by CCWA, including DOT, pre-employment, and respiratory evaluation.

FY 05/06 Requested Budget	750
FY 04/05 Estimated Actual	540
Increase (Decrease)	210

\$ 750 5 physicals @ \$150 each

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2005/06 BUDGET**

ACCOUNT NUMBER: 5100.65

ACCOUNT TITLE: Employee Education Reimbursement

Description: Funds for reimbursement of employee education expenses under the policy established by CCWA. Employees will be taking welding, electrical/electronics and laboratory classes.

FY 05/06 Requested Budget	1,000
FY 04/05 Estimated Actual	-
Increase (Decrease)	1,000

ACCOUNT NUMBER: 5100.80

ACCOUNT TITLE: Employee Incentive Programs

Description: Funds to encourage employee safety through safety awards and incentive programs and the Employee Achievement Awards Program (EAAP).

FY 05/06 Requested Budget	2,600
FY 04/05 Estimated Actual	2,116
Increase (Decrease)	484

Safety Program	\$	1,300
EAAP		1,300
TOTAL:	\$	2,600

ACCOUNT NUMBER: 1300.60

ACCOUNT TITLE: Capitalized Employee Benefits

Description: CCWA employee benefits capitalized as a component of capital projects constructed or acquired by CCWA.

FY 05/06 Requested Budget	(7,530)
FY 04/05 Estimated Actual	9,503
Increase (Decrease)	(17,033)

ACCOUNT NUMBER: 5200.20

ACCOUNT TITLE: Office Supplies

Description: Funds for office supplies for the WTP. Based on \$250 per month in office supply expenses.

FY 05/06 Requested Budget	3,000
FY 04/05 Estimated Actual	2,283
Increase (Decrease)	717

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2005/06 BUDGET**

ACCOUNT NUMBER: 5200.30

ACCOUNT TITLE: Miscellaneous Office Expenses

Description: Funds for miscellaneous expenses associated with CCWA. This includes picture developing, awards, business cards, water system, kitchen supplies, etc., estimated at \$200 per month.

FY 05/06 Requested Budget	2,400
FY 04/05 Estimated Actual	1,898
Increase (Decrease)	502

ACCOUNT NUMBER: 5300.10

ACCOUNT TITLE: Meetings and Travel

Description: Funds for WTP employee meetings and travel expenses. Includes State Water Contractor travel for Executive Director and Chief Engineer.

FY 05/06 Requested Budget	11,000
FY 04/05 Estimated Actual	15,489
Increase (Decrease)	(4,489)

ACCOUNT NUMBER: 5300.20

ACCOUNT TITLE: Mileage Reimbursement

Description: Funds for reimbursement to employees for mileage expenses.

FY 05/06 Requested Budget	600
FY 04/05 Estimated Actual	341
Increase (Decrease)	259

ACCOUNT NUMBER: 5300.30

ACCOUNT TITLE: Dues and Memberships

Description: Funds for professional dues.

Includes AWWA Research Foundation dues of \$8,500

FY 05/06 Requested Budget	11,000
FY 04/05 Estimated Actual	17,434
Increase (Decrease)	(6,434)

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2005/06 BUDGET**

ACCOUNT NUMBER: 5300.40

ACCOUNT TITLE: Publications

Description: Funds for publications received by the WTP.

FY 05/06 Requested Budget	1,000
FY 04/05 Estimated Actual	946
Increase (Decrease)	54

ACCOUNT NUMBER: 5300.50

ACCOUNT TITLE: Training

Description: Funds for training of WTP personnel. Does not include educational reimbursement.

FY 05/06 Requested Budget	13,750
FY 04/05 Estimated Actual	3,527
Increase (Decrease)	10,223

\$ 13,750 \$1,000 per employee

ACCOUNT NUMBER: 5300.60

ACCOUNT TITLE: Advertising

Description: Funds for advertising expenses for the WTP including open job position advertising.

FY 05/06 Requested Budget	2,000
FY 04/05 Estimated Actual	3,182
Increase (Decrease)	(1,182)

ACCOUNT NUMBER: 5300.80

ACCOUNT TITLE: Postage

Description: Funds for all postal and mail expenses for the WTP, including 16 weekly taste and odor samplings.

FY 05/06 Requested Budget	4,500
FY 04/05 Estimated Actual	4,546
Increase (Decrease)	(46)

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2005/06 BUDGET**

ACCOUNT NUMBER: <u>5400.10</u>	ACCOUNT TITLE: <u>Professional Services</u>
	Description: <u>Outside professional services including:</u>
	\$ 3,000 Cathodic protection
	2,000 Fire system/extinguisher inspection
	3,000 Security
	3,000 Crane inspection
	800 Oil analysis
	1,000 Miscellaneous
	500 Emergency generator service
	\$ 3,000 Equipment Calibration
	\$ 16,300 TOTAL

FY 05/06 Requested Budget	16,300
FY 04/05 Estimated Actual	4,406
Increase (Decrease)	11,894

ACCOUNT NUMBER: <u>5400.20</u>	ACCOUNT TITLE: <u>Legal Services</u>
	Description: <u>Not funded for this fiscal year.</u>

FY 05/06 Requested Budget	-
FY 04/05 Estimated Actual	-
Increase (Decrease)	-

ACCOUNT NUMBER: <u>5400.30</u>	ACCOUNT TITLE: <u>Engineering Services</u>
	Description: <u>Funds for all non-capitalized engineering services and small projects.</u>

FY 05/06 Requested Budget	5,000
FY 04/05 Estimated Actual	-
Increase (Decrease)	5,000

ACCOUNT NUMBER: <u>5400.40</u>	ACCOUNT TITLE: <u>Permits</u>
	Description: <u>Funds for all required permits for the WTP including the California Department of Health.</u>
	\$ 11,000 Drinking Water Program
	2,000 DHS Lab Accreditation
	1,300 Waste Permit
	1,000 DHS Lab Accreditation
	600 Waste Permit
	\$ 15,900 TOTAL

FY 05/06 Requested Budget	15,900
FY 04/05 Estimated Actual	8,445
Increase (Decrease)	7,455

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2005/06 BUDGET**

ACCOUNT NUMBER: 5400.50

ACCOUNT TITLE: Non-Contractual Services

Description: Not funded this year.

FY 05/06 Requested Budget	-
FY 04/05 Estimated Actual	4,390
Increase (Decrease)	(4,390)

ACCOUNT NUMBER: 5500.10

ACCOUNT TITLE: Uniform Expenses

Description: Funds for employer provided uniforms including reimbursement of uniform expenses to employees.

FY 05/06 Requested Budget	8,125
FY 04/05 Estimated Actual	7,036
Increase (Decrease)	1,089

\$	4,800	Uniform Service (\$400 per month)
	1,350	Blue jean pants (\$150/year for 9 employees)
	1,575	Boots (\$175/year for 9 employees)
	400	Misc. uniform requirements (jackets, etc.)
\$	8,125	TOTAL

ACCOUNT NUMBER: 5500.15

ACCOUNT TITLE: Minor Tools and Equipment

Description: Funds for the purchase of minor tools and equipment.

FY 05/06 Requested Budget	5,000
FY 04/05 Estimated Actual	5,340
Increase (Decrease)	(340)

ACCOUNT NUMBER: 5500.20

ACCOUNT TITLE: Spare Parts

Description: Funds for maintaining spare parts inventory and to replace failing minor equipment.

FY 05/06 Requested Budget	-
FY 04/05 Estimated Actual	-
Increase (Decrease)	-

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2005/06 BUDGET**

ACCOUNT NUMBER: 5500.25

ACCOUNT TITLE: Landscape Supplies

Description: Funds for the purchase of
supplies for landscape maintenance at the WTP.

FY 05/06 Requested Budget	1,000
FY 04/05 Estimated Actual	1,012
Increase (Decrease)	(12)

ACCOUNT NUMBER: 5500.31

ACCOUNT TITLE: Chemicals-Variable

Description: Funds for the purchase of chemicals
to operate the plant including chlorine, polymers etc.

FY 05/06 Requested Budget	855,070
FY 04/05 Estimated Actual	439,007
Increase (Decrease)	416,063

Based on \$26.00 per acre foot and 32,503 acre feet of requests
in FY 2005/06 (75% of 2005 requests and 100% of 2006 requests
and revised for the South Coast project participants)
and \$5,000 for taste and odor reduction chemicals.

ACCOUNT NUMBER: 5500.35

ACCOUNT TITLE: Maintenance Supplies/Hardware

Description: Funds for the purchase of disposable tools,
pipe and pipefittings, wood, steel and other metals, hardware,
nuts and bolts, and other hardware materials.

FY 05/06 Requested Budget	10,000
FY 04/05 Estimated Actual	13,556
Increase (Decrease)	(3,556)

ACCOUNT NUMBER: 5500.40

ACCOUNT TITLE: Safety Supplies

Description: Purchases of minor safety supplies
including first aid kit purchases and non-capitalized safety
equipment purchases.

FY 05/06 Requested Budget	3,500
FY 04/05 Estimated Actual	3,685
Increase (Decrease)	(185)

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2005/06 BUDGET**

ACCOUNT NUMBER: 5500.45

ACCOUNT TITLE: Fuel and Lubricants

Description: Funds for the purchase of fuel and lubricants for WTP vehicles, equipment and emergency generator. Does not include mileage reimbursement expenses.

FY 05/06 Requested Budget	12,500
FY 04/05 Estimated Actual	13,776
Increase (Decrease)	(1,276)

ACCOUNT NUMBER: 5600.10

ACCOUNT TITLE: Laboratory Supplies

Description: Funds for the purchase of laboratory supplies including chemicals.

FY 05/06 Requested Budget	37,500
FY 04/05 Estimated Actual	39,972
Increase (Decrease)	(2,472)

ACCOUNT NUMBER: 5600.20

ACCOUNT TITLE: Laboratory Tools and Equipment

Description: Funds for the purchase of non-capitalized tools and equipment for the laboratory.

FY 05/06 Requested Budget	5,000
FY 04/05 Estimated Actual	2,300
Increase (Decrease)	2,700

ACCOUNT NUMBER: 5600.30

ACCOUNT TITLE: Lab Testing

Description: Funds for outside lab services.

FY 05/06 Requested Budget	26,200
FY 04/05 Estimated Actual	16,780
Increase (Decrease)	9,420

\$	3,000	Federal UCMR testing
	14,000	DBP Analysis
	3,000	Annual analysis
	200	Monthly Aluminum Analysis
	5,000	Taste and Odor Analysis
	1,000	Miscellaneous Analyses
\$	26,200	TOTAL

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2005/06 BUDGET**

ACCOUNT NUMBER: 5700.10

ACCOUNT TITLE: Equipment Repairs and Maintenance

Description: Funds for repairs and maintenance of WTP equipment including pumps, motors, valves, instrumentation, equipment, etc.

FY 05/06 Requested Budget	70,000
FY 04/05 Estimated Actual	53,587
Increase (Decrease)	16,413

ACCOUNT NUMBER: 5700.20

ACCOUNT TITLE: Vehicle Repairs and Maintenance

Description: Funds for the repair and maintenance of WTP vehicles.

FY 05/06 Requested Budget	5,000
FY 04/05 Estimated Actual	5,974
Increase (Decrease)	(974)

ACCOUNT NUMBER: 5700.30

ACCOUNT TITLE: Building Maintenance

Description: Funds for the repair and maintenance of the WTP buildings.

FY 05/06 Requested Budget	19,200
FY 04/05 Estimated Actual	15,855
Increase (Decrease)	3,345

\$	1,000	Miscellaneous repairs
	1,000	Site improvements
	14,200	Janitorial service
	3,000	HVAC
\$	19,200	TOTAL

ACCOUNT NUMBER: 5700.40

ACCOUNT TITLE: Landscape Maintenance

Description: Funds for the maintenance of the WTP facility landscape.

FY 05/06 Requested Budget	4,000
FY 04/05 Estimated Actual	3,692
Increase (Decrease)	309

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2005/06 BUDGET**

ACCOUNT NUMBER: 5800.20

ACCOUNT TITLE: Natural Gas Service

Description: Funds for natural gas service to the WTP.

FY 05/06 Requested Budget	4,000
FY 04/05 Estimated Actual	3,489
Increase (Decrease)	512

ACCOUNT NUMBER: 5800.30

ACCOUNT TITLE: Electric Service-Fixed

Description: Funds for electrical service to the WTP.

FY 05/06 Requested Budget	96,000
FY 04/05 Estimated Actual	99,557
Increase (Decrease)	(3,557)

ACCOUNT NUMBER: 5800.31

ACCOUNT TITLE: Electric Service-Variable

Description: Funds for electrical service to the WTP.

FY 05/06 Requested Budget	26,000
FY 04/05 Estimated Actual	24,889
Increase (Decrease)	1,111

ACCOUNT NUMBER: 5800.40

ACCOUNT TITLE: Water/Sewer

Description: Funds for water and sewer service to the WTP.

FY 05/06 Requested Budget	-
FY 04/05 Estimated Actual	-
Increase (Decrease)	-

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2005/06 BUDGET**

ACCOUNT NUMBER: 5800.50

ACCOUNT TITLE: Telephone

Description: Funds for WTP phones including long distance, pagers and cellular phone bills.

FY 05/06 Requested Budget	9,500
FY 04/05 Estimated Actual	8,717
Increase (Decrease)	783

ACCOUNT NUMBER: 5800.60

ACCOUNT TITLE: Waste Disposal

Description: Funds for trash service and removal of hazardous waste for the WTP.

FY 05/06 Requested Budget	2,500
FY 04/05 Estimated Actual	2,831
Increase (Decrease)	(331)

ACCOUNT NUMBER: 5900.10

ACCOUNT TITLE: Insurance

Description: Funds for insurance coverage.

FY 05/06 Requested Budget	58,292
FY 04/05 Estimated Actual	58,599
Increase (Decrease)	(307)

\$	31,912	Property and auto coverage based on the apportionment provided by JPIA.
\$	26,380	General liability and E&O based on salary proportions.
\$	58,292	TOTAL

ACCOUNT NUMBER: 5900.30

ACCOUNT TITLE: Non-Capitalized Projects

Description: Funds for projects around the WTP which are not eligible for capitalization because the facilities are not owned by CCWA or do not meet the capitalization criteria. See the detailed description of the WTP Non-Capitalized Projects in this section of the Budget.

FY 05/06 Requested Budget	100,466
FY 04/05 Estimated Actual	4,362
Increase (Decrease)	96,104

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2005/06 BUDGET**

ACCOUNT NUMBER: 5900.40

ACCOUNT TITLE: Equipment Rental

Description: Funds for rental of equipment for the WTP.

FY 05/06 Requested Budget	15,000
FY 04/05 Estimated Actual	2,789
Increase (Decrease)	12,211

ACCOUNT NUMBER: 5900.50

ACCOUNT TITLE: Non-Capitalized Fixed Assets

Description: Funds for the purchase of non-capitalized equipment. These equipment purchases are generally under \$5,000 in cost with an estimated useful life under 5 years.

FY 05/06 Requested Budget	10,000
FY 04/05 Estimated Actual	2,993
Increase (Decrease)	7,007

ACCOUNT NUMBER: 5900.60

ACCOUNT TITLE: Computer Expenses

Description: Funds for computer expenses including minor software purchases, minor equipment purchases and service contracts.

FY 05/06 Requested Budget	9,750
FY 04/05 Estimated Actual	10,000
Increase (Decrease)	(250)

Service Contracts	\$8,750
Minor purchases	\$1,000
Total	\$9,750

ACCOUNT NUMBER: 5900.70

ACCOUNT TITLE: Appropriated Contingency

Description: 2.0% of requested budget.

FY 05/06 Requested Budget	56,390
FY 04/05 Estimated Actual	-
Increase (Decrease)	56,390





Air Vacuum/Air Release lifting device designed by Tom Petersen, CCWA Distribution Technician.

Distribution Department

The Distribution Department is responsible for the daily operations and maintenance of the 130 miles of pipeline, five storage tanks, ten turnouts, four isolation vaults, an energy dissipation vault, the Santa Ynez Pumping Facility and hundreds of valve, access and cathodic protection structures.

Highlights

Department Information

- Number of employees 9
- Authority pipeline (in miles) 42
- Coastal Branch Phase II pipeline (in miles) 101
- Total pipeline operated
 - By the Authority (in miles) 130
- Number of water storage tanks 7
- Number of turnouts 10

Budget Information

- Total FY 2005/06 O&M Budget \$1,801,404
- Non-Annual Recurring Expense deposits \$ 29,415
- **Total Distribution Department FY 2005/06 Budgeted Expenses \$1,830,819**
- O&M Budget decrease over FY 2004/05 \$ 130,475
- Fixed O&M expenses \$1,536,321
- Variable O&M expenses \$ 265,083
- FY 2005/06 budgeted electrical cost \$55 per acre-foot

Significant Accomplishments During FY 2004/05

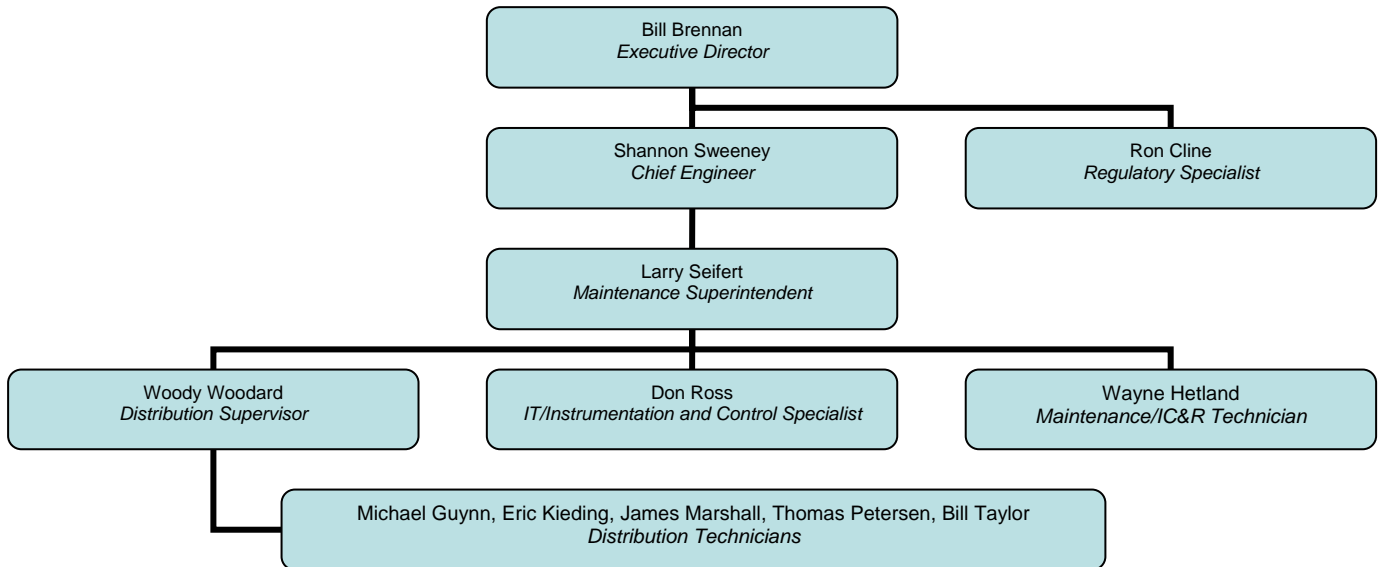
- Conducted an internal inspection of Coastal Branch Phase I of the pipeline.

Significant Goals for FY 2005/06

- Identify and implement security enhancements for the Distribution system.
- Develop in-house cathodic protection survey methodology.
- Conduct internal inspection of Reach 3 portion of the pipeline.

Central Coast Water Authority
Distribution Department
 Fiscal Year 2005/06 Budget

The Distribution Department is responsible for maintaining the distribution system (i.e., pipeline and ancillary facilities).



The Distribution Department is comprised of the field Distribution Technicians, IT/Instrumentation and Control Specialist, and Maintenance IC&R Technician.

The field Distribution Technicians and Distribution Supervisor are responsible for the day-to-day water distribution system operations and maintenance including system operation, facility maintenance, dechloramination and re-disinfection, erosion, control, right-of-way issues, revegetation, environmental compliance, and fiber optic communications. They patrol over 131 miles of pipeline and operate and maintain five storage tanks, nine turnouts, four isolation vaults, an energy dissipation vault, the Santa Ynez Pumping Facility and hundreds of valve, access and cathodic protection structures. Additionally, they collect weekly water quality samples from each turnout and tank for the treatment plant laboratory.



The IT/Instrumentation and Control Specialist and Maintenance Instrumentation and Control Technician report to the Maintenance Superintendent and maintain all distribution electrical, electronic, fiber optic and instrumentation systems. They also assist the Maintenance Superintendent in maintaining plant electrical, electronic and fiber optic systems.

Central Coast Water Authority
Distribution Department
 Fiscal Year 2005/06 Budget

The Distribution Maintenance and Instrumentation and Control staff are supported by the Maintenance Superintendent and Chief Engineer, who provide long term planning and establish priorities.

The Regulatory Specialist reports to the Executive Director and divides time between Distribution and Water Treatment Plant Departments. The Regulatory Specialist is responsible for safety, environmental monitoring and regulatory compliance.

The following pages list the 2004 accomplishments, performance indicators (“Service Efforts and Accomplishments”) and 2005 goals for the Distribution Department.

Each of the following individual departmental goals is tied to the Authority’s Mission Statement and Objectives, which are shown in bold, italics typeface.

2004 ACCOMPLISHMENTS

Goal

Status

To provide San Luis Obispo and Santa Barbara Counties with reliable, high quality supplemental water.

Complete alternative coagulation strategies study. [5/04]	Study completed. Results indicate that enhanced coagulation with alum or with alum and acid remain the most cost effective alternative.
Install protective coating on walls of the chemical containment areas of the WTP. [10/04]	Scope of project reevaluated to include filters and chlorine contact basin. Project to be initiated in 2005.
Automate the WTP chlorine feed system (includes installation of a flow meter on the filtered water effluent line and reprogramming of some computer logic). [10/04]	Flow meter has been purchased and installed 11/04. Logic reprogramming underway.
Line Sludge Pond A. [7/04]	Completed 7/04

Central Coast Water Authority
Distribution Department
Fiscal Year 2005/06 Budget

Cost effectively operate and maintain our facilities.

Identify and pursue all possible cost saving and quality enhancing opportunities with initial emphasis on taste and odor control, communications, electrical usage, overtime requirements and revegetation and erosion control. [Ongoing]

Cost effective Taste and Odor Monitoring Program developed for summer 2004. DWR construction trailer demolished and removed 6/04. CCWA staff reviewing methods for cleaning DWR forebays.

Ensure our water supply meets or exceeds health and safety standards.

Develop a schedule for the replacement of granular activated carbon media in water treatment plant filters. [4/04]

Complete 4/04

Assist project participants in preparing to meet new federal and state water quality regulations. [Ongoing]

Ongoing

Work with the Department of Water Resources and other state, federal and local agencies to achieve our mutual objectives.

Coordinate pipeline and water treatment plant inspections with annual DWR shutdown for Coastal Branch Phase I maintenance. [11/04]

Complete 11/04

Assist project participants in their efforts to reduce groundwater overdraft.

Identify and pursue approaches to maximize delivery allocation and maintain high water quality consistent with project participants' needs. [Ongoing]

CCWA on DWR storer's track for 2005. CCWA 2005 delivery schedule structured to enhance Article 21 deliveries.

Central Coast Water Authority
Distribution Department
Fiscal Year 2005/06 Budget

NEW GOALS FOR CALENDAR YEAR 2005

Cost effectively operate and maintain our facilities.

- Coat and protect concrete surfaces in WTP filters, chlorine contact basin and secondary containment areas. 10/05
- Inspection of Reach 3 pipeline interior.
- Identify and address Sludge Pond B leakage issues. 8/05
- Identify and implement security enhancements for distribution system. 12/05
- Develop in-house cathodic protection survey methodology. 6/05
- Pursue certification for Instrumentation and Control staff. 12/05
- Replace galvanized piping on Reach 5B/6 AVAR's. [6/05]
- Evaluate pre-oxidation as a method for reducing taste and odor compounds and extending the life of the granular activated carbon. 10/05

Assist project participants in their efforts to reduce groundwater overdraft.

- Assist DWR in removing sediment from raw water pump station forebays.

DISTRIBUTION DEPARTMENT OPERATING EXPENSE OVERVIEW

The distribution system for the State water facilities is divided into segments called "Financial Reaches." These financial reaches are the portions of the pipeline through which the project participants receive and pay for water in accordance with their Water Supply Agreements.

Participation in each financial reach is based on the location of a particular project participant's turnout. Each participant pays for its share of the Coastal Branch and Authority financial reaches down to the financial reach from which that participant takes delivery of water. For example, South Coast project participants pay for their share of all financial reaches since they take delivery from the terminus of the Authority pipeline.

The financial reaches for the distribution system include Authority reaches and DWR reaches. The facilities owned by the Authority are considered Authority reaches and those owned by DWR are considered DWR reaches.

The Distribution Department is responsible for maintaining both the Authority and the DWR reaches downstream of the Polonio Pass Water Treatment Plant.

Central Coast Water Authority
Distribution Department
Fiscal Year 2005/06 Budget

The following is a list of the various financial reaches including the facilities and/or landmarks located in each reach.

DWR REACHES

- Reach 33B Tank 1 through the Chorro Valley turnout
- Reach 34 Chorro Valley turnout through the Lopez turnout
- Reach 35 Lopez turnout through the Guadalupe turnout
- Reach 36 Deleted
- Reach 37 Guadalupe turnout to Southern Pacific Railroad crossing near Casmalia
- Reach 38 Southern Pacific Railroad crossing near Casmalia through Tank 5

CCWA (Authority) REACHES

- Mission Hills Tank 5 to La Purisima Road
- Santa Ynez I La Purisima Road to the Santa Ynez Pumping Facility
- Santa Ynez II Santa Ynez Pumping Facility to Lake Cachuma

The table and map on page 163 shows the participation by project participant, by financial reach and the corresponding percentage share of the operating costs for each project participant in each reach.

Distribution Allocation of Operating Expenses by Financial Reach

The Distribution Department operating expenses are allocated among the financial reaches listed above based on allocation percentages established by the Authority. These percentages are based on the FY 2003/04 actual operating expenses for each reach. The financial reach allocation percentages are adjusted each year based on the year-end budget status report actual operating expenses from the preceding fiscal year. The following table provides the allocation percentages for the Distribution Department operating expenses.

Central Coast Water Authority
Distribution Department
 Fiscal Year 2005/06 Budget

Distribution Department Financial Reach Allocation			
Financial Reach	FY 2005/06 Allocation Percentage	FY 2004/05 Allocation Percentage	Increase (Decrease)
Reach 33B	27.62%	22.83%	4.79%
Reach 34	8.68%	13.24%	-4.56%
Reach 35	7.27%	8.21%	-0.94%
Reach 37	3.76%	4.85%	-1.09%
Reach 38	3.71%	4.75%	-1.04%
Mission Hills II	12.08%	10.31%	1.77%
Santa Ynez I	17.84%	16.21%	1.63%
Santa Ynez II	19.03%	19.60%	-0.57%
TOTAL:	100.00%	100.00%	0.00%

The expenses associated with the Distribution Department are divided into fixed and variable O&M costs.

Fixed O&M Costs are all costs of the distribution system that do not vary with the amount of water processed. Examples of these expenses include personnel costs, professional services and repair and maintenance costs.

Variable O&M Costs are all costs that vary with the amount of water processed. These costs include all chemical and electrical costs for the Distribution Department including electrical costs at the Santa Ynez Pumping Facility.

Fiscal Year 2005/06 Operating Expense Budget

The Fiscal Year 2005/06 Distribution Department operating expense budget is \$1,801,404, which is \$135,475 lower than the previous year's budget of \$1,927,018 (net of Santa Ynez Exchange Agreement Modifications), a decrease of 7.03%.

The personnel expense section of the Distribution Department budget represents approximately 50% of the budget. Utilities comprise 17%, with other expenses making up the balance of the budget. The chart on page 164 shows percentage of the various components of the Distribution Department operating expense budget. Variable O&M costs are included in the supplies and equipment and utilities categories.

Personnel Expenses Personnel expenses are increasing by about \$2,000 (excluding reductions for capitalized salaries and benefits) attributed to the following:

- Salary increases for FY 2005/06 of \$42,314.
- Health insurance expense decrease of approximately \$18,000 based on changes to individual employee health insurance elections and a lower increase in the 2005 medical insurance premiums. The decreases are partially offset by a 20% projected increase as of January 1, 2006.

Central Coast Water Authority
Distribution Department
 Fiscal Year 2005/06 Budget

- Workers' compensation insurance decrease of approximately \$8,000 based on an experience modification factor of 84% and the same premium rates as the prior year.

Professional Services Professional services are decreasing by approximately \$23,000 attributed to a decrease in funds for cathodic protection services which were previously completed by an outside consultant and will now be done by CCWA Distribution staff.

Utility Expenses Utility expenses are decreasing by about \$122,000 attributed to a significant decrease in the South Coast project participant requested water deliveries into Lake Cachuma for FY 2005/06. The reduction in delivery requests is due to the significant rainfall received during the fall and winter of FY 2004/05.

Other Expenses Other expenses are increasing by about \$13,000 primarily due to an increase in "Non-Capitalized Projects" of approximately \$9,000 (*see the discussion beginning on page 156 regarding Non-Capitalized Projects*) and a \$7,100 increase for computer expenses. These increases were partially offset by a decrease in the appropriated contingency account of approximately \$2,900.

Turnout Expenses Turnout expenses include funds for utility expenses at each turnout, equipment repairs and maintenance and non-capitalized projects.

The following table shows the FY 2005/06 O&M budget for the various CCWA turnouts.

TURNOUT EXPENSES							
Turnout	Electric Expense	Equipment Repairs and Maintenance	Phone Expenses	Other Expenses	Subtotal Operating Expenses	Non Capitalized Projects	TOTAL
Guadalupe	\$ 1,000	\$ 1,000	\$ -	\$ 500	\$ 2,500	\$ -	\$ 2,500
Santa Maria	700	1,500	-	500	2,700	-	2,700
Southern California Water Co.	-	2,500	-	500	3,000	-	3,000
Vandenberg Air Force Base	-	1,500	-	500	2,000	-	2,000
Buellton	500	2,000	-	500	3,000	-	3,000
Santa Ynez (Solvang)	400	1,000	-	500	1,900	-	1,900
Santa Ynez	-	1,000	-	500	1,500	-	1,500
Chorro Valley	-	1,500	5,000	500	7,000	9,861	16,861
Lopez	750	1,500	-	500	2,750	9,861	12,611
TOTAL:	\$ 3,350	\$ 13,500	\$ 5,000	\$ 4,500	\$ 26,350	\$ 19,722	\$ 46,072

Non-Annual Recurring Expenses

As part of the budget process, certain expenses which occur periodically are identified and charged to the project participants over a number of years to minimize fluctuations in the annual O&M assessments. The assessment of the non-annual recurring expenses are charged to the project participants on an entitlement and financial reach basis.

Central Coast Water Authority
Distribution Department
 Fiscal Year 2005/06 Budget

FY 2005/06 Non-Annual Recurring Expenses

The FY 2005/06 Distribution Department non-annual recurring expenses total \$29,415 for the replacement of vehicles based on the Authority's ten-year vehicle replacement schedule (\$24,415) and future computer replacements (\$5,000).

The table on page 162 shows the allocation of the FY 2005/06 non-annual recurring expenses for the Distribution Department.

Non-Capitalized Projects

CCWA operates the Coastal Branch Extension for DWR through an Operations and Maintenance Agreement. Therefore, all expenses associated with the repairs and maintenance of the DWR portion of the Coastal Branch Extension are funded through the CCWA O&M assessments. Additionally, since CCWA does not own the DWR portion of the Coastal Branch Extension, capital related expenditures may not be capitalized as an asset on its books. The account also includes funding for projects on CCWA owned portions of the distribution system which are considered extraordinary expenses, but which are not eligible for capitalization.

The following table provides a summary of the Distribution Department Non-Capitalized Projects for FY 2005/06.

<i>Non-Capitalized Projects-Reach Specific</i>		
Project Description	Financial Reach	Amount
Satellite Backbone to Replace Switch 56	ALL	\$ 6,980
Energy Dissipation Valve Vault		
Road Repairs	34	22,627
Land Acquisition for Habitat		
Conservation Plan	ALL	15,750
Distribution System Security Upgrades,		
Phase 1	ALL	46,223
Removal of Abandoned Pipeline in the		
Santa Ynez River	SYI	15,000
Mesa Verde Road Repairs	SYI	11,550
Subtotal:		\$ 118,130
<u>Turnout Specific Projects</u>		
Turnout valve modifications	Chorro	\$ 9,861
	Lopez	\$ 9,861
Subtotal-Turnout Specific Projects:		\$ 19,722
<i>TOTAL NON-CAPITALIZED PROJECTS</i>		\$ 137,852

Central Coast Water Authority
Distribution Department
Fiscal Year 2005/06 Budget

Description: ***Satellite Backbone to Replace Switch 56***

Department: All Distribution Reaches

Project Type: Non-capital Project

Expanded Description: Backup communications link

Estimated Charge \$ 6,000
Sales Tax \$ 450
Contingency (5%) \$ 530

Total Cost: \$ 6,980

Funding Source: Reach Specific Assessments

Operating Budget Impact: Satellite backbone is more cost efficient than the Switch 56.

Description: ***Distribution System Security Upgrades, Phase 1***

Department: All Distribution Reaches

Expanded Description: Installation of cameras at key distribution facilities

Project Type: Capital Project

Estimated Charge \$ 40,000
Sales Tax \$ 3,300
Contingency (5%) \$ 2,923
Subtotal without
CCWA Labor \$ 46,223

CCWA Labor \$ 11,661
Fringe and Overhead \$ 5,571

Total Cost: \$ 63,455

Funding Source: Assessments

Operating Budget Impact: Security Upgrades may preclude expensive repairs associated with damage caused by a malevolent intrusion.

Central Coast Water Authority
Distribution Department
Fiscal Year 2005/06 Budget

Description: ***Energy Dissipation Valve Vault Road Repairs***

Financial Reach: Reach 34

Project Type: Non-capital Project

Expanded Description: The road has experienced damage in the past due to multiple wet years. If conditions recur, repairs will be necessary.

Estimated Charge \$ 20,000
Sales Tax \$ 1,550
Contingency (5%) \$ 1,077

Total Cost: \$ 22,627

Funding Source: Reach Specific Assessments

Operating Budget Impact: Road repairs will enable staff to maintain facility operations under all weather conditions.

Description: ***Chorro and Lopez Turnout Valve Modifications***

Financial Reach: Chorro and Lopez Turnouts

Project Type: Non-capital Project

Expanded Description: Replacement of existing valves that have deteriorated due to cavitation

Estimated Charge \$ 17,300
Sales Tax \$ 1,341
Contingency (5%) \$ 1,081
Subtotal without
CCWA Labor \$ 19,722

Labor \$ 2,292
Fringe and Overhead \$ 1,107

Total Cost: \$ 23,121

Funding Source: Reach Specific Assessments

Operating Budget Impact: New valves are better designed to handle the large pressure drop that exists at these sites, resulting in a longer useful life.

Central Coast Water Authority
Distribution Department
Fiscal Year 2005/06 Budget

Description: ***Land Acquisition for Habitat Conservation Plan***

Department: All Distribution Reaches

Project Type: Non-capital Project

Expanded Description: Easement to provide habitat for kit fox, tiger salamander, and red-legged frog

Estimated Charge \$ 15,000
Sales Tax \$
Contingency (5%) \$ 750

Total Cost: \$ 15,750

Funding Source: Reach Specific Assessments

Operating Budget Impact: Land Acquisition is the most cost effective method for CCWA to meet the requirements of its Habitat Conservation Plan.

Description: ***Removal of Abandoned Pipeline in the Santa Ynez River***

Department: Santa Ynez I

Project Type: Non-capital Project

Expanded Description: Removal of CCWA exposed pipeline in the Santa Ynez River which was abandoned and re-routed in the extensive flooding and high river flows in 2003.

Estimated Charge \$ 15,000

Total Cost: \$ 15,000

Funding Source: Reach Specific Assessments

Operating Budget Impact: None.

Central Coast Water Authority
Distribution Department
Fiscal Year 2005/06 Budget

Description: ***Mesa Verde Road Repairs***

Department: Santa Ynez I

Project Type: Non-capital Project

Expanded Description: Repairs and maintenance to Mesa Verde Road. By contract, CCWA is required to maintain this road which is used by CCWA employees for access to our facilities.

Estimated Charge \$ 11,000

Contingency \$ 550

Total Cost: \$ 11,550

Funding Source: Reach Specific Assessments

Operating Budget Impact: None.

Central Coast Water Authority
Personnel Services Summary
Distribution Department
Fiscal Year 2005/06 Budget

PERSONNEL COUNT SUMMARY					
Position Title	Number	Number	Number	Change	Change
	Auth. FY 2003/04	Auth. FY 2004/05	Requested FY 2005/06	Over FY 2003/04	Over FY 2004/05
Executive Director ⁽¹⁾	0.25	0.25	0.25	-	-
Operations Manager	-	-	-	-	-
Chief Engineer ⁽²⁾	0.55	0.55	0.40	(0.15)	(0.15)
Regulatory Specialist ⁽³⁾	0.75	0.75	0.75	-	-
Distribution Supervisor	1.00	1.00	1.00	-	-
Instrumentation & Control Specialist	1.00	1.00	1.00	-	-
Maintenance Superintendent ⁽⁴⁾	0.20	0.20	0.40	0.20	0.20
Maintenance/IC&R Technician	0.30	0.30	0.20	(0.10)	(0.10)
Distribution Technician	5.00	5.00	5.00	-	-
TOTAL:	9.05	9.05	9.00	(0.05)	(0.05)

PERSONNEL WAGE SUMMARY				
Position Title	Position Classification	Minimum Monthly Salary	Maximum Monthly Salary	FY 2004/05 Current Salary
Executive Director ⁽¹⁾	N/A		N/A	\$ 31,851
Chief Engineer ⁽²⁾	25	\$ 7,454	\$ 9,094	\$ 38,800
Regulatory Specialist ⁽³⁾	18	\$ 5,163	\$ 6,299	\$ 48,750
Distribution Supervisor	18	\$ 5,163	\$ 6,299	\$ 68,000
Instrumentation & Control Specialist	18	\$ 5,163	\$ 6,299	\$ 67,034
Maintenance Superintendent ⁽⁴⁾	20	\$ 5,734	\$ 6,996	\$ 30,200
Maintenance/IC&R Technician	15	\$ 4,410	\$ 5,381	\$ 11,750
Distribution Technicians	14	\$ 4,184	\$ 5,105	\$ 267,231
FY 2005/06 Salary Pool				\$ 42,314
TOTAL:				\$ 605,930

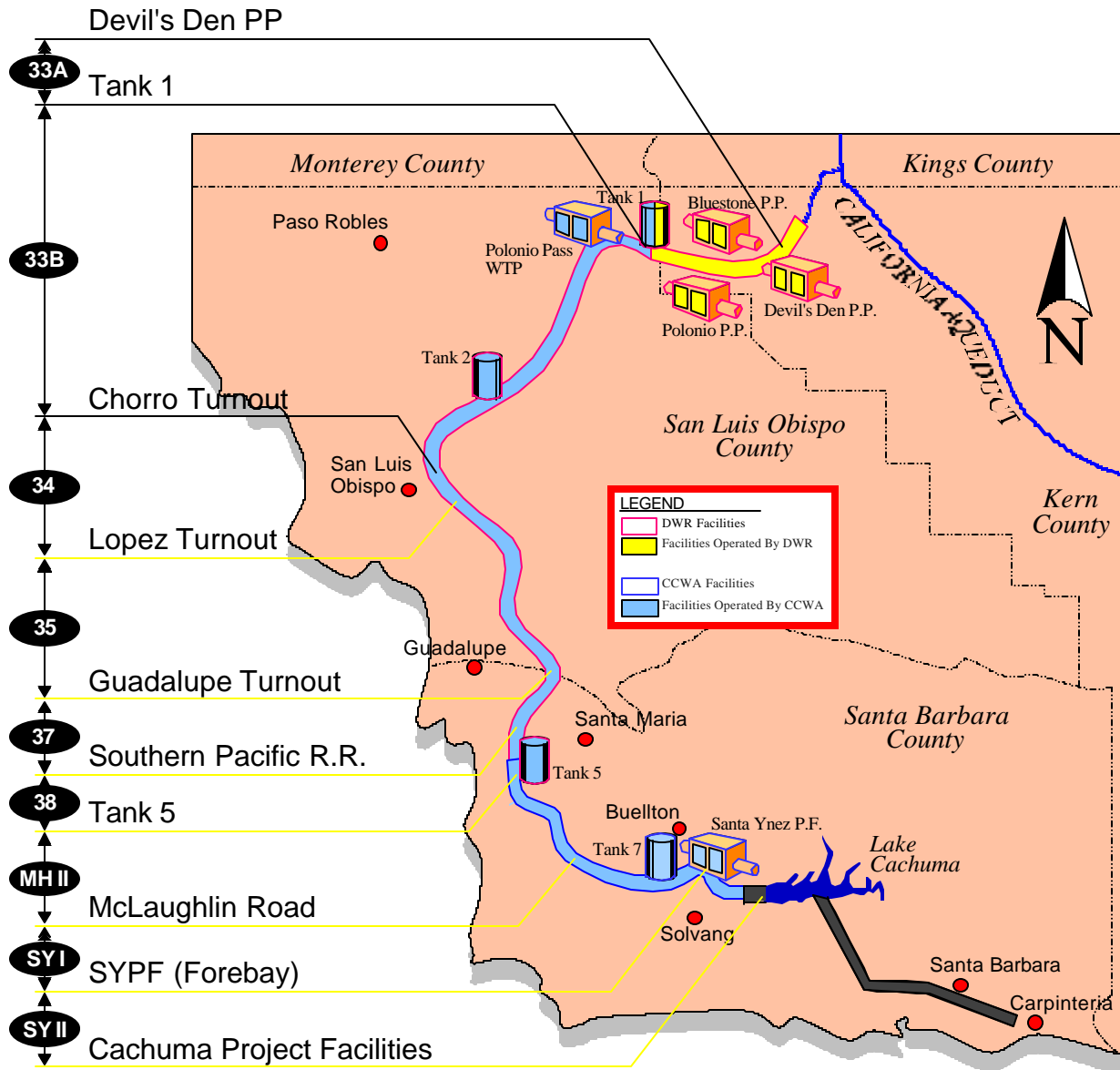
- (1) The Executive Director is allocated to Administration (50%), Water Treatment Plant (25%) and Distribution (25%).
(2) The Chief Engineer is allocated to Administration (25%), Water Treatment Plant (35%) and Distribution (40%).
(3) The Regulatory Specialist is allocated to Water Treatment Plant (25%) and Distribution (75%).
(4) The Maintenance Superintendent is allocated to Water Treatment Plant (60%) and Distribution (40%).

Central Coast Water Authority
Distribution Department Non-Annual Recurring Expenses
 Fiscal Year 2005/06 Budget

Project Participant	WEIGHTED TABLE A AMOUNTS									Total	Melded	FY 2005/06
	Reach 33B Table A	Reach 34 Table A	Reach 35 Table A	Reach 37 Table A	Reach 38 Table A	Mission Hills II Table A	Santa Ynez I Table A	Santa Ynez II Table A	Table A All Reaches	Percentage	Non-Annual Recurring Expenses	
Allocation Percentage	27.62%	8.68%	7.27%	3.76%	3.71%	12.08%	17.84%	19.03%	100.00%			
Shandon	149	-	-	-	-	-	-	-	149	0.06%	\$ 19	
Chorro Valley	3,481	-	-	-	-	-	-	-	3,481	1.47%	433	
Lopez	3,562	1,185	-	-	-	-	-	-	4,747	2.01%	590	
Guadalupe	819	273	242	-	-	-	-	-	1,334	0.56%	166	
Santa Maria	24,123	8,029	7,137	3,747	-	-	-	-	43,036	18.18%	5,348	
SCWC	745	248	220	116	-	-	-	-	1,328	0.56%	165	
VAFB	8,190	2,726	2,423	1,272	2,210	7,205	-	-	24,026	10.15%	2,986	
Buellton	861	286	255	134	232	757	1,495	-	4,020	1.70%	500	
Santa Ynez (Solvang)	2,234	743	661	347	603	1,965	3,880	-	10,432	4.41%	1,296	
Santa Ynez	745	248	220	116	201	655	1,293	-	3,477	1.47%	432	
Goleta	6,701	2,230	1,983	1,041	1,808	5,895	11,639	14,746	46,043	19.45%	5,721	
Morehart Land	298	99	88	46	80	262	517	655	2,046	0.86%	254	
La Cumbre	1,489	496	441	231	402	1,310	2,587	3,277	10,232	4.32%	1,271	
Raytheon	74	25	22	12	20	66	129	164	512	0.22%	64	
Santa Barbara	4,467	1,487	1,322	694	1,205	3,930	7,760	9,831	30,695	12.97%	3,814	
Montecito	4,467	1,487	1,322	694	1,205	3,930	7,760	9,831	30,695	12.97%	3,814	
Carpinteria	2,978	991	881	463	804	2,620	5,173	6,554	20,463	8.64%	2,543	
TOTAL:	65,382	20,552	17,216	8,912	8,771	28,595	42,233	45,057	236,718	100.00%	\$ 29,415	

The Table A amounts for each financial reach is adjusted for the weighted allocation percentage (i.e., actual FY 2003/04 operating expense percentages). Includes funding for vehicle replacements (\$24,415), computer replacements (\$5,000).

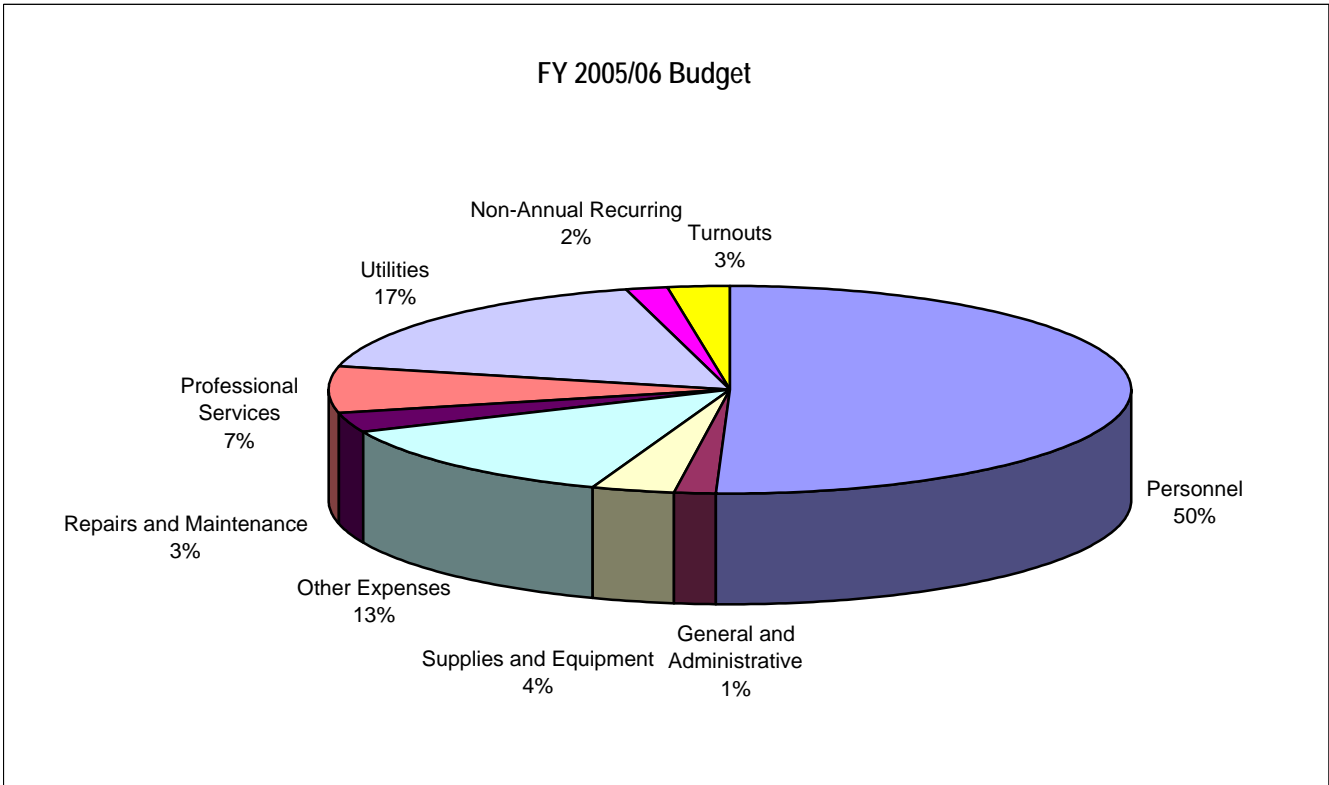
COASTAL BRANCH FINANCIAL REACHES



Purveyor	CONTRACT ENTITLEMENT IN FINANCIAL REACHES							
	WTP / 33B	34	35	37	38	MH II	SY I	SY II
Shandon	100							
Chorro Valley	2,338							
Lopez	2,392	2,392						
Guadalupe	550	550	550					
Santa Maria	16,200	16,200	16,200	16,200				
SCWC	500	500	500	500				
Vandenberg AFB	5,500	5,500	5,500	5,500	5,500	5,500		
Buellton	578	578	578	578	578	578	578	
Santa Ynez (Solvang)	1,500	1,500	1,500	1,500	1,500	1,500	1,500	
Santa Ynez	500	500	500	500	500	500	500	
Goleta	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Morehart Land	200	200	200	200	200	200	200	200
LaCumbre	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
SB Research	50	50	50	50	50	50	50	50
Santa Barbara	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Montecito	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700
Summerland	300	300	300	300	300	300	300	300
Carpinteria	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
TOTAL	43,908 AF	41,470 AF	39,078 AF	38,528 AF	21,828 AF	21,828 AF	16,328 AF	13,750 AF

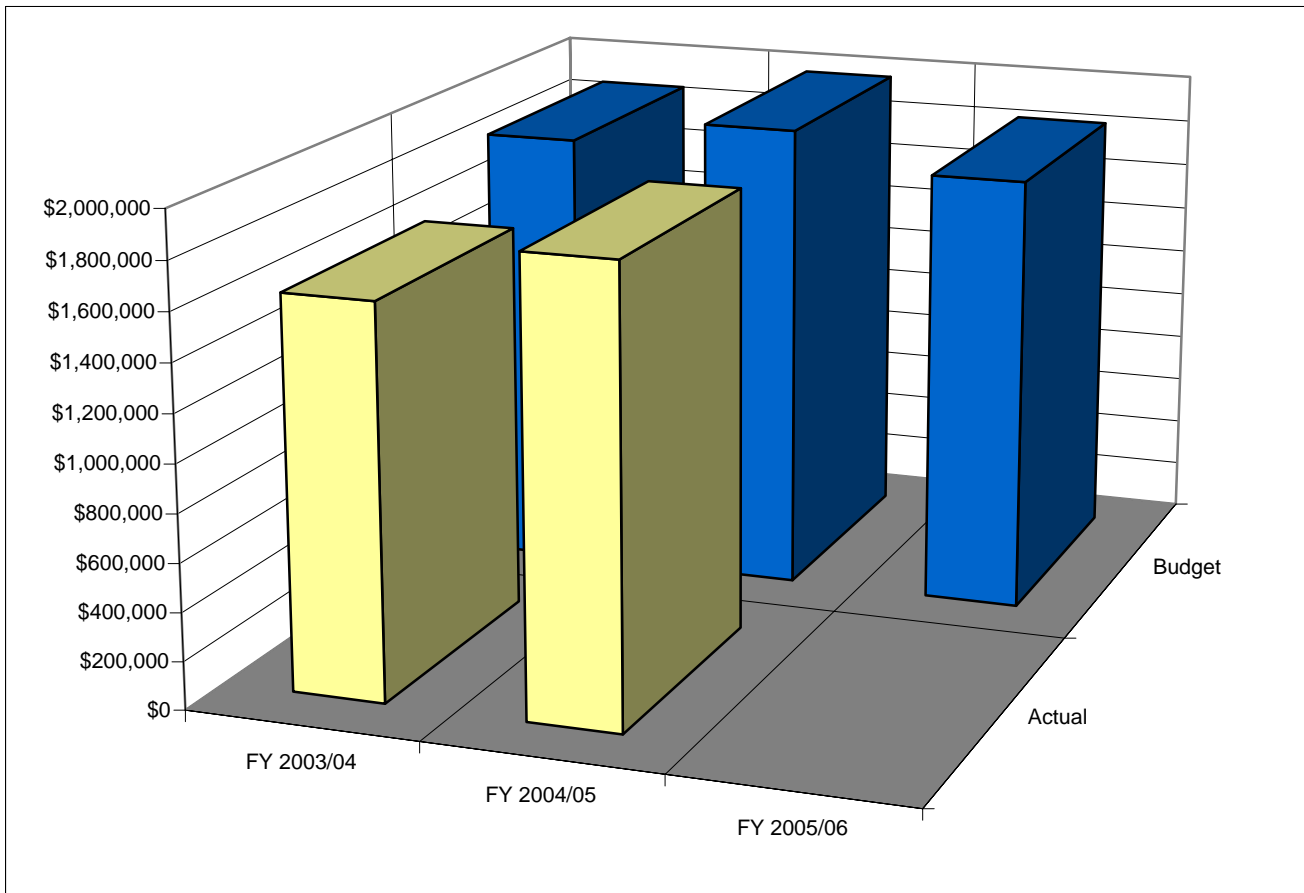
Central Coast Water Authority
Distribution Department Operating Expenses
 Fiscal Year 2005/06 Budget

Item	FY 2005/06 Budget
Personnel	\$ 927,748
Office Expenses	3,000
Supplies and Equipment	65,705
Monitoring Expenses	-
Repairs and Maintenance	51,568
Professional Services	132,600
General and Administrative	26,100
Utilities	315,223
Other Expenses	233,388
Non-Annual Recurring	29,415
Turnouts	46,072
TOTAL:	\$ 1,830,819



Central Coast Water Authority
Distribution Department Operating Expenses
 Fiscal Year 2005/06 Budget

Item	FY 2003/04 Budget	FY 2003/04 Actual	FY 2004/05 Budget	FY 2004/05 Estimated Actual	FY 2005/06 Budget
Personnel	\$ 857,945	\$ 766,334	\$ 952,052	\$ 817,400	\$ 927,748
Office Expenses	2,200	2,122	3,000	1,067	3,000
Supplies and Equipment	68,746	55,721	62,746	53,681	65,705
Monitoring Expenses	-	-	-	-	-
Repairs and Maintenance	48,548	61,350	46,148	49,473	51,568
Professional Services	167,650	166,654	155,800	123,083	132,600
General and Administrative	23,300	17,165	23,300	8,584	26,100
Utilities	437,714	223,285	437,576	539,303	315,223
Other Expenses	185,762	239,019	220,045	201,075	233,388
Turnouts	26,250	43,622	26,350	21,873	46,072
Subtotal	\$ 1,818,114	\$ 1,575,272	\$ 1,927,018	\$ 1,815,540	\$ 1,801,404
Non-Annual Recurring	\$ 48,292	\$ 48,292	\$ 50,301	\$ 50,301	\$ 29,415
TOTAL:	\$ 1,866,406	\$ 1,623,564	\$ 1,977,319	\$ 1,865,841	\$ 1,830,819



Central Coast Water Authority
Distribution Department Operating Expenses
 Fiscal Year 2005/06 Administration/O&M Budget

Account Number	Account Name	FY 2003/04 Budget	FY 2003/04 Actual	FY 2004/05 Budget	FY 2004/05 Estimated Actual	FY 2005/06 Budget	Change from FY 2004/05 Budget	Percent Change FY 2004/05 Budget
<u>PERSONNEL EXPENSES</u>								
5000.10	Full-Time Regular Wages	\$ 557,196	\$ 491,118	\$ 583,787	\$ 512,516	\$ 605,930	\$ 22,143	3.79%
1300.60	Capitalized Wages and Overtime	-	-	-	-	(18,515)	(18,515)	N/A
5000.20	Overtime	39,860	44,640	41,189	41,211	42,296	1,107	2.69%
5000.40	Standby Pay	21,024	16,189	24,178	17,548	24,178	-	0.00%
5000.50	Shift Differential Pay	-	-	-	-	-	-	N/A
5100.10	PERS Retirement	82,718	72,816	92,571	93,916	98,908	6,337	6.85%
5100.15	Medicare Taxes	8,984	8,235	9,460	6,617	9,801	341	3.60%
5100.20	Health Insurance	89,191	70,401	113,354	61,017	94,985	(18,369)	-16.21%
5100.25	Workers' Compensation	26,680	37,043	48,987	48,803	40,636	(8,350)	-17.05%
5100.30	Vehicle Expenses	-	-	-	-	-	-	N/A
5100.35	IRC 457-Employer Paid	1,500	834	3,250	3,250	3,500	250	7.69%
5100.40	Cafeteria Plan Benefits	3,093	5,232	7,867	9,313	10,218	2,350	29.87%
5100.45	Dental/Vision Plan	13,575	9,972	12,563	13,506	11,743	(819)	-6.52%
5100.50	Long-Term Disability	3,270	2,822	3,419	2,528	3,181	(238)	-6.96%
5100.55	Life Insurance	2,254	2,460	2,827	2,464	3,247	420	14.84%
5100.60	Employee Physicals	1,200	840	1,200	250	900	(300)	-25.00%
5000.30	Temporary Services	5,000	900	5,000	-	1,000	(4,000)	-80.00%
5100.70	Employee Incentive Programs	1,400	2,771	1,400	4,461	2,600	1,200	85.71%
5100.65	Employee Education Reimbursement	1,000	60	1,000	-	1,000	-	0.00%
1300.60	Capitalized Employee Benefits	-	-	-	-	(7,861)	(7,861)	N/A
Total Personnel Expenses:		857,945	766,334	952,052	817,400	927,748	(24,305)	-2.55%

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Central Coast Water Authority
Distribution Department Operating Expenses
 Fiscal Year 2005/06 Administration/O&M Budget

Account Number	Account Name	FY 2003/04 Budget	FY 2003/04 Actual	FY 2004/05 Budget	FY 2004/05 Estimated Actual	FY 2005/06 Budget	Change from FY 2004/05 Budget	Percent Change FY 2004/05 Budget
<u>OFFICE EXPENSES</u>								
5200.20	Office Supplies	1,200	1,832	2,000	756	2,000	-	0.00%
5200.30	Miscellaneous Office Expenses	1,000	290	1,000	311	1,000	-	0.00%
Total Office Expenses:		2,200	2,122	3,000	1,067	3,000	-	0.00%
<u>SUPPLIES AND EQUIPMENT</u>								
5500.10	Uniform Expenses	5,496	4,729	5,496	6,983	6,205	709	12.90%
5500.15	Minor Tools and Equipment	10,000	11,981	10,000	9,167	10,000	-	0.00%
5500.20	Spare Parts	-	-	-	-	-	-	N/A
5500.25	Landscape Equipment and Supplies	1,000	609	1,000	10	1,000	-	0.00%
5500.30	Chemicals-Fixed	-	-	-	-	-	-	N/A
5500.31	Chemicals-Variable	-	2,035	-	-	-	-	N/A
5500.35	Maintenance Supplies/Hardware	15,000	5,370	10,000	2,794	10,000	-	0.00%
5500.40	Safety Supplies	5,000	2,836	3,500	3,734	4,000	500	14.29%
5500.45	Fuel and Lubricants	23,250	27,392	25,250	30,929	27,000	1,750	6.93%
5500.50	Seed/Erosion Control Supplies	8,500	768	7,000	65	7,000	-	0.00%
5500.55	Backflow Prevention Supplies	500	-	500	-	500	-	0.00%
Total Supplies and Equipment:		68,746	55,721	62,746	53,681	65,705	2,959	4.72%
<u>MONITORING EXPENSES</u>								
5600.10	Lab Supplies	-	-	-	-	-	-	N/A
5600.20	Lab Tools and Equipment	-	-	-	-	-	-	N/A
5600.30	Lab Testing	-	-	-	-	-	-	N/A
Total Monitoring Expenses:		-	-	-	-	-	-	N/A
<u>REPAIRS AND MAINTENANCE</u>								
5700.10	Equipment Repairs and Maintenance	32,400	38,187	30,000	33,142	30,000	-	0.00%
5700.20	Vehicle Repairs and Maintenance	9,000	15,316	9,000	11,240	14,420	5,420	60.22%
5700.30	Building Maintenance	4,000	4,463	4,000	2,643	4,000	-	0.00%
5700.40	Landscape Maintenance	3,148	3,384	3,148	2,448	3,148	-	0.00%

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Central Coast Water Authority
Distribution Department Operating Expenses
 Fiscal Year 2005/06 Administration/O&M Budget

Account Number	Account Name	FY 2003/04 Budget	FY 2003/04 Actual	FY 2004/05 Budget	FY 2004/05 Estimated Actual	FY 2005/06 Budget	Change from FY 2004/05 Budget	Percent Change FY 2004/05 Budget
Total Repairs and Maintenance:		48,548	61,350	46,148	49,473	51,568	5,420	11.74%

PROFESSIONAL SERVICES

5400.10	Professional Services	147,150	144,474	135,300	105,291	113,850	(21,450)	-15.85%
5400.20	Legal Services	-	9,684	-	1,094	-	-	N/A
5400.30	Engineering Services	16,000	11,609	16,000	9,042	16,000	-	0.00%
5400.40	Permits	2,000	237	2,000	6,306	2,750	750	37.50%
5400.50	Non-Contractual Services	2,500	650	2,500	1,350	-	(2,500)	-100.00%
5400.60	Accounting Services	-	-	-	-	-	-	N/A
Total Professional Services:		167,650	166,654	155,800	123,083	132,600	(23,200)	-14.89%

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Central Coast Water Authority
Distribution Department Operating Expenses
 Fiscal Year 2005/06 Administration/O&M Budget

Account Number	Account Name	FY 2003/04 Budget	FY 2003/04 Actual	FY 2004/05 Budget	FY 2004/05 Estimated Actual	FY 2005/06 Budget	Change from FY 2004/05 Budget	Percent Change FY 2004/05 Budget
<u>GENERAL AND ADMINISTRATIVE</u>								
5300.10	Meeting and Travel	12,000	7,703	12,000	4,916	12,000	-	0.00%
5300.20	Mileage Reimbursement	-	-	-	-	-	-	N/A
5300.30	Dues and Memberships	1,000	1,394	1,000	2,391	1,300	300	30.00%
5300.40	Publications	800	1,167	800	367	1,300	500	62.50%
5300.50	Training	8,000	5,280	8,000	625	9,000	1,000	12.50%
5300.60	Advertising	1,000	1,061	1,000	-	2,000	1,000	100.00%
5300.70	Printing and Binding	-	-	-	-	-	-	N/A
5300.80	Postage	500	559	500	284	500	-	0.00%
Total General and Administrative:		23,300	17,165	23,300	8,584	26,100	2,800	12.02%

<u>UTILITIES</u>								
5800.20	Natural Gas	400	261	400	183	400	-	0.00%
5800.30	Electric Fixed	30,540	36,255	30,540	75,000	30,540	-	0.00%
5800.35	Electric-Variable	389,574	170,602	389,436	450,000	265,083	(124,353)	-31.93%
5800.40	Water	1,200	1,534	1,200	1,587	1,200	-	0.00%
5800.50	Telephone	14,000	11,825	14,000	10,463	16,000	2,000	14.29%
5800.60	Waste Disposal	2,000	2,809	2,000	2,070	2,000	-	0.00%
Total Utilities:		437,714	223,285	437,576	539,303	315,223	(122,353)	-27.96%

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Central Coast Water Authority
Distribution Department Operating Expenses
 Fiscal Year 2005/06 Administration/O&M Budget

Account Number	Account Name	FY 2003/04 Budget	FY 2003/04 Actual	FY 2004/05 Budget	FY 2004/05 Estimated Actual	FY 2005/06 Budget	Change from FY 2004/05 Budget	Percent Change FY 2004/05 Budget
<u>OTHER EXPENSES</u>								
5900.10	Insurance	38,332	44,411	41,826	41,826	41,740	(87)	-0.21%
5900.30	Non-Capitalized Projects	72,295	149,088	108,951	135,000	118,130	9,179	8.42%
5900.40	Equipment Rental	15,000	14,741	12,000	5,745	12,000	-	0.00%
5900.50	Non-Capitalized Equipment	10,000	15,629	10,000	5,503	10,000	-	0.00%
5900.60	Computer Expenses	15,000	15,150	10,000	13,000	17,100	7,100	71.00%
5900.70	Appropriated Contingency	35,135	-	37,268	-	34,418	(2,850)	-7.65%
Total Other Expenses:		185,762	239,019	220,045	201,075	233,388	13,343	6.06%
Turnouts		26,250	43,622	26,350	21,873	46,072	19,722	74.85%
TOTAL OPERATING EXPENSES		\$ 1,818,114	\$ 1,575,272	\$ 1,927,018	\$ 1,815,540	\$ 1,801,404	(135,475)	-7.03%

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION FY 2005/06 BUDGET**

ACCOUNT NUMBER: 5000.10

ACCOUNT TITLE: Full-Time Regular Salaries

Description: Funds for the Distribution regular full-time employees. Includes \$42,314 for FY 2005/06 salary pool.

FY 05/06 Requested Budget	605,930
FY 04/05 Estimated Actual	512,516
Increase (Decrease)	93,414

ACCOUNT NUMBER: 5000.20

ACCOUNT TITLE: Overtime

Description: Funds for overtime expenses for non-exempt Distribution employees.

FY 05/06 Requested Budget	42,296
FY 04/05 Estimated Actual	41,211
Increase (Decrease)	1,085

Overtime is set at 5.0% of salaries plus one hour per day to monitor SCADA system.

ACCOUNT NUMBER: 1300.60

ACCOUNT TITLE: Capitalized Salaries and Overtime

Description: CCWA employee salaries and overtime capitalized as a component of capital projects constructed or acquired by CCWA.

FY 05/06 Requested Budget	(18,515)
FY 04/05 Estimated Actual	-
Increase (Decrease)	(18,515)

ACCOUNT NUMBER: 5000.30

ACCOUNT TITLE: Temporary Services

Description: Temporary services for the Distribution Department.

FY 05/06 Requested Budget	1,000
FY 04/05 Estimated Actual	-
Increase (Decrease)	1,000

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION FY 2005/06 BUDGET**

ACCOUNT NUMBER: 5000.40

ACCOUNT TITLE: Stand-by Pay

Description: Funds for stand-by pay for one Distribution Technician and one Instrumentation and Control employee assigned to stand-by duty on a 24-hour basis. Based on \$1.38 per hour (5% of average hourly rate) for 17,520 hours (two employees) during the fiscal year.

FY 05/06 Requested Budget	24,178
FY 04/05 Estimated Actual	17,548
Increase (Decrease)	6,630

ACCOUNT NUMBER: 5100.10

ACCOUNT TITLE: PERS Retirement

Description: Funds for the employer and employee portion of PERS retirement system contributions. Based on a 17.10% contribution rate for FY 2005/06 based on the 2% @ 55 formula.

FY 05/06 Requested Budget	98,908
FY 04/05 Estimated Actual	93,916
Increase (Decrease)	4,993

ACCOUNT NUMBER: 5100.15

ACCOUNT TITLE: Medicare

Description: Funds for the employer portion of Medicare taxes for the Distribution Department. Amount is equal to 1.45% of all wages.

FY 05/06 Requested Budget	9,801
FY 04/05 Estimated Actual	6,617
Increase (Decrease)	3,184

ACCOUNT NUMBER: 5100.20

ACCOUNT TITLE: Health Insurance

Description: Funds for the employer provided portion of medical insurance coverage for Distribution employees. Amount is based on the Cafeteria plan limits for each employee based on their dependent status as follows:
Family: \$ 12,181
Emp+1: \$ 10,517
Emp: \$ 4,472

FY 05/06 Requested Budget	94,985
FY 04/05 Estimated Actual	61,017
Increase (Decrease)	33,968

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION FY 2005/06 BUDGET**

ACCOUNT NUMBER: 5100.25

ACCOUNT TITLE: Workers' Compensation Insurance

Description: Funds for Workers' Compensation insurance for the Distribution department. Based on an X-Mod rate of 84%. Based on same premium amounts as FY 2004/05.

FY 05/06 Requested Budget	40,636
FY 04/05 Estimated Actual	48,803
Increase (Decrease)	(8,166)

ACCOUNT NUMBER: 5100.35

ACCOUNT TITLE: Employer Paid Deferred Compensation

Description: Employer paid deferred compensation contributions for the Executive Director.

FY 05/06 Requested Budget	3,500
FY 04/05 Estimated Actual	3,250
Increase (Decrease)	250

ACCOUNT NUMBER: 5100.40

ACCOUNT TITLE: Cafeteria Plan Benefits

Description: Funds for the portion of the cafeteria plan benefits which exceed the premium costs for the Distribution employees based on each employee's benefit election.

FY 05/06 Requested Budget	10,218
FY 04/05 Estimated Actual	9,313
Increase (Decrease)	905

ACCOUNT NUMBER: 5100.45

ACCOUNT TITLE: Dental/Vision Plan

Description: Funds for the self-funded dental/vision plan. The plan provides \$2,610 per year per family for dental and vision expenses. Budgeted amount is \$1,305 per year per employee.

FY 05/06 Requested Budget	11,743
FY 04/05 Estimated Actual	13,506
Increase (Decrease)	(1,763)

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION FY 2005/06 BUDGET**

ACCOUNT NUMBER: 5100.50

ACCOUNT TITLE: Long-Term Disability

Description: Funds for premiums paid for long-term disability insurance. Based on a rate of \$0.61 per \$100 of salary.

FY 05/06 Requested Budget	3,181
FY 04/05 Estimated Actual	2,528
Increase (Decrease)	653

ACCOUNT NUMBER: 5100.55

ACCOUNT TITLE: Life Insurance

Description: Funds for the employer paid life insurance premiums for each employee. CCWA policy provides life insurance equal to 150% of an employees annual salary to a maximum of \$100,000.

FY 05/06 Requested Budget	3,247
FY 04/05 Estimated Actual	2,464
Increase (Decrease)	783

ACCOUNT NUMBER: 5100.60

ACCOUNT TITLE: Employee Physicals

Description: Funds for employee physicals paid by CCWA, including DOT, pre-employment, and respirator evaluation.

FY 05/06 Requested Budget	900
FY 04/05 Estimated Actual	250
Increase (Decrease)	650

ACCOUNT NUMBER: 5100.65

ACCOUNT TITLE: Employee Education Reimbursement

Description: Funds for reimbursement of employee education expenses under the policy established by CCWA.

FY 05/06 Requested Budget	1,000
FY 04/05 Estimated Actual	-
Increase (Decrease)	1,000

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION FY 2005/06 BUDGET**

ACCOUNT NUMBER: 5100.70

ACCOUNT TITLE: Employee Incentive Programs

Description: Funds to encourage employee safety through safety awards and incentive programs and the Employee Achievement Awards Program (EAAP).

FY 05/06 Requested Budget	2,600
FY 04/05 Estimated Actual	4,461
Increase (Decrease)	(1,861)

Safety Program	\$	1,300
EAAP	\$	1,300
TOTAL:	\$	2,600

ACCOUNT NUMBER: 1300.60

ACCOUNT TITLE: Capitalized Employee Benefits

Description: CCWA employee benefits capitalized as a component of capital projects constructed or acquired by CCWA.

FY 05/06 Requested Budget	(7,861)
FY 04/05 Estimated Actual	-
Increase (Decrease)	(7,861)

ACCOUNT NUMBER: 5200.20

ACCOUNT TITLE: Office Supplies

Description: Funds for office supplies for the Distribution Department.

FY 05/06 Requested Budget	2,000
FY 04/05 Estimated Actual	756
Increase (Decrease)	1,244

ACCOUNT NUMBER: 5200.30

ACCOUNT TITLE: Miscellaneous Office Expenses

Description: Funds for miscellaneous expenses such as picture developing, awards, business cards, kitchen supplies, etc.

FY 05/06 Requested Budget	1,000
FY 04/05 Estimated Actual	311
Increase (Decrease)	689

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION FY 2005/06 BUDGET**

ACCOUNT NUMBER: 5300.10

ACCOUNT TITLE: Meetings and Travel

Description: Funds for Distribution Department employee meetings and travel expenses. Includes State Water Contractor travel for Executive Director and Chief Engineer as well as travel expenses for Reach 3 inspection and WTP winter maintenance.

FY 05/06 Requested Budget	12,000
FY 04/05 Estimated Actual	4,916
Increase (Decrease)	7,084

ACCOUNT NUMBER: 5300.20

ACCOUNT TITLE: Mileage Reimbursement

Description: Funds for reimbursement to employees for mileage expenses.

FY 05/06 Requested Budget	-
FY 04/05 Estimated Actual	-
Increase (Decrease)	-

ACCOUNT NUMBER: 5300.30

ACCOUNT TITLE: Dues and Memberships

Description: Funds for professional dues and memberships in required areas.

FY 05/06 Requested Budget	1,300
FY 04/05 Estimated Actual	2,391
Increase (Decrease)	(1,091)

ACCOUNT NUMBER: 5300.40

ACCOUNT TITLE: Publications

Description: Funds for publications received by the Distribution Department.

FY 05/06 Requested Budget	1,300
FY 04/05 Estimated Actual	367
Increase (Decrease)	933

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION FY 2005/06 BUDGET**

ACCOUNT NUMBER: 5300.50

ACCOUNT TITLE: Training

Description: Funds for training Distribution Department staff.
Does not include educational reimbursement.

FY 05/06 Requested Budget	9,000
FY 04/05 Estimated Actual	625
Increase (Decrease)	8,375

\$ 9,000 - \$1,000 per employee

ACCOUNT NUMBER: 5300.60

ACCOUNT TITLE: Advertising

Description: Funds for public relations materials
for the Distribution Department including open position advertising.

FY 05/06 Requested Budget	2,000
FY 04/05 Estimated Actual	-
Increase (Decrease)	2,000

ACCOUNT NUMBER: 5300.80

ACCOUNT TITLE: Postage

Description: Funds for all postal and mail expenses
for the Distribution Department.

FY 05/06 Requested Budget	500
FY 04/05 Estimated Actual	284
Increase (Decrease)	216

ACCOUNT NUMBER: 5400.10

ACCOUNT TITLE: Professional Services

Description:

\$ 80,000	Environmental Services
10,000	Cathodic protection
10,000	Miscellaneous (vault repairs, flow meter repairs, etc.)
8,500	Aerial survey and/or photos
1,500	Emergency generator service
1,100	Oil analysis
750	Fire extinguisher inspections
2,000	Crane inspections
\$ 113,850	TOTAL

FY 05/06 Requested Budget	113,850
FY 04/05 Estimated Actual	105,291
Increase (Decrease)	8,559

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION FY 2005/06 BUDGET**

ACCOUNT NUMBER: 5400.20

ACCOUNT TITLE: Legal Services

Description: Not funded for current fiscal year.

FY 05/06 Requested Budget	-
FY 04/05 Estimated Actual	1,094
Increase (Decrease)	(1,094)

ACCOUNT NUMBER: 5400.30

ACCOUNT TITLE: Engineering Services

Description: Funds for all non-capitalized engineering services.

FY 05/06 Requested Budget	16,000
FY 04/05 Estimated Actual	9,042
Increase (Decrease)	6,958

ACCOUNT NUMBER: 5400.40

ACCOUNT TITLE: Permits

Description: Funds for all required permits for the Distribution Department.

FY 05/06 Requested Budget	2,750
FY 04/05 Estimated Actual	6,306
Increase (Decrease)	(3,556)

600	Low Threat Discharge Permit
1,650	Diesel Permit
500	SYPP Business Plan
\$ 2,750	TOTAL

ACCOUNT NUMBER: 5400.50

ACCOUNT TITLE: Non-Contractual Services

Description: Not funded this year.

FY 05/06 Requested Budget	-
FY 04/05 Estimated Actual	1,350
Increase (Decrease)	(1,350)

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION FY 2005/06 BUDGET**

ACCOUNT NUMBER: 5500.10

ACCOUNT TITLE: Uniform Expenses

Description: Funds for employer provided uniforms including reimbursement of uniform expenses to employees.

FY 05/06 Requested Budget	6,205
FY 04/05 Estimated Actual	6,983
Increase (Decrease)	(778)

\$	2,880	Uniform Service (\$240 month))
\$	1,350	Blue jean pants (\$150/year for 9 employees)
\$	1,575	Boots (\$175/year for 9 employees)
\$	400	Misc. uniform requirements (jackets, etc.)
\$	6,205	TOTAL

ACCOUNT NUMBER: 5500.15

ACCOUNT TITLE: Minor Tools and Equipment

Description: Funds for the purchase of minor tools and equipment.

FY 05/06 Requested Budget	10,000
FY 04/05 Estimated Actual	9,167
Increase (Decrease)	833

ACCOUNT NUMBER: 5500.20

ACCOUNT TITLE: Spare Parts

Description: Not funded.

FY 05/06 Requested Budget	-
FY 04/05 Estimated Actual	-
Increase (Decrease)	-

ACCOUNT NUMBER: 5500.25

ACCOUNT TITLE: Landscape Equipment and Supplies

Description: Funds for the purchase of equipment and supplies for landscape maintenance at the pump station and the Buellton office.

FY 05/06 Requested Budget	1,000
FY 04/05 Estimated Actual	10
Increase (Decrease)	990

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION FY 2005/06 BUDGET**

ACCOUNT NUMBER: 5500.30

ACCOUNT TITLE: Chemicals-Fixed

Description: Not funded for FY 2005/06.

FY 05/06 Requested Budget	-
FY 04/05 Estimated Actual	-
Increase (Decrease)	-

ACCOUNT NUMBER: 5500.35

ACCOUNT TITLE: Maintenance Supplies/Hardware

Description: Funds for the purchase of disposable tools, pipe and pipefittings, wood, steel and other metals, hardware, nuts and bolts, and other hardware materials.

FY 05/06 Requested Budget	10,000
FY 04/05 Estimated Actual	2,794
Increase (Decrease)	7,206

ACCOUNT NUMBER: 5500.40

ACCOUNT TITLE: Safety Supplies

Description: Purchases of minor safety supplies including first aid kit purchases and non-capitalized safety equipment purchases.

FY 05/06 Requested Budget	4,000
FY 04/05 Estimated Actual	3,734
Increase (Decrease)	266

ACCOUNT NUMBER: 5500.45

ACCOUNT TITLE: Fuel and Lubricants

Description: Funds for the purchase of fuel and lubricants for Distribution Department vehicles. Does not include mileage reimbursement expenses.

FY 05/06 Requested Budget	27,000
FY 04/05 Estimated Actual	30,929
Increase (Decrease)	(3,929)

\$	23,000	Vehicles
\$	1,000	Emergency Generator Sets
\$	2,000	Lubricants
\$	1,000	Miscellaneous
\$	27,000	TOTAL

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION FY 2005/06 BUDGET**

ACCOUNT NUMBER: 5500.50

ACCOUNT TITLE: Seed/Plants/Erosion Control Supplies

Description: Funds for reseeding, replanting and erosion control supplies.

FY 05/06 Requested Budget	7,000
FY 04/05 Estimated Actual	65
Increase (Decrease)	6,935

\$	1,000	Seed
	1,000	Plants and materials
	5,000	Erosion control
\$	7,000	TOTAL

ACCOUNT NUMBER: 5500.55

ACCOUNT TITLE: Backflow Prevention Supplies

Description: Funds for backflow prevention.

FY 05/06 Requested Budget	500
FY 04/05 Estimated Actual	-
Increase (Decrease)	500

ACCOUNT NUMBER: 5700.10

ACCOUNT TITLE: Equipment Repairs and Maintenance

Description: Funds for repairs and maintenance of Distribution Department equipment.

FY 05/06 Requested Budget	30,000
FY 04/05 Estimated Actual	33,142
Increase (Decrease)	(3,142)

ACCOUNT NUMBER: 5700.20

ACCOUNT TITLE: Vehicle Repairs and Maintenance

Description: Funds for the repair and maintenance of Distribution Department vehicles.

FY 05/06 Requested Budget	14,420
FY 04/05 Estimated Actual	11,240
Increase (Decrease)	3,180

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION FY 2005/06 BUDGET**

ACCOUNT NUMBER: 5700.30

ACCOUNT TITLE: Building Maintenance

Description: Funds for the repair and maintenance of the Santa Ynez Pumping Facility.

FY 05/06 Requested Budget	4,000
FY 04/05 Estimated Actual	2,643
Increase (Decrease)	1,357

\$	2,000	Janitorial Service
	2,000	Miscellaneous Repairs
\$	4,000	TOTAL

ACCOUNT NUMBER: 5700.40

ACCOUNT TITLE: Landscape Maintenance

Description: Funds for the maintenance of the Santa Ynez Pumping Facility (SYPF).

FY 05/06 Requested Budget	3,148
FY 04/05 Estimated Actual	2,448
Increase (Decrease)	700

\$	2,448	SYPF (\$204 month)
\$	700	SYPF spring mowing
\$	3,148	TOTAL

ACCOUNT NUMBER: 5800.20

ACCOUNT TITLE: Natural Gas Service

Description: Funds for natural gas service for the Distribution Department.

FY 05/06 Requested Budget	400
FY 04/05 Estimated Actual	183
Increase (Decrease)	217

ACCOUNT NUMBER: 5800.30

ACCOUNT TITLE: Electric Service-Fixed

Description: Funds for electrical service for the Distribution Dept.

FY 05/06 Requested Budget	30,540
FY 04/05 Estimated Actual	75,000
Increase (Decrease)	(44,460)

\$	7,800	Suite B & C	\$650 month
	1,200	2 Iso vaults	\$100 month
	5,040	2 Tanks	\$420 month
	2,220	11 Rectifiers	\$185 month
	3,000	EDV	\$250 month
	8,280	SYPF	\$690 month
	3,000	Turnouts	\$250 month
\$	30,540	TOTAL	

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION FY 2005/06 BUDGET**

ACCOUNT NUMBER: 5800.31

ACCOUNT TITLE: Electric Service-Variable

Description: Funds for electrical service for the
Distribution Department.

FY 05/06 Requested Budget	265,083
FY 04/05 Estimated Actual	450,000
Increase (Decrease)	(184,917)

Acre feet pumped	4,820
Cost per acre foot	\$55
TOTAL	\$265,083

Based on 75% of 2005 requests and 100% of 2006 requests. Delivery requests for South Coast project participants revised from original October 2004 delivery requests.

ACCOUNT NUMBER: 5800.40

ACCOUNT TITLE: Water/Sewer

Description: Funds for water and sewer service to
the Distribution Department.

FY 05/06 Requested Budget	1,200
FY 04/05 Estimated Actual	1,587
Increase (Decrease)	(387)

ACCOUNT NUMBER: 5800.50

ACCOUNT TITLE: Telephone

Description: Funds for Distribution Department phones including
long distance, pagers and cellular phone bills.

FY 05/06 Requested Budget	16,000
FY 04/05 Estimated Actual	10,463
Increase (Decrease)	5,537

ACCOUNT NUMBER: 5800.60

ACCOUNT TITLE: Waste Disposal

Description: Funds for trash service and removal of
hazardous waste (waste oil) for the Distribution Department.

FY 05/06 Requested Budget	2,000
FY 04/05 Estimated Actual	2,070
Increase (Decrease)	(70)

\$	1,000	Trash service
	1,000	Hazardous waste removal
\$	2,000	TOTAL

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION FY 2005/06 BUDGET**

ACCOUNT NUMBER: 5900.10

ACCOUNT TITLE: Insurance

Description: Funds for insurance coverage.

FY 05/06 Requested Budget	41,740
FY 04/05 Estimated Actual	41,826
Increase (Decrease)	(87)

\$	23,022	Property and Auto Insurance as apportioned by JPIA.
\$	18,718	General liability and E&O insurance pro rated by salary percentages.
\$	41,740	TOTAL

ACCOUNT NUMBER: 5900.30

ACCOUNT TITLE: Non-Capitalized Projects

Description: Funds for projects along the pipeline on facilities which are not owned by CCWA or do not qualify for capitalization under the CCWA capitalization policy (see detailed breakout in this section of the budget).

FY 05/06 Requested Budget	118,130
FY 04/05 Estimated Actual	135,000
Increase (Decrease)	(16,870)

ACCOUNT NUMBER: 5900.40

ACCOUNT TITLE: Equipment Rental

Description: Funds for rental of equipment for the Distribution Department.

FY 05/06 Requested Budget	12,000
FY 04/05 Estimated Actual	5,745
Increase (Decrease)	6,255

ACCOUNT NUMBER: 5900.50

ACCOUNT TITLE: Non-Capitalized Fixed Assets

Description: Funds for the purchase of non-capitalized equipment purchases. These equipment purchases are generally under \$5,000 in cost with an estimated useful life under 5 years.

FY 05/06 Requested Budget	10,000
FY 04/05 Estimated Actual	5,503
Increase (Decrease)	4,497

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION FY 2005/06 BUDGET**

ACCOUNT NUMBER: 5900.60

ACCOUNT TITLE: Computer Expenses

Description: Funds for computer expenses including
minor software and equipment purchases, and service contracts.

FY 05/06 Requested Budget	17,100
FY 04/05 Estimated Actual	13,000
Increase (Decrease)	4,100

DSL Allowance	\$2,400
Service Contracts	\$9,500
New Computers	\$4,200
Minor purchases	\$1,000
Total	\$17,100

ACCOUNT NUMBER: 5900.70

ACCOUNT TITLE: Appropriated Contingency

Description: 2.0% of requested budget.

FY 05/06 Requested Budget	34,418
FY 04/05 Estimated Actual	-
Increase (Decrease)	34,418





Bench scale granular activated carbon (GAC) tests were conducted to evaluate taste and odor removal capability.

Capital Improvements

The Capital Improvements Projects (CIP) section is a component of the non-operating expense section of the budget. The CIP budget includes expenses for fixed asset and equipment purchases as well as the accumulation of expenditures for construction projects undertaken by the Authority.

Central Coast Water Authority
Capital Improvements
 Fiscal Year 2005/06 Budget

The Capital Improvements Projects (CIP) section is a component of the non-operating expense section of the budget. The CIP budget includes expenditures for fixed asset/equipment purchases as well as the accumulation of expenditures associated with construction projects undertaken by the Authority. The total CIP budget for FY 2005/06 is \$344,773.

There are two (2) components of the CIP budget: (1) **New Facilities and Equipment** and (2) **Equipment Replacement and Repair**.

New Facilities and Equipment (NFE)

This section of the CIP budget provides funding for new purchases of facilities and equipment needed by the Authority. These purchases are generally for items which the Authority does not already own.

For FY 2005/06 the NFE budget is \$43,104. The budgeted expenditures for NFE are listed below.

New Facilities and Equipment	
Global Positioning System	\$ 9,093
Toning Package	10,230
Sludge Lagoon Weir Gates	14,575
Fit Test 300	9,206
TOTAL NEW FACILITIES AND EQUIPMENT	\$ 43,104

Equipment Replacement and Repair (ERR)

This section of the CIP budget provides funding for the repair and replacement of existing facilities and equipment.

For FY 2005/06 the ERR budget is \$323,005. The budgeted expenditures for ERR are listed below.

Equipment Replacement and Repair	
Vehicle Replacements	67,650
Phone System Replacement	56,375
Santa Ynez Pump Facility Variable	
Frequency Drive	18,523
Tank 7 Chlorination Station Upgrades	59,348
Secondary Containment Coating Project	31,500
WTP Interior Light Replacement	21,117
WTP Exterior Light Replacement	55,320
WTP Emergency Valve Replacement	13,172
TOTAL EQUIPMENT REPLACEMENT AND REPAIR	\$ 323,005

Central Coast Water Authority
Capital Improvements
 Fiscal Year 2005/06 Budget

Carry-Over

During the previous fiscal year, certain capital improvement projects were either not completed or started during the year. However, the Authority intends to complete these projects and expend the funds in the next fiscal year. Therefore, the items are treated as a "carry-over." This means that the project is being carried forward from the previous fiscal year to the new fiscal year capital improvement budget. Additionally, the unused funds are moved from the previous fiscal year to the new fiscal year. There are no carry-over capital improvement projects for FY 2005/06.

Funding of Capital Improvements Expenditures

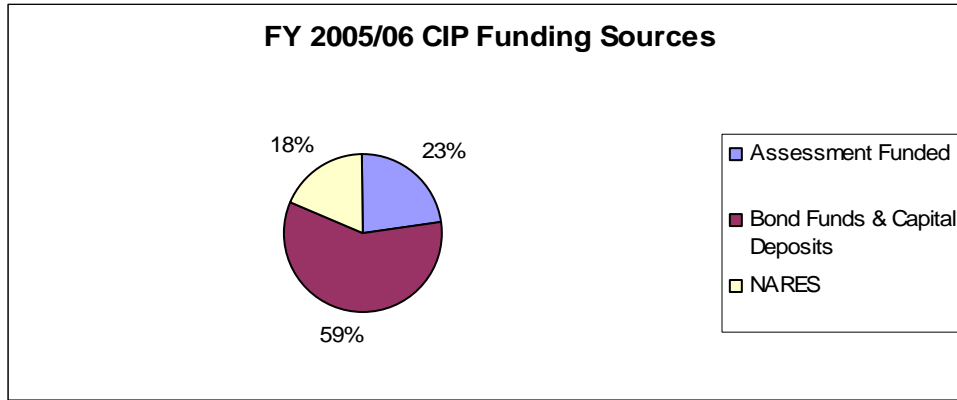
The FY 2005/06 CIP expenditures are being funded from three funding sources – Project Participant Assessment, (\$83,991), Non-Annual Recurring Expense Deposits (\$67,650) and Revenue Bond funds and Capital Deposits (\$214,393).

The following table shows the allocation of the FY 2005/06 capital improvements by department, financial reach, and funding source.

FY 2005/06 Capital Improvements					
Capital Improvements	Specific		Water Treatment		Total
	Financial Reach	Administration	Plant	Distribution	
<u>Non-Annual Recurring Expense Funded CIP</u>					
Vehicle Replacements					
Sedan for Chief Engineer	WTP		22,550		22,550
Distribution Sample Truck	ALL			22,550	22,550
WTP Four-Wheel Drive Truck	WTP		22,550		22,550
Subtotal:		-	45,100	22,550	67,650
<u>Assessment Funded CIP</u>					
Phone System Replacement	WTP & ADM	28,188	28,188		56,375
Santa Ynez Pump Facility Variable Frequency Drive	SYII			18,523	18,523
Global Positioning System	ALL			9,093	9,093
Subtotal:		28,188	28,188	27,616	83,991
<u>Revenue Bond and Capital Deposit Funded CIP</u>					
Tank 7 Chlorination Station Upgrades	SYI			59,348	59,348
WTP Interior Light Replacement	WTP		21,117		21,117
WTP Exterior Light Replacement	WTP		55,320		55,320
WTP Emergency Valve Replacement	WTP		13,172		13,172
Toning Package	SYI			10,230	10,230
Secondary Containment Coating Project	WTP		31,500		31,500
Fit Test 300	WTP		9,206		9,206
Sludge Lagoon Weir Gates	WTP		14,500		14,500
Subtotal Revenue Bond and Capital Deposits:		-	144,815	69,578	214,393
TOTAL CIP		\$ 28,188	\$ 218,102	\$ 119,744	\$ 366,034

Central Coast Water Authority
Capital Improvements
Fiscal Year 2005/06 Budget

The following graph shows the funding sources for the FY 2005/06 capital improvements.



State Water Project Construction Project

The facilities constructed by the Authority generally include a water treatment plant located at Polonio Pass in northeastern San Luis Obispo County to serve Santa Barbara County project participants and San Luis Obispo County water purchasers and a transmission system to serve Santa Barbara County project participants consisting of: (1) the Mission Hills II Extension, a buried pipeline approximately 12.3 miles long running from the terminus of the Coastal Branch Phase II on Vandenberg Air Force Base in Santa Barbara County southerly to the vicinity of the Lompoc Valley and (2) the Santa Ynez Extension, a buried pipeline approximately 29.3 miles long running from the terminus of the Mission Hills Extension easterly through the Santa Ynez Valley to a terminus at Cachuma Lake and which includes a pumping plant near Santa Ynez and a storage tank west of Buellton. Water is conveyed from that point to the South Coast of Santa Barbara County through existing Cachuma Project facilities which traverse the Santa Ynez Mountains.

Central Coast Water Authority
Capital Improvements
Fiscal Year 2005/06 Budget

Description: ***Santa Ynez Pump Facility Variable Frequency Drive***

Financial Reach: Santa Ynez II

Project Type: Capital Project

Expanded Description: Variable Frequency Drive to replace one of the existing drives to allow greater pumping flexibility

Estimated Charge	\$ 16,000
Sales Tax	\$ 1,240
Contingency	<u>\$ 1,283</u>
Subtotal without CCWA Labor	\$ 18,523
Labor	\$ 6,472
Fringe and Overhead	<u>\$ 2,797</u>
Total Cost:	\$ 27,792

Funding Source: Bond Funds

Operating Budget Impact: Power cost savings and PG&E rebates will allow this project to pay for itself within one year of installation for an annual power cost savings of at least \$30,000.

Description: ***Buellton Administrative Office and Water Treatment Plant Phone System***

Department: Administration and WTP

Project Type: Capital Project

Expanded Description: Replacement telephone system.

Estimated Charge	\$ 50,000
Sales Tax	\$ 3,875
Contingency (5%)	<u>\$ 2,500</u>
Total Cost:	\$ 56,375

Funding Source: Reach Specific Assessments

Operating Budget Impact: The existing telephone system is obsolete, and is incompatible with the Buellton backup internet service. The impact to the O&M budget is not quantifiable.

Central Coast Water Authority
Capital Improvements
Fiscal Year 2005/06 Budget

Description: ***Tank 7 Chlorination Station Upgrades***

Department: SYI

Project Type: Capital Project

Expanded Description: Upgrades to make the temporary Tank 7 chlorination station a permanent facility.

Estimated Charge	\$ 40,000
Contingency (5%)	<u>\$ 2,000</u>
Subtotal without CCWA Labor	\$ 42,000
Labor	\$ 12,006
Fringe and Overhead	<u>\$ 5,743</u>
Total Cost:	\$ 59,749

Funding Source: Revenue bond proceeds and capital deposits

Operating Budget Impact: A temporary chlorination station was established to control nitrification in the southern end of the system when flows were low. The system has been successful at controlling nitrification, and is more cost effective to operate than breakpoint chlorination. Upgrades will protect the system from environmental elements, allow remote operation, and safeguard against chemical releases to the environment. Operations and maintenance budget impacts are difficult to quantify.

Central Coast Water Authority
Capital Improvements
Fiscal Year 2005/06 Budget

Description:	<i>Water Treatment Plant Interior Light Replacement</i>
Department:	WTP
Project Type:	Capital Project
Expanded Description:	Replace interior sodium lights with high efficiency fluorescent lights and motion sensors.
Estimated Charge	\$ 12,000
Sales Tax	\$ 930
Contingency (5%)	<u>\$ 968</u>
Subtotal without CCWA Labor	\$ 13,898
Labor	\$ 4,847
Fringe and Overhead	<u>\$ 2,552</u>
Total Cost:	\$ 21,297
Funding Source:	Revenue bond proceeds and capital deposits
Operating Budget Impact:	With PG&E rebates, the materials cost will pay for itself in approximately one year in power savings expected to be approximately \$12,000.

Central Coast Water Authority
Capital Improvements
Fiscal Year 2005/06 Budget

Description: ***Water Treatment Plant Exterior Light Replacement Project***

Department: WTP
Project Type: Capital Project

Expanded Description: Replace light standards that have been damaged due to high wind conditions; existing standards are obsolete.

Estimated Charge	\$ 40,000
Sales Tax	\$ 3,100
Contingency (5%)	<u>\$ 2,580</u>
Subtotal without CCWA Labor	\$ 45,680

Labor	\$ 6,466
Fringe and Overhead	<u>\$ 3,415</u>
Total Cost:	\$ 55,561

Funding Source: Revenue bond proceeds and capital deposits

Operating Budget Impact: Existing standards are obsolete. Operations and maintenance budget impacts are not quantifiable.

Description: ***Global Positioning System***

Department: All Distribution Reaches

Project Type: Capital Project

Expanded Description: A system using satellites, receivers, and software to allow users to determine their exact geographic position.

Estimated Charge	\$ 8,000
Sales Tax	\$ 660
Contingency (5%)	<u>\$ 433</u>

Total Cost:	\$ 9,093
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Funding Source: Reach Specific Assessments

Operating Budget Impact: None.

Central Coast Water Authority
Capital Improvements
Fiscal Year 2005/06 Budget

Description: ***Vehicle Replacements***

Department: Distribution and Water Treatment Plant

Project Type: Fixed Asset Purchase

Expanded Description: Replacement of the Chief Engineer's sedan and the sample truck with like kind, and the Distribution pool car with a four-wheel drive truck.

Estimated Charge \$ 60,000
Sales Tax \$ 4,650
Contingency (5%) \$ 3,000

Total Cost: \$ 67,650

Funding Source: Non-Annual Recurring Expense Deposits

Operating Budget Impact: Existing vehicles have exceeded their useful lives.

Description: ***WTP Emergency Valve Replacement***

Department: WTP

Project Type: Capital Project

Expanded Description: Replacement of the emergency inlet valve at the water treatment plant.

Estimated Charge \$ 9,000
Sales Tax \$ 698
Contingency (5%) \$ 610
Subtotal without
CCWA Labor \$ 10,308

Labor \$ 1,907
Fringe and Overhead \$ 1,028
Total Cost: \$ 13,243

Funding Source: Bond Funds and Capital Deposits

Operating Budget Impact: Existing valve does not provide sufficient functionality in emergency conditions.

Central Coast Water Authority
Capital Improvements
Fiscal Year 2005/06 Budget

Description: ***Toning Package***

Department: Santa Ynez I Financial Reach

Project Type: Capital Project

Expanded Description: Install toning package for cathodic protection

Estimated Charge \$ 9,000
Sales Tax \$ 743
Contingency (5%) \$ 487

Total Cost: \$ 10,230

Funding Source: Bond Funds and Capital Deposits

Operating Budget Impact: Latest technology provides greater range for finding CCWA underground facilities

Description: ***Fit Test 3000***

Department: Water Treatment Plant

Project Type: Capital Project

Expanded Description: Device for testing Self Contained Breathing Apparatuses

Estimated Charge \$ 8,100
Sales Tax \$ 668
Contingency (5%) \$ 438

Total Cost: \$ 9,206

Funding Source: Bond Funds and Capital Deposits

Operating Budget Impact: Device will pay for itself in five years or less in reduced service costs for outside contractor to certify self-contained breathing apparatuses.

Central Coast Water Authority
Capital Improvements
Fiscal Year 2005/06 Budget

Description: ***Sludge Lagoon Weir Gates***

Department: Water Treatment Plant

Project Type: Capital Project

Expanded Description: Install Weir gates at sludge lagoons to control return decant water

Estimated Charge	\$ 10,000
Sales Tax	\$ 775
Contingency (5%)	<u>\$ 673</u>
Subtotal without CCWA Labor	\$ 11,448
Labor	\$ 2,024
Fringe and Overhead	<u>\$ 1,103</u>
Total Cost:	\$ 14,575

Funding Source: Bond Funds and Capital Deposits

Operating Budget Impact: Weir gates provide better control of sludge lagoon decant water, providing higher quality raw water, and reduced chemical costs.



Hatch cover repairs at Tank 2.

Debt Management

The Debt Management section of the FY 2005/06 Budget contains information on the Authority's outstanding revenue bonds including the Authority's authorization to issue debt, security for the bonds, bond coverage covenant, arbitrage rebate liability, and the project participant debt payment schedule.

Highlights

1996 Revenue Bond Principal and Interest Due **\$ 11,919,138**

- FY 2005/06 Principal Payment \$ 4,515,000
- FY 2005/06 Interest Payments \$ 7,404,138

Bond Payment Funding Sources **\$ 11,919,138**

- Fixed Assessments from Project Participants \$ 11,130,731
- Guaranteed Investment Contract Interest \$ 697,904
- Debt Service Account Interest Income \$ 90,503

1996 Revenue Bond Information

- Principal Payment Date October 1st
- Interest Payment Dates October 1st and April 1st
- Outstanding Principal Balance (6-30-05) \$ 147,500,000
- True Interest Cost (TIC) 5.55%
- Restricted Arbitrage Rate 5.47%
- Arbitrage Rebate Liability (6-30-05) \$ 0

Central Coast Water Authority
Debt Management
Fiscal Year 2005/06 Budget

Authorization to Issue Debt

The Authority is authorized pursuant to state law including, but not limited to, Section 6588(c) of the Government Code of the State of California, pursuant to ordinances approved by the voters in the service areas of certain of the Project Members and pursuant to Section 5(j) of the Authority Joint Exercise of Powers Agreement, to incur indebtedness to finance Authority facilities and is authorized pursuant to state law including, but not limited to, Section 6588(m) of the Government Code, Section 24 of the Water Supply Agreements and Section 18 of the Master Water Treatment Agreement, to assign and pledge to the repayment of such indebtedness amounts payable by the financing participants to the Authority.

The Authority is also authorized pursuant to Section 6586 of the California Government Code to issue refunding bonds in that the Authority has determined that there is a demonstrable net present value savings.

CCWA Debt Limit

There is no specific provision within the California Government Code that limits the amount of debt that may be issued by the Authority as a Joint Powers Authority within the State of California. However, there are certain limitations contained in each financing participant's Water Supply Agreement that limit the amount of debt that may be issued by CCWA on behalf of the financing participant.

General Discussion

In October 1992, the Authority sold \$177,120,000 in revenue bonds at a true interest cost of 6.64% to enable the Authority to finance a portion of the costs of constructing a water treatment plant to treat State water for use by various participating water purveyors and users within Santa Barbara and San Luis Obispo Counties, a transmission system to deliver such water to the participating water purveyors and users within Santa Barbara County, and certain local improvements to the water systems of some of the participating purveyors.

In November 1996, the Authority sold \$198,015,000 of revenue bonds at a true interest cost of 5.55% to defease the Authority's \$177,120,000 1992 revenue bonds and to pay certain costs of issuing the bonds. The 1996 bonds were issued in two series: Series A of \$173,015,000 and Series B of \$25,000,000. All outstanding Series B bonds were redeemed on October 1, 1998 pursuant to the call provisions in the Indenture of Trust. The Series B bonds were called with amounts transferred from the Construction Fund and the Reserve Fund.

Central Coast Water Authority
Debt Management
Fiscal Year 2005/06 Budget

Security for the Bonds

Each Santa Barbara County project participant has entered into a Water Supply Agreement with the Authority pursuant to which the Santa Barbara County project participant is obligated to make certain payments to the Authority with respect to the project. Such payments, when received by or on behalf of the Authority, will constitute revenues pledged to secure the payment of the principal of and interest on the bonds.

The San Luis Obispo County Flood Control and Water Conservation District (SLOCFCWCD) has entered into a Master Water Treatment Agreement with the Authority pursuant to which SLOCFCWCD is obligated to make certain payments with respect to the water treatment plant and local projects for certain San Luis Obispo County project participants.

The bonds are not debts of the financing participants of the Authority, the State of California or any political subdivision of the State of California. The bonds are strictly a liability of the Authority.

The Bonds

The bonds are dated November 1, 1996 with interest payable on April 1 and principal and interest payable on October 1 of each year (*see the "1996 Revenue Bond Debt Service Schedule" in this section*).

Bond Coverage Covenant

Each Santa Barbara County project participant and each San Luis Obispo County water purchaser has agreed in its Water Supply Agreement or Local Water Treatment Agreement to comply with the bond coverage covenant. This covenant requires each project participant to fix, prescribe and collect rates and charges for its water system which will be at least sufficient to yield net water system revenues equal to 125% of the sum of the contract payments required to be made by each participant and purchaser in such fiscal year pursuant to its Water Supply Agreement or Local Water Treatment Agreement plus debt service.

Arbitrage Rebate Liability

The arbitrage rebate liability calculations as of June 30, 2004, show no rebate liability to the Internal Revenue Service.

The five-year rebate calculation for the 1992 Revenues Bonds indicates a negative rebate liability of (\$5,546,174) completed on June 10, 1998. No additional rebate calculations will be performed on the 1992 bonds as a result of this negative rebate liability.

Central Coast Water Authority
Debt Management
Fiscal Year 2005/06 Budget

Construction Project Close Out and Final Reconciliation

On June 25, 1998, the Authority declared the construction project complete. In conjunction with declaring the project complete, a reconciliation of all construction expenditures and the corresponding allocation of costs to each financial reach was performed and the Project Closeout Report was prepared. Additionally, funds were retained from the construction fund and the local project fund based on estimates of future project expenditures to fully complete the remaining construction items.

Amended debt service amortization schedules were prepared for each financing participant based on the actual construction expenditures, financed local facilities and capitalized interest elections by the financing participants. The "1996 Revenue Bond Distribution Schedule, Series A" found on page 207 from the Project Closeout Report, provides a summary of the Series A principal and interest allocation to each financing participant.

A final reconciliation of total actual project expenditures will be prepared after all project funds are completely expended. Amended debt service amortization schedules will be prepared for each financing participant. These changes are estimated to result in minor adjustments to the debt service amortization schedules.

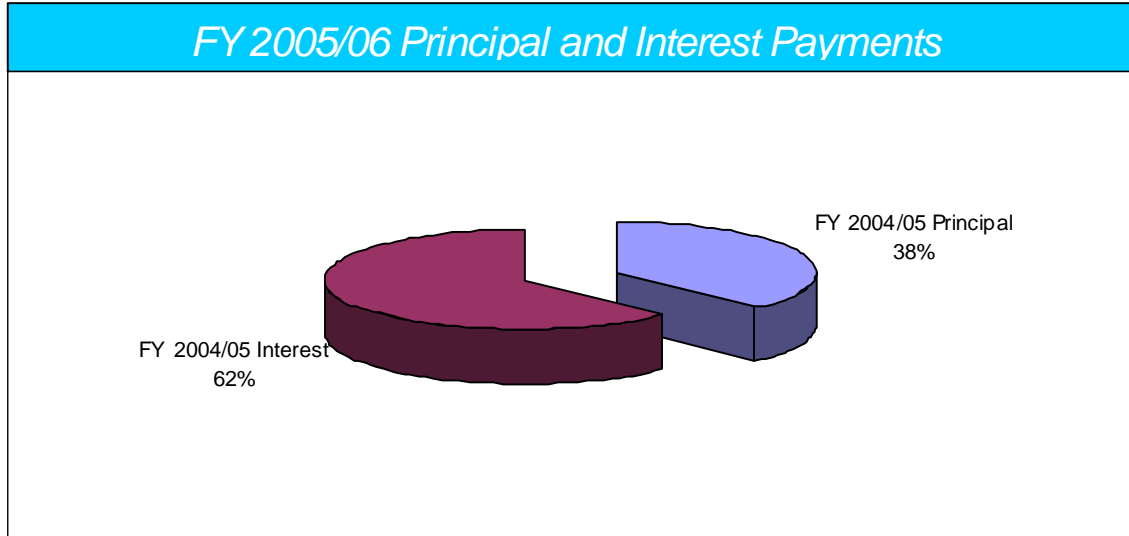
Fiscal Year 2005/06 Debt Service Budget

For FY 2005/06, total Series A principal payments is \$4,515,000 and total interest due is \$7,404,138, totaling \$11,919,138. Additionally, Bond Trustee fees in the amount of \$2,500 are included in the debt service assessment. These amounts are partially offset by the following:

- Reserve Fund Interest Income This is interest income on the collateralized guaranteed investment contract in the principal amount of \$12,758,750 at an interest rate of 5.47%, which exactly equals the restricted rate on the CCWA bonds. The guaranteed investment contract pays interest semi-annually on April 1st and October 1st, each in the amount of \$348,952. Total reserve fund interest income for FY 2005/06 is \$697,904.
- Debt Service Account Interest Income Payments from the financing participants are invested in accordance with the CCWA Investment Policy. Investments are purchased which correspond to the debt service payment dates on the bonds. Estimated investment income on the debt service account is \$90,503 earned during FY 2004/05.

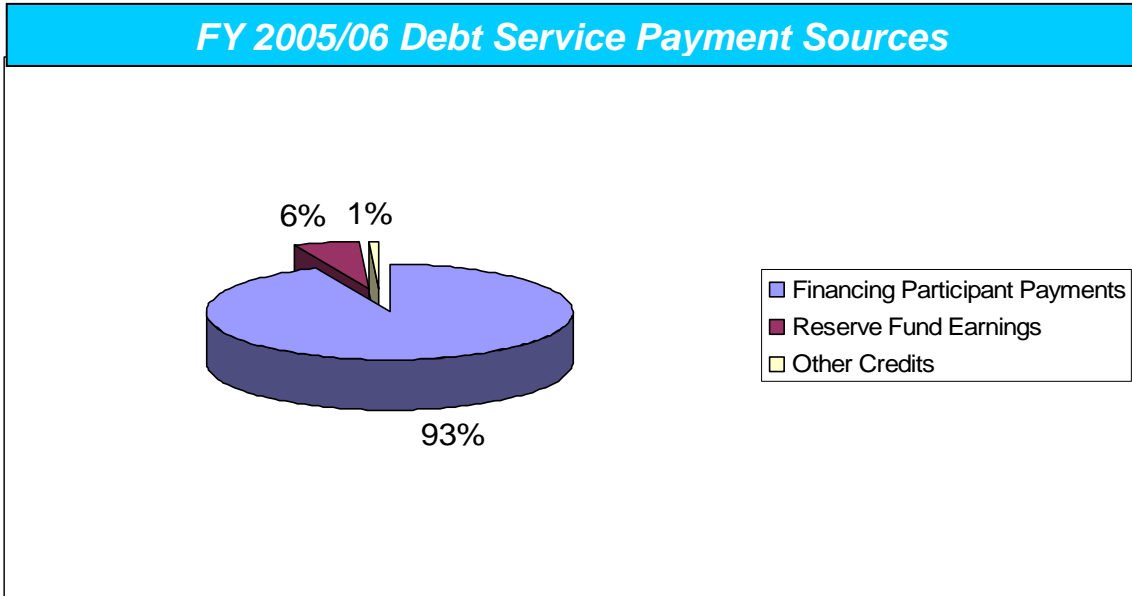
Central Coast Water Authority
Debt Management
Fiscal Year 2005/06 Budget

The following chart shows the total principal and interest payments for the 1996 revenue bonds for FY 2005/06.



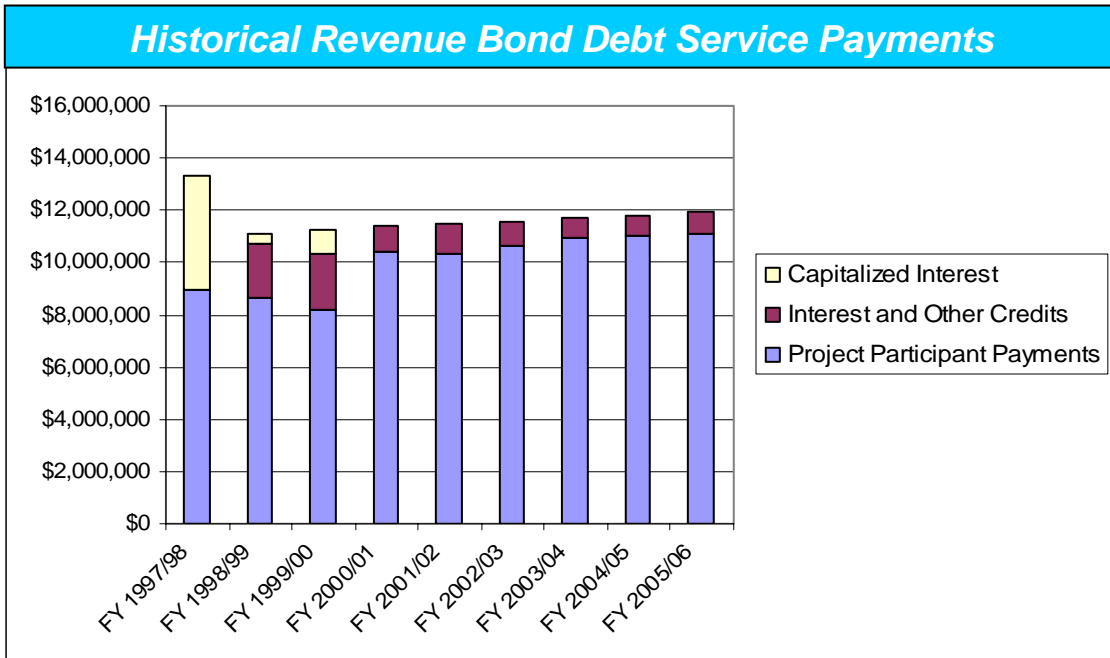
Central Coast Water Authority
Debt Management
 Fiscal Year 2005/06 Budget

The following chart shows the sources of cash for the FY 2005/06 debt service payments.



Historical CCWA Revenue Bond Debt Service Payments

The following graph shows the composition of the source of funds for payment of the CCWA revenue bond debt service payments.



Central Coast Water Authority
1996 Revenue Bond Series A Debt Service Payments
 Fiscal Year 2005/06 Budget

Financing Participant	FY 2005/06 Series A (10/1/05) Principal Payment	FY 2005/06 Series A (10/1/05) Interest Payment	FY 2005/06 Series A (4/1/06) Interest Payment	Trustee Expenses	Debt Service Account Interest Income (1)	Reserve Fund Interest Earnings (2)	FY 2005/06 Total Payments
Avila Beach	\$ 6,265	\$ 4,635	\$ 4,447	\$ 3	\$ (118)	\$ (887)	\$ 14,344
California Men's Colony	53,033	39,233	37,642	27	(1,002)	(7,506)	121,428
County of SLO	56,488	41,789	40,095	29	(1,067)	(7,995)	129,340
Cuesta College	26,519	19,618	18,822	13	(501)	(3,753)	60,719
Morro Bay	329,646	243,868	233,978	167	(6,226)	(46,654)	754,778
Oceano	45,887	33,946	32,570	23	(867)	(6,494)	105,065
Pismo Beach	75,841	56,106	53,831	38	(1,432)	(10,734)	173,651
Shandon	5,953	4,404	4,225	3	(112)	(842)	13,630
Guadalupe	72,921	53,946	51,758	37	(1,466)	(10,320)	166,875
Buellton	129,146	95,541	91,666	65	(2,366)	(18,278)	295,775
Santa Ynez (Solvang)	116,523	283,763	280,268	173	(5,690)	(48,434)	626,603
Santa Ynez	43,629	106,248	104,939	65	(2,131)	(18,135)	234,615
Goleta	1,247,951	923,218	885,780	633	(22,865)	(176,620)	2,858,097
Morehart Land	46,933	42,068	40,660	26	(988)	(7,340)	121,360
La Cumbre	224,768	201,471	194,728	126	(4,734)	(35,150)	581,209
Raytheon (SBRC)	12,008	8,884	8,523	6	(213)	(1,699)	27,509
Santa Barbara	767,483	567,774	544,750	389	(13,874)	(108,620)	1,757,902
Montecito	738,266	661,745	639,597	414	(15,399)	(115,453)	1,909,169
Carpinteria	515,739	381,537	366,065	261	(9,450)	(72,991)	1,181,162
TOTAL:	\$ 4,515,000	\$ 3,769,794	\$ 3,634,344	\$ 2,500	\$ (90,503)	\$ (697,904)	\$ 11,133,231

Notes:

(1) Represents interest on the financing participant debt service payments for FY 2003/04.

(2) Represents interest on the reserve fund guaranteed investment contract (GIC). Calculated using a par amount of \$12,758,750 at an interest rate of 5.47% for one year. Payments made semi-annually on April 1st and October 1st.

Source: CCWA Project Closeout Report, October 1998.

Central Coast Water Authority
1996 Revenue Bond Distribution Schedule
Series A

Project Closeout Report

Financing Participant	Series A Principal	Series A Interest	TOTAL
<u>LEVEL DEBT SERVICE</u>			
Avila Beach CSD	\$ 219,286	\$ 180,794	\$ 400,080
California Men's Colony	1,856,355	1,530,503	3,386,858
County of SLO	1,977,305	1,630,222	3,607,527
Cuesta College	928,246	765,308	1,693,555
City of Morro Bay	11,538,823	9,513,375	21,052,197
Oceano CSD	1,606,208	1,324,265	2,930,472
City of Pismo Beach	2,654,727	2,188,734	4,843,461
Shandon	208,367	171,792	380,159
City of Buellton	4,520,603	3,727,086	8,247,690
Carpinteria Valley Water District	18,052,797	14,883,929	32,936,727
City of Guadalupe	2,552,497	2,104,449	4,656,946
Goleta Water District	43,682,936	36,015,123	79,698,059
Raytheon (SBRC)	420,333	346,550	766,883
City of Santa Barbara	26,864,766	22,149,104	49,013,870
Total Level Debt Service:	<u>\$ 117,083,250</u>	<u>\$ 96,531,234</u>	<u>\$ 213,614,484</u>
<u>ESCALATING DEBT SERVICE</u>			
La Cumbre Mutual Water Co.	\$ 8,737,771	\$ 7,725,642	\$ 16,463,414
Montecito Water District	28,699,777	25,375,372	54,075,149
Morehart Land Co.	1,824,502	1,613,163	3,437,665
Total Escalating Debt Service:	<u>\$ 39,262,050</u>	<u>\$ 34,714,178</u>	<u>\$ 73,976,228</u>
<u>STEP-UP DEBT SERVICE</u>			
City of Solvang	\$ 12,128,507	\$ 11,031,811	\$ 23,160,318
Santa Ynez ID #1	4,541,193	4,130,565	8,671,758
Total Step-Up Debt Service:	<u>\$ 16,669,700</u>	<u>\$ 15,162,376</u>	<u>\$ 31,832,076</u>
TOTAL DEBT SERVICE:	<u><u>\$ 173,015,000</u></u>	<u><u>\$ 146,407,788</u></u>	<u><u>\$ 319,422,788</u></u>

Central Coast Water Authority
1996 Revenue Bond Debt Service Schedule
Series A

Debt Service Date	Interest Rate	Sinking Fund Payment	Serial Maturity	Interest Due	Principal Outstanding	Fiscal Yr Debt Service (Cash)
4/1/1997				3,625,760	173,015,000	3,625,760
10/1/1997	4.000%		2,420,000	4,350,913	170,595,000	
4/1/1998				4,302,513	170,595,000	11,073,425
10/1/1998	4.000%		2,540,000	4,302,513	168,055,000	
4/1/1999				4,251,713	168,055,000	11,094,225
10/1/1999	4.000%		2,775,000	4,251,713	165,280,000	
4/1/2000				4,196,213	165,280,000	11,222,925
10/1/2000	4.200%		3,010,000	4,196,213	162,270,000	
4/1/2001				4,133,003	162,270,000	11,339,215
10/1/2001	4.375%		3,270,000	4,133,003	159,000,000	
4/1/2002				4,061,471	159,000,000	11,464,474
10/1/2002	4.500%		3,535,000	4,061,471	155,465,000	
4/1/2003				3,981,934	155,465,000	11,578,405
10/1/2003	4.600%		3,830,000	3,981,934	151,635,000	
4/1/2004				3,893,844	151,635,000	11,705,778
10/1/2004	6.000%		4,135,000	3,893,844	147,500,000	
4/1/2005				3,769,794	147,500,000	11,798,638
10/1/2005	6.000%		4,515,000	3,769,794	142,985,000	
4/1/2006				3,634,344	142,985,000	11,919,138
						FY 2005/06
10/1/2006	6.000%		4,915,000	3,634,344	138,070,000	
4/1/2007				3,486,894	138,070,000	12,036,238
10/1/2007	5.000%		5,775,000	3,486,894	132,295,000	
4/1/2008				3,342,519	132,295,000	12,604,413
10/1/2008	6.000%		6,065,000	3,342,519	126,230,000	
4/1/2009				3,160,569	126,230,000	12,568,088
10/1/2009	5.150%		6,425,000	3,160,569	119,805,000	
4/1/2010				2,995,125	119,805,000	12,580,694
10/1/2010	5.000%		6,760,000	2,995,125	113,045,000	
4/1/2011				2,826,125	113,045,000	12,581,250
10/1/2011	5.000%		7,095,000	2,826,125	105,950,000	
4/1/2012				2,648,750	105,950,000	12,569,875
10/1/2012	5.000%		7,455,000	2,648,750	98,495,000	
4/1/2013				2,462,375	98,495,000	12,566,125
10/1/2013	5.000%		7,830,000	2,462,375	90,665,000	
4/1/2014				2,266,625	90,665,000	12,559,000
10/1/2014	5.000%	8,225,000		2,266,625	82,440,000	
4/1/2015				2,061,000	82,440,000	12,552,625
10/1/2015	5.000%	8,630,000		2,061,000	73,810,000	
4/1/2016				1,845,250	73,810,000	12,536,250
10/1/2016	5.000%	9,065,000		1,845,250	64,745,000	
4/1/2017				1,618,625	64,745,000	12,528,875
10/1/2017	5.000%	9,515,000		1,618,625	55,230,000	
4/1/2018				1,380,750	55,230,000	12,514,375
10/1/2018	5.000%	9,995,000		1,380,750	45,235,000	
4/1/2019				1,130,875	45,235,000	12,506,625
10/1/2019	5.000%	10,495,000		1,130,875	34,740,000	
4/1/1920				868,500	34,740,000	12,494,375

Central Coast Water Authority
1996 Revenue Bond Debt Service Schedule
Series A

Debt Service Date	Interest Rate	Sinking Fund Payment	Serial Maturity	Interest Due	Principal Outstanding	Fiscal Yr Debt Service (Cash)
10/1/1920	5.000%	11,020,000		868,500	23,720,000	
4/1/1921				593,000	23,720,000	12,481,500
10/1/1921	5.000%	11,570,000		593,000	12,150,000	
4/1/1922				303,750	12,150,000	12,466,750
10/1/1922	5.000%	12,150,000		303,750	-	12,453,750
		90,665,000	82,350,000	146,407,788		319,422,788





Air vacuum/air release vault overlooking the Santa Maria Valley.

Reserves and Cash Management

The Reserves and Cash Management section of the FY 2005/06 Budget includes information regarding the Authority's O&M Reserve Fund, Rate Coverage Reserve Fund, Non-Annual Recurring Expenses (NARES) and cash management information.

Highlights

FY 2005/06 Total Reserve Balances **\$ 9,878,196**

- O&M Reserve Fund \$ 2,000,000
- Rate Coverage Reserve Fund \$ 7,688,543
- Non-Annual Recurring Expenses (6-30-06) \$ 189,653

Non-Annual Recurring Expenses

- FY 2005/06 Beginning Balance \$ 301,301
- Additional Deposits for FY 2005/06 \$ 106,002
- FY 2005/06 Expenditures \$ 217,650

Central Coast Water Authority
Reserves and Cash Management
Fiscal Year 2005/06 Budget

Operating Reserve Policy

During its December 18, 1997 regular meeting, the Board of Directors approved an "Operations and Maintenance Reserve Policy" as follows:

- Purpose:** The O&M Reserve Fund is intended to provide a mechanism for the Authority to immediately undertake unanticipated operation and maintenance activities, including emergency repairs, for which funds are not otherwise immediately available.
- Contributions:** Contributions to the O&M Reserve Fund are mandatory. Each Authority Contractor shall maintain on deposit with Authority in said Fund an amount of money equal to its pro-rata share of the Fund target size of \$2 million, which share is that Contractor's Water Supply Agreement Project Allotment divided by the Project Allotments held by all Authority Contractors. Each Contractor's initial contribution to the O&M Reserve Fund shall be drawn from cash held by Authority on behalf of the Contractor as of the date of the Fund's creation. If the Fund balance is reduced below \$2 million, Authority shall be authorized to (i) transfer into said Fund excess operating assessments and investment income from the Fund, and (ii) notify the participating Contractor if an additional contribution is necessary, in which event the contractor shall deposit an additional contribution within sixty (60) days of the Authority notice.
- Administration:** The Treasurer shall invest funds held in the O&M Reserve Fund in liquid money market accounts (for example, LAIF) so that the funds shall be immediately available. O&M Reserve Fund investment earnings shall be considered to credit to each Authority Contractor with respect to that Contractor's June 1 payment to Authority, except to the extent said earnings are needed to be retained to ensure that the Contractor's share of the Fund is fully funded, or as otherwise directed by the Contractor. The Treasurer shall prepare and disseminate to all Contractors a quarterly statement concerning the O&M Reserve Fund.

Central Coast Water Authority
Reserves and Cash Management
 Fiscal Year 2005/06 Budget

Use of Fund: Monies held in the O&M Reserve Fund may be expended only upon authorization of the Board of Directors for unanticipated operating and maintenance activities, including by way of example only: repair of earthquake-caused damage to Authority facilities; unanticipated need to purchase chemicals; major emergency repair or replacement of equipment; reserve for legal judgements. In the event that monies from the O&M Reserve Fund are expended for an activity which is to be funded by certain Contractors and not other Contractors (for example, repair of a certain reach of the pipeline), then (i) it is permissible to expend from the Fund an amount which exceeds the monies on deposit by those Contractors who are obligated to fund the activity under the WSA, and (ii) said Contractors shall replenish said Fund as quickly as possible, and in no event later than one year, including payment of interest on monies expended which exceeded the amount on deposit by said Contractors.

The following table shows the allocation of the Operations and Maintenance Reserve Fund by project participant.

Operations and Maintenance Reserve Fund

Project Participant	Table A Amount	% of Table A	Operating Reserve
City of Buellton	578	1.48%	\$ 29,582
Carpinteria Valley Water District	2,000	5.12%	102,359
Goleta Water District	4,500	11.52%	230,309
City of Guadalupe	550	1.41%	28,149
La Cumbre Mutual Water Company	1,000	2.56%	51,180
Montecito Water District	3,000	7.68%	153,539
Morehart Land Company	200	0.51%	10,236
City of Santa Barbara	3,000	7.68%	153,539
Raytheon Systems Company	50	0.13%	2,559
City of Santa Maria	16,200	41.46%	829,111
Santa Ynez RWCD, I.D. #1	2,000	5.12%	102,359
Southern California Water Company	500	1.28%	25,590
Vandenberg Air Force Base	5,500	14.07%	281,488
TOTAL	39,078	100.00%	2,000,000

Central Coast Water Authority
Reserves and Cash Management
Fiscal Year 2005/06 Budget

Rate Coverage Reserve Fund

During its December 18, 1997 regular meeting, the Board of Directors also adopted the "Rate Coverage Reserve Fund" policy as follows:

- Purpose:** The Rate Fund is intended to provide a mechanism to allow the Authority Contractors to satisfy a portion of their obligation under Section 20(a) of the Water Supply Agreement (WSAs) to impose rates and charges sufficient to collect 125% of their Contract Payments (as therein defined).
- Contributions:** Contributions to the Rate Fund are voluntary. During each year of participation, an Authority Contractor which has elected to participate in the Rate Fund shall maintain on deposit with the Authority in said Fund an amount of money, when combined with the moneys on deposit in the O&M Reserve Fund, sufficient to constitute all or a portion of 25% of that Contractor's Contract Payments with respect to that year. A participating Contractor's initial contribution to the Rate Fund may be drawn from cash held by the Authority on behalf of the Contractor as of the date of the Fund's creation. In each subsequent year, the Authority shall notify the participating Contractor if an additional contribution is desired and the Contractor shall deposit said additional contribution within sixty (60) days of the Authority notice. Voluntary contributions to the Fund by a Contractor may be made at any time, but shall not be considered with regard to satisfying the Contractor's obligations until the subsequent July 1. For example: to act as a credit for Fiscal Year 1998/99, a deposit must be received by the Authority prior to July 1, 1998. However, in the first year of the Fund's creation, each Authority Contractor may elect to deposit additional funds into the Rate Fund within the first 30 days after adoption of this policy by the Authority Board of Directors. These balances will be counted toward the coverage calculations for FY 1997/98.
- Withdrawal:** A Contractor may withdraw from the Rate Fund effective 180 days after it submits written documentation to the Authority that is in compliance with its WSA rate coverage obligations without considering the Fund.

Central Coast Water Authority
Reserves and Cash Management
 Fiscal Year 2005/06 Budget

Administration: Investments of deposits in the Rate Coverage Reserve Fund will be in Permitted Investments described in clause (A) of the definition thereof contained in the Indenture of Trust, dated as of November 1, 1996, with maturities of one year or less or in the Local Agency Investment Fund or in other investments approved in writing by AMBAC. Rate Fund investment earnings shall be credited to the Contractors account within the Fund except to the extent the Contractor directs the Authority to credit said earnings to the Contractor's payments obligations or as otherwise directed by the Contractor. Deposits and related earnings on deposits for each project participant will be accounted for on an individual project participant basis even if commingled for investment purposes. The Treasurer shall prepare and disseminate to all Contractors a quarterly statement concerning the Rate Fund.

Use of Funds: Monies in the Rate Fund shall not be expended for any purpose, except upon approval of the Board of Directors (i) for emergency expenses, and (ii) to the extent necessary to supplement funds available from the O&M Reserve Fund provided that the Contractor submits written documentation to the Authority that it is in compliance with its WSA rate coverage obligations without considering the proposed expenditure from the fund.

The following table shows the Rate Coverage Reserve Fund balances, including interest income as of January 31, 2005. Participation in the fund for FY 2005/06 is not yet known. Prior to June 30, 2005, each project participant will be notified of the allowable deposit in the Rate Coverage Reserve Fund for FY 2005/06.

FY 2004/05 Rate Coverage Reserve Fund

Project Participant	FY 2004/05 Deposit
City of Buellton	\$ 241,347
Carpinteria Valley Water District	762,200
City of Guadalupe	156,717
La Cumbre Mutual Water Company	349,460
Montecito Water District	971,874
City of Santa Maria	4,053,553
Santa Ynez, RWCD, I.D. #1 (Solvang)	541,591
Santa Ynez, RWCD, I.D. #1	390,424
County of San Luis Obispo (Shandon)	14,706
Avila Beach Community Services District	27,959
Oceano Community Services District	178,714
TOTAL:	\$ 7,688,543

Central Coast Water Authority
Reserves and Cash Management
 Fiscal Year 2005/06 Budget

Non-Annual Recurring Expense Cash Deposits

As part of the budget process, certain expenses which occur periodically are identified and charged to the project participants over a number of years to minimize fluctuations in the annual assessments. The following table shows anticipated activity in the non-annual recurring expense deposits account for FY 2004/05 and FY 2005/06.

Non-Annual Recurring Expense Cash Deposits

Financing Participant	FY 2004/05 Beginning Balance	FY 2004/05 Interest Income	FY 2004/05 NARES Expenditures	FY 2005/06 Additional Deposits	FY 2005/06 NARES Expenditures	FY 2005/06 Ending Balance
Shandon	\$ 1,734	\$ 16	\$ (59)	\$ 34	\$ (117)	\$ 1,609
Chorro Valley	32,577	297	(11,986)	876	(13,096)	8,669
Lopez	23,203	212	(10,952)	1,136	(11,411)	2,188
Guadalupe	4,071	37	(2,902)	1,659	(2,978)	(113)
Santa Maria	120,504	1,100	(91,767)	55,303	(92,000)	(6,860)
SCWC	4,818	50	(2,237)	338	(2,027)	941
VAFB	50,768	463	(35,118)	21,363	(30,642)	6,836
Buellton	7,977	73	(4,907)	1,934	(3,923)	1,154
Santa Ynez (Solvang)	29,643	271	(10,797)	1,693	(8,545)	12,265
Santa Ynez	49,380	451	(20,346)	204	(16,562)	13,127
Goleta	76,188	695	(24,357)	7,028	(12,417)	47,138
Morehart Land Co.	3,438	31	(983)	312	(473)	2,325
La Cumbre	16,304	149	(5,849)	1,567	(2,917)	9,255
Raytheon Systems Co.	825	8	475	78	(136)	1,250
Santa Barbara	51,594	471	(15,239)	4,678	(7,628)	33,877
Montecito	51,492	470	(15,688)	4,679	(7,777)	33,175
Carpinteria	34,425	314	(10,039)	3,118	(5,002)	22,817
TOTAL:	\$ 558,944	\$ 5,108	\$ (262,751)	\$ 106,002	\$ (217,650)	\$ 189,653

Cash Management

All cash balances presented in this document exclude cash balances held as deposits for project participants. Additionally, the effects of other accounts receivables and payables have been added or subtracted from the cash balance to show the cash balances as if all receivables and payables had been received or paid.

It is the Authority's policy to refund unexpended operating assessments and investment income on the general fund after the close of each fiscal year. Therefore, the general fund balance, defined as total cash minus reserves, is projected to be zero. However, since the Authority receives assessment income in advance of the anticipated payment date, the actual cash balance will be positive.

Central Coast Water Authority
Reserves and Cash Management
Fiscal Year 2005/06 Budget

Cash Components

The Authority's cash balances are comprised of the following:

- **Operating Expense Assessments** Cash amounts collected from the project participants for operating expense assessments. These cash balances are held in the Authority demand deposit bank accounts and the California Local Agency Investment Fund.
- **Pass-Through Expenses** Cash amounts collected from the project participants for payment to the DWR and Warren Act charges paid to the U.S. Bureau of Reclamation. These balances are held in a custodial account and invested in accordance with the Authority's investment policy with maturities corresponding to the anticipated payment date on the expenses.
- **Debt Service Payments** Cash amounts collected from the financing participants for payment on the 1996 revenue bonds. These balances are held in a custodial account and invested in accordance with the Authority's investment policy with maturities corresponding to the debt service payment dates on the 1996 revenue bonds.
- **Construction Fund** Bond proceeds from the 1996 revenue bond issue used to construct the Authority facilities. These funds are held in trust by the Trustee on the bond issue and invested by the Authority's Treasurer in accordance with the bond indenture and the Authority's investment policy.



Treatment plant security improvements included a motion sensing camera that stores data internally, and transmits “events,” or movements that occur within predefined areas.

Four Year Financial Plan

The Four Year Financial Plan contains pro-forma projections for each Santa Barbara and San Luis Obispo County project participant through FY 2008/09. Additionally, this section includes each project participants’ requested water deliveries for five years on a fiscal year and calendar year basis.



Central Coast Water Authority
Four Year Financial Plan
Fiscal Year 2005/06 Budget

The Four Year Financial Plan shows the allocated share of the Authority's costs to each project participant for four consecutive fiscal years beginning with the current budget year.

The Four Year Financial Plan is prepared to provide each project participant an estimate of future costs for the Authority. Specifically, these projections are used by the Authority's project participants to assist in establishing water rates for their local agencies and ensuring their water system revenues are sufficient to meet the coverage covenant contained in the Water Supply Agreements (*please refer to the "Budget Foreword" section of this document for additional information regarding the Water Supply Agreements and the coverage covenant*).

The Four Year Financial Plan consists of two pages for each project participant. The first page shows the requested water deliveries on a multi-year basis. The next two sections show allocation of the Authority's fixed and variable charges, including modifications for the Regional Water Treatment Plant Allocation and Santa Ynez Exchange Agreement, if applicable (*see the Appendix to this document for additional information on the Regional Water Treatment Plant and Santa Ynez Exchange Agreements*). The last section shows the allocation of the DWR fixed and variable costs and a summary of projected total costs, by cost type, on a multi-year basis.

The second page of the Four Year Financial Plan shows an estimate of the payments due, by invoice date, for the cost projections shown on the first page of the Four Year Financial Plan.



Pump room at the Santa Ynez Pumping Facility.

Central Coast Water Authority
Water Request Projections
 Four Year Financial Plan

Project Participant	Fiscal Year Water Deliveries (acre feet) <i>Excluding Exchange Deliveries</i>				Calendar Year Deliveries (acre feet) <i>Excluding Exchange Deliveries</i>				
	FY 2005/06	FY 2006/07	FY 2007/08	FY 2008/09	2005	2006	2007	2008	2009
Shandon	-	-	-	-	-	-	-	-	-
Chorro Valley	2,384	2,384	2,384	2,384	2,450	2,450	2,450	2,450	2,450
Lopez	1,887	1,910	1,930	1,948	1,927	1,954	1,966	1,990	2,002
Guadalupe	605	605	605	605	605	605	605	605	605
Santa Maria	15,511	15,511	15,511	15,511	16,689	17,058	17,405	17,756	17,820
SCWC	550	550	550	550	550	550	550	550	550
VAFB	5,650	5,650	5,650	5,650	6,050	6,050	6,050	6,050	6,050
Buellton	636	636	636	636	578	578	578	578	578
Santa Ynez (Solvang)	1,500	1,500	1,500	1,500	1,000	1,500	1,500	1,500	1,500
Santa Ynez	700	700	700	700	700	700	700	700	700
Goleta	2,604	4,950	4,950	4,950	4,950	4,950	4,950	4,950	4,950
Morehart Land	220	220	220	220	100	115	130	150	170
La Cumbre	920	920	920	920	1,100	1,100	1,100	1,100	1,100
Raytheon	55	60	55	55	55	55	55	55	55
Santa Barbara	615	3,120	3,120	3,120	1,030	1,030	1,030	1,030	1,030
Montecito	1,702	3,300	3,300	3,300	1,200	1,250	1,300	1,350	1,400
Carpinteria	1,760	2,090	2,090	2,090	600	600	600	600	600
TOTAL:	37,298	44,106	44,121	44,139	39,584	40,545	40,969	41,414	41,560



Central Coast Water Authority
Total Charges-All Participants
 Four Year Financial Plan Charges

Table A Including Drought Buffer				43,908
Fiscal Year	Requested Deliveries	Exchange Deliveries	Actual Deliveries	
FY 2005/06	37,299	-	37,299	
FY 2006/07	44,106	-	44,106	
FY 2007/08	44,121	-	44,121	
FY 2008/09	44,139	-	44,139	

CCWA Fixed Charges

Fiscal Year	Fixed O&M Expenses ⁽¹⁾	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Revenue Bond Debt Service ⁽²⁾	Fixed CCWA Charges
		Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	Capital Modifications	Fixed O&M Modifications	Total Exchange Modifications		
FY 2005/06	\$ 4,619,298	\$ 1,330,127	\$ (1,330,127)	\$ -	\$ -	\$ -	\$ -	\$ 9,461,477	\$ 14,080,775
FY 2006/07	4,695,290	1,369,524	(1,369,524)	-	-	-	-	11,338,334	16,033,623
FY 2007/08	4,855,214	1,393,525	(1,393,525)	-	-	-	-	11,906,509	16,761,723
FY 2008/09	5,021,871	1,410,320	(1,410,320)	-	-	-	-	11,870,184	16,892,055

- (1) Includes capital improvement projects and non-annual recurring expenses.
 (2) Net of CCWA credits

CCWA Variable O&M Charges

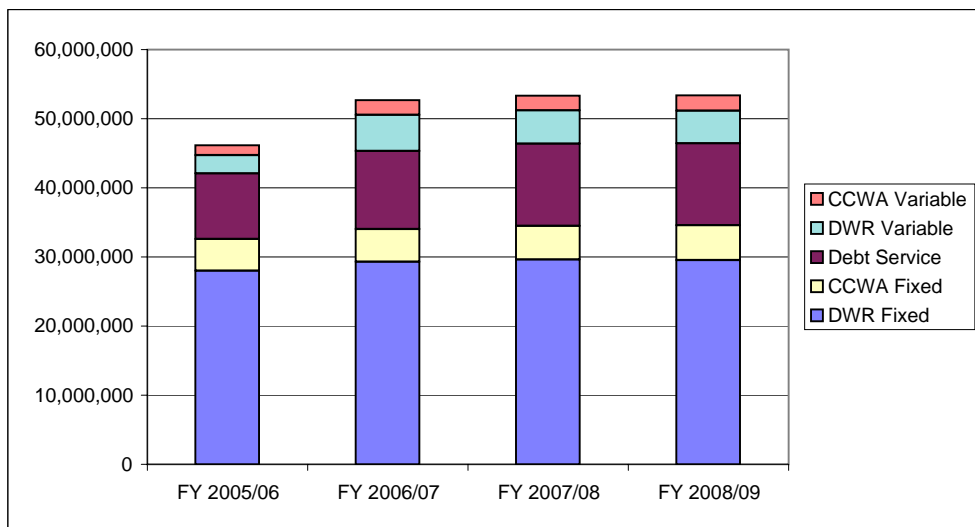
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2005/06	\$ 1,273,810	\$ 428,022	\$ 125,572	\$ (125,572)	\$ 0	\$ -	\$ (148,480)	\$ (127,657)	\$ 1,425,695
FY 2006/07	1,457,967	850,280	299,242	(299,242)	0	-	(136,938)	(61,979)	2,109,330
FY 2007/08	1,500,189	849,990	308,636	(308,636)	0	-	(133,226)	(61,833)	2,155,120
FY 2008/09	1,545,825	849,990	318,989	(318,989)	0	-	(133,226)	(63,714)	2,198,875

DWR Charges

Total State Water Charges

Fiscal Year	DWR Fixed Costs ⁽³⁾	DWR Variable Costs	Total DWR Costs	CCWA Fixed	CCWA Variable O&M	Debt Service	DWR Fixed	DWR Variable O&M	Total SWP Charges
	FY 2005/06	\$ 27,987,469	\$ 2,651,953	\$ 30,639,421	\$ 4,619,298	\$ 1,425,695	\$ 9,461,477	\$ 27,987,469	\$ 2,651,953
FY 2006/07	29,311,827	5,217,383	34,529,210	4,695,290	2,109,330	11,338,334	29,311,827	5,217,383	52,672,163
FY 2007/08	29,630,243	4,802,921	34,433,165	4,855,214	2,155,120	11,906,509	29,630,243	4,802,921	53,350,008
FY 2008/09	29,543,620	4,729,196	34,272,816	5,021,871	2,198,875	11,870,184	29,543,620	4,729,196	53,363,746

- (3) Net of DWR account interest income.



Central Coast Water Authority
Total Charges - Santa Barbara County Project Participants
 Four Year Financial Plan Charges

Table A Including Drought Buffer				39,078
Fiscal Year	Requested Deliveries	Exchange Deliveries	Actual Deliveries	
FY 2005/06	33,028	-	33,028	
FY 2006/07	39,812	-	39,812	
FY 2007/08	39,807	-	39,807	
FY 2008/09	39,807	-	39,807	

CCWA Fixed Charges

Fiscal Year	Fixed O&M Expenses ⁽¹⁾	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Revenue Bond Debt Service ⁽²⁾	Fixed CCWA Charges
		Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	Capital Modifications	Fixed O&M Modifications	Total Exchange Modifications		
FY 2005/06	\$ 4,149,094	\$ 1,330,127	\$ (1,330,127)	\$ -	\$ -	\$ -	\$ -	\$ 8,503,867	\$ 12,652,961
FY 2006/07	4,424,875	1,369,524	(1,369,524)	-	-	-	-	9,955,437	14,380,312
FY 2007/08	4,575,945	1,393,525	(1,393,525)	-	-	-	-	10,521,387	15,097,332
FY 2008/09	4,733,411	1,410,320	(1,410,320)	0	-	-	-	10,489,442	15,222,853

(1) Includes capital improvement projects and non-annual recurring expenses.
 (2) Net of CCWA credits.

CCWA Variable O&M Charges

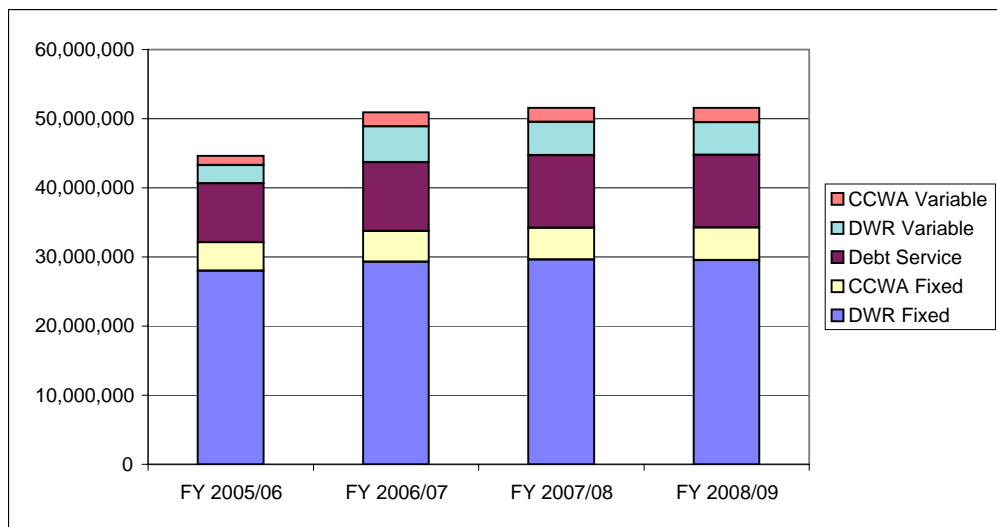
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2005/06	\$ 1,172,923	\$ 428,022	\$ 125,572	\$ (125,572)	\$ 0	\$ -	\$ (148,480)	\$ (127,657)	\$ 1,324,808
FY 2006/07	1,353,494	850,280	299,242	(299,242)	0	-	(136,938)	(61,979)	2,004,856
FY 2007/08	1,392,080	849,990	308,636	(308,636)	0	-	(133,226)	(61,833)	2,047,012
FY 2008/09	1,434,009	849,990	318,989	(318,989)	0	-	(133,226)	(63,714)	2,087,059

DWR Charges

Total State Water Charges

Fiscal Year	DWR Fixed Costs ⁽³⁾	DWR Variable Costs	Total DWR Costs	<u>Total State Water Charges</u>					
				CCWA Fixed	CCWA Variable O&M	Debt Service	DWR Fixed	DWR Variable O&M	Total SWP Charges
FY 2005/06	\$ 27,987,469	\$ 2,651,953	\$ 30,639,421	\$ 4,149,094	\$ 1,324,808	\$ 8,503,867	\$ 27,987,469	\$ 2,651,953	\$ 44,617,191
FY 2006/07	29,311,827	5,217,383	34,529,210	4,424,875	2,004,856	9,955,437	29,311,827	5,217,383	50,914,378
FY 2007/08	29,630,243	4,802,921	34,433,165	4,575,945	2,047,012	10,521,387	29,630,243	4,802,921	51,577,508
FY 2008/09	29,543,620	4,729,196	34,272,816	4,733,411	2,087,059	10,489,442	29,543,620	4,729,196	51,582,728

(3) Net of DWR account interest income.



Central Coast Water Authority
Shandon
 Four Year Financial Plan Charges

Table A Including Drought Buffer				100
Fiscal Year	Requested Deliveries	Exchange Deliveries	Actual Deliveries	
FY 2005/06	-	-	-	
FY 2006/07	-	-	-	
FY 2007/08	-	-	-	
FY 2008/09	-	-	-	

CCWA Fixed Charges

Fiscal Year	Fixed O&M Expenses ⁽¹⁾	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Revenue Bond Debt Service ⁽²⁾	Fixed CCWA Charges
		Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	Capital Modifications	Fixed O&M Modifications	Total Exchange Modifications		
FY 2005/06	\$ 5,554							\$ 14,466	\$ 20,020
FY 2006/07	5,602							13,728	19,331
FY 2007/08	5,778							13,751	19,529
FY 2008/09	5,961							13,707	19,668

(1) Includes capital improvement projects and non-annual recurring expenses.
 (2) Net of CCWA credits.

CCWA Variable O&M Charges

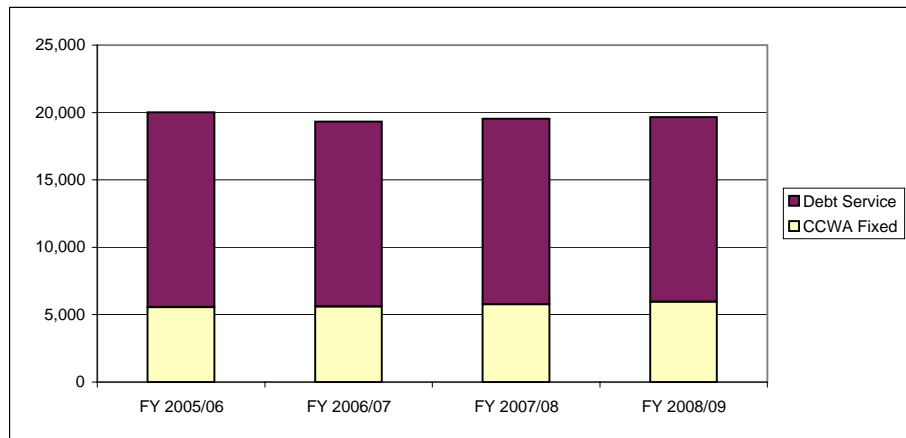
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2005/06	\$0								\$ -
FY 2006/07	-								-
FY 2007/08	-								-
FY 2008/09	-								-

DWR Charges

Total State Water Charges

Fiscal Year	DWR Fixed Costs ⁽²⁾	DWR Variable Costs	Total DWR Costs	CCWA		Debt Service	DWR Fixed	DWR Variable O&M	Total SWP Charges
				Fixed	Variable O&M				
FY 2005/06			\$ -	\$ 5,554	\$ -	\$ 14,466	\$ -	\$ -	\$ 20,020
FY 2006/07			-	5,602	-	13,728	-	-	19,331
FY 2007/08			-	5,778	-	13,751	-	-	19,529
FY 2008/09			-	5,961	-	13,707	-	-	19,668

(2) Net of DWR account interest income.



Central Coast Water Authority
FY 2005/06 Four Year Financial Plan
 Project Participant Payment Summary

Shandon

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)
April 1, 2005	\$ -	0
June 1, 2005	\$ 20,020	n/a
July 1, 2005	\$ -	0
October 1, 2005	\$ -	0
January 1, 2006	\$ -	0
April 1, 2006	\$ -	0
June 1, 2006	\$ 19,331	n/a
July 1, 2006	\$ -	0
October 1, 2006	\$ -	0
January 1, 2007	\$ -	0
April 1, 2007	\$ -	0
June 1, 2007	\$ 19,529	n/a
July 1, 2007	\$ -	0
October 1, 2007	\$ -	0
January 1, 2008	\$ -	0
April 1, 2008	\$ -	0
June 1, 2008	\$ 19,668	n/a
July 1, 2008	\$ -	0
October 1, 2008	\$ -	0
January 1, 2009	\$ -	0

Central Coast Water Authority
Chorro Valley Turnout
 Four Year Financial Plan Charges

Table A Including Drought Buffer			2,338
Fiscal Year	Requested Deliveries	Exchange Deliveries	Actual Deliveries
FY 2005/06	2,384	-	2,384
FY 2006/07	2,384	-	2,384
FY 2007/08	2,384	-	2,384
FY 2008/09	2,384	-	2,384

CCWA Fixed Charges

Fiscal Year	Fixed O&M Expenses ⁽¹⁾	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Revenue Bond Debt Service ⁽²⁾	Fixed CCWA Charges
		Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	Capital Modifications	Fixed O&M Modifications	Total Exchange Modifications		
FY 2005/06	\$ 146,785							\$ 1,066,264	\$ 1,213,049
FY 2006/07	126,728							1,073,986	1,200,714
FY 2007/08	130,845							1,075,714	1,206,559
FY 2008/09	135,115							1,072,312	1,207,428

(1) Includes capital improvement projects and non-annual recurring expenses.
 (2) Net of CCWA credits.

CCWA Variable O&M Charges

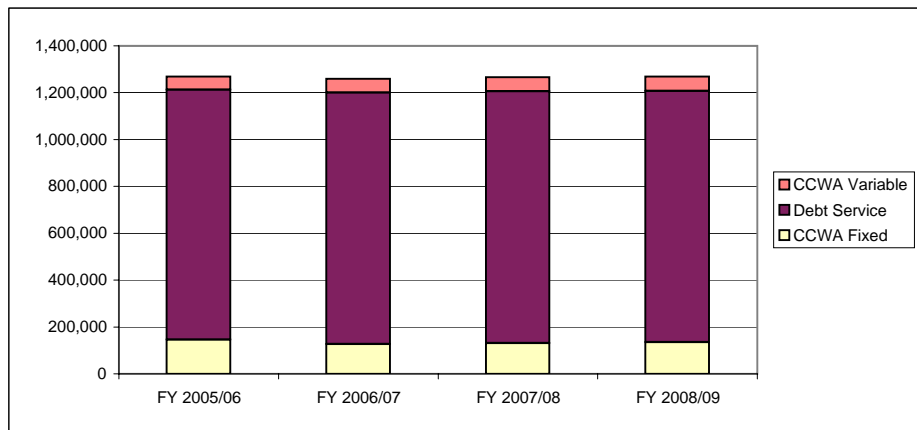
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2005/06	\$ 56,324								\$ 56,324
FY 2006/07	58,013								58,013
FY 2007/08	59,754								59,754
FY 2008/09	61,546								61,546

DWR Charges

Total State Water Charges

Fiscal Year	DWR Fixed Costs ⁽²⁾	DWR Variable Costs	Total DWR Costs	CCWA		Debt Service	DWR Fixed	DWR Variable O&M	Total SWP Charges
				Fixed	Variable O&M				
FY 2005/06			\$ -	\$ 146,785	\$ 56,324	\$ 1,066,264	\$ -	\$ -	\$ 1,269,373
FY 2006/07			-	126,728	58,013	1,073,986	-	-	1,258,727
FY 2007/08			-	130,845	59,754	1,075,714	-	-	1,266,313
FY 2008/09			-	135,115	61,546	1,072,312	-	-	1,268,974

(2) Net of DWR account interest income.



Central Coast Water Authority
FY 2005/06 Four Year Financial Plan
 Project Participant Payment Summary

Chorro Valley

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)
April 1, 2005	\$ 15,229	645
June 1, 2005	\$ 1,213,049	n/a
July 1, 2005	\$ 13,375	566
October 1, 2005	\$ 12,432	526
January 1, 2006	\$ 15,289	647
April 1, 2006	\$ 15,686	645
June 1, 2006	\$ 1,200,714	n/a
July 1, 2006	\$ 13,776	566
October 1, 2006	\$ 12,804	526
January 1, 2007	\$ 15,747	647
April 1, 2007	\$ 16,156	645
June 1, 2007	\$ 1,206,559	n/a
July 1, 2007	\$ 14,189	566
October 1, 2007	\$ 13,189	526
January 1, 2008	\$ 16,220	647
April 1, 2008	\$ 16,641	645
June 1, 2008	\$ 1,207,428	n/a
July 1, 2008	\$ 14,615	566
October 1, 2008	\$ 13,584	526
January 1, 2009	\$ 16,707	647

Central Coast Water Authority
Lopez Turnout
 Four Year Financial Plan Charges

Table A Including Drought Buffer				2,392
Fiscal Year	Requested Deliveries	Exchange Deliveries	Actual Deliveries	
FY 2005/06	1,887	-	1,887	
FY 2006/07	1,910	-	1,910	
FY 2007/08	1,930	-	1,930	
FY 2008/09	1,948	-	1,948	

CCWA Fixed Charges

Fiscal Year	Fixed O&M Expenses ⁽¹⁾	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Revenue Bond Debt Service ⁽²⁾	Fixed CCWA Charges
		Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	Capital Modifications	Fixed O&M Modifications	Total Exchange Modifications		
FY 2005/06	\$ 154,343							\$ 40,401	\$ 194,744
FY 2006/07	138,085							295,183	433,267
FY 2007/08	142,646							295,658	438,304
FY 2008/09	147,383							294,723	442,106

(1) Includes capital improvement projects and non-annual recurring expenses.

(2) Net of CCWA credits.

CCWA Variable O&M Charges

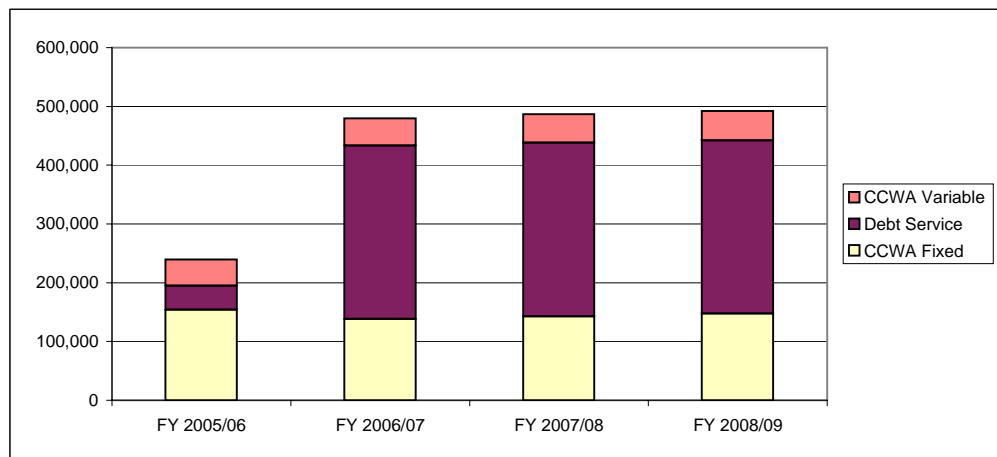
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2005/06	\$ 44,563								\$ 44,563
FY 2006/07	46,460								46,460
FY 2007/08	48,355								48,355
FY 2008/09	50,270								50,270

DWR Charges

Total State Water Charges

Fiscal Year	DWR Fixed Costs ⁽²⁾	DWR Variable Costs	Total DWR Costs	<u>Total State Water Charges</u>					
				CCWA Fixed	CCWA Variable O&M	Debt Service	DWR Fixed	DWR Variable O&M	Total SWP Charges
FY 2005/06			-	\$ 154,343	\$ 44,563	\$ 40,401	-	-	\$ 239,307
FY 2006/07			-	138,085	46,460	295,183	-	-	479,727
FY 2007/08			-	142,646	48,355	295,658	-	-	486,659
FY 2008/09			-	147,383	50,270	294,723	-	-	492,376

(2) Net of DWR account interest income.



Central Coast Water Authority
FY 2005/06 Four Year Financial Plan
 Project Participant Payment Summary

Lopez

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)
April 1, 2005	\$ 13,226	560
June 1, 2005	\$ 194,744	n/a
July 1, 2005	\$ 10,600	449
October 1, 2005	\$ 8,710	369
January 1, 2006	\$ 12,027	509
April 1, 2006	\$ 13,720	564
June 1, 2006	\$ 433,267	n/a
July 1, 2006	\$ 11,088	456
October 1, 2006	\$ 9,118	375
January 1, 2007	\$ 12,533	515
April 1, 2007	\$ 14,257	569
June 1, 2007	\$ 438,304	n/a
July 1, 2007	\$ 11,647	465
October 1, 2007	\$ 9,441	377
January 1, 2008	\$ 13,010	519
April 1, 2008	\$ 14,685	569
June 1, 2008	\$ 442,106	n/a
July 1, 2008	\$ 12,357	479
October 1, 2008	\$ 9,802	380
January 1, 2009	\$ 13,426	520

Central Coast Water Authority
City of Guadalupe
 Four Year Financial Plan Charges

Table A Including Drought Buffer				605
Fiscal Year	Requested Deliveries	Exchange Deliveries	Actual Deliveries	
FY 2005/06	605	-	605	
FY 2006/07	605	-	605	
FY 2007/08	605	-	605	
FY 2008/09	605	-	605	

CCWA Fixed Charges

Fiscal Year	Fixed O&M Expenses ⁽¹⁾	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Revenue Bond Debt Service ⁽²⁾	Fixed CCWA Charges
		Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	Capital Modifications	Fixed O&M Modifications	Total Exchange Modifications		
FY 2005/06	\$ 51,009	\$ 18,721	\$ -	\$ 18,721	\$ -	\$ -	\$ -	\$ 161,591	\$ 231,320
FY 2006/07	47,972	19,275	-	19,275	-	-	-	168,173	235,421
FY 2007/08	49,494	19,613	-	19,613	-	-	-	168,444	237,551
FY 2008/09	51,072	19,849	-	19,849	-	-	-	167,911	238,833

(1) Includes capital improvement projects and non-annual recurring expenses.

(2) Net of CCWA credits.

CCWA Variable O&M Charges

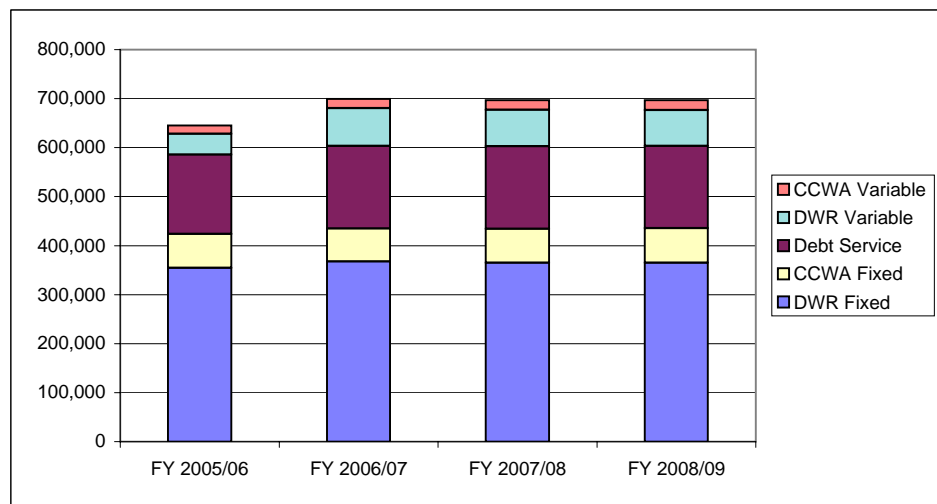
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2005/06	\$ 14,291	\$ -	\$ 2,339	\$ -	\$ 2,339	\$ -	\$ -	\$ -	\$ 16,630
FY 2006/07	14,720	-	4,608	-	4,608	-	-	-	19,328
FY 2007/08	15,162	-	4,752	-	4,752	-	-	-	19,914
FY 2008/09	15,616	-	4,912	-	4,912	-	-	-	20,528

DWR Charges

Total State Water Charges

Fiscal Year	DWR Fixed Costs ⁽³⁾	DWR Variable Costs	Total DWR Costs	CCWA Fixed	CCWA Variable O&M	Debt Service	DWR Fixed	DWR Variable O&M	Total SWP Charges
FY 2006/07	367,895	76,890	444,785	67,248	19,328	168,173	367,895	76,890	699,533
FY 2007/08	365,375	74,271	439,646	69,107	19,914	168,444	365,375	74,271	697,111
FY 2008/09	364,772	72,857	437,630	70,922	20,528	167,911	364,772	72,857	696,991

(3) Net of DWR account interest income.



Central Coast Water Authority
FY 2005/06 Four Year Financial Plan
 Project Participant Payment Summary

City of Guadalupe

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)
April 1, 2005	\$ 15,130	162
June 1, 2005	\$ 585,741	n/a
July 1, 2005	\$ 14,663	145
October 1, 2005	\$ 14,415	136
January 1, 2006	\$ 15,130	162
April 1, 2006	\$ 25,836	162
June 1, 2006	\$ 603,316	n/a
July 1, 2006	\$ 23,554	145
October 1, 2006	\$ 21,728	136
January 1, 2007	\$ 25,100	162
April 1, 2007	\$ 25,545	162
June 1, 2007	\$ 602,926	n/a
July 1, 2007	\$ 23,324	145
October 1, 2007	\$ 21,063	136
January 1, 2008	\$ 24,252	162
April 1, 2008	\$ 24,681	162
June 1, 2008	\$ 603,605	n/a
July 1, 2008	\$ 22,578	145
October 1, 2008	\$ 21,456	136
January 1, 2009	\$ 24,670	162

Central Coast Water Authority
City of Santa Maria
 Four Year Financial Plan Charges

Table A Including Drought Buffer			17,820
Fiscal Year	Requested Deliveries	Exchange Deliveries	Actual Deliveries
FY 2005/06	15,511	-	15,511
FY 2006/07	15,511	-	15,511
FY 2007/08	15,511	-	15,511
FY 2008/09	15,511	-	15,511

CCWA Fixed Charges

Fiscal Year	Fixed O&M Expenses ⁽¹⁾	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Prepayments and Credits	Fixed CCWA Charges
		Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	Capital Modifications	Fixed O&M Modifications	Total Exchange Modifications		
FY 2005/06	\$ 1,460,906	\$ 551,412	\$ -	\$ 551,412	\$ -	\$ -	\$ -	\$ (204,089)	\$ 1,808,229
FY 2006/07	1,443,055	567,744	-	567,744	-	-	-	-	2,010,799
FY 2007/08	1,489,140	577,693	-	577,693	-	-	-	-	2,066,833
FY 2008/09	1,536,958	584,656	-	584,656	-	-	-	-	2,121,614

(1) Includes capital improvement projects and non-annual recurring expenses.

CCWA Variable O&M Charges

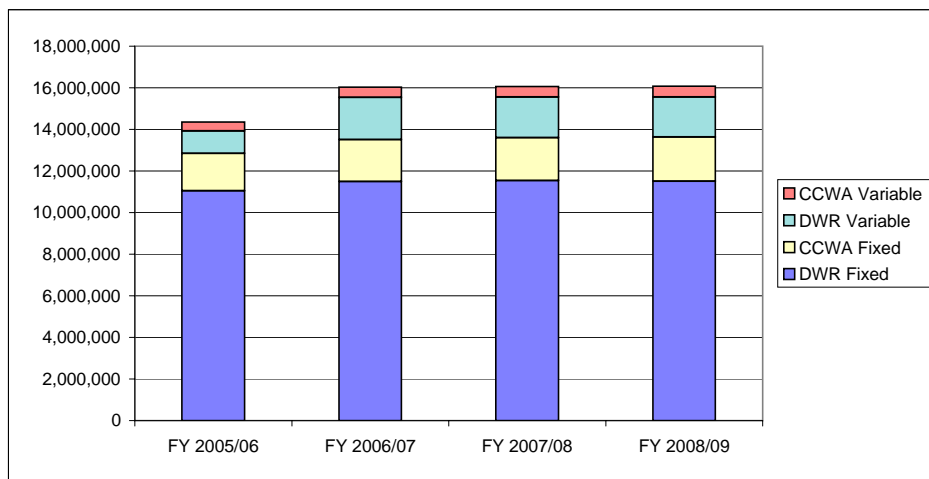
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2005/06	\$ 366,400	\$ -	\$ 58,257	\$ -	\$ 58,257	\$ -	\$ -	\$ -	\$ 424,657
FY 2006/07	377,392	-	115,518	-	115,518	-	-	-	492,910
FY 2007/08	388,714	-	119,102	-	119,102	-	-	-	507,816
FY 2008/09	400,375	-	123,097	-	123,097	-	-	-	523,472

DWR Charges

Total State Water Charges

Fiscal Year	DWR Fixed Costs ⁽²⁾	DWR Variable Costs	Total DWR Costs	<u>CCWA</u>						Total SWP Charges
				Fixed	Variable O&M	Credits	DWR Fixed	DWR Variable O&M	Total SWP Charges	
FY 2005/06	\$ 11,044,242	\$ 1,071,666	\$ 12,115,908	\$ 2,012,318	\$ 424,657	\$ (204,089)	\$ 11,044,242	\$ 1,071,666	\$ 14,348,794	
FY 2006/07	11,498,395	2,034,856	13,533,250	2,010,799	492,910	0	11,498,395	2,034,856	16,036,959	
FY 2007/08	11,534,057	1,952,105	13,486,162	2,066,833	507,816	0	11,534,057	1,952,105	16,060,811	
FY 2008/09	11,506,758	1,927,734	13,434,492	2,121,614	523,472	0	11,506,758	1,927,734	16,079,578	

(2) Net of DWR account interest income.



Central Coast Water Authority
FY 2005/06 Four Year Financial Plan
 Project Participant Payment Summary

City of Santa Maria

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)
April 1, 2005	\$ 396,045	4,680
June 1, 2005	\$ 12,852,471	n/a
July 1, 2005	\$ 361,795	3,429
October 1, 2005	\$ 345,943	2,850
January 1, 2006	\$ 392,540	4,552
April 1, 2006	\$ 747,891	4,680
June 1, 2006	\$ 13,509,194	n/a
July 1, 2006	\$ 580,194	3,429
October 1, 2006	\$ 489,630	2,850
January 1, 2007	\$ 710,051	4,552
April 1, 2007	\$ 734,418	4,680
June 1, 2007	\$ 13,600,890	n/a
July 1, 2007	\$ 571,203	3,429
October 1, 2007	\$ 472,914	2,850
January 1, 2008	\$ 681,386	4,552
April 1, 2008	\$ 711,995	4,680
June 1, 2008	\$ 13,628,371	n/a
July 1, 2008	\$ 557,502	3,429
October 1, 2008	\$ 485,815	2,850
January 1, 2009	\$ 695,895	4,552

Central Coast Water Authority
Southern California Water Company
 Four Year Financial Plan Charges

Table A Including Drought Buffer				550
Fiscal Year	Requested Deliveries	Exchange Deliveries	Actual Deliveries	
FY 2005/06	550	-	550	
FY 2006/07	550	-	550	
FY 2007/08	550	-	550	
FY 2008/09	550	-	550	

CCWA Fixed Charges

Fiscal Year	Fixed O&M Expenses ⁽¹⁾	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			CCWA Credits	Fixed CCWA Charges
		Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	Capital Modifications	Fixed O&M Modifications	Total Exchange Modifications		
FY 2005/06	\$ 46,637	\$ 17,019	-	\$ 17,019	-	-	-	\$ (311)	\$ 63,345
FY 2006/07	44,539	17,523	-	17,523	-	-	-	-	62,062
FY 2007/08	45,961	17,830	-	17,830	-	-	-	-	63,791
FY 2008/09	47,437	18,045	-	18,045	-	-	-	-	65,482

(1) Includes capital improvement projects and non-annual recurring expenses.

CCWA Variable O&M Charges

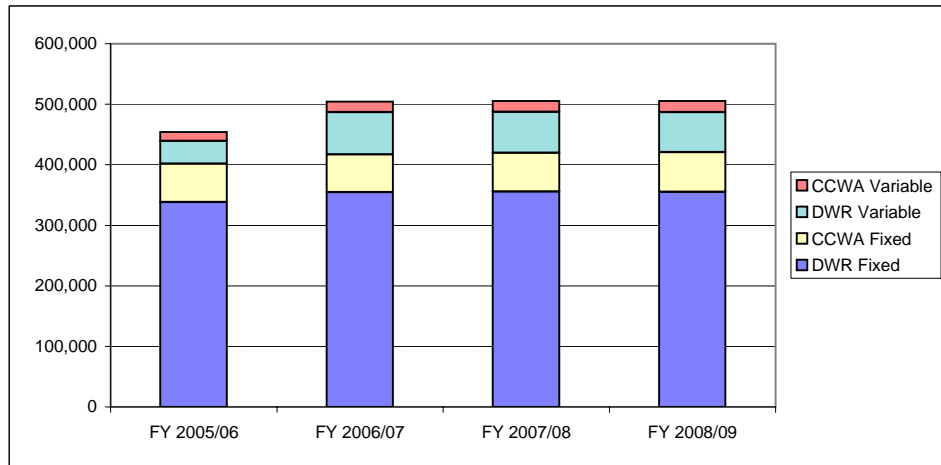
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2005/06	\$ 12,992	-	\$ 2,115	-	\$ 2,115	-	-	-	\$ 15,107
FY 2006/07	13,382	-	4,184	-	4,184	-	-	-	17,565
FY 2007/08	13,783	-	4,317	-	4,317	-	-	-	18,101
FY 2008/09	14,197	-	4,462	-	4,462	-	-	-	18,659

DWR Charges

Total State Water Charges

Fiscal Year	<u>DWR Fixed Costs ⁽²⁾</u>		<u>Total DWR Costs</u>	<u>CCWA Fixed</u>		<u>CCWA Variable O&M</u>		<u>DWR Fixed</u>		<u>DWR Variable O&M</u>		Total SWP Charges
	DWR Fixed Costs	DWR Variable Costs	Total DWR Costs	CCWA Fixed	CCWA Variable O&M	CCWA Credits	DWR Fixed	DWR Variable O&M	DWR Variable O&M	DWR Variable O&M		
FY 2005/06	\$ 338,500	\$ 37,253	\$ 375,754	\$ 63,656	\$ 15,107	\$ (311)	\$ 338,500	\$ 37,253	\$ 375,754	\$ 37,253	\$ 413,007	\$ 454,205
FY 2006/07	354,889	69,968	424,856	62,062	17,565	0	354,889	69,968	424,856	69,968	494,824	504,483
FY 2007/08	355,989	67,638	423,628	63,791	18,101	0	355,989	67,638	423,628	67,638	491,266	505,520
FY 2008/09	355,147	66,235	421,382	65,482	18,659	0	355,147	66,235	421,382	66,235	487,617	505,523

(2) Net of DWR account interest income.



Central Coast Water Authority
FY 2005/06 Four Year Financial Plan
 Project Participant Payment Summary

Southern California Water Company

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)
April 1, 2005	\$ 13,351	147
June 1, 2005	\$ 401,845	n/a
July 1, 2005	\$ 13,351	147
October 1, 2005	\$ 12,307	109
January 1, 2006	\$ 13,351	147
April 1, 2006	\$ 23,449	147
June 1, 2006	\$ 416,950	n/a
July 1, 2006	\$ 23,449	147
October 1, 2006	\$ 17,854	109
January 1, 2007	\$ 22,781	147
April 1, 2007	\$ 23,187	147
June 1, 2007	\$ 419,781	n/a
July 1, 2007	\$ 23,187	147
October 1, 2007	\$ 17,352	109
January 1, 2008	\$ 22,013	147
April 1, 2008	\$ 22,402	147
June 1, 2008	\$ 420,629	n/a
July 1, 2008	\$ 22,402	147
October 1, 2008	\$ 17,696	109
January 1, 2009	\$ 22,393	147

Central Coast Water Authority
Vandenberg Air Force Base
 Four Year Financial Plan Charges

Table A Including Drought Buffer			6,050
Fiscal Year	Requested Deliveries	Exchange Deliveries	Actual Deliveries
FY 2005/06	5,650	-	5,650
FY 2006/07	5,650	-	5,650
FY 2007/08	5,650	-	5,650
FY 2008/09	5,650	-	5,650

CCWA Fixed Charges

Fiscal Year	Fixed O&M Expenses ⁽¹⁾	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			CCWA Credits	Fixed CCWA Charges
		Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	Capital Modifications	Fixed O&M Modifications	Total Exchange Modifications		
FY 2005/06	\$ 557,335	\$ 187,208	-	\$ 187,208	-	-	-	-	\$ 744,543
FY 2006/07	577,903	192,752	-	192,752	-	-	-	-	770,656
FY 2007/08	597,243	196,131	-	196,131	-	-	-	-	793,374
FY 2008/09	617,360	198,494	-	198,494	-	-	-	-	815,854

(1) Includes capital improvement projects and non-annual recurring expenses.

CCWA Variable O&M Charges

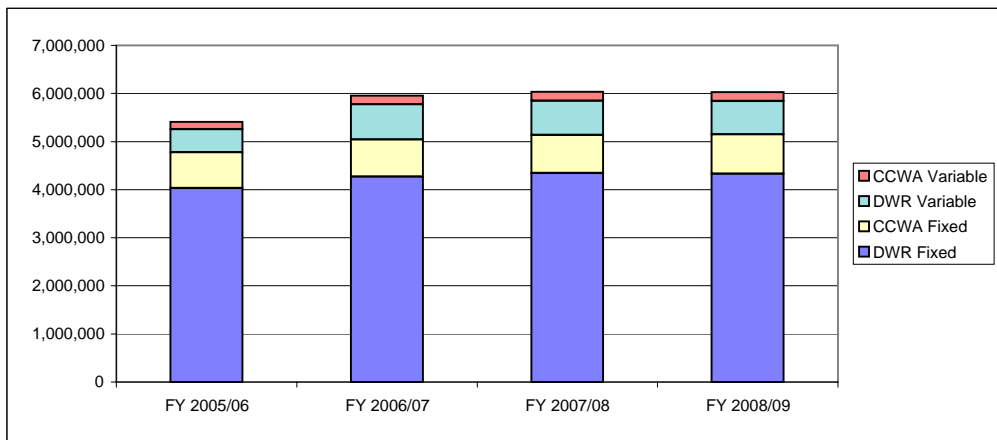
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2005/06	\$ 133,464	-	\$ 21,229	-	\$ 21,229	-	-	-	\$ 154,693
FY 2006/07	137,468	-	42,272	-	42,272	-	-	-	179,740
FY 2007/08	141,592	-	43,640	-	43,640	-	-	-	185,232
FY 2008/09	145,840	-	45,104	-	45,104	-	-	-	190,944

DWR Charges

Total State Water Charges

Fiscal Year	<u>DWR Charges</u>			<u>Total State Water Charges</u>					
	DWR Fixed Costs ⁽²⁾	DWR Variable Costs	Total DWR Costs	CCWA Fixed	CCWA Variable O&M	CCWA Credits	DWR Fixed	DWR Variable O&M	Total SWP Charges
FY 2005/06	\$ 4,032,966	\$ 480,565	\$ 4,513,531	\$ 744,543	\$ 154,693	-	\$ 4,032,966	\$ 480,565	\$ 5,412,767
FY 2006/07	4,272,438	730,479	5,002,917	770,656	179,740	0	4,272,438	730,479	5,953,313
FY 2007/08	4,345,725	707,995	5,053,720	793,374	185,232	0	4,345,725	707,995	6,032,326
FY 2008/09	4,331,138	692,709	5,023,847	815,854	190,944	0	4,331,138	692,709	6,030,644

(2) Net of DWR account interest income.



Central Coast Water Authority
FY 2005/06 Four Year Financial Plan
 Project Participant Payment Summary

Vandenberg Air Force Base

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)
April 1, 2005	\$ 164,660	1,626
June 1, 2005	\$ 4,777,509	n/a
July 1, 2005	\$ 163,729	1,592
October 1, 2005	\$ 142,209	806
January 1, 2006	\$ 164,660	1,626
April 1, 2006	\$ 258,944	1,626
June 1, 2006	\$ 5,043,094	n/a
July 1, 2006	\$ 254,385	1,592
October 1, 2006	\$ 145,333	806
January 1, 2007	\$ 251,556	1,626
April 1, 2007	\$ 256,024	1,626
June 1, 2007	\$ 5,139,099	n/a
July 1, 2007	\$ 251,587	1,592
October 1, 2007	\$ 142,570	806
January 1, 2008	\$ 243,046	1,626
April 1, 2008	\$ 247,328	1,626
June 1, 2008	\$ 5,146,992	n/a
July 1, 2008	\$ 243,128	1,592
October 1, 2008	\$ 145,972	806
January 1, 2009	\$ 247,224	1,626

Central Coast Water Authority
City of Buellton
 Four Year Financial Plan Charges

Table A Including Drought Buffer				636
Fiscal Year	Requested Deliveries	Exchange Deliveries	Actual Deliveries	
FY 2005/06	636	-	636	
FY 2006/07	636	-	636	
FY 2007/08	636	-	636	
FY 2008/09	636	-	636	

CCWA Fixed Charges

Fiscal Year	Fixed O&M Expenses ⁽¹⁾	<i>Regional WTP Modifications</i>			<i>Exchange Agreement Modifications</i>			Revenue Bond Debt Service ⁽²⁾	Fixed CCWA Charges
		Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	Capital Modifications	Fixed O&M Modifications	Total Exchange Modifications		
FY 2005/06	\$ 71,148	\$ 19,674	\$ -	\$ 19,674	\$ -	\$ -	\$ -	\$ 292,376	\$ 383,198
FY 2006/07	73,452	20,257	-	20,257	-	-	-	297,843	391,552
FY 2007/08	76,018	20,612	-	20,612	-	-	-	298,323	394,952
FY 2008/09	78,694	20,860	-	20,860	-	-	-	297,379	396,933

(1) Includes capital improvement projects and non-annual recurring expenses.

(2) Net of CCWA credits.

CCWA Variable O&M Charges

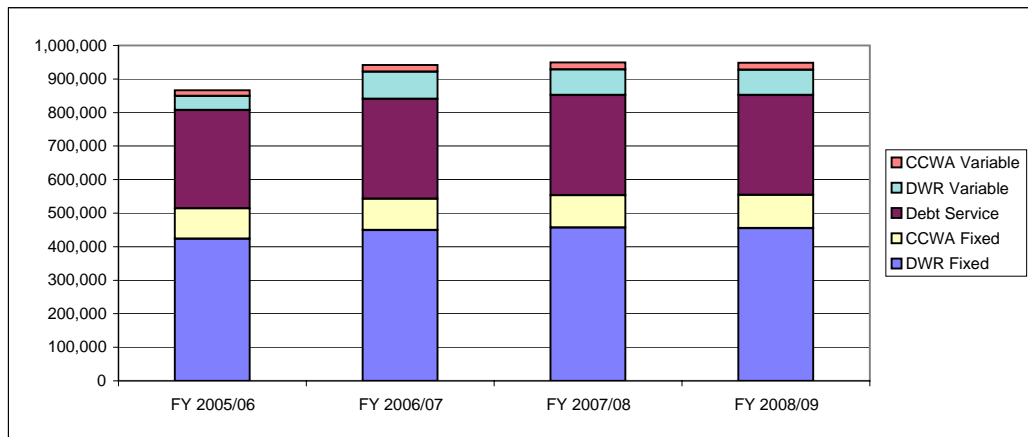
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	<i>Regional WTP Modifications</i>			<i>Exchange Agreement Modifications</i>			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2005/06	\$ 15,024	\$ -	\$ 2,457	\$ -	\$ 2,457	\$ -	\$ -	\$ -	\$ 17,481
FY 2006/07	15,474	-	4,841	-	4,841	-	-	-	20,315
FY 2007/08	15,938	-	4,992	-	4,992	-	-	-	20,931
FY 2008/09	16,417	-	5,160	-	5,160	-	-	-	21,576

DWR Charges

Total State Water Charges

Fiscal Year	DWR Fixed Costs ⁽³⁾	DWR Variable Costs	Total DWR Costs	CCWA		Debt Service	DWR Fixed	DWR Variable O&M	Total SWP Charges
				Fixed	Variable O&M				
FY 2005/06	\$ 423,731	\$ 42,096	\$ 465,827	\$ 90,822	\$ 17,481	\$ 292,376	\$ 423,731	\$ 42,096	\$ 866,505
FY 2006/07	448,999	80,826	529,825	93,709	20,315	297,843	448,999	80,826	941,692
FY 2007/08	456,701	76,485	533,186	96,630	20,931	298,323	456,701	76,485	949,068
FY 2008/09	455,168	75,038	530,206	99,554	21,576	297,379	455,168	75,038	948,716

(3) Net of DWR account interest income.



Central Coast Water Authority
FY 2005/06 Four Year Financial Plan
 Project Participant Payment Summary

City of Buellton

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)
April 1, 2005	\$ 15,224	171
June 1, 2005	\$ 806,929	n/a
July 1, 2005	\$ 14,674	151
October 1, 2005	\$ 14,454	143
January 1, 2006	\$ 15,224	171
April 1, 2006	\$ 27,253	171
June 1, 2006	\$ 840,551	n/a
July 1, 2006	\$ 24,568	151
October 1, 2006	\$ 22,845	143
January 1, 2007	\$ 26,476	171
April 1, 2007	\$ 26,548	171
June 1, 2007	\$ 851,653	n/a
July 1, 2007	\$ 23,935	151
October 1, 2007	\$ 21,749	143
January 1, 2008	\$ 25,183	171
April 1, 2008	\$ 25,643	171
June 1, 2008	\$ 852,101	n/a
July 1, 2008	\$ 23,169	151
October 1, 2008	\$ 22,171	143
January 1, 2009	\$ 25,632	171

Central Coast Water Authority
Santa Ynez Improvement District No. 1 (City of Solvang)
 Four Year Financial Plan Charges

Table A Including Drought Buffer			1,500
Fiscal Year	Requested Deliveries	Exchange Deliveries	Actual Deliveries
FY 2005/06	1,500	-	1,500
FY 2006/07	1,500	-	1,500
FY 2007/08	1,500	-	1,500
FY 2008/09	1,500	-	1,500

CCWA Fixed Charges

Fiscal Year	Fixed O&M Expenses ⁽¹⁾	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Revenue Bond Debt Service ⁽²⁾	Fixed CCWA Charges
		Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	Capital Modifications	Fixed O&M Modifications	Total Exchange Modifications		
FY 2005/06	\$ 175,429	\$ 51,057	\$ -	\$ 51,057	\$ -	\$ -	\$ -	\$ 609,904	\$ 836,389
FY 2006/07	186,371	52,569	-	52,569	-	-	-	631,911	870,850
FY 2007/08	193,030	53,490	-	53,490	-	-	-	951,568	1,198,088
FY 2008/09	199,974	54,135	-	54,135	-	-	-	948,588	1,202,698

(1) Includes capital improvement projects and non-annual recurring expenses.

(2) Net of CCWA credits.

CCWA Variable O&M Charges

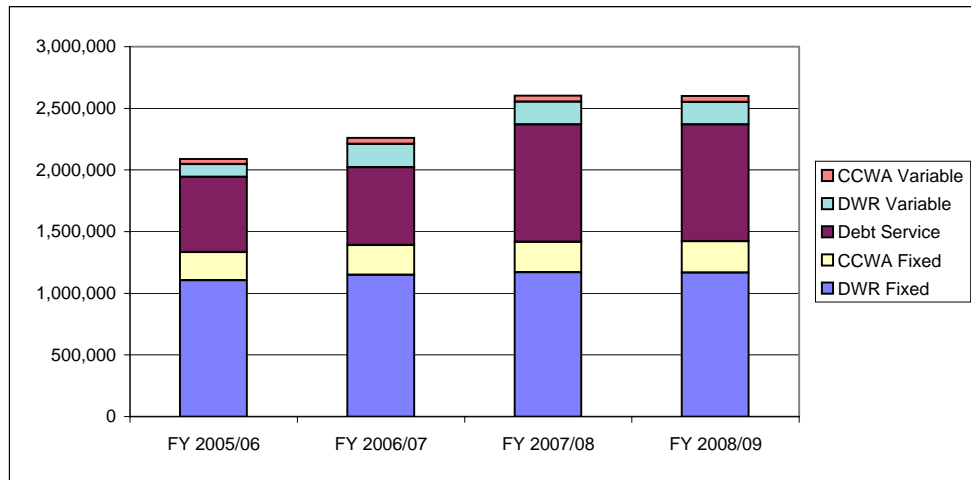
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2005/06	\$ 35,433	\$ -	\$ 5,785	\$ -	\$ 5,785	\$ -	\$ -	\$ -	\$ 41,218
FY 2006/07	36,496	-	11,405	-	11,405	-	-	-	47,901
FY 2007/08	37,591	-	11,763	-	11,763	-	-	-	49,353
FY 2008/09	38,718	-	12,157	-	12,157	-	-	-	50,876

DWR Charges

Total State Water Charges

Fiscal Year	<u>DWR Charges</u>			<u>Total State Water Charges</u>						
	DWR Fixed Costs ⁽³⁾	DWR Variable Costs	Total DWR Costs	CCWA Fixed	CCWA Variable O&M	Debt Service	DWR Fixed	DWR Variable O&M	Total SWP Charges	
FY 2005/06	\$ 1,106,239	\$ 105,708	\$ 1,211,947	\$ 226,485	\$41,218	\$609,904	\$ 1,106,239	\$ 105,708	\$ 2,089,555	
FY 2006/07	1,150,838	190,653	1,341,491	238,940	47,901	631,911	1,150,838	190,653	2,260,242	
FY 2007/08	1,171,373	184,174	1,355,547	246,520	49,353	951,568	1,171,373	184,174	2,602,988	
FY 2008/09	1,167,405	180,638	1,348,043	254,109	50,876	948,588	1,167,405	180,638	2,601,617	

(3) Net of DWR account interest income.



Central Coast Water Authority
FY 2005/06 Four Year Financial Plan
 Project Participant Payment Summary
Santa Ynez River Water Conservation District, ID#1
(City of Solvang)

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)
April 1, 2005	\$ 37,556	405
June 1, 2005	\$ 1,942,629	n/a
July 1, 2005	\$ 36,319	360
October 1, 2005	\$ 35,495	330
January 1, 2006	\$ 37,556	405
April 1, 2006	\$ 64,500	405
June 1, 2006	\$ 2,021,688	n/a
July 1, 2006	\$ 58,460	360
October 1, 2006	\$ 52,935	330
January 1, 2007	\$ 62,659	405
April 1, 2007	\$ 63,768	405
June 1, 2007	\$ 2,369,460	n/a
July 1, 2007	\$ 57,889	360
October 1, 2007	\$ 51,336	330
January 1, 2008	\$ 60,535	405
April 1, 2008	\$ 61,600	405
June 1, 2008	\$ 2,370,103	n/a
July 1, 2008	\$ 56,035	360
October 1, 2008	\$ 52,304	330
January 1, 2009	\$ 61,574	405

Central Coast Water Authority
Santa Ynez Improvement District No. 1
 Four Year Financial Plan Charges

Table A Including Drought Buffer				700
Fiscal Year	Requested Deliveries	Exchange Deliveries	Actual Deliveries	
FY 2005/06	700	2,560	3,260	
FY 2006/07	700	2,361	3,061	
FY 2007/08	700	2,297	2,997	
FY 2008/09	700	2,297	2,997	

CCWA Fixed Charges

Fiscal Year	Fixed O&M Expenses ⁽¹⁾	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Revenue Bond Debt Service ⁽²⁾	Fixed CCWA Charges
		Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	Capital Modifications	Fixed O&M Modifications	Total Exchange Modifications		
FY 2005/06	\$ 58,982	\$ 104,156	-	\$ 104,156	\$ 186,353	\$ 118,759	\$ 305,112	\$ 193,263	\$ 661,513
FY 2006/07	59,291	100,266	-	100,266	171,867	112,043	283,910	236,602	680,069
FY 2007/08	61,511	99,741	-	99,741	167,208	112,276	279,484	356,289	797,025
FY 2008/09	63,825	100,943	-	100,943	167,208	115,644	282,852	355,173	802,794

(1) Includes capital improvement projects and non-annual recurring expenses.

(2) Net of CCWA credits

CCWA Variable O&M Charges

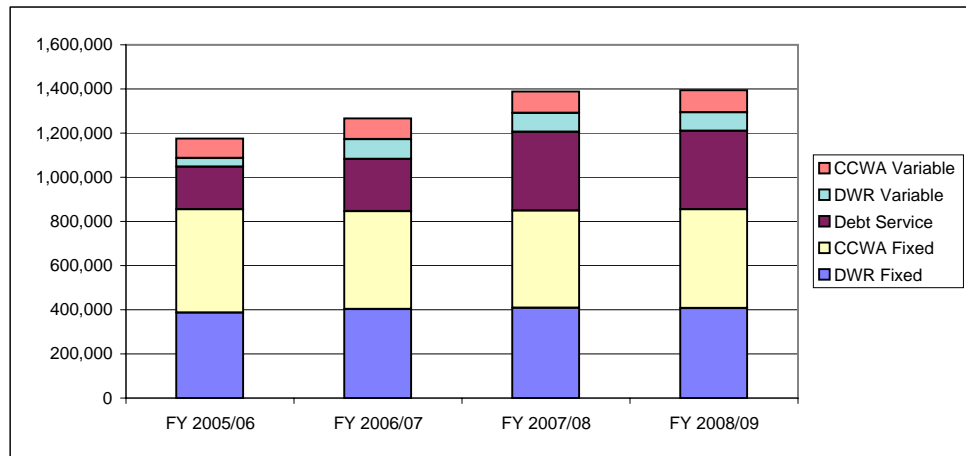
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2005/06	\$ 16,535	-	\$ 10,300	-	\$ 10,300	\$ 60,472	-	-	\$ 87,307
FY 2006/07	17,031	-	20,801	-	20,801	57,445	-	-	95,277
FY 2007/08	17,542	-	20,807	-	20,807	57,564	-	-	95,914
FY 2008/09	18,069	-	21,505	-	21,505	59,291	-	-	98,865

DWR Charges

Total State Water Charges

Fiscal Year	DWR Fixed Costs ⁽³⁾	DWR Variable Costs	Total DWR Costs	CCWA Fixed	CCWA Variable O&M	Debt Service	DWR Fixed	DWR Variable O&M	Total SWP Charges
	FY 2005/06	\$ 386,574	\$ 39,476	\$ 426,050	\$ 468,250	\$ 87,307	\$193,263	\$ 386,574	\$ 39,476
FY 2006/07	402,776	88,994	491,770	443,467	95,277	236,602	402,776	88,994	1,267,116
FY 2007/08	408,891	85,988	494,879	440,736	95,914	356,289	408,891	85,988	1,387,817
FY 2008/09	407,554	84,298	491,852	447,621	98,865	355,173	407,554	84,298	1,393,511

(3) Net of DWR account interest income.



Central Coast Water Authority
FY 2005/06 Four Year Financial Plan
 Project Participant Payment Summary

Santa Ynez River Water Conservation District, ID#1

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)	Actual SWP Delivery (acre-feet)
April 1, 2005	\$ 53,148	283	1,616
June 1, 2005	\$ 1,048,087	n/a	n/a
July 1, 2005	\$ 19,216	170	349
October 1, 2005	\$ 14,716	70	181
January 1, 2006	\$ 39,703	177	1,114
April 1, 2006	\$ 71,038	186	1,519
June 1, 2006	\$ 1,082,845	n/a	n/a
July 1, 2006	\$ 33,784	176	355
October 1, 2006	\$ 27,745	152	262
January 1, 2007	\$ 51,704	186	925
April 1, 2007	\$ 71,859	186	1,519
June 1, 2007	\$ 1,205,916	n/a	n/a
July 1, 2007	\$ 31,582	176	291
October 1, 2007	\$ 27,095	152	262
January 1, 2008	\$ 51,365	186	925
April 1, 2008	\$ 72,176	186	1,519
June 1, 2008	\$ 1,210,348	n/a	n/a
July 1, 2008	\$ 30,769	176	291
October 1, 2008	\$ 27,649	152	262
January 1, 2009	\$ 52,569	186	925

Central Coast Water Authority
Goleta Water District
 Four Year Financial Plan Charges

Table A Including Drought Buffer			4,950
Fiscal Year	Requested Deliveries	Exchange Deliveries	Actual Deliveries
FY 2005/06	2,604	(922)	1,682
FY 2006/07	4,950	(850)	4,100
FY 2007/08	4,950	(827)	4,123
FY 2008/09	4,950	(827)	4,123

CCWA Fixed Charges

Fiscal Year	Fixed O&M Expenses ⁽¹⁾	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Revenue Bond Debt Service ⁽²⁾	Fixed CCWA Charges
		Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	Capital Modifications	Fixed O&M Modifications	Total Exchange Modifications		
FY 2005/06	\$ 618,933	\$ 121,801	\$ (425,355)	\$ (303,555)	\$ (67,087)	\$ (42,753)	\$ (109,840)	\$ 2,779,678	\$ 2,985,215
FY 2006/07	652,023	127,919	(438,916)	(310,997)	(61,872)	(40,335)	(102,207)	2,878,083	3,116,901
FY 2007/08	675,343	130,982	(446,916)	(315,934)	(60,195)	(40,419)	(100,614)	2,882,713	3,141,508
FY 2008/09	699,738	132,561	(452,302)	(319,741)	(60,195)	(41,632)	(101,827)	2,873,599	3,151,769

(1) Includes capital improvement projects and non-annual recurring expenses.

(2) Net of CCWA credits.

CCWA Variable O&M Charges

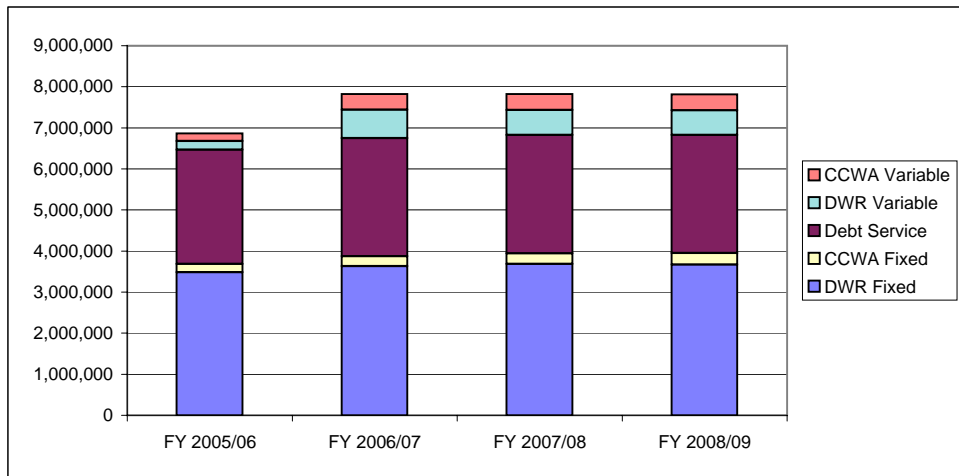
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2005/06	\$ 191,362	\$ 151,037	\$ 8,284	\$ (39,742)	\$ (31,457)	\$ (21,770)	\$ (53,453)	\$ (45,956)	\$ 189,763
FY 2006/07	250,380	287,100	32,228	(99,756)	(67,528)	(20,680)	(49,298)	(22,313)	377,662
FY 2007/08	257,298	287,100	33,484	(102,972)	(69,488)	(20,723)	(47,961)	(22,260)	383,966
FY 2008/09	265,073	287,100	34,607	(106,426)	(71,819)	(21,345)	(47,961)	(22,937)	388,111

DWR Charges

Total State Water Charges

Fiscal Year	<u>DWR Fixed Costs⁽³⁾</u>		<u>Total DWR Costs</u>		<u>CCWA</u>		<u>Debt Service</u>		<u>DWR</u>		Total SWP Charges
	Fixed	Variable	Fixed	Variable	Fixed	Variable O&M	Service	Fixed	Variable O&M		
FY 2005/06	\$ 3,480,002	\$ 212,541	\$ 3,692,543	\$ 205,537	\$ 189,763	\$ 2,779,678	\$ 3,480,002	\$ 212,541	\$ 6,867,520		
FY 2006/07	3,630,133	697,039	4,327,171	238,818	377,662	2,878,083	3,630,133	697,039	7,821,734		
FY 2007/08	3,683,413	612,229	4,295,642	258,795	383,966	2,882,713	3,683,413	612,229	7,821,116		
FY 2008/09	3,671,491	605,988	4,277,480	278,171	388,111	2,873,599	3,671,491	605,988	7,817,360		

(3) Net of DWR account interest income. Includes DWR fixed costs for the Goleta additional 2500 AF.



Central Coast Water Authority
FY 2005/06 Four Year Financial Plan
 Project Participant Payment Summary

Goleta Water District

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)	Actual SWP Delivery (acre-feet)
April 1, 2005	\$ 53,149	480	0
June 1, 2005	\$ 6,465,217	n/a	n/a
July 1, 2005	\$ 53,086	64	(0)
October 1, 2005	\$ 141,569	824	784
January 1, 2006	\$ 154,500	1,236	899
April 1, 2006	\$ 261,610	1,314	834
June 1, 2006	\$ 6,747,034	n/a	n/a
July 1, 2006	\$ 290,158	1,264	1,200
October 1, 2006	\$ 252,911	1,086	1,046
January 1, 2007	\$ 270,021	1,286	1,020
April 1, 2007	\$ 242,945	1,314	834
June 1, 2007	\$ 6,824,921	n/a	n/a
July 1, 2007	\$ 274,236	1,264	1,223
October 1, 2007	\$ 231,763	1,086	1,046
January 1, 2008	\$ 247,251	1,286	1,020
April 1, 2008	\$ 236,918	1,314	834
June 1, 2008	\$ 6,823,261	n/a	n/a
July 1, 2008	\$ 268,999	1,264	1,223
October 1, 2008	\$ 236,368	1,086	1,046
January 1, 2009	\$ 251,816	1,286	1,020

Central Coast Water Authority
Morehart Land Company
 Four Year Financial Plan Charges

Table A Including Drought Buffer				220
Fiscal Year	Requested Deliveries	Exchange Deliveries	Actual Deliveries	
FY 2005/06	220	-	220	
FY 2006/07	220	-	220	
FY 2007/08	220	-	220	
FY 2008/09	220	-	220	

CCWA Fixed Charges

Fiscal Year	Fixed O&M Expenses ⁽¹⁾	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Revenue Bond Debt Service ⁽²⁾	Fixed CCWA Charges
		Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	Capital Modifications	Fixed O&M Modifications	Total Exchange Modifications		
FY 2005/06	\$ 27,508	\$ 6,808	\$ (23,773)	\$ (16,966)	-	-	-	\$ 115,340	\$ 125,881
FY 2006/07	28,979	7,009	(24,050)	(17,041)	-	-	-	128,057	139,995
FY 2007/08	30,015	7,132	(24,335)	(17,203)	-	-	-	133,467	146,280
FY 2008/09	31,099	7,218	(24,628)	(17,410)	-	-	-	133,105	146,794

(1) Includes capital improvement projects and non-annual recurring expenses.

(2) Net of CCWA credits.

CCWA Variable O&M Charges

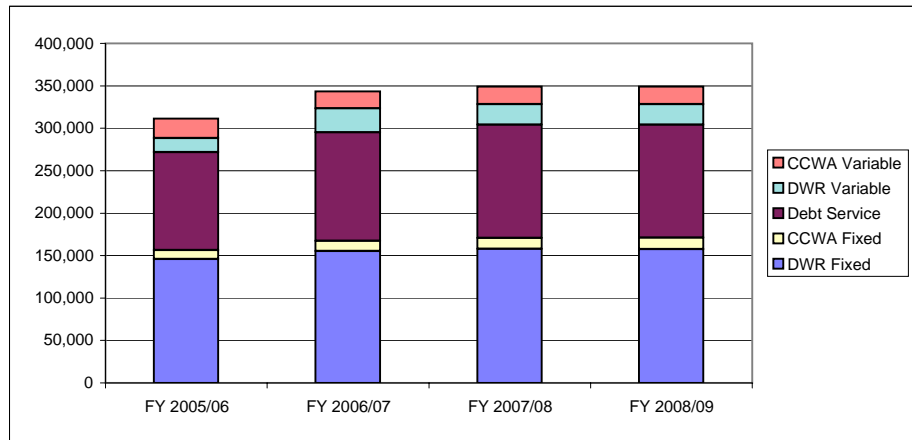
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2005/06	\$ 16,167	\$ 11,020	\$ 841	\$ (5,197)	\$ (4,356)	-	-	-	\$ 22,831
FY 2006/07	11,128	12,760	1,666	(5,353)	(3,687)	-	-	-	20,201
FY 2007/08	11,435	12,760	1,719	(5,494)	(3,775)	-	-	-	20,421
FY 2008/09	11,781	12,760	1,777	(5,679)	(3,902)	-	-	-	20,639

DWR Charges

Total State Water Charges

Fiscal Year	DWR Fixed Costs ⁽³⁾	DWR Variable Costs	Total DWR Costs	CCWA Fixed	CCWA Variable O&M	Debt Service	DWR Fixed	DWR Variable O&M	Total SWP Charges
	FY 2005/06	\$ 145,881	\$ 16,807	\$ 162,688	\$10,542	\$ 22,831	\$115,340	\$ 145,881	\$ 16,807
FY 2006/07	155,361	27,998	183,359	11,938	20,201	128,057	155,361	27,998	343,556
FY 2007/08	158,026	24,202	182,229	12,813	20,421	133,467	158,026	24,202	348,929
FY 2008/09	157,496	24,086	181,582	13,690	20,639	133,105	157,496	24,086	349,016

(3) Net of DWR account interest income.



Central Coast Water Authority
FY 2005/06 Four Year Financial Plan
 Project Participant Payment Summary

Morehart Land Company

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)
April 1, 2005	\$ 10,428	60
June 1, 2005	\$ 271,763	n/a
July 1, 2005	\$ 10,428	60
October 1, 2005	\$ 8,353	40
January 1, 2006	\$ 10,428	60
April 1, 2006	\$ 13,134	60
June 1, 2006	\$ 295,357	n/a
July 1, 2006	\$ 13,134	60
October 1, 2006	\$ 9,070	40
January 1, 2007	\$ 12,861	60
April 1, 2007	\$ 12,308	60
June 1, 2007	\$ 304,306	n/a
July 1, 2007	\$ 12,308	60
October 1, 2007	\$ 8,178	40
January 1, 2008	\$ 11,829	60
April 1, 2008	\$ 12,101	60
June 1, 2008	\$ 304,290	n/a
July 1, 2008	\$ 12,101	60
October 1, 2008	\$ 8,427	40
January 1, 2009	\$ 12,097	60

Central Coast Water Authority
La Cumbre Mutual Water Company
 Four Year Financial Plan Charges

Table A Including Drought Buffer				1,100
Fiscal Year	Requested Deliveries	Exchange Deliveries	Actual Deliveries	
FY 2005/06	920	-	920	
FY 2006/07	920	-	920	
FY 2007/08	920	-	920	
FY 2008/09	920	-	920	

CCWA Fixed Charges

Fiscal Year	Fixed O&M Expenses ⁽¹⁾	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Revenue Bond Debt Service ⁽²⁾	Fixed CCWA Charges
		Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	Capital Modifications	Fixed O&M Modifications	Total Exchange Modifications		
FY 2005/06	\$ 137,546	\$ 34,038	\$ (118,867)	\$ (84,830)	-	-	-	\$ (455,546)	\$ (402,829)
FY 2006/07	144,894	35,046	(120,250)	(85,204)	-	-	-	613,282	672,972
FY 2007/08	150,076	35,660	(121,673)	(86,013)	-	-	-	639,191	703,254
FY 2008/09	155,497	36,090	(123,140)	(87,050)	-	-	-	637,455	705,903

(1) Includes capital improvement projects and non-annual recurring expenses.

(2) Net of CCWA credits.

CCWA Variable O&M Charges

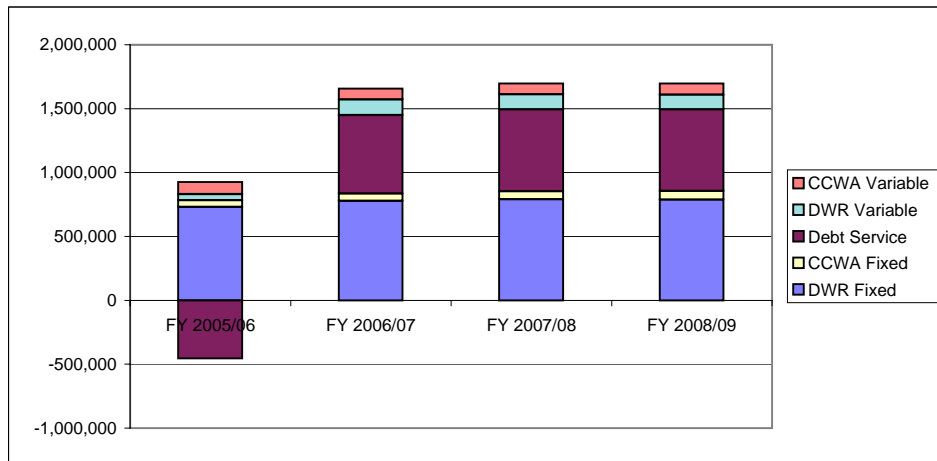
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2005/06	\$ 67,609	\$ 45,574	\$ 3,354	\$ (21,732)	\$ (18,378)	-	-	-	\$ 94,805
FY 2006/07	46,535	53,360	6,729	(22,384)	(15,655)	-	-	-	84,240
FY 2007/08	47,821	53,360	6,944	(22,977)	(16,033)	-	-	-	85,148
FY 2008/09	49,266	53,360	7,177	(23,747)	(16,571)	-	-	-	86,056

DWR Charges

Total State Water Charges

Fiscal Year	<u>DWR Charges</u>			<u>Total State Water Charges</u>						
	DWR Fixed Costs ⁽³⁾	DWR Variable Costs	Total DWR Costs	CCWA Fixed	CCWA Variable O&M	Debt Service	DWR Fixed	DWR Variable O&M	Total SWP Charges	
FY 2005/06	\$ 731,361	\$ 45,761	\$ 777,122	\$52,717	\$ 94,805	\$ (455,546)	\$ 731,361	\$ 45,761	\$ 469,098	
FY 2006/07	776,807	122,112	898,919	59,690	84,240	613,282	776,807	122,112	1,656,131	
FY 2007/08	790,132	118,715	908,847	64,063	85,148	639,191	790,132	118,715	1,697,250	
FY 2008/09	787,480	116,323	903,803	68,448	86,056	637,455	787,480	116,323	1,695,761	

(3) Net of DWR account interest income.



Central Coast Water Authority
FY 2005/06 Four Year Financial Plan
 Project Participant Payment Summary

La Cumbre Mutual Water Company

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)
April 1, 2005	\$ 42,046	297
June 1, 2005	\$ 328,532	n/a
July 1, 2005	\$ 36,172	240
October 1, 2005	\$ 21,333	96
January 1, 2006	\$ 41,015	287
April 1, 2006	\$ 65,010	297
June 1, 2006	\$ 1,449,779	n/a
July 1, 2006	\$ 53,961	240
October 1, 2006	\$ 25,613	96
January 1, 2007	\$ 61,768	287
April 1, 2007	\$ 64,479	297
June 1, 2007	\$ 1,493,386	n/a
July 1, 2007	\$ 53,633	240
October 1, 2007	\$ 25,466	96
January 1, 2008	\$ 60,285	287
April 1, 2008	\$ 62,881	297
June 1, 2008	\$ 1,493,382	n/a
July 1, 2008	\$ 52,434	240
October 1, 2008	\$ 26,034	96
January 1, 2009	\$ 61,030	287

Central Coast Water Authority
Raytheon Systems Company
 Four Year Financial Plan Charges

Table A Including Drought Buffer				55
Fiscal Year	Requested Deliveries	Exchange Deliveries	Actual Deliveries	
FY 2005/06	55	-	55	
FY 2006/07	60	-	60	
FY 2007/08	55	-	55	
FY 2008/09	55	-	55	

CCWA Fixed Charges

Fiscal Year	Fixed O&M Expenses ⁽¹⁾	Regional WTP Modifications			Exchange Agreement Modifications			Revenue Bond Debt Service ⁽²⁾	Fixed CCWA Charges
		Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	Capital Modifications	Fixed O&M Modifications	Total Exchange Modifications		
FY 2005/06	\$ 6,877	\$ 1,702	\$ (5,943)	\$ (4,241)	\$ -	\$ -	\$ -	\$ 26,618	\$ 29,254
FY 2006/07	7,245	1,752	(6,012)	(4,260)	-	-	-	27,694	30,678
FY 2007/08	7,504	1,783	(6,084)	(4,301)	-	-	-	27,739	30,942
FY 2008/09	7,775	1,804	(6,157)	(4,352)	-	-	-	27,651	31,073

(1) Includes capital improvement projects and non-annual recurring expenses.

(2) Net of CCWA credits.

CCWA Variable O&M Charges

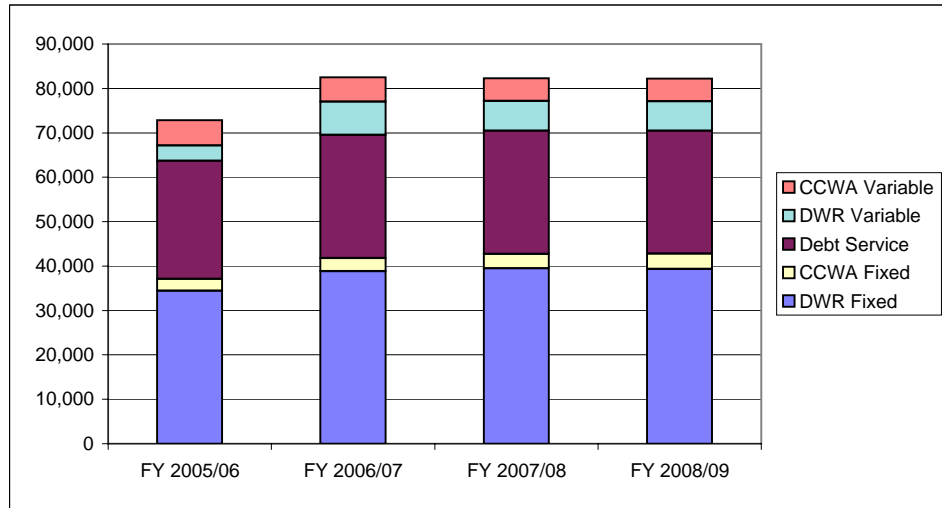
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	Regional WTP Modifications			Exchange Agreement Modifications			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2005/06	\$ 4,042	\$ 2,755	\$ 197	\$ (1,299)	\$ (1,102)	\$ -	\$ -	\$ -	\$ 5,694
FY 2006/07	3,035	3,480	448	(1,460)	(1,012)	-	-	-	5,503
FY 2007/08	2,859	3,190	431	(1,374)	(942)	-	-	-	5,107
FY 2008/09	2,945	3,190	446	(1,420)	(974)	-	-	-	5,161

DWR Charges

Total State Water Charges

Fiscal Year	DWR Fixed Costs ⁽³⁾	DWR Variable Costs	Total DWR Costs	CCWA		Debt Service	DWR Fixed	DWR Variable O&M	Total SWP Charges
				Fixed	Variable O&M				
FY 2005/06	\$ 34,459	\$ 3,469	\$ 37,927	\$ 2,636	\$ 5,694	\$ 26,618	\$ 34,459	\$ 3,469	\$ 72,875
FY 2006/07	38,840	7,488	46,328	2,985	5,503	27,694	38,840	7,488	82,510
FY 2007/08	39,507	6,729	46,235	3,203	5,107	27,739	39,507	6,729	82,284
FY 2008/09	39,374	6,623	45,997	3,422	5,161	27,651	39,374	6,623	82,232

(3) Net of DWR account interest income.



Central Coast Water Authority
FY 2005/06 Four Year Financial Plan
 Project Participant Payment Summary

Raytheon Systems Company

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)
April 1, 2005	\$ 2,938	20
June 1, 2005	\$ 63,712	n/a
July 1, 2005	\$ 1,902	10
October 1, 2005	\$ 1,902	10
January 1, 2006	\$ 2,420	15
April 1, 2006	\$ 4,252	20
June 1, 2006	\$ 69,519	n/a
July 1, 2006	\$ 2,312	10
October 1, 2006	\$ 3,214	15
January 1, 2007	\$ 3,214	15
April 1, 2007	\$ 3,257	15
June 1, 2007	\$ 70,448	n/a
July 1, 2007	\$ 2,304	10
October 1, 2007	\$ 3,137	15
January 1, 2008	\$ 3,137	15
April 1, 2008	\$ 3,176	15
June 1, 2008	\$ 70,447	n/a
July 1, 2008	\$ 2,258	10
October 1, 2008	\$ 3,175	15
January 1, 2009	\$ 3,175	15

Central Coast Water Authority
City of Santa Barbara
 Four Year Financial Plan Charges

Table A Including Drought Buffer				3,300
Fiscal Year	Requested Deliveries	Exchange Deliveries	Actual Deliveries	
FY 2005/06	615	(614)	1	
FY 2006/07	3,120	(567)	2,553	
FY 2007/08	3,120	(551)	2,569	
FY 2008/09	3,120	(551)	2,569	

CCWA Fixed Charges

Fiscal Year	Fixed O&M Expenses ⁽¹⁾	Regional WTP Modifications			Exchange Agreement Modifications			Revenue Bond Debt Service ⁽²⁾	Fixed CCWA Charges
		Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	Capital Modifications	Fixed O&M Modifications	Total Exchange Modifications		
FY 2005/06	\$ 412,614	\$ 81,200	\$ (283,570)	\$ (202,370)	\$ (44,725)	\$ (28,502)	\$ (73,227)	\$ 1,756,029	\$ 1,893,046
FY 2006/07	434,682	85,279	(292,611)	(207,332)	(41,248)	(26,890)	(68,138)	1,770,005	1,929,217
FY 2007/08	450,229	87,322	(297,944)	(210,622)	(40,130)	(26,946)	(67,076)	1,772,853	1,945,383
FY 2008/09	466,492	88,374	(301,535)	(213,161)	(40,130)	(27,755)	(67,884)	1,767,248	1,952,695

(1) Includes capital improvement projects and non-annual recurring expenses.

(2) Net of CCWA credits.

CCWA Variable O&M Charges

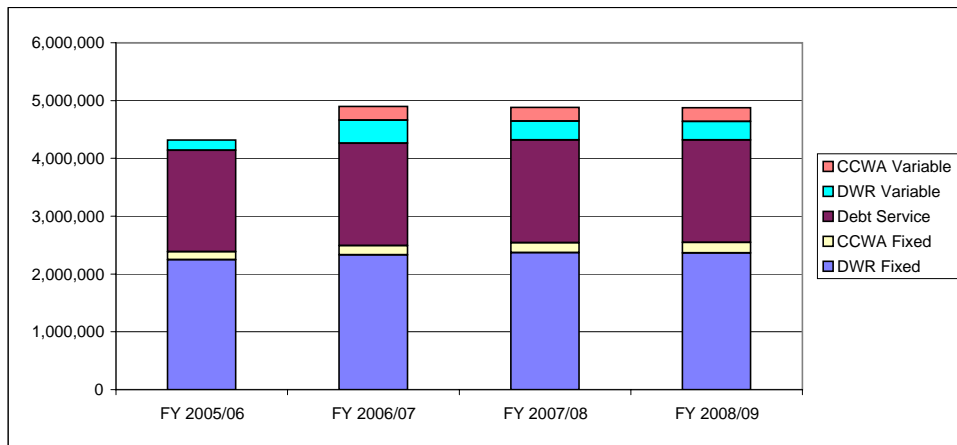
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	Regional WTP Modifications			Exchange Agreement Modifications			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2005/06	\$45,195	\$ 35,668	\$ 3	\$ (14)	\$ (11)	\$ (14,513)	\$ (35,635)	\$ (30,638)	\$ 66
FY 2006/07	157,816	180,960	19,782	(62,125)	(42,342)	(13,787)	(32,865)	(14,875)	234,906
FY 2007/08	162,176	180,960	20,564	(64,153)	(43,589)	(13,815)	(31,974)	(14,840)	238,918
FY 2008/09	167,076	180,960	21,254	(66,305)	(45,051)	(14,230)	(31,974)	(15,291)	241,490

DWR Charges

Total State Water Charges

Fiscal Year	DWR Charges			Total State Water Charges					
	DWR Fixed Costs ⁽³⁾	DWR Variable Costs	Total DWR Costs	CCWA Fixed	CCWA Variable O&M	Debt Service	DWR Fixed	DWR Variable O&M	Total SWP Charges
FY 2005/06	\$ 2,246,380	\$ 177,812	\$ 2,424,193	\$137,019	\$ 66	\$ 1,756,029	\$ 2,246,380	\$ 177,812	\$ 4,317,306
FY 2006/07	2,330,421	401,900	2,732,321	159,212	234,906.34	1,770,005	2,330,421	401,900.43	4,896,445
FY 2007/08	2,370,396	327,030	2,697,426	172,530	238,917.79	1,772,853	2,370,396	327,030.47	4,881,727
FY 2008/09	2,362,439	320,521	2,682,960	185,447	241,490.36	1,767,248	2,362,439	320,521.34	4,877,145

(3) Net of DWR account interest income.



Central Coast Water Authority
FY 2005/06 Four Year Financial Plan
 Project Participant Payment Summary

City of Santa Barbara

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)	Actual SWP Delivery (acre-feet)
April 1, 2005	\$ 44,462	320	0
June 1, 2005	\$ 4,139,428	n/a	n/a
July 1, 2005	\$ 44,457	43	0
October 1, 2005	\$ 44,492	27	0
January 1, 2006	\$ 44,466	225	0
April 1, 2006	\$ 170,647	915	595
June 1, 2006	\$ 4,259,638	n/a	n/a
July 1, 2006	\$ 169,901	780	737
October 1, 2006	\$ 133,729	600	574
January 1, 2007	\$ 162,530	825	648
April 1, 2007	\$ 153,143	915	595
June 1, 2007	\$ 4,315,778	n/a	n/a
July 1, 2007	\$ 154,582	780	752
October 1, 2007	\$ 115,572	600	574
January 1, 2008	\$ 142,651	825	648
April 1, 2008	\$ 148,214	915	595
June 1, 2008	\$ 4,315,134	n/a	n/a
July 1, 2008	\$ 150,888	780	752
October 1, 2008	\$ 117,885	600	574
January 1, 2009	\$ 145,025	825	648

Central Coast Water Authority
Montecito Water District
 Four Year Financial Plan Charges

Table A Including Drought Buffer			3,300
Fiscal Year	Requested Deliveries	Exchange Deliveries	Actual Deliveries
FY 2005/06	1,702	(614)	1,088
FY 2006/07	3,300	(567)	2,733
FY 2007/08	3,300	(551)	2,749
FY 2008/09	3,300	(551)	2,749

CCWA Fixed Charges

Fiscal Year	Fixed O&M Expenses ⁽¹⁾	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Revenue Bond Debt Service ⁽²⁾	Fixed CCWA Charges
		Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	Capital Modifications	Fixed O&M Modifications	Total Exchange Modifications		
FY 2005/06	\$ 412,615	\$ 81,200	\$ (283,570)	\$ (202,370)	\$ (44,725)	\$ (28,502)	\$ (73,227)	\$ 1,895,126	\$ 2,032,144
FY 2006/07	434,682	85,279	(292,611)	(207,332)	(41,248)	(26,890)	(68,138)	2,014,364	2,173,576
FY 2007/08	450,229	87,322	(297,944)	(210,622)	(40,130)	(26,946)	(67,076)	2,099,466	2,271,996
FY 2008/09	466,492	88,374	(301,535)	(213,161)	(40,130)	(27,755)	(67,884)	2,093,763	2,279,210

(1) Includes capital improvement projects and non-annual recurring expenses.

(2) Net of CCWA credits.

CCWA Variable O&M Charges

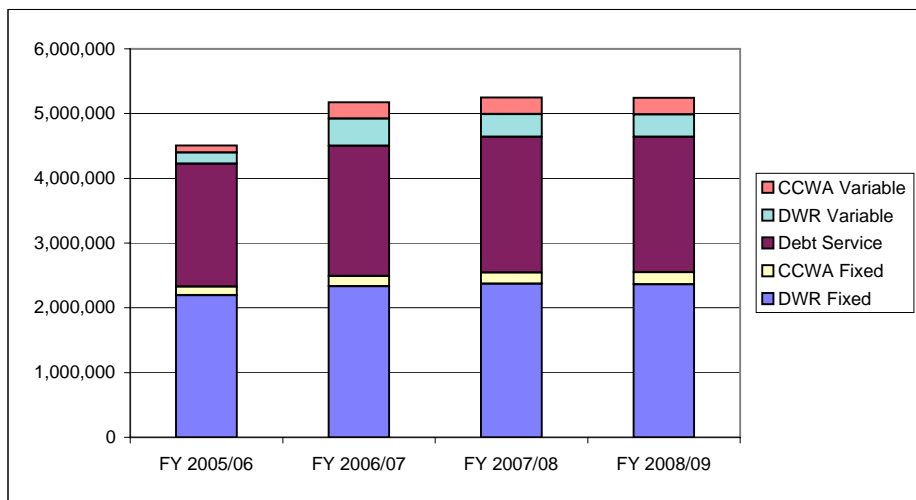
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2005/06	\$ 125,070	\$ 87,459	\$ 4,805	\$ (25,689)	\$ (20,884)	\$ (14,513)	\$ (35,635)	\$ (30,638)	\$ 110,859
FY 2006/07	166,920	191,400	21,353	(66,504)	(45,151)	(13,787)	(32,865)	(14,875)	251,642
FY 2007/08	171,532	191,400	22,195	(68,648)	(46,454)	(13,815)	(31,974)	(14,840)	255,849
FY 2008/09	176,715	191,400	22,939	(70,951)	(48,012)	(14,230)	(31,974)	(15,291)	258,608

DWR Charges

Total State Water Charges

Fiscal Year	DWR Fixed Costs ⁽³⁾	DWR Variable Costs	Total DWR Costs	CCWA Fixed	CCWA Variable O&M	Debt Service	DWR Fixed	DWR Variable O&M	Total SWP Charges
	FY 2005/06	\$ 2,193,083	\$ 171,382	\$ 2,364,465	\$137,019	\$ 110,859	\$ 1,895,126	\$ 2,193,083	\$ 171,382
FY 2006/07	2,330,421	419,860	2,750,281	159,212	251,642	2,014,364	2,330,421	419,860	5,175,499
FY 2007/08	2,370,396	349,849	2,720,245	172,530	255,849	2,099,466	2,370,396	349,849	5,248,090
FY 2008/09	2,362,439	343,894	2,706,333	185,447	258,608	2,093,763	2,362,439	343,894	5,244,151

(3) Net of DWR account interest income.



Central Coast Water Authority
FY 2005/06 Four Year Financial Plan
 Project Participant Payment Summary

Montecito Water District

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)	Requested SWP Delivery (acre-feet)
April 1, 2005	\$ 42,846	320	0
June 1, 2005	\$ 4,225,227	n/a	n/a
July 1, 2005	\$ 121,953	819	776
October 1, 2005	\$ 44,309	41	14
January 1, 2006	\$ 73,133	522	297
April 1, 2006	\$ 165,439	888	568
June 1, 2006	\$ 4,503,997	n/a	n/a
July 1, 2006	\$ 190,936	888	845
October 1, 2006	\$ 140,599	636	610
January 1, 2007	\$ 174,528	888	711
April 1, 2007	\$ 149,537	888	568
June 1, 2007	\$ 4,642,391	n/a	n/a
July 1, 2007	\$ 176,746	888	860
October 1, 2007	\$ 123,697	636	610
January 1, 2008	\$ 155,718	888	711
April 1, 2008	\$ 145,099	888	568
June 1, 2008	\$ 4,641,649	n/a	n/a
July 1, 2008	\$ 172,601	888	860
October 1, 2008	\$ 126,348	636	610
January 1, 2009	\$ 158,454	888	711

Central Coast Water Authority
Carpinteria Valley Water District
 Four Year Financial Plan Charges

Table A Including Drought Buffer				2,200
Fiscal Year	Requested Deliveries	Exchange Deliveries	Actual Deliveries	
FY 2005/06	1,760	(410)	1,350	
FY 2006/07	2,090	(378)	1,712	
FY 2007/08	2,090	(368)	1,722	
FY 2008/09	2,090	(368)	1,722	

CCWA Fixed Charges

Fiscal Year	Fixed O&M Expenses ⁽¹⁾	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Revenue Bond Debt Service ⁽²⁾	Fixed CCWA Charges
		Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	Capital Modifications	Fixed O&M Modifications	Total Exchange Modifications		
FY 2005/06	\$ 275,076	\$ 54,134	\$ (189,047)	\$ (134,913)	\$ (29,816)	\$ (19,001)	\$ (48,818)	\$ 1,170,368	\$ 1,261,713
FY 2006/07	289,788	56,853	(195,074)	(138,221)	(27,499)	(17,927)	(45,426)	1,189,422	1,295,564
FY 2007/08	300,152	58,214	(198,629)	(140,415)	(26,753)	(17,964)	(44,717)	1,191,336	1,306,356
FY 2008/09	310,995	58,916	(201,023)	(142,107)	(26,753)	(18,503)	(45,256)	1,187,569	1,311,200

(1) Includes capital improvement projects and non-annual recurring expenses.

(2) Net of CCWA charges.

CCWA Variable O&M Charges

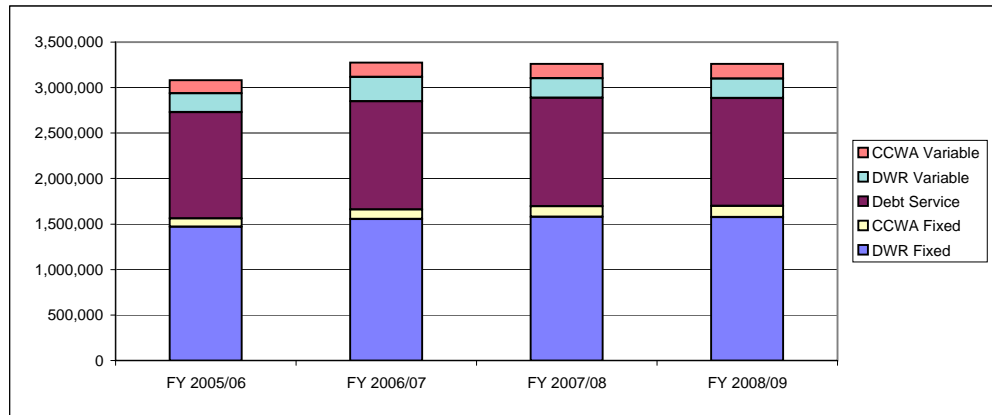
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2005/06	\$ 129,339	\$ 94,510	\$ 5,606	\$ (31,899)	\$ (26,293)	\$ (9,676)	\$ (23,757)	\$ (20,425)	\$ 143,698
FY 2006/07	105,716	121,220	13,408	(41,660)	(28,252)	(9,191)	(21,910)	(9,917)	157,667
FY 2007/08	108,637	121,220	13,924	(43,018)	(29,094)	(9,210)	(21,316)	(9,893)	160,343
FY 2008/09	111,920	121,220	14,391	(44,461)	(30,070)	(9,487)	(21,316)	(10,194)	162,073

DWR Charges

Total State Water Charges

Fiscal Year	DWR Fixed Costs ⁽³⁾	DWR Variable Costs	Total DWR Costs	CCWA Fixed	CCWA Variable O&M	Debt Service	DWR Fixed	DWR Variable O&M	Total SWP Charges
	FY 2005/06	\$ 1,469,629	\$ 204,708	\$ 1,674,338	\$ 91,345	\$ 143,698	\$ 1,170,368	\$ 1,469,629	\$ 204,708
FY 2006/07	1,553,614	268,320	1,821,934	106,141	157,667	1,189,422	1,553,614	268,320	3,275,164
FY 2007/08	1,580,264	215,509	1,795,773	115,020	160,343	1,191,336	1,580,264	215,509	3,262,472
FY 2008/09	1,574,959	212,250	1,787,210	123,631	162,073	1,187,569	1,574,959	212,250	3,260,483

(3) Net of DWR account interest income.

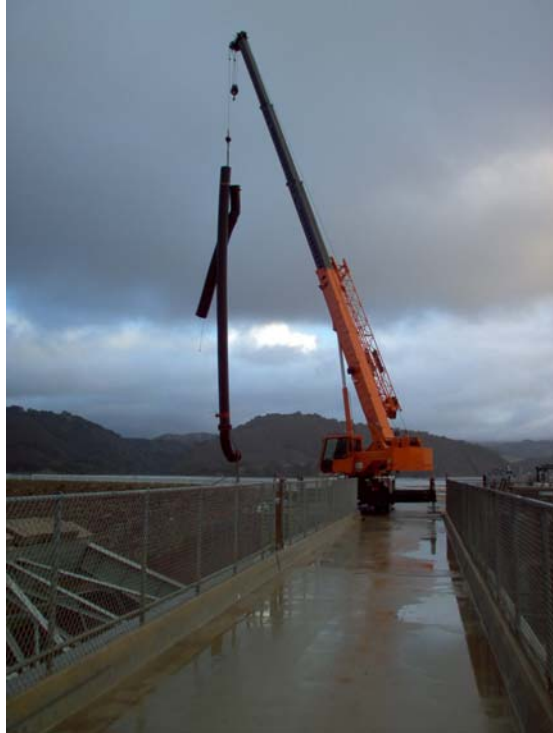


Central Coast Water Authority
FY 2005/06 Four Year Financial Plan
 Project Participant Payment Summary

Carpinteria Valley Water District

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)	Actual SWP Delivery (acre-feet)
April 1, 2005	\$ 77,857	464	251
June 1, 2005	\$ 2,731,342	n/a	n/a
July 1, 2005	\$ 80,053	300	271
October 1, 2005	\$ 82,594	313	295
January 1, 2006	\$ 107,903	683	533
April 1, 2006	\$ 102,137	550	337
June 1, 2006	\$ 2,849,178	n/a	n/a
July 1, 2006	\$ 99,703	450	421
October 1, 2006	\$ 106,268	490	472
January 1, 2007	\$ 117,880	600	482
April 1, 2007	\$ 90,085	550	337
June 1, 2007	\$ 2,886,619	n/a	n/a
July 1, 2007	\$ 89,144	450	432
October 1, 2007	\$ 92,940	490	472
January 1, 2008	\$ 103,684	600	482
April 1, 2008	\$ 87,231	550	337
June 1, 2008	\$ 2,886,160	n/a	n/a
July 1, 2008	\$ 87,184	450	432
October 1, 2008	\$ 94,581	490	472
January 1, 2009	\$ 105,327	600	482





Removal of the “temporary” SWP bypass pipeline at Bradbury Dam on January 10, 2005.

Appendix

The Appendix to the FY 2005/06 Budget contains narrative explanations of the Santa Ynez Exchange Agreement, Regional Water Treatment Plant Allocation, CCWA Investment Policy and a glossary of terms.



Central Coast Water Authority
Santa Ynez Exchange Agreement

On January 1, 1995 the Authority purchased a five-mile long pipeline from Santa Ynez River Water Conservation District, Improvement District #1 (SYID#1) to convey State water into Lake Cachuma for delivery to certain Santa Barbara County South Coast project participants who are also Cachuma Project members.

SYID#1 has a contract with the U.S. Bureau of Reclamation for water from the Cachuma Project and, until January 1, 1995, owned a pipeline which extends from Lake Cachuma to the Santa Ynez area. This pipeline was used to deliver water from Lake Cachuma to SYID#1.

The Authority acquired the Cachuma pipeline from SYID#1 under the Santa Ynez River/State Water Project Exchange Agreement (the "Santa Ynez Exchange Agreement"). Also, water stored at Lake Cachuma which would normally be delivered to SYID#1 is exchanged for an equal amount of State water delivered to the Santa Ynez turnout. This State water originally ordered by the South Coast project participants is exchanged with SYID#1 Cachuma Lake water.

SYID#1 pays the variable and fixed costs to treat exchanged water as well as regional water treatment plant allocations (*see "Regional Water Treatment Plant Allocation" narrative included in this Appendix*).

The benefits of exchange are:

- SYID#1 does not have to build a treatment plant to treat its Cachuma water because it will instead receive State water.
- The South Coast project participants obtain water at a reduced cost because they are purchasing less expensive Cachuma water from SYID#1. The South Coast project participants are also reimbursed for fixed capital and variable treatment costs for the State water that is delivered to and paid for by SYID#1. Additionally the South Coast project participants do not pay for power and Warren Act charges for the exchanged State water that would otherwise be delivered to the lake.
- All the South Coast project participants' Santa Ynez II reach capital costs are reduced because an existing pipeline was acquired to convey State water from the Santa Ynez area to the lake. Otherwise, the Authority would have had to construct an additional five miles of new pipeline at much greater expense.

Under the Santa Ynez Exchange Agreement, the South Coast project participants are required to take delivery of an amount of water that equals or exceeds SYID#1's annual allocation of Cachuma water.

Central Coast Water Authority
Regional Water Treatment Plant Allocation

Instead of building a pipeline around or through Lake Cachuma to the South Coast to convey State water to the South Coast project participants, the Authority is conveying State water using the lake and existing conveyance facilities. The water is dechloraminated (de-treated) at the Santa Ynez Pumping Facility before it is discharged into the lake.

Since the South Coast project participants must “retreat” the State water that is delivered from Lake Cachuma, they would effectively be paying twice to treat the water if the Regional Water Treatment Plant Allocation agreement was not in place. Initial treatment occurs at the Polonio Pass Water Treatment Plant and retreatment occurs at the various South Coast project participants’ treatment plants.

The Regional Water Treatment Plant Allocation is a credit financed by Santa Barbara County project participants which directly receive treated State water from the Coastal Branch Extension or CCWA pipeline. The credit is applied to the South Coast project participants to cover their costs to retreat State water. In short, the purpose of this credit is to ensure that all Authority project participants pay the same cost to treat State water. The treatment plant capital and fixed and variable operating and maintenance costs are included in the Regional Water Treatment Plant Allocation calculation.

In order to properly allocate the capital cost component of the water treatment plant for those project participants that did not participate in the bond financing (Santa Maria, Southern California Water Company and Vandenberg Air Force Base), an imputed debt service schedule has been prepared which allocates treatment plant debt service as though all Santa Barbara County participants shared in the financing in proportion to their entitlement allocation.

The Regional Water Treatment Plant Allocation computations also take into account the effect of the Santa Ynez Exchange Agreement on certain project participants (see *“Santa Ynez Exchange Agreement” narrative included in this Appendix*).

Central Coast Water Authority
Miscellaneous Statistical Information
 Fiscal Year 2005/06 Budget

Form of government	Joint Powers Authority
Date of organization	August 1, 1991
Number of full-time equivalent positions	27.25
Polonio Pass Water Treatment Plant design capacity	43 million gallons per day
Authority pipeline (in miles)	42.5
Coastal Branch pipeline (in miles)	100.6
State water Table A amount	(acre-feet per year)
CCWA contract Table A amount	39,078
CCWA drought buffer	3,908
Goleta Water District additional Table A	<u>2,500</u>
TOTAL	45,486
FY 2004/05 Santa Barbara County estimated deliveries	35,523 acre-feet
San Luis Obispo State water Table A	4,830 acre-feet
FY 2004/05 estimated San Luis Obispo estimated deliveries	4,398 acre-feet
Amount of treated water storage in tanks	23.7 million gallons
Number of turnouts	10
Number of project participants	
Santa Barbara County	13
San Luis Obispo County	<u>11</u>
TOTAL	24
Estimated total population served by State water	
Santa Barbara County	340,000
San Luis Obispo County	<u>41,000</u>
TOTAL	381,000

CENTRAL COAST WATER AUTHORITY
STATEMENT OF INVESTMENT POLICY

I. PURPOSE:

This statement is intended to provide guidelines for the prudent investment of the Authority's cash balances, and outline the policies for maximizing the efficiency of the Authority's cash management system. The ultimate goal is to enhance the economic status of the Authority while protecting its assets.

II. SCOPE

It is intended that this policy cover all funds and investment activities under the direct authority of the Authority Board of Directors.

III. OBJECTIVES

- A. Safety. Safety of principal is the foremost objective of the Authority. Each investment transaction shall seek to first ensure that capital losses are avoided, whether they be from securities defaults or erosion of market value.

- B. Liquidity. An adequate percentage of the portfolio should be maintained in liquid short-term securities which can be converted to cash if necessary to meet cash requirements.

- C. Yield. Yield shall become a consideration only after the basic requirements of safety and liquidity have been met.

- D. Market-Average Rate of Return. The investment portfolio shall be designed to attain a market-average rate of return throughout budgetary and economic cycles, taking into account the Authority's risk constraints, the cash flow characteristics of the portfolio, and State and local laws, ordinances or resolutions that restrict investments.
- E. Diversification. The investment portfolio will be diversified to avoid incurring unreasonable and avoidable risks regarding specific security types or individual financial institutions.
- F. Prudence (Civil Code #2261). The standard of prudence to be used by investment officials shall be the "prudent investor" per Government Code section 53600.3 which states: "care, skill, prudence and diligence under the circumstances then prevailing, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency". This "Prudent Investor Standard" shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided that deviations from expectation are reported in a timely fashion, and appropriate action is taken to control adverse developments.
- G. Public Trust. All participants in the investment process shall act as custodians of the public trust. Investment officials shall recognize that the investment portfolio is subject to public review and evaluation. The overall program shall be designed and managed with a degree of professionalism that is worthy of the public trust. In a diversified portfolio it must be recognized that occasional measured losses are inevitable, and must be considered within the context of the overall portfolio's investment return, provided that adequate diversification has been implemented.

IV. DELEGATION OF AUTHORITY:

- A. Investment Officer. Management responsibility for the investment program is hereby delegated to the Treasurer, who shall establish written procedures for the operation of the investment program, consistent with this policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Treasurer. The Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.
- B. Investment Oversight Committee. The Authority Finance Committee shall serve as the Investment Oversight Committee. The purpose of the Committee is to: (1) review the investment practices used by the Investment Officer for compliance with the investment policy and written procedures, (2) analysis of the quarterly Treasurer's report for adherence to established guidelines, and (3) advise Authority Board of Directors of any deviations from guidelines or any practices which are deemed to be imprudent for a public agency.

V. INTERNAL CONTROLS:

The Investment Officer shall establish a system of internal controls which shall be documented in writing. The internal controls shall be reviewed with the independent auditor. The controls shall be designed to prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent action by employees and officers of the Authority.

VI. REPORTING:

The Investment Officer shall submit monthly to the Board an investment report that summarizes all securities. For those securities with a maturity of more than 12 months, the type of investment, institution, date of maturity, investment amount, market value, and yield will also be provided. The Investment Officer shall also provide, on a quarterly basis, a statement of compliance of the portfolio with the Statement of Investment Policy and a statement of the Authority's ability to meet the expenditure requirements for the next six months.

VII. APPROVED INSTRUMENTS:

The Authority shall be governed by the California Government Code, Sections 53600 et seq. Where this policy specifies a percentage limitation for a particular category of investment, that percentage is applicable only at the date of purchase. Within the context of these limitations, the following investments are authorized, provided, however, that where there is no limitation on the term of the investment, no investment shall be made in any security which, at the time of the investment, has a term remaining to maturity in excess of 5 years, unless specifically exempted in Section X of this Investment Policy or the Board has granted express authority to make that investment no less than 3 months prior to the investment:

- (a) United States notes, bonds, bills, or certificates of indebtedness, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest.
- (b) Obligations issued by government sponsored corporations such as the Federal Farm Credit Bank System (FFCB), the Federal Home Loan Bank Board (FHLB), and the Federal National Mortgage Association (FNMA).

- (c) Commercial paper of prime quality of the highest ranking or of the highest letter and numerical rating as provided by Moody's Investors Service, Inc. or Standard and Poor's Corporation. Eligible paper is further limited to issuing corporations that are organized and operating within the United States and having total assets in excess of five hundred million dollars and have a rating of A-1+ by Standard & Poor's Corporation and P-1 by Moody's Investors Service and which matures not more than 270 days after the date of purchase. Purchases of commercial paper may not exceed 25 percent of the Authority's surplus money invested.

Commercial paper investments with one company may not exceed one-third (33 1/3%) of total commercial paper investments.

- (d) Time deposits. The Authority may invest in non-negotiable Certificates of Deposit at commercial banks and savings and loan associations that are collateralized in accordance with the California Government Code.
- (e) Local Agency Investment Fund. The Authority may invest in the Local Agency Investment Fund (LAIF) established by the State Treasurer up to the maximum permitted by State law.
- (f) Money market funds rated "AAAm" or AAAM-G" or better by Standard & Poor's Corporation.

VIII. DEPOSITORIES:

The Treasurer will establish selection criteria for pre-approval of institutions to do business with. To qualify for selection, an institution must have an office in California. A written listing of approved institutions will be maintained by the Investment Officer.

IX. BROKER/DEALERS:

To provide for the optimum yield in the investment of the Authority's funds, the Authority's investment procedures shall be designed to encourage competitive bidding on transactions from approved brokers/dealers. In order to be approved by the Authority, the dealer must be a primary dealer reporting to the New York Federal Reserve, unless a comprehensive credit and capitalization analysis reveals that the firm is adequately financed to conduct public business; the dealer must be experienced in institutional trading practices and familiar with the California Government Code as related to investments; and other criteria as may be established in the investment procedures.

X. MATURITY RESTRICTIONS:

In addition to the 5 year limitation on investments specified in this policy, the average maturity of the Authority's combined portfolio shall not exceed 2 years without prior approval of the Board (for a specified period). Reserve Fund investments are exempt from this restriction; however, reserve fund investment maturities shall be limited to or prior to final maturity of the Authority's Bond Financing.

XI . RISK TOLERANCE

The Authority recognizes that investment risks can result from issuer defaults, market price changes or various technical complications leading to temporary illiquidity. Portfolio diversification is employed as a way to control risk. The Investment Officer is expected to display prudence in the selection of securities as a way to minimize default risk. No individual investment transaction shall be undertaken which jeopardizes the total capital position of the overall portfolio. The Investment Officer shall periodically establish guidelines and strategies to control risks of default, market price changes and illiquidity. In addition to these general policy considerations, the following specific policies will be strictly observed.

XII. SAFEKEEPING AND CUSTODY:

To protect against potential fraud and embezzlement, the assets of the Authority shall be secured through third-party custody and safekeeping procedures. The Investment Officer shall be bonded to protect the public against possible embezzlement and malfeasance. Safekeeping procedures shall be reviewed annually by the independent auditor and any irregularities noted should be reported promptly to the Treasurer and the Board.

XIII. PERFORMANCE EVALUATION AND OPERATIONS AUDIT:

The monthly investment reports submitted to the Board shall contain sufficient information to permit an independent organization to evaluate the performance of the investment program.

XIV. ETHICS:

All persons authorized to place or approve investments shall report annually on Form 700 of the Fair Political Practices Commission all required economic interests for that year.

XV. UPDATE OF POLICY:

This investment policy shall be reviewed at least annually to ensure its consistency with the overall objectives of preservation of principal, liquidity, and return, and its relevance to current law and financial and economic trends.

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A

Account - A record of a business transaction; a reckoning of money received or paid.

Accounting System - The total structure of records and procedures which discover, record, classify, summarize, and report information on the financial position and results of operations of a government entity.

Accrual - The recognition of a revenue or expense in a budget year even though the actual cash may not be received or paid until the following budget year.

Acre-Foot of Water - The volume of water that would cover one acre to a depth of one foot.

Adoption - Formal action by the Board of Directors which sets the spending limits for the fiscal year.

Advance Refunding - A defeasance of outstanding debt prior to the date the bonds can be called by depositing cash and/or securities in escrow sufficient to pay all principal and interest payments and the call premium, if any, when due. All covenants and restrictions are released.

Amortization - Gradual reduction, redemption, or liquidation of the balance of an account according to a specified schedule of times and amounts.

Aqueduct - A canal for conveying a large amount of water.

Assets - Resources owned or held by a government which have monetary value.

B

Bond Call - Bonds that are redeemable by the issuer prior to the specified maturity date at a specified price at or above par.

Budget - The Authority's financial plan balancing proposed expenditures for a certain period of time to the expected income or revenue for that same period.

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C

Capital Improvements - Expenditures for items or projects which usually have an estimated useful life longer than five (5) years and will benefit the Authority for a long period of time.

Capitalized Interest - Funds provided from the proceeds of an issue to cover interest payments until revenue sources to repay the debt are available.

Carry-Over - The term used to denote amounts which were expected to be expended during one fiscal year on a contract or obligation but were not expended for various reasons. Amounts are "carried over" into the subsequent fiscal year.

Coastal Branch Phase II - A 102-mile long buried pipeline, and ancillary facilities, extending from Devils Den (Kern County) to Tank 5 on Vandenberg Air Force Base (Santa Barbara County).

Coverage - The margin of safety for payment of debt service, reflecting the number of times by which earnings for a period of time exceed debt service payable in such a period.

D

Debt - An obligation resulting from the borrowing of money or from the purchase of goods and services. These include bonds and accounts payable.

Defeasance - To set aside sufficient money to retire outstanding debt when due. A full defeasance results in release from covenants and contractual obligations contained in the bond documents.

Deficiency - A general term indicating the amount by which anything falls short of some requirement of expectation.

Deficit - The excess of expenditures over revenues during an accounting period.

Delta Water Charge - A unit charge applied to each acre-foot of State water entitlement by DWR. The unit charge is applied to result in 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 (2035).

Department of Water Resources - The state agency responsible for financing, constructing and operating State Water Project facilities.

Depreciation - An element of cost resulting from the service of long-lived assets in an economic organization and represents the loss in asset value because of wear,

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deterioration, obsolesce or action of the physical elements. In this budget, no specific depreciation schedule or funding of depreciated assets is provided.

Drought Buffer - A portion of the Authority's State water entitlement (3,908 AF) which is being utilized to firm up the reliability of each Santa Barbara County project participant's Water Supply Agreement entitlement allocation.

E

Enterprise Fund - A fund established to account for the financing of self-supporting enterprises, such as a utility fund, which render services primarily to the public.

Entity - The basic unit upon which accounting and/or financial reporting activities focus.

Expenditures - A decrease in net financial resources.

F

Financing Participant - An Authority or San Luis Obispo County project participant that participated in the 1992 CCWA Revenue Bond and 1996 CCWA Refunding Revenue Bond issues.

Financial Reaches - Segments of the CCWA and DWR pipeline from or through which project participants receive water.

Fiscal Year - A twelve-month period of time to which the annual budget applies and, at the end of which a governmental unit determines its financial position and the results of its operations.

Fixed Asset - Assets of a long-term character which are intended to continue to be held or used, such as land, buildings, improvements other than buildings, machinery and equipment.

Fixed O&M Costs - Operating and maintenance expenses charged to the project participants which do not vary with the amount of water delivered to the project participant.

Fixed Project Costs - Capital costs, including Debt Service, reserves for the payment of debt service, and other payments under the bond resolution which do not vary with the amount of water delivered to the project participant.

G

General Fund - The Authority's cash balance net of reserve balances.

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J

Joint Powers Authority - A public authority created by a joint exercise of powers agreement between any two or more governmental agencies. The authority may be given power to perform any function which all parties to the agreement are empowered to perform and which will be of benefit to all parties.

L

Line Item - Expenditure classifications established to account for and budget the appropriations approved.

Water Treatment and Local Facilities Agreements - Agreements, dated as of March 1, 1992, by and between San Luis Obispo County Flood Control and Water Conservation District and various San Luis Obispo County project participants.

M

Maintenance - The upkeep of physical properties in condition for use or occupancy. Examples are the inspection of equipment to detect defects and the making of repairs.

Master Water Treatment Agreement - Agreement, dated as of March 1, 1992, by and between the Authority and San Luis Obispo County Flood Control and Water Conservation District.

Modified Accrual Basis - The accrual basis of accounting adapted to the governmental fund type. Revenues are recognized when they become both "measurable" and "available to finance expenditures of the current period." Expenditures are recognized when the liability is incurred.

Monterey Agreement - The agreement which formed the basis for the Monterey amendments to the State Water Contract that includes, among other provisions, the addition of Articles 51 through 56.

MOU Trust Fund - A trust fund established under a memorandum of understanding (July 6, 1995 effective date) by and between the Authority, Cachuma Project Authority (i.e., Cachuma Operations and Maintenance Board) and the United States of America, acting through the Bureau of Reclamation. The trust fund is funded by \$43/AF payments to the Cachuma Operations and Maintenance Board for State water wheeled through Cachuma Project facilities.

Municipal - In its broadest sense, an adjective which denotes the state and all subordinate units of government.

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O

Obligations - Amounts which a government may be legally required to meet out of its resources. They include not only actual liabilities, but also encumbrances not yet paid.

Off Aqueduct Charge - Bond debt service, cover and reserves for transmission costs allocated to DWR off-aqueduct power facilities (power cost which includes both fixed and variable cost elements.)

Operating Expenses- All costs associated with doing the day-to-day business of the Authority which are not considered capital improvements or debt repayments.

P

Pass-Through Charges - Charges from DWR and the United States Bureau of Reclamation which are paid by the project participants. The charges are not expenses of the Authority but are charged and paid by the Authority.

Polonio Pass Water Treatment Plant - A 43 million gallon per day treatment plant which treats all State water delivered to San Luis Obispo and Santa Barbara Counties.

Projected - An estimate of revenues and expenditures based on past trends, the present economic situation and future financial forecasts.

Project Participant - Each entity which has executed a Water Supply Agreement with the Authority.

Proprietary Fund - A method of accounting for a government's ongoing organizations and activities that are similar to those often found in the private sector.

R

Rate Management Funds Credit - Reductions in DWR charges commencing in 1997. The credit was implemented as a result of the Monterey amendments to the State Water Contract.

Reach - see "Financial Reach"

Regional Water Treatment Plant Allocation - A formula adopted by the Authority Board of Directors (Resolutions 92-16 and 95-13) which allocates certain Fixed Project, Fixed O&M and Variable O&M treatment plant costs from South Coast project participants to all other Authority project participants. The purpose of the allocation is to subsidize the South Coast project participants' costs of retreating State water to ensure they realize their share of the financial benefit to all project participants associated with the economies of building and operating only one treatment plant for State water.

Reserves - A budgeted amount to be set aside in an account for future use.

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Resolution - A special or temporary order of a legislative body; an order of a legislative body requiring less legal formality than an ordinance or statute.

Revenue - An inflow of assets, not necessarily in cash, in exchange for services rendered.

Revenue Bond - A bond payable solely from net or gross non ad valorem tax revenues derived from general fund revenues, tax increment revenues, or tolls, charges or rents paid by users of the facility constructed with the proceeds of the bond issue.

Right of Way - A legal right of passage over another person's ground.

S

Santa Ynez Exchange Agreement - An agreement, date as of February 1, 1993, by and between Carpinteria County (Valley) Water District, Central Coast Water Authority, Goleta Water District, La Cumbre Mutual Water Company, Montecito Water District, Santa Ynez River Water Conservation District, Improvement District #1 (SYID#1), Summerland Water District and the City of Santa Barbara entitled "Santa Ynez River/State Water Project Exchange Agreement." Among other things, this agreement provides for the exchange of SYID#1's Cachuma Project entitlement for a like amount of State water that would otherwise be delivered to the other South Coast project participants which are signatory to the agreement.

SCADA System - "Supervisory Control and Data Acquisition" System. The computer system which collects data, processes the data and corrects and/or instructs the operators on corrective actions to take.

State Water Project - The largest state-built, multipurpose water project in the nation. It extends for more than 600 miles. Its main purpose is water supply - to store surplus water during wet periods and distribute it to areas of need in northern California, the San Francisco Bay area, the San Joaquin Valley and Southern California. Other functions include flood control, power generation, recreation, and fish and wildlife enhancement.

T

Table A Amount - The maximum amount of State Water Project water to be made available annually by DWR to the Authority at various delivery structures (i.e. turnouts) under the terms of the State Water Contract.

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Table A Reduction - Elections by certain project participants to temporarily decrease their State water entitlement allocation. This election is for a minimum of five years and eliminates the Delta Water Charge associated with the amount of State water entitlement that has been reduced.

Transportation Capital Costs - Capital costs charged by DWR for the use of facilities to transport water to the vicinity of each State water contractor's turnout.

Transportation Charge - Minimum Operation, Maintenance, Power and Replacement (OMP&R) - Operating costs incurred by DWR that do not depend on or vary with quantities of water delivered to the Authority.

Turnback Pool Reduction - Elections by project participants to "turnback" a portion of their State water in a given year.

Turnout - A delivery structure which includes metering and valve facilities through which State water is delivered from the CCWA or DWR pipeline to a project participant's delivery system.

V

Variable O&M Charges - Operations and maintenance expenses which vary directly in proportion to the amount of water delivered to a project participant.

W

Warren Act Charges - Wheeling charges required under a July 25, 1995 contract between the United States and the Central Coast Water Authority. The \$15/AF charge is payable to the Bureau of Reclamation (and recovered into the Reclamation Fund) for State water wheeled through Cachuma Project facilities.

Water Supply Agreement - An agreement between the Authority and each project participant to, among other things, sell State water entitlement allotment and provide for financing of the Authority facilities.

Water System Revenue Bond Surcharge - The surcharge is the difference between the total project charges collected at the project interest rate for a project and the annual financing costs of the water system revenue bonds issued for that project. Project interest rate is the melded financing costs for projects not financed with water system revenue bonds.

THE STATE WATER PROJECT IN SANTA BARBARA COUNTY

Introduction

The water treatment and conveyance facilities built between 1993 and 1997 to bring State water to Santa Barbara and San Luis Obispo Counties comprise the most ambitious and complex public works project ever constructed on California's Central Coast. The project consists of (1) water conveyance facilities built by the California Department of Water Resources (State) and (2) regional distribution and treatment facilities constructed by a cooperative group of local water agencies and cities operating as the Central Coast Water Authority (CCWA).

This significant water project was conceived and constructed amidst intense political controversy. It faced and overcame daunting engineering and environmental challenges. It was completed because a remarkable and steadfast collection of water leaders made sure that it was going to be completed, despite the obstacles. By employing an intensive management approach, the project was completed very close to the original schedule and delivers water at the price (as adjusted for inflation) projected in the planning documents.

This paper is a summary of the essential facts concerning the State Water Project in Santa Barbara County, and was prepared as information for the public. The information presented was derived from CCWA official records, which are available for public review.

History of the State Water Project

It is common knowledge that California's fundamental water supply challenge is that the major sources of water are found in northern California while the major urban and agricultural demands are located in central and southern California. To address this challenge, the voters and the Legislature authorized construction of extensive water conservation and delivery systems known as the Central Valley Project in 1930 and the State Water Project (SWP) in 1960.

Since 1963 the State has constructed most of the SWP elements: Oroville Dam, facilities to convey the water from Lake Oroville to the Sacramento Delta, an elaborate system of pumps and other facilities to move water out of the Delta, including 660 miles of canals and pipelines, and a complex of regulating reservoirs (see Figure 1). The State has designed, engineered and constructed all of these facilities, and operates and maintains them, with funds received from its 29 contractors (see Figure 2).

Construction of the SWP was financed in large part by \$1.75 billion of general obligation bonds issued pursuant to the Burns-Porter Act and approved by California voters in 1960. The Act directs the State to enter into water contracts for the sale, delivery or use of SWP water, and 29 such contracts now exist. Prior to the 1960 election, the State published Contracting Principles containing rules for implementing the water contracts required under the Act. The Contracting Principles provide that contract rates should be set so as to return to the State “. . . all costs of project operation, maintenance and replacement, all principal and interest on (1) bonds, (2) expenditures from the California Water Fund and (3) other monies used in the construction of the project works.”

Thus, from the very inception of the SWP, it was the intent of the Legislature that 100% of the costs associated with the purchase of SWP water, including construction costs, be passed through to purchasers of water. The State finances, designs, constructs and owns this extensive system; the water contractors purchase water from the State under "take or pay" contracts under which the State recovers all of its costs.

The State Water Project in Santa Barbara County

The Early Years

In 1963, anticipating a future need for supplemental water supplies, the Santa Barbara County Flood Control and Water Conservation District (Santa Barbara County) entered into a Water Supply Contract (State Contract) with the State. Under the State Contract, water would be delivered to Santa Barbara County through the "Coastal Branch" of the SWP. Phase I of the Coastal Branch, a 15-mile aqueduct branching off the California Aqueduct in northwestern Kern County, was completed in 1968. Construction of the remainder of the Coastal Branch (designated "Phase II") was postponed from 1975 to 1991. This postponement in construction was permitted pursuant to Paragraph 45(e) of the State Contract, which allowed Santa Barbara and San Luis Obispo Counties to delay construction indefinitely.

In March 1979 Santa Barbara County presented its voters with a ballot measure authorizing the issuance of revenue bonds in an amount not to exceed \$102 million to construct local facilities "to import and distribute" SWP water. Rainfall was heavy for several years preceding the vote and, as a result, Lake Cachuma was at or near capacity. For this and other reasons, Santa Barbara County voters defeated that ballot measure.

The 1980's and 1990's

Even though construction of the Coastal Branch Phase II project was delayed under Article 45(e) of the State Contract, during the delay period Santa Barbara County was still obligated to make certain payments to the State related to facilities (such as the Oroville Dam and the California Aqueduct) which had already been built and which would be part of the delivery system that eventually would convey SWP water to the Central Coast. Before and after the 1979 election, many in Santa Barbara County questioned whether Santa Barbara County should continue to make payments under the State Contract. A number of water purveyors concluded it would be prudent for the County to continue to retain its entitlement and make payments to the State. The County was willing to retain the entitlement, but only if the associated costs were shifted from the countywide tax base to the ratepayers in those jurisdictions which wanted to keep the option to join the SWP. Beginning in 1982, Santa Barbara County entered into a series of Water Supply Retention Agreements (WSRAs) with various water purveyors for the purpose of shifting responsibility for such State payments from the County taxpayers to individual purveyors and their ratepayers. The WSRAs included a provision stating that no revenue bond financing for project facilities could be issued unless authorized by a vote of the people within the jurisdiction of each participating purveyor.

In 1983, Santa Barbara County, San Luis Obispo County Flood Control and Water Conservation District (SLO County) and the State commenced joint studies which found that additional water was needed for the two counties. The studies concluded that water use in 1980 exceeded dependable water supply by about 65,000 acre-feet per year in Santa Barbara County and by about 70,000 acre-feet per year in San Luis Obispo County. This shortage was being met by long-term overdraft of local groundwater basins.

The chronic overdraft of the local groundwater basins presented a serious environmental threat. Since many of these groundwater basins are adjacent to the ocean, the risk of saltwater intrusion and permanent damage to groundwater basins weighed on the minds of local water officials. In addition, reports from other areas in California (including some from San Luis Obispo County) indicated that groundwater overdrafting was causing surface soil subsidence. Local water agencies understood the significant environmental benefits that could be derived by reducing groundwater "mining" by diversifying water supplies to include imported water.

In 1985 the State, in conjunction with Santa Barbara County, completed a major "Alternatives Study" regarding the feasibility and costs of various supplemental sources of water supply for Santa Barbara County. This study determined that supplemental water from an enlarged Lake Cachuma was the preferred alternative for the Santa Ynez Valley and the South Coast, while SWP water was preferred for the cities of Lompoc, Santa Maria and other north County entities.

In 1986 the City of Santa Maria requested Santa Barbara County to ask the State to begin the planning and environmental studies, including preparation of an environmental impact report (EIR), needed to build the Coastal Branch Phase II project. In the same year, Santa Ynez River Water Conservation District, Improvement District No. 1 and the South Coast water purveyors asked the State and the United States Bureau of Reclamation to begin a study for enlarging Lake Cachuma. This alternative involved several environmental concerns that raised doubts about its ultimate feasibility.

In June 1990 DWR prepared and circulated a draft environmental impact report (DEIR) on the Coastal Branch Phase II project, pursuant to the California Environmental Quality Act, Public Resources Code Section 21091 (CEQA). Under CEQA, one purpose of a DEIR is to publicly disclose the impact, both environmental and financial, of a proposed project. The Coastal Branch DEIR was the subject of numerous public meetings in Santa Barbara County.

In May 1991 DWR issued the final environmental impact report (FEIR) for the Coastal Branch Phase II project and the Mission Hills Extension. The FEIR was sent to all of the potential participating water purveyors.

On June 4, 1991, during the 1987-1992 drought, the elections required by the WSRAs were held in 14 Santa Barbara County cities, communities, and water districts on a State water ballot measure. The measure asked whether voters in each city or district would approve issuance of revenue bonds to finance local facilities needed to treat and distribute SWP water once the State completed construction of the Coastal Branch Phase II project. Voters in eleven cities and districts approved the bond measures.

The Central Coast Water Authority

Early Activities

In September 1991, following the voter authorization to finance revenue bonds, CCWA was formed to construct, manage and operate Santa Barbara County's "local facilities" for distribution and treatment of State water. Upon its formation, CCWA immediately accepted assignment of the WSRA obligations by executing Water Supply Agreements (WSA) with the contractors. As a result, CCWA became obligated to pay all State costs charged to Santa Barbara County under the State Contract. This obligation was clarified in a single document (instead of eleven) when CCWA and Santa Barbara County entered into a Transfer of Financial Responsibility Agreement on November 12, 1991.

During the early months of its existence, CCWA successfully resolved a number of issues of regional significance. For example, the CCWA members agreed on a cost allocation mechanism to equitably apportion the capital and operating costs of the Polonio Pass Water Treatment Plant among those contractors which would take direct deliveries of treated water (such as Santa Maria) and those which would not (such as Santa Barbara, which receives SWP water through Lake Cachuma). They also agreed to save capital costs by acquiring from one of its members an existing water pipeline which had been built in the 1960's to deliver Lake Cachuma water to the Santa Ynez Valley; that acquisition required an exchange of SWP water for Cachuma water to be equitable to all parties. Finally, they agreed on a mechanism to reapportion the costs incurred between 1985 and 1991 by the parties who had paid for environmental and feasibility studies of the Coastal Branch so that they would be equitably shared by all project participants.

At its formation, CCWA was composed of nine member water purveyors. It has identical WSAs with its members and additional WSAs to deliver water to certain other contractors (i.e., Vandenberg Air Force Base, Southern California Water Company, La Cumbre Mutual Water Company and two other private entities). It was originally responsible for construction and operation of the 42 mile buried pipeline from Vandenberg Air Force Base to Lake Cachuma (i.e., the Mission Hills and Santa Ynez Extensions) and the 43 million gallon per day Polonio Pass Water Treatment Plant. The State was originally responsible for construction, management and operation of the 101-mile Coastal Branch

Phase II project, which extends from northwest Kern County to Vandenberg Air Force Base, and for delivering SWP water to the local facilities.

Since SWP water is delivered from sources hundreds of miles away, the largest part of the delivery costs are “fixed” in the form of costs to finance, build and operate the dams, reservoirs, aqueducts and pipelines to conserve and transport the water. As previously noted, the State recoups these costs, whether or not water is actually delivered. Thus, a water purveyor signing up for SWP water must agree to a “take or pay” contract under which certain (i.e., fixed) costs must be paid each year, irrespective of how much water the State can deliver, and how much water the purveyor actually needs in a given year.

Project Financing, Development and Implementation

In May 1992 CCWA issued “Development Notes” in the principal amount of \$23,760,000 for the purpose of securing funds to initiate design, engineering, planning, and related activities. In connection with the note issue, CCWA published an Official Statement containing information about each of the Santa Barbara County public agencies that would be receiving water through the CCWA constructed facilities.

During 1992, CCWA worked closely with the State on the design and engineering of the Coastal Branch Phase II project. This coordination included intensive discussions concerning the location of the Coastal Branch terminus. The 1963 State Contract showed the Coastal Branch terminating at the Santa Maria River, which is the boundary line between Santa Barbara and San Luis Obispo Counties. This terminus location, while geographically logical, turned out to pose problems from an engineering perspective. In light of these practical problems, CCWA and the State agreed that the terminus should be shifted 15 miles south to a location on Vandenberg Air Force Base, approximately 3 miles from the town of Casmalia.

This decision to move the Coastal Branch Phase II terminus was incorporated into a September 21, 1992 amendment to the State Contract, which was approved at public meetings by the CCWA Board of Directors and Santa Barbara County Board of Supervisors. The effect of this change was to shift from CCWA to the State the obligation to build this 15-mile pipeline reach. CCWA believed this decision was financially advantageous to CCWA project participants, since the State would be able to build this

section with State revenue bond funds borrowed at interest rates lower than those available to CCWA and would provide SWP power for a proposed pumping plant in that reach.

In October 1992, CCWA issued \$177,120,000 in revenue bonds for the purpose of securing funds to design and construct the local facilities. In connection with the bond issue, CCWA published an Official Statement containing information about each of the Santa Barbara and San Luis Obispo County public agencies which would be receiving water through those facilities. (In November 1996, CCWA refinanced the 1992 water revenue bond issue resulting in debt service savings of almost \$400,000 per year. The principal amount of the refunding bonds was \$198,015,000.)

On May 27, 1993 CCWA made the necessary determinations and findings to permit final sizing of the facilities. It amended those findings and determinations in 1994, so that the final sizing was based on 42,986 acre-feet of water per year, which consists of 39,078 acre-feet per year of contract allocations and 3,908 acre-feet per year of "drought buffer" (the purpose of drought buffer entitlement is to firm up the reliability of the contract allocations in those years when full SWP deliveries are not available). On March 16, 1993 SLO County made the requisite determinations and findings regarding its participation, and decided to take 4,830 acre-feet of water per year.

In March 1994, the State commenced construction of the Coastal Branch Phase II facilities. CCWA started construction of its facilities a few months later in July 1994. Pages 288 and 289 contain project maps depicting the facilities constructed by the State, CCWA and various project participants. Table 1 contains technical and other data regarding project facilities.

The Coastal Branch Phase II pipeline is a 101-mile long buried pipeline extending from Devils Den to Tank 5 on Vandenberg Air Force Base in Santa Barbara County. The State pipeline consists of 57-inch diameter pipe at Devils Den, reducing to a 42-inch diameter south of the City of Arroyo Grande. There are three 10,500 horsepower pumping plants – the Devils Den, Bluestone and Polonio Pass Pumping Plants – to lift water 1,500 feet in elevation from Devils Den to Tank 1. The project also includes three water tank sites. There were approximately 30 contracts for procurement of materials and construction of the State's portion of the project.

In order to bring water to the residents of the South Coast of Santa Barbara County (including the communities of Carpinteria, Goleta, Montecito and Santa Barbara), it was necessary for CCWA to design and build a 42-mile extension of the Coastal Branch. The 30-39 inch diameter CCWA pipeline starts at Vandenberg Air Force Base, travels past

Vandenberg Village and the City of Lompoc, through the cities of Buellton and Solvang and terminates at Lake Cachuma, a reservoir on the Santa Ynez River built in the 1950's by the federal government to provide drinking water to South Coast and Santa Ynez Valley residents. The route of this 42-mile CCWA extension is shown in Figure 5.

CCWA also constructed a 43 million gallon per day water treatment plant at Polonio Pass. The site was chosen because the project planners determined a single water treatment plant near the upstream end of the Coastal Branch would offer economies of scale to the 24 project participants, as compared to building a series of smaller plants serving individual participants.

Avoiding delay was a key goal which CCWA pursued throughout the planning and construction of the project, because CCWA estimated that delay would cost \$60,000 to \$100,000 per day. CCWA avoided delays by maintaining cooperation among construction crews, environmental monitors, construction supervisors and regulatory agencies.

In late 1994, the State determined that a proposed power plant in the vicinity of the city of San Luis Obispo was uneconomical in light of an updated construction cost estimate. This finding led to a cooperative effort between the State and CCWA to redesign a portion of the Coastal Branch Phase II pipeline, which resulted in eliminating the San Luis Obispo Power Plant, Tank 4 and the Casmalia Pumping Plant. (Tank 3 was also eliminated when the State decided to tunnel through a mountain rather than trenching and laying pipe over it.)

In early 1995, the State delegated design and construction of a 28-mile stretch of the Coastal Branch Phase II pipeline and Tank 5 to CCWA. Its decision was based on project schedule analyses that indicated the State was falling behind schedule to complete construction of its facilities, which threatened to delay the start of water deliveries.

Overall project construction was completed in the summer of 1997. Initial deliveries to turnouts along the pipeline commenced on August 11, 1997 and to Lake Cachuma on November 20, 1997. On June 25, 1998 the CCWA Board of Directors took formal action to declare the CCWA project complete. The estimated cost of the overall project is \$595 million, which is comprised of \$481 million for the Coastal Branch Phase II project and \$114 million for the CCWA facilities (\$43 million for the Polonio Pass Water Treatment Plant and \$71 million for the CCWA pipeline). In addition, CCWA provided \$27 million financing for project participants' turnouts and local projects and miscellaneous other project related costs.

By working cooperatively with the State and San Luis Obispo County, CCWA's efforts to implement a project that met three principal goals associated with quality, cost and schedule resulted in a number of unique and unprecedented accomplishments. The change in the location of the Coastal Branch Phase II terminus was one such accomplishment. Others were:

- CCWA's Polonio Pass Water Treatment Plant was sited at the State's Tank 1 site, 90 miles from the downstream terminus of the SWP Coastal Branch. As previously mentioned, by siting the plant at this location, only one treatment plant is necessary to most cost effectively treat all the State water for two State water contractors (San Luis Obispo County and CCWA).
- As previously mentioned CCWA recommended and the State implemented major design changes which eliminated a power plant, a tank site and a pumping plant from the Coastal Branch Phase II project. Simplifying the overall project design in this manner helped to preserve the project schedule and enhance operational flexibility. There were a number of other benefits as well. Both capital costs and operating and maintenance (O&M) costs were reduced. Environmental impacts associated with the surface features were eliminated. Property owner issues in San Luis Obispo County were simplified because acquiring fee title for the surface features was no longer necessary.
- In early 1995 CCWA determined that internal State staff resources were being stretched as a growing number of project components were moving from the permitting and design phases into the bid and construction phases. The State's Design and Construction Division was struggling to meet its deadlines and keep the project on schedule. As a result CCWA proposed to the State that it contract with CCWA to provide engineering services and to construct a 28-mile stretch of pipeline and Tank 5 on Vandenberg Air Force Base. The State agreed and entered into a joint powers agreement with CCWA to construct the facilities financed by the State. CCWA redesigned the facilities using industry standards, which resulted in capital cost savings. CCWA and the State successfully defended a lawsuit seeking to invalidate this agreement brought by a group of State engineers.

Under this agreement CCWA provided additional assistance to the State for (1) acquiring Coastal Branch Phase II right of way, (2) reconstructing an 800-foot portion of the partially constructed State pipeline which was damaged by a landslide resulting from heavy rains, (3) constructing a 3,500 foot portion of the State pipeline near the city of San Luis Obispo, (4) constructing the Lopez and Chorro Valley turnouts in San Luis Obispo County and (5) resolving its outstanding construction contract claims.

- On October 1, 1996 the State entered into an agreement with CCWA to have CCWA operate and maintain all of the Coastal Branch facilities downstream of the Polonio Pass Water Treatment Plant. This action provides significant O&M cost savings to SLO County and CCWA and avoids State overhead costs. It also provides greater efficiency by having a single agency – CCWA – exercise responsibility for all Coastal Branch facilities involved in the conveyance and treatment of SWP water.
- In the early stages of project development, the State appointed a Coastal Branch Project Manager to oversee the various State departments working on the project. This action resulted in improved coordination and cooperation among the various State divisions and numerous individuals. It also greatly facilitated CCWA input on Coastal Branch Phase II project financing, planning, design, and construction and O&M issues.
- As a result of experience gained on the Coastal Branch Phase II project and its dealings with CCWA, the State has made unprecedented changes in its staffing, organization and approach to implementing projects. The State's Division of Design and Construction was reorganized and staffing was significantly reduced. The State now seeks State water contractor input on design criteria and project designs. The State has recognized that its existence as a design, construction and O&M organization is dependent on how well it responds to and meets the needs of its customers, the State water contractors.

The reorganization of the State's Design and Construction Division (now known as the Engineering Division) was the result of a personnel consultant study authorized by State management, principally due to CCWA's experiences on the Coastal Branch Phase II project. Since then State management has conducted similar studies for its Planning and O&M Divisions.

A Commitment to Environmental Protection

Throughout the planning and construction of the project, CCWA worked very hard to build the project with a true commitment to environmental protection. CCWA formed a project team of CCWA staff, engineers, environmental consultants and attorneys charged with coordinating their respective skills and objectives to design and build a project that treated environmental protection with the same priority given technical and financial issues. Project plans incorporated environmental mitigation from inception. The project team conducted regular meetings to maintain clear lines of communication and reporting and to create peer pressure so that each team member took personal responsibility for completing tasks properly and timely, resolving little problems before they grew and staying ahead of issues to prevent problems from developing.

Before project planning began, the team met with every regulatory agency that might have had jurisdiction over the project to discuss potential resource issues that needed to be addressed and to establish a dialogue that encouraged the resource agencies to call if problems were identified as the project progressed.

CCWA and its project participants complied with both CEQA and the National Environmental Protection Act and prepared three EIRs with Supplemental EIRs, an Environmental Assessment and a number of Negative Declarations. CCWA and its consultants coordinated closely with the California Department of Fish & Game, U.S. Fish and Wildlife Service, U.S. Army Corps of Engineers, U.S. Bureau of Reclamation and local Native American groups to formulate and implement a mitigation and monitoring program to (1) protect sensitive species and their habitats, (2) avoid impact to cultural resources, (3) restore disturbed areas to their prior condition to the extent feasible and (4) provide offsite mitigation for those areas that could not be restored, (e.g., large trees cannot be grown over the pipeline, and above ground valve vaults and similar facilities occupy surface areas which must remain clear in perpetuity).

CCWA's approach to the project provides an example of how to build a large project which crosses multiple riparian and other sensitive habitats that, without a sincere environmental commitment, could be adversely affected by construction activity. Project planning and construction included the following measures:

- The construction right of way and access roads were selected by CCWA staff, engineers, cultural experts and biologists to avoid sensitive resources wherever possible and, where avoidance was infeasible, to minimize environmental damage. Routes were field verified before construction to confirm they were the least environmentally impacting and most feasible routes. Access routes generally followed existing roads and the pipeline corridor to reduce new scarring.
- The right of way was narrowed where feasible to avoid environmental damage.
- The construction plans depicted sensitive areas to be avoided and mapped trees or habitat to be removed. Contractors received a pre-agreed bonus for saving vegetation marked for removal. It was a three-way "win-win" – contractors worked hard to earn the bonus; CCWA saved hefty revegetation costs; the natural environment was preserved and protected.
- The construction specifications required a "double lift" during pipeline trenching, whereby contractors would first remove topsoil, then remove subsoil and keep them separated during construction (topsoil with its valuable native seed bank was protected from wind and rain). The topsoil and subsoil were then restored in the proper order. This enhanced revegetation by using the natural seed bank and nutrients.
- Native seed and native plants grown from seed gathered from the local area were used for revegetation to preserve local genetic integrity and to avoid importing foreign stock that might carry pests and disease.
- CCWA required environmental training for all personnel entering the project site.
- Independent environmental monitors, with authority to halt construction to protect environmental resources, ensured that ground activities complied with the protective measures integrated into the plans and specifications. Monitors marked exclusion zones with bright tape to protect sensitive resources and scouted for previously unknown cultural sites, directing construction away from discovered sites so CCWA's cultural experts could study the sites, report them to the state and federal agencies and then mitigate.

- Biological surveys conducted shortly before construction located sensitive resources and identified the "before" condition of the habitat so post-construction restoration could be completed accurately, and the site restored to its pre-project condition.
- On-site pipe sections were "capped" at the ends to prevent wildlife from crawling inside. Monitors also checked the trench routinely to remove trapped animals.
- Upon completion of construction in each area, CCWA installed erosion controls such as water bars, straw bales and silt fencing to reduce erosion during the rainy season. Sites were monitored closely and erosion control devices repaired and replaced as needed. Revegetated areas are monitored regularly and monitoring will continue for five years.

CCWA's commitment to environmental protection resulted in a project which was virtually undetectable to the public just one year after completion because revegetation was so successful. In addition, CCWA's project management resulted in saving 323 oak trees (90% of those located in or near the pipeline right of way), rescuing 101 animals, preserving and caring for 61 cultural artifacts and replanting from seed or seedling 450 oaks, 240 willows, and 60 acres of other native vegetation. Moreover, far fewer acres of sensitive habitat were impacted by the project, compared to the pre-construction impact estimates, thereby resulting in significantly lower mitigation efforts after completion. As a result, the costs of environmental mitigation were lower than expected, disruptive project delays were avoided and CCWA enjoys a good working relationship with the regulatory agencies.

Certain state-of-the-art engineering and construction techniques used on the project were necessary more for environmental than technical reasons. CCWA utilized microtunnel technology to cross under San Antonio Creek (Vandenberg Air Force Base) and the Santa Ynez River and the State utilized directional drilling technology to cross San Juan Creek in San Luis Obispo to avoid impacts to certain endangered species and sensitive habitat. In addition CCWA utilized "jack and bore" technology to install the pipeline under existing oak groves adjacent to Vandenberg Village (Santa Barbara County) and the City of San Luis Obispo, as well as for more traditional purposes such as railroad and freeway crossings.

When the CCWA Board of Directors approved construction of the 42-mile CCWA pipeline, it included a number of conditions. One condition was to require each of the CCWA project participants to commit that its SWP water entitlement will be used first to offset its proportionate share of groundwater overdraft and then to improve water quality for its consumers. (Any remaining water would be used for future growth consonant with community general plans.) Thus, SWP water is providing the "ultimate" environmental benefit by reducing groundwater overdraft in a number of areas throughout the county.

Water Supply Reliability

The availability of SWP water supplies varies with hydrologic cycles and overall SWP demand. During wet years the SWP is able to deliver sufficient water to meet most or all SWP delivery requests. During extended dry year conditions, the SWP can deliver only a portion of requested deliveries.

In June 1993 CCWA retained an additional 3,908 acre-foot "drought buffer" entitlement to partially firm up the reliability of the 39,078 acre-feet of SWP entitlement for which CCWA (Santa Barbara County) project participants contracted. During those years that availability of SWP water exceeds project participants' demand, project participants can store drought buffer water (and unused WSA entitlement allocations) either directly into a groundwater basin or on an in-lieu basis (i.e., by taking delivery of the drought buffer and reducing groundwater pumping by an equal amount). During dry years when availability of SWP water is less than CCWA project participants' demand, stored drought buffer water (and stored entitlement water) can be used to augment SWP deliveries. On a long-term average basis, this results in the equivalent of 80% delivery of full annual entitlement (i.e., the 39,078 acre feet) year in and year out.

Other mechanisms that CCWA can use to fill project participant delivery requests during shortages in SWP supplies are:

- Acquiring water from the State "Turnback Pool," which is an internal SWP mechanism that pools unused SWP supplies early in the year for purchase by other SWP contractors at a set price. In addition, CCWA has established its own Turnback Pool Program whereby CCWA project participants can buy and sell excess entitlement among themselves before submitting it for sale in the State turnback pool program. The turnback pool mechanism is only for one-year sales of water.

- Acquiring water from the State Water Bank during those years the bank is implemented by the State to market water that it purchases on the open market (i.e., non-SWP water). The bank was first implemented in 1991 as the State Drought Water Bank and has since been utilized during certain dry years when additional water is needed by SWP contractors. The water bank also is only for one-year sales of water.
- Term water purchases and sales of SWP entitlement by CCWA project participants in accordance with the CCWA Water Transfer Procedures adopted in March 1996. The procedures typically cover multi-year temporary and permanent sales of SWP entitlement.

Possible future actions that would further enhance SWP entitlement reliability include (1) the State building additional SWP facilities, (2) the State (and federal government) implementing water supply and reliability enhancements resulting from the CALFED process and (3) CCWA instituting a new or participating in an existing groundwater banking program on behalf of its project participants.

The Future

The most significant current challenge to CCWA project participants is financial. Consequently, CCWA continues to strive to ensure the cost effectiveness of both its and the State's operations. With time, the affordability of State water will improve due to the fixed nature of the majority of SWP costs.

As each project participant's demand for State water approaches its entitlement allocation, supply reliability will become CCWA's most significant challenge. The magnitude of this challenge is increased by the fact that demand by other urban State water contractors is also increasing with time. Methods of enhancing the reliability of CCWA's SWP entitlement were previously discussed in the section entitled "Water Supply Reliability."

CCWA staff currently monitor water quality parameters at the Polonio Pass Water Treatment Plant and at each turnout and tank site along the pipeline. As a wholesaler and service provider, CCWA monitors all parameters requested by its project participants, as well as those mandated by state and federal regulators. New water quality analyses

currently being conducted by CCWA but not yet regulated include Giardia, Cryptosporidium, total organic carbon (along with its uv-254 surrogate) and haloacetic acids.

CCWA will continually strive to secure maximum performance from the Polonio Pass Water Treatment Plant as state and federal regulations are added and permissible contaminant levels change. The plant's ability to utilize enhanced coagulation, the granular activated carbon filter beds and the post-filtration chlorine contactor will play an important role in meeting the next generation of regulations. The treatment plant can also accommodate the addition of a settled water ozone contactor or other new treatment processes should they ever become necessary.

Environmental protection has been built into every level of CCWA operations. The CCWA O&M manual requires using special balloon-tired vehicles in sensitive areas, utilizing portable dechloramination units whenever potable water is released from the pipeline, having environmental specialists review any earth disturbing activities, restoring and revegetating all disturbed sites, maintaining erosion control along the right of way and conducting aerial surveys when land-based vehicles are inappropriate for use.

The future issues noted above illustrate the continued viability of the vision first expressed in 1993 when the CCWA Board of Directors adopted its Mission Statement and Objectives (Figure 3). CCWA has built both the organization and infrastructure that will support this vision well into the future.

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Figure 1 – State Water Project Facilities



**Figure 2 – State Water Project Contracting Agencies
(and year of initial water delivery)**

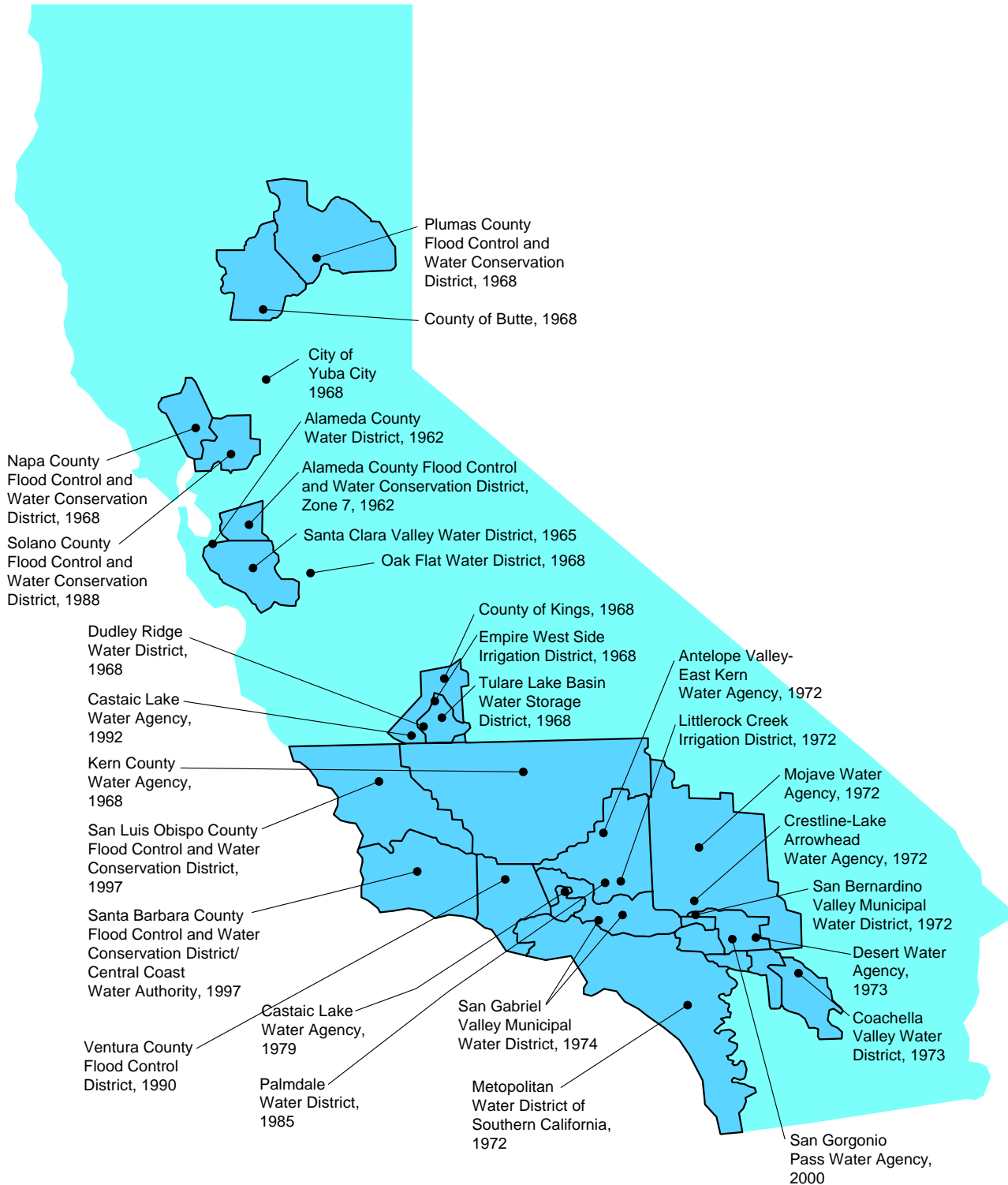


Table 1

COASTAL BRANCH PHASE II PROJECT DATA *

Tank Sites*	1	1	2	5	7
	raw water	treated water	treated water	treated water	treated water
# of tanks	3	2	2	2	1
total capacity (million gallons)	24.2	9.8	6.4	5	2.5

* Tank sites 3, 4 and 6 were eliminated during design of the facilities.

Polonio Pass Water Treatment Plant	43 million gallon per day capacity (disinfection process uses combination of chlorine and ammonia - chloramination)
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Pipeline		
<u>Location (from/to)</u>	<u>Pipeline Diameter (inches)</u>	<u>Distance (miles)</u>
Devils Den Pumping Plant/Tank1	57	13.0
Tank1/Salinas River	48	33.0
Salinas River/Cuesta Tunnel	51	7.1
Cuesta Tunnel/Tank 5	42	47.5
Tank 5/Purisima Road	39	13.3
Purisima Road/Santa Ynez Pumping Facility	36	21.2
Santa Ynez P.F./Lake Cachuma	30	8.0
Total Pipeline >>>		143.1

Pump Plants	<u>Flow Rate (cfs)</u>	<u>Horsepower (each pump)</u>	<u># of Pumps</u>	<u>Lift (ft)</u>
Devils Den Pumping Plant (DWR)	100	1760	6	550
Bluestone Pumping Plant (DWR)	100	1760	6	550
Polonio Pass Pumping Plant (DWR)	100	1760	6	550
Santa Ynez Pumping Facility (CCWA)	22	300	5	250

Turnouts	
<u>Location</u>	<u>Agencies Served</u>
Chorro Valley (SLO County)	California Mens Colony, Cuesta College, County of SLO Operations Center, City of Morro Bay
Lopez (SLO County)	Oceano CSD, City of Pismo Beach, San Miguelito Mutual Water Company, Avila Beach CSD, San Luis Coastal Unified School District, Avila Valley Mutual Water Company
Guadalupe	Guadalupe
Santa Maria	Santa Maria
Southern California Water Company (Orcutt)	California Cities Water Company
Vandenberg AFB	VAFB
Buellton	Buellton
Solvang	Solvang
Santa Ynez	Santa Ynez
Lake Cachuma*	Goleta WD, City of Santa Barbara, Montecito WD, Carpinteria Valley WD, Morehart Land Company, Santa Barbara Research Center, La Cumbre Mutual Water Co.

* Water discharged to Lake Cachuma is dechloraminated and then retreated on the South Coast.

