



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

will be held at 9:00 a.m., on Thursday, March 9, 2023
via URL: <https://meetings.ringcentral.com/j/1452877160>
or via telephone by dialing (623)404-9000 and entering code 145 287 7160 #

In response to State and Local Proclamations of a State of Emergency, the CCWA Operating Committee shall hold this public meeting telephonically pursuant CCWA Board of Director's Resolution 2023-02 and consistent with the requirements of Government Code section 54953(e), as amended by Assembly Bill 361 (2021), in order to protect the public health and safety. The CCWA Operating Committee and public will participate in this meeting by video call or telephone.

Eric Friedman
Chairman

Jeff Clay
Vice Chairman

Ray A. Stokes
Executive Director

Brownstein Hyatt
Farber Schreck
General Counsel

Member Agencies

City of Buellton

Carpinteria Valley
Water District

City of Guadalupe

City of Santa Barbara

City of Santa Maria

Goleta Water District

Montecito Water District

Santa Ynez River Water
Conservation District,
Improvement District #1

Associate Member

La Cumbre Mutual
Water Company

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

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

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

- I. Call to Order and Roll Call**
- II. Public Comment – (Any member of the public may address the Committee relating to any matter within the Committee’s jurisdiction. Individual Speakers may be limited to five minutes; all speakers to a total of fifteen minutes.)**
- III. * Consent Calendar**
 - A. Approve Minutes of the January 12, 2023 Operating Committee Meeting
- IV. Executive Director’s Report**
 - A. Operations Update
 - B. Water Supply Situation Report
 - ◆ * C. CCWA FY 2023/24 Preliminary Budget
 - D. Antelope Valley East Kern (AVEK) High Desert Water Banking Program
- V. Reports from Committee Members for Information Only**
- VI. Date of Next Regular Meeting: July 13, 2023**
- VII. Adjournment**

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

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

January 12, 2023

The Operating Committee meeting was conducted pursuant to California Government Code Section 54953 subdivision (e), due to the Governor's proclaimed state of emergency and local officials' recommended "social distancing" measures in response to the COVID-19 pandemic. Committee members participated in this meeting by video call or telephone. Public Comment on agenda items also occurred telephonically.

Ms. Lisa Watkins, Board Secretary, confirmed that all Committee members could hear each other, had received a copy of the meeting agenda, and could hear the proceedings.

I. Call to Order and Roll Call

Mr. Garcia, Committee Chair, called the January 12, 2023, Central Coast Water Authority Operating Committee meeting to order at 9:00 a.m.

Committee members present:

Paeter Garcia	- Santa Ynez River Water Conservation District, ID#1
Mike Alvarado	- La Cumbre Mutual Water Company
Ryan Drake	- Goleta Water District
Rose Hess	- City of Buellton
Shad Springer	- City of Santa Maria
Dakota Corey	- City of Santa Barbara
Robert McDonald	- Carpinteria Valley Water District
Pernell Rush	- Vandenberg SFB
Shannon Sweeney	- City of Guadalupe
Nick Turner	- Montecito Water District

II. Resolution No. 23-01 Resolution of the Operating Committee of the Central Coast Water Authority Authorizing Remote Teleconference Meetings Under the Ralph M. Brown Act

CCWA staff requested adoption of Resolution No. 23-01 with specific findings to continue to hold remote teleconference meetings during the COVID-19 pandemic pursuant to amendments to the Ralph M. Brown Act (Brown Act) by Assembly Bill (AB) 361.

Upon a motion by Mr. Springer, seconded by Mr. Garcia and carried following a roll call vote with Ms. Sweeney, Mr. Springer, Mr. Rush, Ms. Hess, Mr. Garcia, Mr. Drake, Mr. Alvarado, Ms. Corey, Mr. Turner, and Mr. McDonald in favor and none opposed, the Committee adopted Resolution No. 23-01 of the Operating Committee of the Central coast Water Authority Authorizing Remote Teleconference Meetings Under the Ralph M. Brown Act.

III. Public Comment

There was no public comment.

IV. Consent Calendar

- A. Approve Minutes of the October 13, 2022 Operating Committee Meeting

Motion to approve the consent calendar was made by Mr. Springer, seconded by Mr. Turner, and carried following a roll call vote with Ms. Sweeney, Mr. Springer, Mr. Rush, Mr. Garcia, Mr. Drake, Mr. Alvarado, Ms. Corey, Mr. Turner, and Mr. McDonald in favor, Ms. Hess abstaining, and none opposed.

V. Executive Director’s Report

- A. Operations Update

Mr. Brady reported on plant production, chemical costs, and totals pumped into Lake Cachuma.

	Plant Production (AF)	Chemical Costs (\$/AF)	SYPF Pumping (AF)
October 2022	730.43	\$111.55	144.98
November 2022	88.82	\$104.22	0
December 2022	394.87	\$77.65	222.50

During the last quarter CCWA was battling nitrification, geosmin and BacT. He explained the actions taken during winter shutdown to disinfect the pipeline using a chlorine slug.

Other activities during the period included:

- Completion of the Water Treatment Plant Process Logic Controller project, below budget.
- Concrete assessment of various structure of the Water Treatment Plant. The assessment report is pending.
- Construction planning of the Nipomo Chloramination Station. Groundbreaking for the new facility is anticipated in late January or early February.
- Updating the Process Safety Management program
- The lakeside extension of the CCWA bypass pipeline at Bradbury Dam onto the bedrock shelf of Cachuma Lake was completed in December.
- After the rapid rise in the lake levels submerged the pipeline, Cachuma staff notified CCWA that the pipeline needed to be removed within 30 hours. Cushman Construction and divers were utilized to remove the extension pipeline.

The Committee generally discussed potential allocation changes and delivery goals for participants following the significant rainfall of the last few weeks.

- B. Water Supply Situation Report

Mr. Stokes reviewed the current water year precipitation at various locations within California, as well as current reservoir conditions, noting that recent precipitation has significantly improved the State’s hydrology outlook and brings most areas above historical averages for rainfall and snowpack. 2022 Water Deliveries and the current delivery, water debt and banked water amounts for CCWA participants.

C. 2023 Supplemental Water Purchase Program

CCWA will be reaching out to its project participants regarding their intention to participate in the 2023 Supplemental Water Purchase Program and delivery goals following the increase in water availability.

D. Ocean Well Desalination Presentation

Mr. Timothy Quinn, Mr. Robert Bergstrom and Ms. Kalyn Simon with Natural Ocean Wells Inc. provided a presentation on a new technology using modular ocean wells which is being developed to provide desalinated water in an affordable and environmentally safe manner.

E. Update on the Aquaterra Water Bank

The Aquaterra Water Bank is still in planning discussions and is not requesting any decision on participation in the project. Mr. Stokes reviewed some pending questions related to the project that should be considered prior to execution of the participation agreement.

F. Cost Allocation of Nipomo and Tank 5 Dosing Facilities

On October 27, 2022, the CCWA Board of Directors authorized the construction and implementation of chemical dosing facilities at the Nipomo and Tank 5 locations to assist in maintaining water quality in the pipeline.

CCWA staff proposed that the costs of both projects be allocated 50% to the pipeline financial reach in which the facilities were located and 50% to the Water Treatment Plant, subject to the Regional Water Treatment Plant Allocation and the Santa Ynez Exchange Agreement adjustments. This cost allocation proposal was recommended based on the fact that the new facilities are intended to maintain water potability and that there is a direct impact on the South Coast water agencies because pumping into Lake Cachuma has been impacted in order to maintain water quality upstream of the Santa Ynez Pumping Plant.

Upon a motion by Mr. Springer, seconded by Ms. Sweeney and carried following a roll call vote with Ms. Sweeney, Mr. Springer, Mr. Rush, Ms. Hess, Mr. Garcia, Mr. Drake, Mr. Alvarado, Ms. Corey and Mr. Turner in favor and none opposed, the Operating Committee recommended to the CCWA Board of Directors that the costs of the Nipomo and Tank 5 chemical dosing facilities be allocated 50% to the Water Treatment Plant subject to the Regional Water Treatment Plant Allocation and the Santa Ynez Exchange Agreement adjustments and 50% to the financial reaches in which the dosing facilities are located.

G. FY 2023/24 Budget Preparation Schedule

The FY 2023/24 Budget Preparation Schedule was included in the meeting materials for the information of the Committee. The Draft budget will be presented in March 2023.

VI. Reports from Committee Members for Information Only

Mr. Springer asked if any participants had needs related to damage from the recent storms, and members reported that there were no current needs for assistance.

There were no other reports from the Committee members.

VII. Date of Next Regular Meeting:

March 9, 2023 is the date of the next Regular meeting.

VIII. Adjournment

The meeting was adjourned at 11:12 AM.

Respectfully submitted,

Elizabeth F. Watkins
Secretary to the Board



CENTRAL COAST WATER AUTHORITY
MEMORANDUM

March 9, 2023

TO: CCWA Operating Committee

FROM: Dessi Mladenova
Controller

SUBJECT: CCWA FY 2023/24 Preliminary Budget

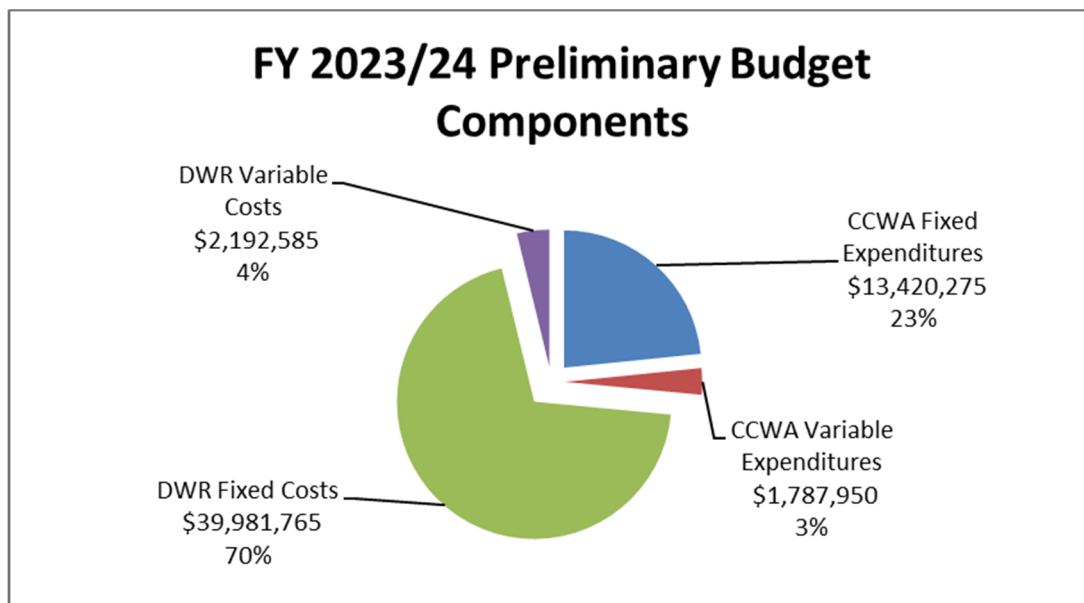
SUMMARY

The Preliminary FY 2023/24 Budget document has been posted for review at the CCWA website www.ccwa.com under the Major Reports tab. This memorandum provides an overview of the preliminary budget and highlights significant changes between it and the Final approved FY 2022/23 Budget. Staff will provide an overview of the Preliminary FY 2023/24 Budget at the March 9, 2023 Operating Committee meeting, and will be providing an overview at the March 23, 2023 CCWA Board Meeting.

DISCUSSION

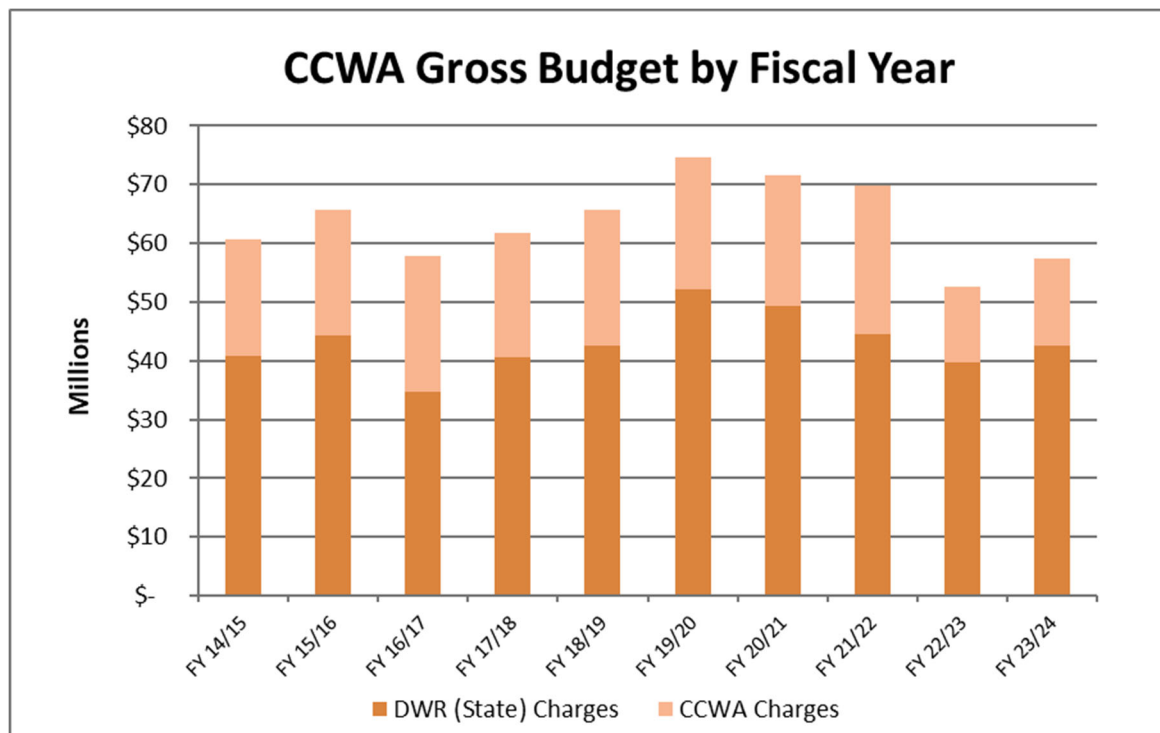
The FY 2023/24 Preliminary Budget calls for total project participant payments of \$56.4 million compared to the FY 2022/23 adopted budget of \$51.2 million, a \$5.2 million increase.

The following graph shows the various components of the FY 2023/24 Preliminary Budget and subsequent table compares the Preliminary FY 2023/24 Budget and the Final FY 2022/23 Budget:



Budget Item	Final FY 2022/23 Budget	Preliminary FY 2023/24 Budget	Increase (Decrease)
CCWA Expenses			
CCWA Operating Expenses - Fixed	\$ 9,045,216	\$ 10,542,387	\$ 1,497,171
CCWA Operating Expenses - Variable	2,124,961	1,787,950	(337,011)
Capital/Non-Capital Projects	1,674,254	2,602,215	927,961
Total CCWA Expenses:	12,844,431	14,932,552	2,088,121
Pass-Through Expenses			
DWR Fixed Costs	36,007,316	39,981,765	3,974,449
DWR Variable Costs	3,023,505	2,192,585	(830,920)
Warren Act and Trust Fund Payments	764,882	275,673	(489,209)
Total Pass-Through Expenses:	39,795,703	42,450,023	2,654,320
Subtotal Gross Budget:	52,640,134	57,382,576	4,742,441
CCWA (Credits) Due	(1,480,800)	(971,784)	509,016
TOTAL:	\$ 51,159,334	\$ 56,410,791	\$ 5,251,457

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



CCWA Operating Expense Budget

The Preliminary FY 2023/24 CCWA operating expense budget totals \$12,330,337 which is \$1,160,160 more than the FY 2022/23 operating expense budget, or a 10.39% increase.

The following table shows the allocation between the fixed and variable CCWA O&M expenses for FY 2023/24 and FY 2022/23.

	Final FY 2022/23 Budget	Preliminary FY 2023/24 Budget	Increase	Percentage Change
Fixed O&M	\$ 9,045,216	\$ 10,542,387	\$ 1,497,171	16.55%
Variable O&M	2,124,961	1,787,950	(337,011)	-15.86%
Total:	\$ 11,170,177	\$ 12,330,337	\$ 1,160,160	10.39%

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

Water Deliveries

Total requested water deliveries for FY 2023/24 are 13,962-acre feet compared to the FY 2022/23 requested deliveries of 14,983-acre feet, a decrease of 1,021 acre-feet.

Personnel Expenses

Personnel expenses are increasing by about \$699,788 which includes the following changes from the prior year:

- The FY 2023/24 total salaries and wages budget for all departments is increasing \$388,323 as compared to the prior fiscal year budget, representing an increase of 11.34%.
- CalPERS retirement expenses are increasing by approximately \$18,123. The combined CCWA paid employer, employee and unfunded actuarial liability contribution rates for the FY 2023/24 total 33.52% as compared to the prior year amount of 30.22%, for a combined increase of 3.30%.
- Health insurance, dental/vision plan expenses and cafeteria plan benefits combined are increasing by about \$110,858 or 18.73% due to; 1) The 2023 CalPERS health insurance plan with the lowest premiums increased by 18.40% over the 2022 premiums, as opposed to the increase of 5% budgeted for the calendar year 2023; 2) The FY 2023/24 Budget also includes an estimated 5% increase in the health insurance premiums effective January 1, 2024. The health plan estimates are based on the elections of each employee at the time the budget is prepared.

- Workers' Compensation costs are decreasing by \$13,323 due to a 22% decrease in the Experience modification rate for CCWA.
- The FY 2023/24 Budget includes a \$208,716 deposit into the Retiree Benefit Trust Program, a 39% increase or \$ 58,766 from FY 2022/23 budget amount. This OPEB actuarial determined contribution is based on actuarial assumptions for the required minimum contribution under PEMHCA and the additional vested portion of retiree only premiums for employees who are 62 years of age or older and retire from CCWA having completed at least 10 years of CCWA service.

Supplies and Equipment

Supplies and equipment are increasing by \$194,789 based primarily on the increased cost and amount of chemicals needed. Estimates are based on historical data and the costs of treatment are directly related to changes in water quality.

Monitoring Expenses

Monitoring expenses are only increasing by \$9,098 due to a request for additional lab supplies and equipment as identified by the Senior Chemist.

Repairs and Maintenance

Repairs and maintenance costs are increasing by about \$21,950 due to increased building and equipment repairs and maintenance-related costs.

Professional Services

Professional Services are increasing by \$631,007 due primarily to an increase in legal costs.

General and Administrative

General and Administrative costs are increasing by about \$13,640 due to increased employee training costs.

Utilities

Utility expenses are decreasing by about \$505,112 largely due to lower estimated deliveries and lower projected electric cost per AF.

Other Expenses

Other expenses are increasing by about \$94,501 due to increased insurance costs and appropriated contingency.

Approximately 51% of the operating expense budget represents personnel expenses. This is followed by 17% for professional services, 13% for supplies and equipment and 5% for utilities, with the balance being comprised of other expenses.

CCWA Capital Improvement & Non-Capital Projects

The Preliminary FY 2023/24 Budget includes \$2,602,215 for capital and non-capital improvement projects, a \$927,961 increase over the prior year amount. All capital improvement and non-capital projects are normally funded on a current basis from project participant assessments.

Please refer to the “*Projects*” section of the Preliminary FY 2023/24 Budget for additional information on the budgeted capital improvement projects.

Regional Water Treatment Plant Allocation and Santa Ynez Exchange Agreement Modifications

The Preliminary FY 2023/24 fixed and variable regional water treatment plant allocation expense and corresponding credit is \$1,612,838 or \$58.35/AF for all Project Participants. The Preliminary FY 2023/24 fixed and variable Santa Ynez exchange agreement modifications total \$562,505, or \$232/AF.

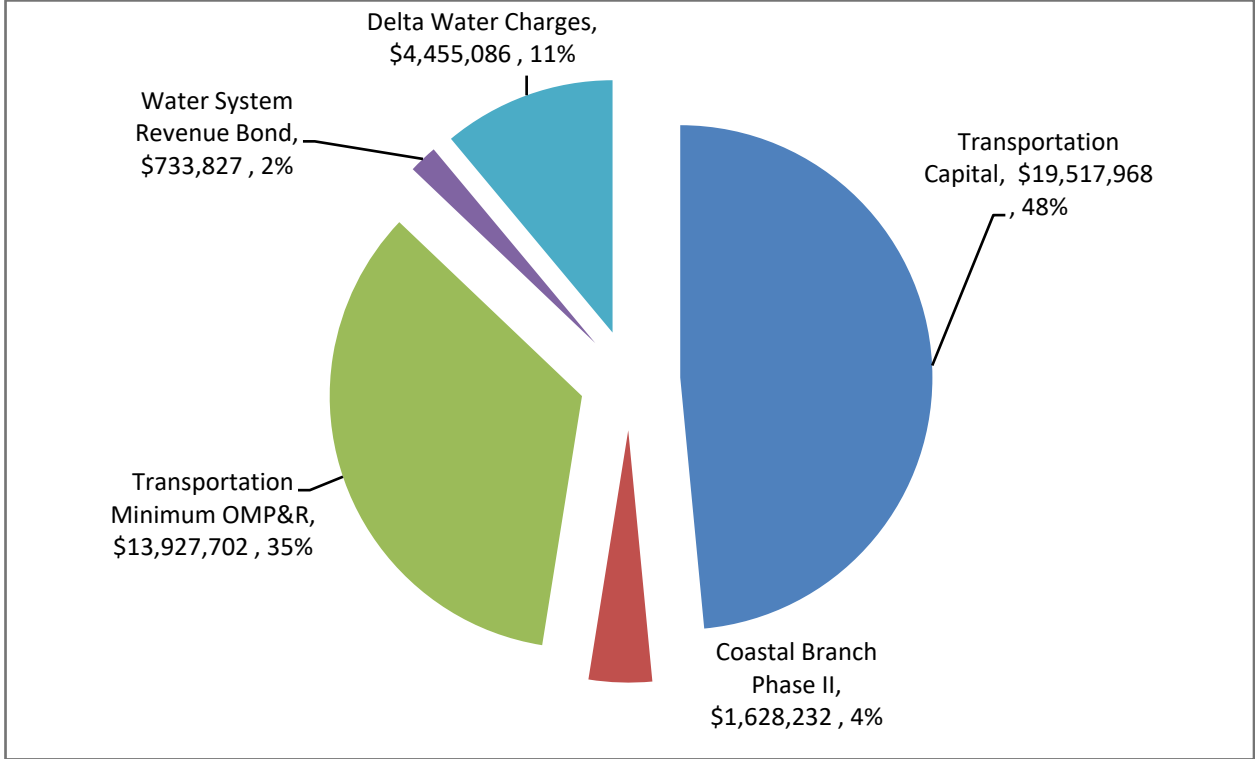
Please refer to the Water Treatment Plant section of the Budget for additional information on the regional water treatment plant allocation and Santa Ynez exchange agreement modifications.

Warren Act and Trust Fund Payments

The Preliminary FY 2023/24 Budget includes \$275,673 for Warren Act and Trust Fund MOU payments based on \$138.39 per acre foot for 1,992-acre feet of water to be delivered to Cachuma Lake.

DWR FIXED COSTS

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



The FY 2023/24 DWR fixed charges total \$40,262,815 which is \$4,255,499 higher than the FY 2022/23 Budget. The reasons for the cost component variances are described later in this report.

Transportation Capital

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

The FY 2023/24 Transportation capital charges are increasing by \$356,533 due to the following:

Transportation Capital Budget-to-Budget Changes			
	FY 2022/23	FY 2023/24	Change
Calculated Component	\$ 23,590,644	\$ 23,696,592	\$ 105,948
Rate Management Credits	(2,486,264)	(2,482,519)	3,745
Prior Year amount due	(119,927)	2,084	122,011
Prior Year Overcollection Credit	(806,191)	(1,326,825)	(520,634)
Other Adjustments	4,892	20,707	15,815
Other credits	(1,021,719)	-	1,021,719
DSRF credit	-	(392,070)	(392,070)
Total:	\$ 19,161,435	\$ 19,517,968	\$ 356,533

Coastal Branch Extension-Transportation Capital Reach 37 and 38

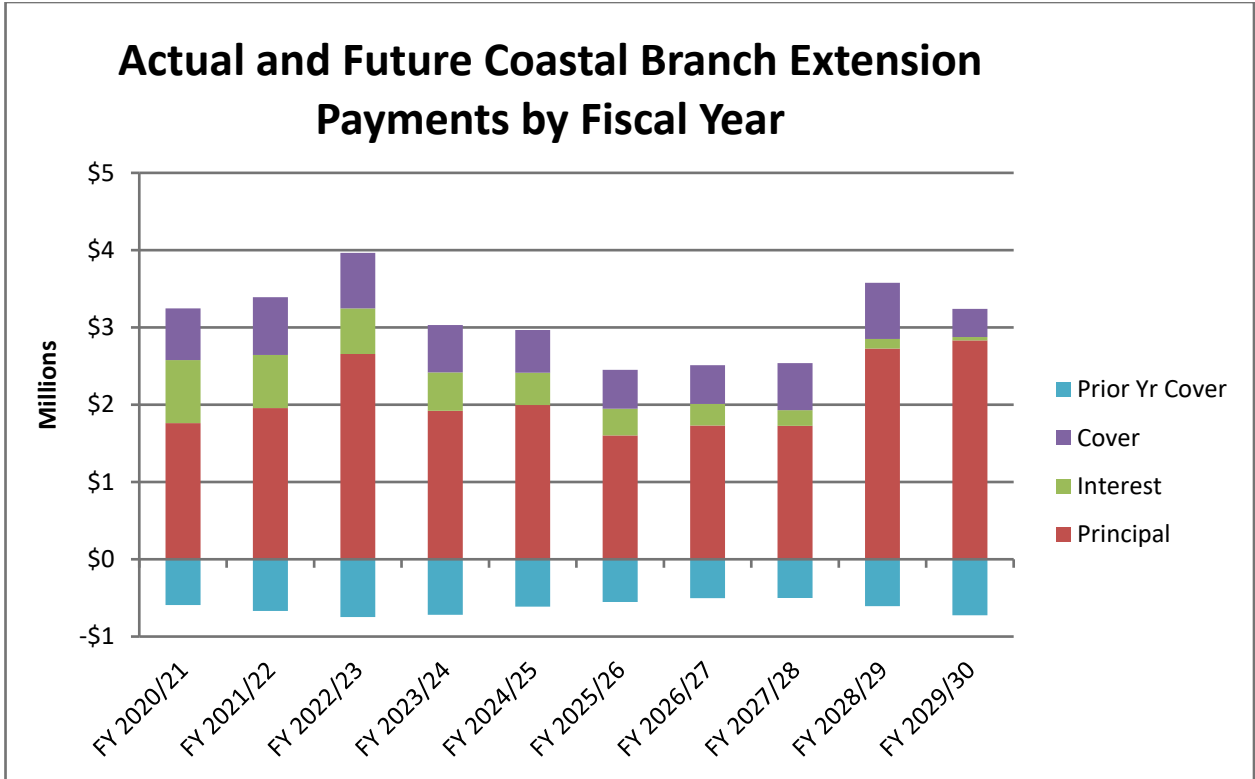
This represents the debt service for the Coastal Branch Extension bonds issued by DWR for the Coastal Branch Extension facilities in Santa Barbara County south of the Santa Maria River. CCWA is solely responsible for repayment of the debt service on these bonds to DWR. The charges are allocated according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

Coastal Branch Extension debt service payments for FY 2023/24 total \$1,628,232, which is \$1,268,412 lower than the prior year amount due to the following:

Coastal Branch Extension Debt Service			
	FY 2022/23	FY 2023/24	Change
Principal Payments	\$ 2,710,313	\$ 1,920,927	\$ (789,386)
Interest Payments	603,758	495,546	(108,212)
Bond Cover	737,598	613,294	(124,304)
Rate Management Credits	(184,614)	(189,402)	(4,788)
Return of Prior Year Cover	(770,102)	(728,336)	41,767
Prior year amount due (credit)	(183,125)	(245,802)	(62,677)
Excess Reserve Fund Credits		(237,995)	(237,995)
One-Time Extraordinary Credits	(17,184)	-	17,184
Total:	\$ 2,896,644	\$ 1,628,232	\$ (1,268,412)

Principal, Interest and Bond Cover Changes

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



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

Transportation Minimum OMP&R

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

For FY 2023/24, total Transportation Minimum OMP&R charges are \$13,927,702, which is \$4,119,941 more than the prior year amount due to the following:

Transportation Minimum OMP&R			
	FY 2022/23	FY 2023/24	Change
Calculated Component	\$ 11,933,564	\$ 12,125,783	\$ 192,219
Prior Year (Over)/Under Collection	(879,873)	2,616,229	3,496,102
Prior Year Amount Due (Credit)	(3,680,321)	(814,310)	2,866,011
Addtl Amount collected	2,434,391	-	(2,434,391)
Total:	\$ 9,807,761	\$ 13,927,702	\$ 4,119,941

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

Water System Revenue Bond Surcharge

The Water System Revenue Bond Surcharge (WSRB) represents the difference between the capital payments to DWR from the Contractors and the actual revenue bond debt service payments paid by DWR. For FY 2023/24, the WSRB is \$442,040 higher than the prior year amount.

Delta Water Charge

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

The FY 2023/24 Delta Water Charge totals \$4,455,086, which is \$605,397 higher than the prior year amount for the following reasons.

<i>Delta Water Charge</i>			
	FY 2022/23	FY 2023/24	Change
Rate per acre-foot	\$ 111.50	\$ 102.53	\$ (8.97)
Delta Water Charge	5,071,827	4,663,686	(408,141)
Rate Management Credits	(138,960)	(138,960)	-
Prior year adjustment	(797,884)	-	797,884
Prior year amount due (credit)	(285,293)	(69,640)	215,653
Total:	\$ 3,849,690	\$ 4,455,086	\$ 605,396

As the table above shows, the FY 2023/24 rate per acre-foot totals \$102.53, which is \$8.97/AF less than the prior year amount.

The FY 2023/24 rate includes an estimated \$20.00/AF increase for calendar year 2024 for potential other conservation and delta related facilities (\$10.00/AF on a fiscal year basis).

DWR VARIABLE COSTS

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

- Off-Aqueduct Charge
- Variable OMP&R

Variable OMP&R Charges

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

For 2023/24, the variable OMP&R charges total \$2,192,585, which is \$830,920 less than the prior year amount. The budget is based on estimated water deliveries of 9,570 acre-feet.

The cost per acre-foot for water deliveries in FY 2023/24 is estimated to be \$225/AF.

Variable Cost Per Acre-Foot Analysis

The Preliminary FY 2023/24 variable cost per acre-foot for Table A water is \$360.38 for the North County project participants and \$526.07 for South Coast project participants.

The Preliminary Budget for FY 2023/24 reflects 2,425 AF in exchange deliveries between Santa Ynez ID#1 and the South Coast exchange participants. The large decrease in the estimated cost per acre-foot for South Coast project participants is due to the development of SYPP Operational Matrix to aid in the cost estimate for pumping water to Lake Cachuma by delivery amount and by number of pumps used.

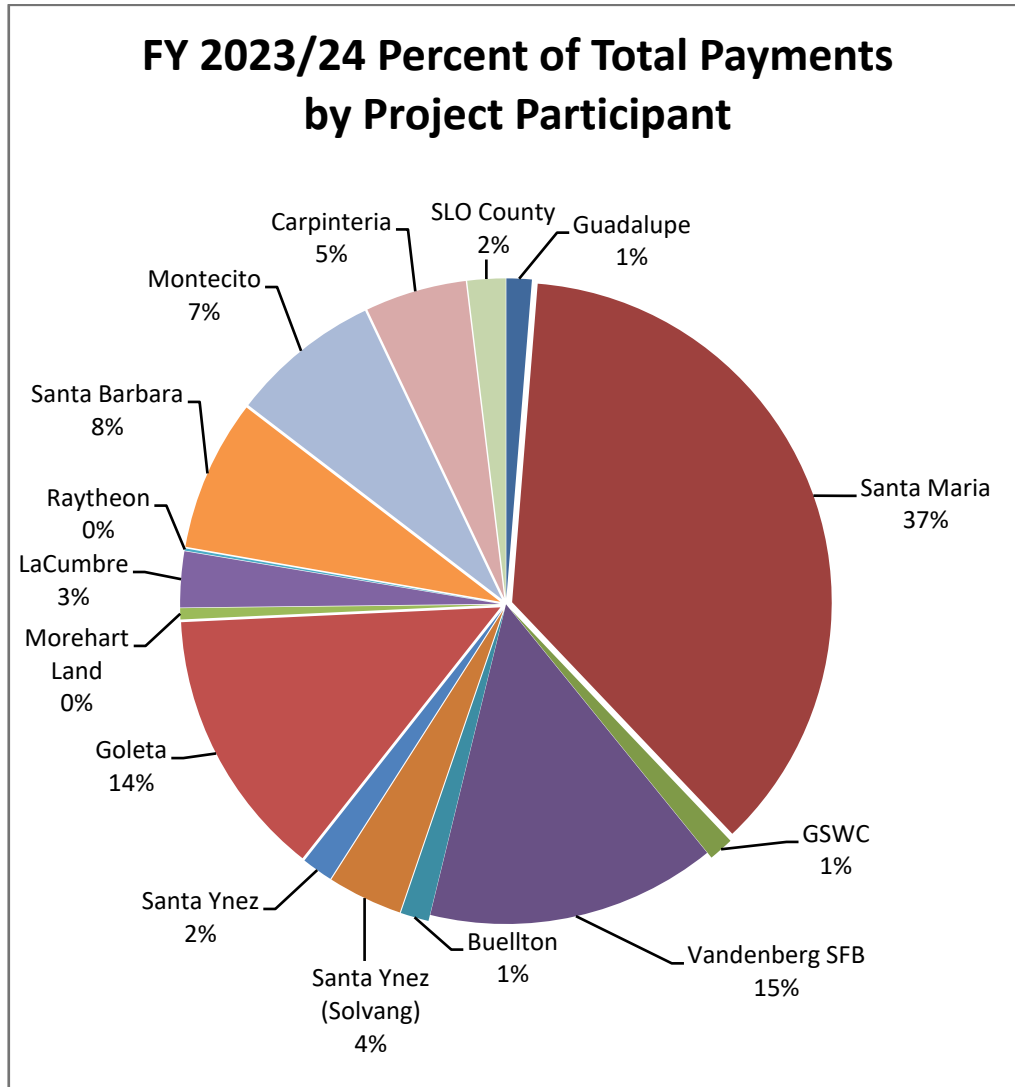
Total Payments Comparison by Project Participant

The following table shows the total budgeted payments by project participant for FY 2022/23 and total payments shown on the FY 2023/24 Preliminary Budget and the corresponding increase or (decrease).

Project Participant	Total Payments FY 2022/23	Total Payments FY 2023/24	Change FY 2022/23 to FY 2023/24
Guadalupe	\$ 515,368	\$ 718,848	\$ 203,480
Santa Maria	17,908,015	20,660,581	2,752,566
Golden State Water Co.	613,282	713,938	100,656
Vandenberg SFB	5,127,555	8,262,751	3,135,196
Buellton	683,770	808,728	124,958
Santa Ynez (Solvang)	2,286,757	2,143,283	(143,473)
Santa Ynez	1,092,403	891,879	(200,524)
Goleta	7,919,172	7,690,291	(228,881)
Morehart Land	319,989	315,833	(4,157)
La Cumbre	1,377,646	1,589,951	212,305
Raytheon	57,440	66,185	8,745
Santa Barbara	4,943,045	4,314,946	(628,098)
Montecito	3,704,160	4,255,067	550,907
Carpinteria	2,903,558	2,893,510	(10,048)
Shandon	11,631	15,727	4,096
Chorro Valley	395,114	516,928	121,814
Lopez	388,026	552,345	164,319
TOTAL:	\$ 50,246,931	\$ 56,410,791	\$ 6,163,861

FY 2023/24 Total Payments by Percentage

The following chart shows the percentage of total payments for FY 2023/24 by project participant.



Budget in Brief

Attached to this report is a "FY 2023/24 Preliminary Budget in Brief" which provides a snapshot of each major component of the proposed FY 2023/24 Preliminary Budget.

Budget Items Not Included in the Preliminary Budget

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

- Ten Year Financial Plan
- Budget transmittal letter
- Appendix to the budget
- Miscellaneous charts and graphs

- Significant Accomplishments, Goals and Performance Measures

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

DHM



Central Coast Water Authority FY 2023/24 Proposed Final Budget in Brief

FY 2023/24 BUDGET SUMMARY

	FY 2022/23	FY 2023/24	Increase
	Budget	Budget	(Decrease)
CCWA Operating Expenses	\$ 11,170,177	\$ 12,330,337	\$ 1,160,160
DWR Fixed and Variable Costs	39,002,504	42,174,350	3,171,846
Capital Improvement & Non Capital Projects	1,674,254	2,602,215	927,961
Warren Act Charges	764,882	275,673	(489,209)
Subtotal	<u>52,611,817</u>	<u>57,382,576</u>	<u>4,770,758</u>
CCWA Credits	(1,480,800)	(971,784)	509,016
TOTAL :	<u><u>\$ 51,131,017</u></u>	<u><u>\$ 56,410,791</u></u>	<u><u>\$ 5,279,774</u></u>

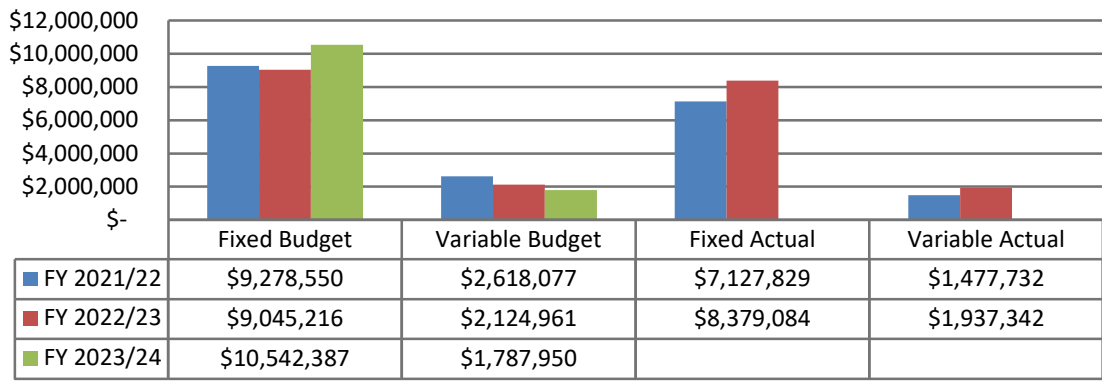
\$4.77 million increase in the gross budget, excluding CCWA credits

CCWA OPERATING EXPENSES

	FY 2022/23	FY 2023/24	Increase
	Budget	Budget	(Decrease)
Personnel	\$ 5,604,065	\$ 6,303,853	\$ 699,788
Office Expenses	21,300	21,800	500
Supplies & Equipment	1,428,139	1,622,928	194,789
Monitoring Expenses	121,234	130,332	9,098
Repairs & Maintenance	303,290	325,240	21,950
Professional Services	1,495,162	2,126,169	631,007
General & Administrative	292,163	305,803	13,640
Utilities	1,145,930	640,818	(505,112)
Other Expenses	758,894	853,395	94,501
Total Operating Expense	<u><u>\$ 11,170,177</u></u>	<u><u>\$ 12,330,337</u></u>	<u><u>\$ 1,160,160</u></u>

Total operating expense increase of \$1.2 million inclusive of the following factors: \$700k increase in Personnel costs; \$195k increase in supplies and equipment; \$631k increase in professional services related to legal costs, G&A is higher by \$14k for increased employee training; \$95k increase in other expenses due to anticipated increase in insurance costs and increased computer expenses; \$22k increase in repairs and maintenance related to increased vehicle repair costs, and \$505k in decreased utilities due to the development of the operational matrix for estimating electric costs for SYPP and decreased water delivery requests.

Operating Expenses Fixed and Variable Expenses



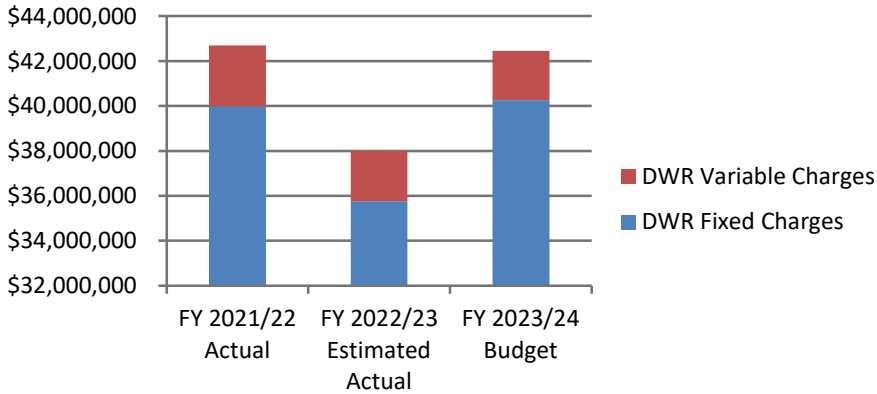
DWR FIXED AND VARIABLE CHARGES

DWR Fixed cost increase of \$4.3 million due to increased costs in Transportation Minimum of \$ 4.1 Million combined with an increase of \$357k in Transportation Capital costs, \$605k in Delta Water charges, \$442k in WSRB and offset by a decrease of \$1.3 M. in Coastal Branch Phase II.

DWR Variable cost decrease of \$831K over FY 2022/23 is largely due to a decrease in the estimated water deliveries.

	FY 2022/23 Budget	FY 2023/24 Budget	Increase (Decrease)
Transportation Capital	\$ 19,161,435	\$ 19,517,968	\$ 356,533
Coastal Branch Phase II	2,896,644	1,628,232	(1,268,412)
Transportation Minimum OMP&R	9,807,761	13,927,702	4,119,941
Water System Revenue Bond	291,787	733,827	442,040
Delta Water Charge	3,849,690	4,455,086	605,397
Subtotal Fixed DWR Charges	36,007,316	40,262,815	4,255,499
Off-Aqueduct Charges	22,430	39,304	16,874
Variable OMP&R	3,001,075	2,153,282	(847,794)
Subtotal Variable DWR Charges	3,023,505	2,192,585	(830,920)
DWR Account Investment Income	(28,317)	(281,050)	(252,733)
Total DWR Charges	\$ 39,002,504	\$ 42,174,350	\$ 3,171,846

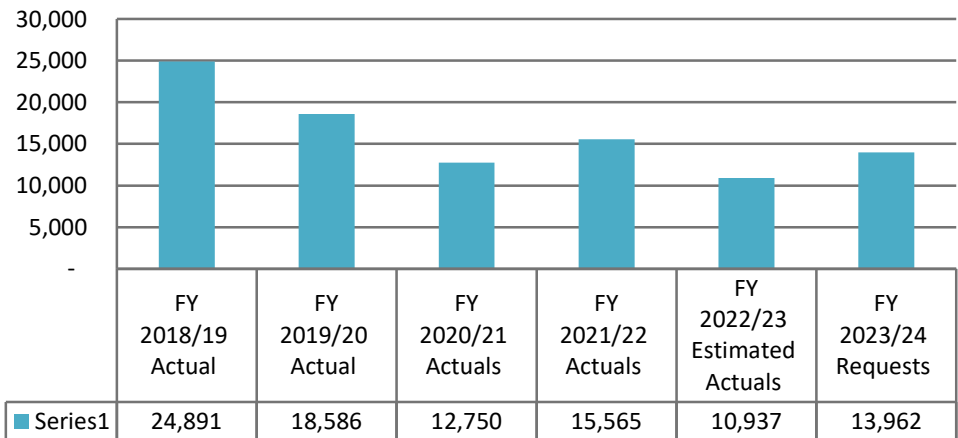
DWR Fixed and Variable Charges



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

DWR Delivery Allocation Percentage	
Calendar	
Year	Percentage
2012	65%
2013	60%
2014	5%
2015	20%
2016	60%
2017	85%
2018	35%
2019	75%
2020	20%
2021	5%
2022	15%
2023 (current)	35%

Water Deliveries and Requests

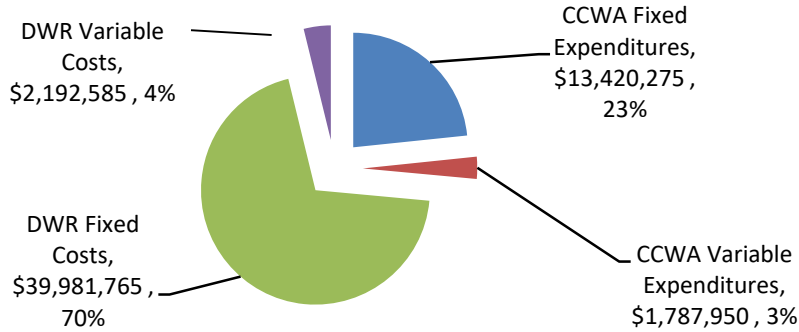


OTHER EXPENDITURES

	FY 2022/23 Budget	FY 2023/24 Budget	Increase (Decrease)
Capital Improvement & Non-Capital Projects	\$ 1,674,254	\$ 2,602,215	\$ 927,961
Warren Act Charges	764,882	275,673	(489,209)
Total Other Expenditures	\$ 2,439,136	\$ 2,877,888	\$ 438,752

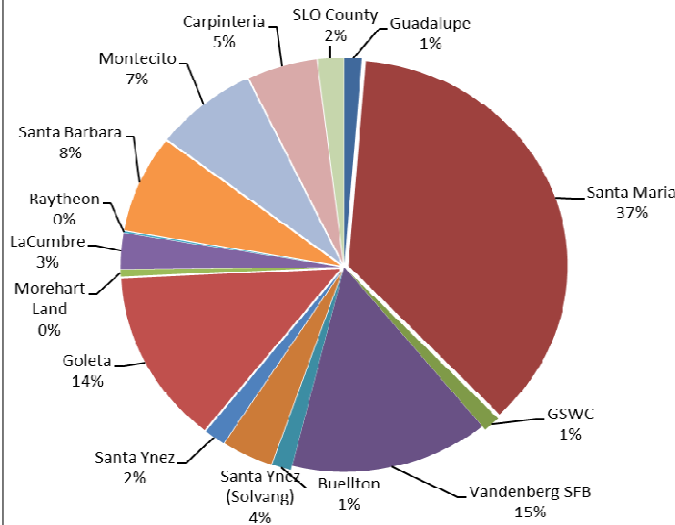
\$928k increase in Capital & Non-Capital Projects; \$490k decrease in Warren Act Charges.

FY 2023/24 Budget Components



74% of the CCWA Budget is outside of the direct control of CCWA. DWR costs comprise 74% of the total CCWA Budget.

FY 2023/24 Percent of Total Payments by Project Participant



FY 2023/24 Variable Cost Per Acre-Foot

Table A Water

North Santa Barbara County	\$ 360.38
South Santa Barbara County	\$ 526.07

Santa Ynez Exchange Water

Santa Ynez ID#1	\$ 231.96
South Coast Exchange Participants	\$ 229.11

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