



A Meeting of the  
**BOARD OF DIRECTORS  
 OF THE  
 CENTRAL COAST WATER AUTHORITY**

will be held at 9:00 a.m., on Thursday, February 24, 2022  
 via URL: <https://v.ringcentral.com/join/556647979>  
 or via telephone by dialing (650) 419-1505 and entering code 556-647-979 #

In response to the spread of the COVID-19 virus, Governor Newsom declared a state of emergency which directly impacts the ability of legislative bodies and the public to meet safely in person. To help minimize the potential spread of the COVID-19 virus, CCWA Board of Directors shall consider whether to hold this public meeting telephonically pursuant to the requirements of Government Code section 54953(e), as amended by Assembly Bill 361 (2021). The CCWA Board of Directors and public will participate in this meeting by video call or telephone.

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](mailto: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>.

- Eric Friedman  
Chairman
- Ed Andrisek  
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

- I. Call to Order and Roll Call**
- II. \* Resolution No. 22-02 of the Board of Directors of the Central Coast Water Authority Authorizing Remote Teleconference Meetings of the Board of Directors And All Subordinate Bodies Under the Ralph M. Brown Act – For Approval**
- III. CLOSED SESSION**
  - A. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION  
Government Code section 54956.9(d) (1)  
Name of case: Central Coast Water Authority, et al. v. Santa Barbara County Flood Control and Water Conservation District, et al. (Case No. 21CV02432)
  - B. CLOSED SESSION: CONFERENCE WITH REAL PROPERTY NEGOTIATORS  
Government Code section 54956.8  
Property: *Warren Act Contract*  
Agency negotiator: *Ray Stokes*
- IV. Return to Open Session**
- V. Public Comment – (Any member of the public may address the Board relating to any matter within the Board’s jurisdiction. Individual Speakers may be limited to three minutes; all speakers to a total of fifteen minutes.)**
- VI. Consent Calendar – For Approval**
  - \* A. Minutes of the January 27, 2022 Regular Meeting
  - \* B. Bills
  - \* C. Controller’s Report
  - \* D. Operations Report

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 Buellton, CA 93427  
 (805) 688-2292  
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[www.ccwa.com](http://www.ccwa.com)

*Continued*

\* Indicates attachment of document to original agenda packet.  
 & Additional materials related to this item may be posted prior to the meeting.

**VII. Executive Director's Report**

- A. Water Supply Situation Report – *For Information Only*
- &** B. 2022 Supplemental Water Purchase Program Contracts – *For Approval*
- C. Phase II Water Management Study Scoping Discussion – *For Information Only*
- D. CCWA Warren Act Contract Renewal Update – *For Information Only*
- \* E. Ernst & Young Report and Findings on the DWR 2022 Statement of Charges –  
*Receive and Accept*
- F. CCWA Board Discussion Regarding the Resumption of In-Person CCWA Meetings  
– *For Discussion*
- G. State Water Contractors Update – *For Information Only*
- \* H. Legislative Report – *For Information Only*

**VIII. Reports from Board Members for Information Only**

**IX. Items for Next Regular Meeting Agenda**

**X. Date of Next Regular Meeting: March 24, 2022**

**XI. Adjournment**

\* Indicates attachment of document to original agenda packet.

**&** Additional materials related to this item may be posted prior to the meeting.

## RESOLUTION NO. 22-02

### RESOLUTION OF THE BOARD OF DIRECTORS OF THE CENTRAL COAST WATER AUTHORITY AUTHORIZING REMOTE TELECONFERENCE MEETINGS OF THE BOARD OF DIRECTORS AND ALL SUBORDINATE BODIES UNDER THE RALPH M. BROWN ACT

**WHEREAS**, the Central Coast Water Authority (Authority) is committed to preserving and fostering public access and participation in meetings of the Board of Directors (Board) and all Authority subordinate bodies, as required by the Ralph M. Brown Act (Gov. Code § 54950 et seq.) (Brown Act), so that any member of the public may attend and participate as the bodies conduct the public's business; and

**WHEREAS**, the Brown Act contains special provisions for remote teleconference participation in meetings when the Governor has declared a state of emergency pursuant to Government Code section 8625, and either state or local official have imposed or recommended measures to promote social distancing, or an in-person meeting would present imminent risks to the health and safety of attendees; and

**WHEREAS**, such conditions now existing with the County of Santa Barbara (County). On March 4, 2020, Governor Gavin Newsom issued a Proclamation of a State of Emergency for the COVID-19 pandemic. The County Health Officer has issued numerous Health Orders regarding safety protocols during the COVID-19 pandemic, including Health Officer Order No. 2021-10.1, dated February 16, 2022, which requires the use of face coverings at all times in all indoor public settings for unvaccinated individuals, the use of face coverings at all times in certain indoor settings for all individuals, and promotes physical distancing. Further, the County Health Officer and Public Health Director issued a Health Official AB 361 Social Distance Recommendation, dated September 28, 2021, encouraging remote teleconference options for public meetings as an effective and recommended social distancing measure to facilitate public participation while protecting participants and others from the COVID-19 disease. The latest County order and recommendation were made necessary due to the more contagious and easily spread Delta and Omicron variants of the COVID-19 virus throughout the nation, and specifically within the County; and

**WHEREAS**, at the Board's last meeting on January 27, 2022, the Board found that the situation with regard to COVID-19, and particularly the Delta and Omicron variants, were causing, and may continue to cause, risks to the safety of persons within the County and found that the Board and all Authority subordinate bodies shall conduct its meetings with remote teleconference participation through Resolution No. 22-01; and

**WHEREAS**, the Board finds that the current situation with regard to COVID-19, and particularly the Delta and Omicron variants, is causing, and may continue to cause, risks to the safety of persons within the County and finds that the Board and all Authority subordinate bodies shall conduct its meetings with remote

teleconference participation in the manner authorized by Government Code Section 54953, subdivision (e) and in compliance with the requirements to provide public access in Government Code Section 54953, subdivision (e)(2); and

**WHEREAS**, this Resolution is exempt from the California Environmental Quality Act (CEQA) pursuant to the “common sense” exemption to environmental review under Section 15061 subdivision (b)(3) of Title 14 of the California Code of Regulations (CEQA Guidelines) because remote teleconference meetings during a declared state of emergency do not have the potential for causing a significant effect on the environment.

**NOW THEREFORE, THE BOARD OF DIRECTORS DOES HEREBY RESOLVE AS FOLLOWS:**

**Section 1.** Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

**Section 2.** Remote Teleconference Meetings. The Board and all Authority subordinate bodies shall conduct their meetings with remote teleconference participation in the manner authorized by Government Code Section 54953, subdivision (e), and in compliance with the requirements to provide public access in Government Code Section 54953, subdivision (e)(2).

**Section 3.** Effective Date. This Resolution shall take effect immediately upon its adoption and shall be effective until March 26, 2022, or such time as the Board of the Authority adopts a resolution in accordance with Government Code Section 54953, subdivision (e)(3) to extend the time during which meetings may continue to be held via remote teleconference in compliance with that section.

I certify that the foregoing Resolution No. 22-02 was adopted by the Board of Directors of the Central Coast Water Authority at a meeting held February 24, 2022.

\_\_\_\_\_  
Eric Friedman, Chairman

[Seal]

Attest:

\_\_\_\_\_  
Elizabeth Watkins  
Secretary to the Board of Directors

	VOTING PERCENTAGE	AYE	NAY	ABSTAIN	ABSENT
City of Buellton	2.21%	_____	_____	_____	_____
Carpinteria Valley Water District	7.64%	_____	_____	_____	_____
Goleta Water District	17.20%	_____	_____	_____	_____
City of Guadalupe	1.15%	_____	_____	_____	_____
Montecito Water District	9.50%	_____	_____	_____	_____
City of Santa Barbara	11.47%	_____	_____	_____	_____
City of Santa Maria	43.19%	_____	_____	_____	_____
Santa Ynez River Water Conservation District, Improvement District No. 1	7.64%	_____	_____	_____	_____

**MINUTES OF THE  
CENTRAL COAST WATER AUTHORITY  
BOARD OF DIRECTORS**

**January 27, 2022**

The Board 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. Board members participated in this meeting by video call or telephone. Public Comment on agenda items also occurred telephonically.

Ms. Lisa Watkins, CCWA Board Secretary, confirmed that all Board 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**

Chairman Friedman called the Central Coast Water Authority (CCWA) Board of Directors meeting to order at 9:03 AM.

CCWA member agencies with voting privileges were represented by:

<u>Representative</u>	<u>Agency/City</u>	<u>Voting %</u>
John Sanchez	City of Buellton	2.21%
Farfalla Borah	Goleta Water District	17.20%
Jeff Clay	Santa Ynez River Water Conservation District, ID #1	7.64%
Ken Coates	Montecito Water District	9.50%
Eric Friedman	City of Santa Barbara	11.47%
Shirley Johnson	Carpinteria Valley Water District	7.64%
Shad Springer	City of Santa Maria	43.19%

**II. Consideration of a Resolution No. 22-01 of the Board of Directors of the Central Coast Water Authority Authorizing Remote Teleconference Meetings of the Board of Directors And All Subordinate Bodies Under the Ralph M. Brown Act**

Ms. Stephanie Hastings, CCWA General Counsel, provided background on the request to adopt Resolution No. 22.01 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 Director Springer, seconded by Director Johnson and carried following a roll call vote, with Directors Borah, Clay, Coates, Friedman, Johnson, Sanchez, and Springer in favor and none opposed, the Board adopted Resolution No. 22-01 of the Board of Directors of the Central Coast Water Authority Authorizing Remote Teleconference Meetings of the Board of Directors and All Subordinate Bodies under the Ralph M. Brown Act.

**III. Closed Session**

**A. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION**

Government Code section 54956.9(d) (1)

Name of case: Central Coast Water Authority, et al. v. Santa Barbara County Flood Control and Water Conservation District, et al. (Case No. 21CV02432)

- B. CLOSED SESSION: CONFERENCE WITH REAL PROPERTY NEGOTIATORS  
Government Code section 54956.8  
Property: Warren Act Contract  
Agency negotiator: Ray Stokes

The Board went to closed session at 9:10 AM.

#### **IV. Return to Open Session**

The Board reconvened from closed session at 9:48 AM.

Ms. Hastings, General Counsel stated there were no actions to report as a result of either of the two closed session items.

#### **V. Public Comment**

There was no public comment related to items not on the agenda.

#### **VI. Consent Calendar**

- A. Minutes of the October 28, 2021 Regular Meeting
- B. Bills
- C. Controller's Report
- D. Operations Report

A motion to approve the Consent Calendar was made by Director Springer, seconded by Director Borah and carried following a roll call vote, with Directors Borah, Clay, Coates, Friedman, Johnson, Sanchez, and Springer in favor and none opposed.

#### **VII. Executive Director's Report**

- A. Water Supply Situation and Supplemental Water Purchase Program Update

Mr. Stokes reviewed precipitation indices and current reservoir storage conditions within California, noting that while December was a wet month, January has been significantly below the historical average, with some indices showing no precipitation during January. The precipitation outlook remains below normal chances for both short term and seasonal additional precipitation.

Lake Oroville levels have increased significantly, to the point that hydroelectric power generation has resumed at the lake. The State Water Project allocation has been increased from 0% to 15%. Several CCWA project participants have requested a Supplemental Water Purchase program be initiated for 2022, with requests for between 4,000 and 6,000 AF and CCWA has begun working on those contracts, as well as participation in the Dry Year Transfer program. Discussions have also begun with SLO County on a water transfer for water treatment plant capacity proposal.

The water delivery status information for 2021 and 2022 was reviewed, with 2021 available water totaling 18,190 AF and total deliveries of 10,608 AF, including carryover water, Dry Year Transfer Water, and various transfers. In 2022 with the

15% allocation, there is currently 14,392 AF available for delivery, including carryover water.

B. Coastal Branch Water Management Strategies

In 2021 CCWA and San Luis Obispo County Flood Control and Water Conservation District (SLO County) jointly engaged the consulting team of Provost & Pritchard and the Hallmark Group to study and analyze ways to maximize State water supplies.

Ms. Jessica Alwan, Jim Beck, Terry Erlewine, Sarah Lee and Curtis Creel provided an overview of the study, noting that the presentation had been presented to the stakeholders in SLO County and CCWA earlier this month. The study provides recommendations to explore a conveyance capacity program, excess Table A transfer program, and external storage/exchange program. Other recommendations are to look at alternative management of uncontracted SWP Table A and supplemental groundwater supply options. The modeling methods employed by the consultant team were reviewed for the Board's information. The results indicate that CCWA's long-term average allocation is 58%, far more than utilized, due in part to storage issues, and that utilization can increase under certain scenarios, including external storage, transfers, exchanges and additional demand. The effect on water supply and shortage cost of certain scenarios was reviewed, as well as the value of water supplies and economic impacts.

The consultant team discussed some of the conclusions of the study for CCWA participants including that CCWA cannot store its unused SWP water supplies during high SWP allocation years for later use during lower SWP allocation years and a significant amount of its unused SWP water will spill from San Luis Reservoir and be lost if not stored elsewhere. Also, CCWA has frequent SWP supply shortages in dry years, but CCWA's unused SWP water could be sold to other SWP Contractors and would reduce its overall SWP costs. The availability of annual and/or multi-year transfer and exchanges available with the SWP Water Management Amendment reduces shortages for CCWA, increases reliability and there is conveyance capacity available in the Coastal Branch in most years.

Following discussion, upon a motion by Director Johnson, seconded by Director Sanchez and carried following a roll call vote with Directors Sanchez, Borah, Clay, Coates, Friedman, Johnson, and Springer in favor and none opposed, the Board accepted the Coastal Branch Water Management Strategies report.

C. CCWA Warren Act Contract Renewal Update

The current contract with the USBR that allows CCWA to pump water into Lake Cachuma expires in June 2022, and due to delays in negotiations there is not adequate time to negotiate a new long-term contract, thus necessitating a short-term contract anticipated to have a term of three to five years. Mr. Stokes stated that the importance of having a new short-term contract for Board approval in April has been stressed with the USBR, and it is hopeful that the new short-term contract will be ready for Board review at its April 2022 regular meeting.

D. Water Infrastructure Financing Authority Status



The Water infrastructure Financing Authority (WIFA) was formed to allow for long term financing by its members of large capital expenditures in the event DWR the State water contract is not extended. It is anticipated that the trial judge presiding over the validation litigation of the State Water Contract extension amendment will have a decision in the next month, and following that decision the continuing necessity of the WIFA will be determined.

E. FY 2022/23 Budget Preparation Schedule

Ms. Dessi Mladenova, CCWA Controller, reviewed the schedule provided for the information of the Board, noting the Preliminary Budget is well underway and would be presented in March, and the final Budget would be presented in April 2022.

F. Request for Approval of Water Treatment Plant Process Logic Controller Upgrade Project (C-20PLCUPG and C-21PLCUPG) - Procurement of PLC Equipment in the Amount of \$100,254.91

As part of the overall Process Logic Controller (PLC) Upgrade Project, CCWA solicited competitive bids for PLC equipment. The engineer's cost estimate for the equipment was \$136,000 and the lowest responsive bid for the equipment was from Steven Engineering at \$100,254.91. Staff requested the Board approve awarding the equipment purchase to Steven Engineering.

Upon a motion by Director Borah, seconded by Director Sanchez and carried following a roll call vote with Directors Sanchez, Borah, Clay, Coates, Friedman, Johnson, and Springer in favor and none opposed, the Board authorized the Executive Director to award the PLC Equipment Purchase Order to Steven Engineering in the amount of \$100,254.91 based on the Steven Engineering Quotation Number 6058065.00 and date January 5, 2022..

F. Finance Committee

1. FY 2021/22 Second Quarter Investment Report

As of December 31, 2021 the investment portfolio totaled \$55.73 million and had an effective rate of return of .23% on an average daily balance for the month of December 2021 of about \$56.8 million. The investments were comprised of the State of California Local Agency Investment Fund (LAIF), (\$52.8 million), and Montecito Bank & Trust money market accounts (\$2.9 million).

All investments during the quarter complied with the CCWA investment policy provisions and current pro forma projections indicate that the Authority will have sufficient cash with which to operate for the next six months. The Finance Committee had considered the item at its meeting earlier and recommended Board approval.

Upon a motion by Director Borah, seconded by Director Clay and carried following a roll call vote with Directors Sanchez, Borah, Clay, Coates, Friedman, Johnson, and Springer in favor, and none opposed, the Board approved the FY 2021/22 Second Quarter Investment Report.

2. FY Ended June 30, 2021 and 2020 Annual Comprehensive Financial Report

Ms. Mladenova reviewed the Annual Comprehensive Finance Report (ACFR) and noted the report had been provided with the meeting materials and was available at [www.ccwa.com](http://www.ccwa.com). The Finance Committee recommended approval of the FY Ended June 30, 2021 and 2020 Annual Comprehensive Financial Report.

Upon a motion by Director Sanchez, seconded by Director Springer and carried following a roll call vote with Directors Sanchez, Borah, Clay, Coates, Friedman, Johnson, and Springer in favor, and none opposed, the Board approved the CCWA Annual Comprehensive Financial Report for the Fiscal Years ended June 30, 2021 and 2020

G. State Water Contractors Update

State Water Contractors are focused on issues related to the ongoing drought, which is continuing to be of concern in spite of the increased allocation. The CEQA challenges to the Monterey Amendment to the State Water Contract have finally concluded after 27 years, and Mr. Stokes noted the importance of the Monterey Amendment to CCWA and its project participants.

H. Legislative Update

The item was included in the Board materials for the information of the Board. SB559, which will allocate funds to the subsidence of the aqueduct has moved to a two year bill, and it is hopeful it will move forward.

I. JPIA President's Special Recognition Award

CCWA's insurer, ACWA/JPIA, provided recognition to CCWA for its low loss ratios (loss ratio = total losses/total premiums) in their liability, property and workers' compensation programs.

**VIII. Reports from Board Members for Information Only**

- A. Montecito Water District Appointment of Ken Coates Director and Tobe Plough Alternate Director
- B. City of Buellton Appointment of Ed Andrisek Director, John Sanchez Alternate Director and Dave King Second Alternate Director
- C. Santa Ynez River Water Conservation District, Improvement District #1 Appointment of Jeff Clay Director and Lori Parker Alternate Director

Chairman Friedman stated that he has been reappointed by the City of Santa Barbara to the CCWA Board, with Kristin Sneddon alternate.

There were no other reports from Board members.

**IX. Items for Future Meeting Agendas**

Mr. Stokes stated he was hopeful that there would be an update on the Warren Act Contract negotiations, as well as the trial court's decision on the State Water Contract extension litigation.

**X. Date of Next Regular Meeting: February 24, 2022**

**XI. Adjournment**

The meeting was adjourned at 11:37 AM.

Respectfully submitted,

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Elizabeth Watkins  
Secretary to the Board



## CENTRAL COAST WATER AUTHORITY

### Normal and Recurring Costs

Bills for Ratification - January 2022

VENDOR	INVOICE AMOUNT	DESCRIPTION
<b>GENERAL &amp; ADMINISTRATIVE EXPENSES</b>		
AWWA	302.00	Dues and Memberships
Bank of America Business Card	66.98	Staff meetings
California Chamber of Commerce	179.23	California Labor Law Digest
Federal Express	353.73	Express shipping
State Water Contractors	4,283.00	State Water Contractors MWQI-SPC 2022
United Parcel Service	352.05	Shipping expenses
US Bank	59.66	Staff Meeting
US Bank	460.00	GFOA Certificate of Achievement Review Fee FY2021
US Bank	150.00	Dues and Memberships
Valley Oak Printing	50.10	ACFR Cover
	<b>\$ 6,256.75</b>	<b>Total General &amp; Administrative</b>
<b>MONITORING EXPENSES</b>		
Aramark	77.52	Lab supplies
Culligan Industries Water Systems	360.00	Lab DI system
Environmental Resource Association	179.24	QC Testing
Eurofins Eaton Analytical	100.00	Lab testing
Hach Company	1,465.66	Lab supplies
IDEXX Distribution Corp.	2,064.64	Lab supplies
VWR International	571.30	Lab supplies
	<b>\$ 4,818.36</b>	<b>Total Monitoring Expenses</b>
<b>OFFICE EXPENSES</b>		
Bank of America Business Card	297.70	Office and kitchen supplies
Office Depot	116.50	Office, janitorial & kitchen supplies
Staples Inc.	100.73	Office, janitorial & kitchen supplies
Valley Oaks Printing	185.87	Business cards/Envelopes
	<b>\$ 700.80</b>	<b>Total Office Expenses</b>
<b>OTHER EXPENSES</b>		
Comcast	199.40	Internet Service
CompuVision	936.00	Semi Annual Spam Filtering
CompuVision	995.00	Datto Cloud Backup
CompuVision	1,186.25	Miscellaneous Software Updates
CompuVision	2,164.75	EndPoint Detection
CompuVision	5,085.00	SmartNet Renewal
De Lage Landen Financial Services	451.79	Copier Lease - BAO and WTP
Espinoza, Manuel	245.00	Internet reimbursement
Marborg Industries	316.00	Tank 5/Tank 7/Tank 2/ EDV/Roll-Off Rental BAO
Pitney Bowes Global Financial	147.35	Postage Machine Lease
Provost & Pritchard Consulting	5,634.50	Water Management Strategies
Schneider Electric USA Inc	9,159.60	GeoSCADA Annual Service and Support
Seam Group LLC	11,200.00	Arc Flash Study
Velosio	107.50	Microsoft Dynamics SL support services
Wilson Creek Communications	155.00	Internet Service
	<b>\$ 37,983.14</b>	<b>Total Other Expenses</b>
<b>OTHER MISCELLANEOUS EXPENSES</b>		
Comb-Warren Act Trust Fund	74,089.00	Trust Fund Quarterly payment
Department of Water Resources	13,728,315.00	Variable OMP&R, Delta Water & Transport Charge
	<b>\$ 13,802,404.00</b>	<b>Total Other Miscellaneous Expenses</b>



# CENTRAL COAST WATER AUTHORITY

## Normal and Recurring Costs

Bills for Ratification - January 2022

VENDOR	INVOICE AMOUNT	DESCRIPTION
<b>PERSONNEL EXPENSES</b>		
ACWA/JPIA	22,851.55	Workers Compensation Insurance
CalPERS Health	36,199.69	Health Insurance
CalPERS Retirement	36,952.38	Pension Contributions
CCWA Payroll Wages/Taxes	271,931.20	Gross Payroll Wages/Taxes
Dental/Vision Payments	5,072.05	Dental/Vision Benefits
MetLife SBC Insurance	1,042.30	Life Insurance
Other Misc Employee Benefits	5,985.38	Vehicle, Uniform and Cafeteria Plan Benefits
Standard Insurance Company	1,336.13	Disability Insurance
Bank of America Business Card	100.00	Employee Achievement Awards Program
Watkins, Lisa	149.00	Reimbursable expense
	<b>\$ 381,619.68</b>	<b>Total Personnel Expenses</b>
<b>PROFESSIONAL SERVICES</b>		
Aerial and Crane Experts, Inc.	3,524.50	Annual Inspection & Testing
Brownstein Hyatt Farber	23,161.80	Legal Services
HDR Engineering Inc	11,357.65	Engineering Services
Koff & Associates	760.00	Compensation and Benefit Survey
Quinn Company	370.00	Fuel sampling kits
Samba Holdings, Inc.	93.56	DMV driver reports
State Water Resources Control	32,927.50	Water System Fees
Stradling Yocca Carlson Rauth	1,738.00	Legal - Employee Matters/General Matters
Underground Service Alert	36.40	New USA tickets
	<b>\$ 73,969.41</b>	<b>Total Professional Services</b>
<b>CIP PROJECTS - MATERIALS &amp; OVERHEAD</b>		
Allied Electronics and Automation	64.07	Locator and Toning Packages
Cannon Corporation	3,005.00	WTP PLC Upgrade Bid Document Preparation
HDR Engineering Inc	6,506.87	Tank 7 Inlet Chemical Dosing Facility Design
HDR Engineering Inc	6,506.88	Tank 5 Inlet Chemical Dosing Facility Design
HDR Engineering Inc	8,743.75	Technical Memorandum-PAC System or Ozone Evaluation
HDR Engineering Inc	22,935.00	West Slope Erosion Repair Conceptual Design
Universal Rectifiers, Inc	5,522.72	Rectifier Replacement
	<b>\$ 53,284.29</b>	<b>Total CIP Project - Materials and Overhead</b>
<b>REPAIRS &amp; MAINTENANCE</b>		
Allied Electronics and Automation	124.08	Equipment repairs and maintenance
Aramark	723.39	Building maintenance supplies
Bank of America Business Card	1,457.09	Equipment repairs and maintenance
Big Brand Tire & Service	1,118.10	Vehicle maintenance
Burt Industrial Supply Inc	1,463.23	Parts, repair and maintenance
Carquest Auto Parts	143.30	Auto parts and supplies
City of Buellton	96.89	Landscape maintenance - water
Consolidated Electrical Distributors	78.18	Parts, repair and maintenance
Coverall North America, Inc	1,402.00	Janitorial service - BAO/SYPS
Electro Industries/ Gaugetech	498.72	Network Card Assembly
Endress+Hauser, Inc.	1,994.12	Parts, repair and maintenance
Grainger Inc.	575.70	Parts, repair and maintenance
Hach Company	956.45	Parts, repair and maintenance
Home Depot	78.00	Parts, repair and maintenance
Home Depot	348.08	Building maintenance
Jiffy Lube/MyFleetCenter	29.61	Vehicle Maintenance



# CENTRAL COAST WATER AUTHORITY

## Normal and Recurring Costs

Bills for Ratification - January 2022

VENDOR	INVOICE AMOUNT	DESCRIPTION
Office Depot	72.08	Janitorial supplies
Procure Janitorial Supply	289.98	Janitorial supplies - WTP
Progressive Greenery	330.00	Landscape maintenance - WTP
Quinn Company	35.75	Equipment repairs and maintenance
Rio Vista Chevrolet	3,614.63	Vehicle maintenance
Ultrex Business Products	346.08	Copier maintenance
US Bank	152.87	Equipment repairs and maintenance
US Bank	370.78	Vehicle repairs and maintenance
Western Exterminator Co	230.00	Pest control spraying - BAO and SYPS
	<b>\$ 16,529.11</b>	<b>Total Repairs &amp; Maintenance</b>
<b>SUPPLIES &amp; EQUIPMENT</b>		
Aramark	1,066.91	Uniform expenses
Bank of America Business Card	174.50	Minor tools
Burt Industrial Supply, Inc	32.15	Minor Tools, Maintenance supplies and hardware
Carquest Auto Parts	83.44	Equipment, Maintenance Supplies, Fuel & Lubricant
Chemtrade Chemicals US, LLC	27,191.13	Chemicals - WTP
Eagle Energy	344.77	Equipment service, Fuel & Lubricants
Grainger Inc.	1,628.16	Minor tools, equipment & maintenance supplies, safety supplies
Harrison Hardware	21.63	Maintenance supplies and hardware
Hill Brothers Chemical Company	4,362.77	Chemicals - WTP
Home Depot	128.68	Minor tools, equipment & maintenance supplies
JCI Jones Chemical	4,680.00	Chemicals - WTP
Keller & Associates Inc	282.84	Safety supplies
Quinn Company	107.57	Maintenance supplies and hardware
Sterling Water Technologies, LLC	17,014.80	Chemicals - WTP
Thompson, James	175.00	Reimbursement - Minor Tools
Univar Solutions USA, Inc.	(4,316.69)	Chemicals - WTP
US Bank	307.72	Maintenance supplies, Minor Tools, Safety Supplies
WEX Bank - Wright Express	5,979.96	Fuel - Autos
	<b>\$ 59,265.34</b>	<b>Total Supplies &amp; Equipment</b>
<b>UTILITIES</b>		
Bank of America Business Card	57.89	Telephone conference charge
City of Buellton	209.68	Water - BAO
Delta Liquid Energy	2,762.95	Propane gas
First Choice Technology	13.73	Phone - Long distance carrier, 800#
Frontier	295.79	Telephone charges
Health Sanitation Services	534.98	Waste Disposal - SYPS
Pacific Gas & Electric	41,793.40	Utilities - BAO/SYPS/WTP
San Miguel Garbage Company	225.02	Waste Disposal - WTP
Santa Ynez River Water Conservation	176.76	Water - SYPS
SoCalGas	450.97	Natural Gas - BAO
Stokes, Ray	708.18	Reimbursable Expenses - Cell Phone charges
Surfnet Communications, Inc.	75.00	Wireless Internet - Chorro
Verizon Wireless	539.42	Cell phone charges
	<b>\$ 47,843.77</b>	<b>Total Utilities</b>
<b>Subtotal - Bills for Ratification</b>	<b>\$ 14,484,674.65</b>	



# CENTRAL COAST WATER AUTHORITY

## Bills for Approval

<b>VENDOR</b>		<b>INVOICE AMOUNT</b>	<b>DESCRIPTION</b>
State of California DWR	\$	1,140,678.00	Capital Cost and Minimum OMP&R Charges -Feb '22
<b>Subtotal - Bills for Approval</b>	<b>\$</b>	<b>1,140,678.00</b>	
<b>Total Ratification and Approval Bills</b>	<b>\$</b>	<b><u>15,625,352.65</u></b>	



## Statements of Net Position

### ASSETS

	<u>January 31, 2022</u>	<u>December 31, 2021</u>
<b><u>Current Assets</u></b>		
Cash and investments	\$ 8,366,606	\$ 9,760,251
Accounts Receivable (Note 1)	263	263
Accrued interest receivable	9,947	31,873
Other assets	1,462,864	1,487,603
<b>Total Current Assets</b>	<u>9,839,680</u>	<u>11,279,990</u>
<b><u>Restricted Assets</u></b>		
Operations and Maintenance Reserve Fund (Note 2)	2,130,325	2,129,125
DWR Reserve Fund (Note 3)	4,686,719	3,878,143
Rate Coverage Reserve Fund (Note 4)	9,547,665	9,542,287
Debt Service Payments (Note 5)	40,157	40,134
Department of Water Resources (Note 6a)	11,770,657	25,242,801
CCWA and DWR Variable Fund (Note 6b)	3,250,082	2,738,890
Credits Payable (Note 7)	1,312,895	2,118,393
Escrow Deposits (Note 8)	516,383	516,092
<b>Total Restricted Assets</b>	<u>33,254,881</u>	<u>46,205,863</u>
<b><u>Property, Plant and Equipment</u></b>		
Construction in progress (Note 9)	721,287	648,800
Fixed assets (net of accumulated depreciation)	88,153,818	88,364,699
<b>Total Property, Plant and Equipment</b>	<u>88,875,104</u>	<u>89,013,499</u>
<b><u>Other Assets</u></b>		
Long Term Receivable	-	-
<b>Total Other Assets</b>	<u>-</u>	<u>-</u>
<b>Total Assets</b>	<u>\$ 131,969,666</u>	<u>\$ 146,499,352</u>





## Statements of Net Position

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### LIABILITIES AND FUND EQUITY

	<u>January 31, 2022</u>	<u>December 31, 2021</u>
<b><u>Current Liabilities</u></b>		
Accounts Payable	\$ 161,196	\$ 159,485
DWR and Warren Act Charge Deposits (Note 6a)	11,696,233	25,242,801
CCWA & DWR Variable Charge Deposits (Note 6b)	3,250,082	2,738,890
Accrued interest payable	-	-
Other liabilities	1,096,498	1,111,946
DWR Reserve Fund	4,686,661	3,878,143
Rate Coverage Reserve Fund	9,495,379	9,495,379
Unearned Revenue	33,936	45,288
Credits Payable to Project Participants	1,607,545	2,400,807
<b>Total Current Liabilities</b>	<u>32,027,531</u>	<u>45,072,738</u>
<b><u>Non-Current Liabilities</u></b>		
OPEB Liability	552,948	833,401
Escrow Deposits	516,376	516,092
Net Pension Liability	4,034,798	4,034,798
<b>Total Non-Current Liabilities</b>	<u>5,104,122</u>	<u>5,384,291</u>
<b><u>Commitments and Uncertainties</u></b>		
<b><u>Net Assets</u></b>		
Contributed capital, net (Note 10)	22,562,433	22,562,433
Retained earnings	72,275,580	73,479,890
<b>Total Net Assets</b>	<u>94,838,013</u>	<u>96,042,323</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 131,969,666</u>	<u>\$ 146,499,352</u>



## Statements of Revenues, Expenses and Changes in Net Position

	<u>January 31, 2022</u>	<u>December 31, 2021</u>
<b><u>Operating Revenues</u></b>		
Operating reimbursements		
from project participants	\$ 21,627,140	\$ 22,004,115
Other revenues	64,123	39,922
<b>Total Operating Revenues</b>	21,691,262	22,044,037
<b><u>Operating Expenses</u></b>		
Personnel expenses	3,014,597	2,648,235
Office expenses	11,963	11,262
General and administrative	106,528	91,166
Professional Services	360,216	297,942
Supplies and equipment	602,314	542,736
Monitoring expenses	60,719	55,375
Repairs and maintenance	168,027	166,588
Utilities	486,500	438,656
Depreciation and amortization	1,403,087	1,192,205
Other expenses	438,140	377,650
<b>Total Operating Expenses</b>	6,652,091	5,821,815
<b>Operating Income</b>	15,039,171	16,222,222
<b><u>Non-Operating Revenues</u></b>		
Investment income	92,865	82,252
<b>Total Non-Operating Revenues</b>	92,865	82,252
<b><u>Non-Operating Expenses</u></b>		
Interest	126,186	126,186
Current year credits payable	82,252	50,380
Loss on disposal of fixed assets	49	49
<b>Total Non-Operating Expenses</b>	208,487	176,615
<b>Net Income</b>	14,923,549	16,127,859
<b><u>Retained Earnings</u></b>		
Retained earnings at beginning of period	57,352,031	57,352,031
Retained earnings at end of period	\$ 72,275,580	\$ 73,479,890



# Budget and Actual All Reaches

	<b>January 31, 2022</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Percent Expended <sup>(1)</sup></b>
<b>Revenues</b>			
Fixed operating assessments <sup>(2)</sup>	\$ 11,514,795	11,671,595	
Variable operating assessments	4,153,649	933,275	22.47%
Miscellaneous income		64,123	
Investment income		16,132	
<b>Total Revenues</b>	<b>15,668,444</b>	<b>12,685,125</b>	<b>80.96%</b>
<b>Expenses <sup>(2)</sup></b>			
Personnel expenses	3,103,559	3,014,597	97.13%
Office expenses	12,425	11,963	96.28%
General and administrative	179,179	106,528	59.45%
Professional Services	1,303,624	360,216	27.63%
Supplies and equipment	802,264	602,314	75.08%
Monitoring expenses	68,488	60,719	88.66%
Repairs and maintenance	170,805	168,027	98.37%
Utilities	1,853,641	486,500	26.25%
Other expenses	415,911	316,799	76.17%
Capital and Non-Capital Expenditures	1,215,361	842,628	69.33%
<b>Total Expenses</b>	<b>9,125,257</b>	<b>5,970,291</b>	<b>65.43%</b>
<b>Operating Income</b>	<b>6,543,187</b>	<b>6,714,834</b>	
<b>Net Income (Loss)</b>	<b>\$ 6,543,187</b>	<b>6,714,834</b>	

(1) Percent of year expended: 58.33%

(2) Includes revenues and expenses for Turnouts and adjusted for carryover revenues from FY 2020/21 to FY 2021/22

Central Coast Water Authority  
**Notes to Financial Statements**  
January 31, 2022

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**Note 1: Accounts Receivable**

Accounts receivable consists of amounts payable by the State Water Project contractors and other miscellaneous receivables.

**Note 2: O&M Reserve Fund**

The O&M reserve fund represents cash reserves for emergency uses. The funding requirement is \$2,000,000 allocated on an entitlement basis for the Santa Barbara County project participants. Investment earnings on O&M reserve fund balances are credited against CCWA O&M assessments.

<u>Project Participant</u>	<u>Amount</u>
City of Guadalupe	\$ 28,334
City of Santa Maria	834,578
Golden State Water Company	25,759
Vandenberg SFB	402,356
City of Buellton	29,777
Santa Ynez ID #1 (Solvang)	77,276
Santa Ynez ID #1	25,665
Goleta Water District	230,987
Morehart Land Co.	10,303
La Cumbre Mutual Water Company	51,511
Raytheon Systems Company	2,576
City of Santa Barbara	154,551
Montecito Water District	153,991
Carpinteria Valley Water District	102,661
TOTAL:	<u>\$ 2,130,325</u>

Central Coast Water Authority  
**Notes to Financial Statements**  
 January 31, 2022

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**Note 3: DWR Reserve Fund**

The DWR Reserve Fund was established to provide a funding source for payments to the State of California Department of Water Resources (DWR) when there is a difference between estimates used to prepare the DWR portion of the annual CCWA budget and the actual amounts billed to the Authority by DWR. Contributions to the DWR Reserve Fund are voluntary. Funding of each participating Project Participant's share of the DWR Reserve Fund will come from a combination of (1) CCWA Operating Expense budget surpluses, if any (2) Interest earnings on funds held in all other accounts on behalf of the participating Project Participant and (3) excess amounts, if any, from any of the DWR Statement of Charges cost components until the funding Target Amount is reached. The Target Amount will be equal to the participating Project Participant's proportional share of a \$10 million allocation of DWR Transportation Minimum OMP&R charges. The following schedule shows the current fund balance of the participating Project Participants.

Project Participant	Amount
City of Guadalupe	\$ 140,802
City of Santa Maria	2,742,362
Golden State Water Company	59,750
City of Buellton	135,444
Santa Ynez ID #1 (Solvang)	285,990
Santa Ynez ID #1	878,161
Morehart Land Co.	37,961
La Cumbre Mutual Water Company	114,913
Raytheon Systems Co.	9,984
City of Santa Barbara	281,351
TOTAL:	\$ 4,686,719

**Note 4: Rate Coverage Reserve Fund Cash Deposits**

The rate coverage reserve fund was established to provide CCWA project participants a mechanism to satisfy a portion of their obligation under Section 20(a) of the Water Supply Agreement to impose rates and charges sufficient to collect 125% of their contract payments. The following schedule shows the current balances plus accrued interest receivable in the rate coverage reserve fund.

Project Participant	Amount
City of Guadalupe	\$ 192,273
City of Santa Maria	5,200,707
City of Buellton	276,674
Santa Ynez ID #1 (Solvang)	636,269
Santa Ynez ID #1	462,291
La Cumbre Mutual Water Company	402,994
Montecito Water District	1,498,337
Carpinteria Valley Water District	862,306
Shandon	15,813
TOTAL:	\$ 9,547,665

Central Coast Water Authority  
**Notes to Financial Statements**  
January 31, 2022

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**Note 5: Debt Service Payments**

The following table shows the financing participant cash balances available to pay CCWA Series 2016-A revenue bond principal and interest payments.

<b>Participant</b>	<b>Amount</b>
Avila Beach	\$ 54
California Men's Colony	473
County of SLO	504
Cuesta College	236
Morro Bay	3,050
Oceano	395
Pismo Beach	653
Shandon	54
Guadalupe	679
Buellton	1,253
Santa Ynez (Solvang)	2,989
Santa Ynez	1,122
Goleta	9,412
Morehart Land	515
La Cumbre	2,110
Raytheon	115
Santa Barbara	5,786
Montecito	6,837
Carpinteria	3,920
TOTAL:	\$ 40,157

Central Coast Water Authority  
**Notes to Financial Statements**  
 January 31, 2022

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**Note 6a: Cash and Investments Payment to DWR**

Cash deposits for DWR payments.

Project Participant	Amount
City of Guadalupe	\$ 152,288
City of Santa Maria	4,609,856
Golden State Water Company	90,222
Vandenberg SFB	3,386,297
City of Buellton	170,473
Santa Ynez ID #1 (Solvang)	287,689
Santa Ynez ID #1	177,114
Goleta Water District	987,123
Morehart Land Co.	37,943
La Cumbre Mutual Water Company	194,392
Raytheon Systems Co.	14,692
City of Santa Barbara	585,313
Montecito Water District	602,633
Carpinteria Valley Water District	400,199
TOTAL:	<u>\$ 11,696,233</u>

**Note 6b: Cash Payments for CCWA, Warren Act and DWR Variable Charges**

Cash deposits for payments to CCWA, Warren Act and DWR for Variable Assessments.

Project Participant	Amount
City of Guadalupe	\$ 29,777
City of Santa Maria	1,089,158
Golden State Water Company	14,697
Vandenberg SFB	306,310
City of Buellton	33,785
Santa Ynez ID #1 (Solvang)	89,467
Santa Ynez ID #1	109,681
Goleta Water District	522,845
Morehart Land Co.	44,777
La Cumbre Mutual Water Company	165,833
Raytheon Systems Co.	4,803
City of Santa Barbara	256,873
Montecito Water District	333,887
Carpinteria Valley Water District	248,188
TOTAL:	<u>\$ 3,250,082</u>

Central Coast Water Authority  
**Notes to Financial Statements**  
 January 31, 2022

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**Note 7: Credits Payable**

Credits payable to, or (due from) CCWA project participants for investment earnings and O&M assessment credits.

Project Participant	Amount
City of Guadalupe	\$ 18,583
City of Santa Maria	320,361
Golden State Water Company	5,329
Vandenberg SFB	664,349
City of Buellton	15,131
Santa Ynez ID #1 (Solvang)	45,035
Santa Ynez ID #1	(79)
Goleta Water District	49,636
Morehart Land Co.	883
La Cumbre Mutual Water Company	5,531
Raytheon Systems Co.	255
City of Santa Barbara	36
Montecito Water District	33,864
Carpinteria Valley Water District	22,570
Shandon	2,900
Lopez Turnout	68,425
Chorro Turnout	60,085
TOTAL:	<u>\$ 1,312,895</u>

**Note 8: Escrow Deposits**

Cash deposits from certain project participants as required under the Water Supply Agreements.

Project Participant	Amount
Morehart Land Company	\$ 407,670
Raytheon Systems Company	108,712
TOTAL:	<u>\$ 516,383</u>

**Note 9: Construction in Progress**

Amounts in construction in progress represent expenditures incurred during FY 2021/22 and amounts retained in construction in progress at January 31, 2022. The following schedule shows the CIP expenditures for CCWA projects.

Financial Reach	Amount
Labor	\$ 25,380
Materials	120,659
Overhead	575,248
Project CIP Total:	<u>\$ 721,287</u>



Central Coast Water Authority  
**Notes to Financial Statements**  
January 31, 2022

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**Note 10: Contributed Capital**

Certain project participants elected to pay their share of CCWA project construction costs in cash. The amounts listed below show the capital contributions by project participant less the cost of local facilities and refunds to the project participants.

<b>Project Participant</b>	<b>Amount</b>
Avila Valley Water Company	\$ 15,979
City of Guadalupe	81,119
San Luis Schools	5,608
San Miguelito Water Company	233,605
Golden State Water Company	866,277
City of Santa Maria	13,498,802
Vandenberg SFB	7,861,043
TOTAL:	<u>\$ 22,562,433</u>

**MONTHLY SUMMARY OF MINERAL AND PHYSICAL ANALYSIS  
RAW WATER (RW) AND SETTLED WATER (SW)**

System Name: Central Coast Water Authority

System Number: 4210030

Treatment Plant Name: Polonio Pass Water Treatment Plant

January 2022

Date:	RW pH (SU)	RW Turbidity (NTU)	SW Turbidity (NTU)	RW Odor (TON)	RW Total Coliform (MPN)	RW E. Coli (MPN)	RW Cl- (mg/L)	RW Alkalinity (mg/L)		RW Hardness (mg/L)		RW E.C. (uS/cm)	RW TOC (mg/L)
								Total	Phenol	Total	Ca		
1	8.60	2.20	0.39	2.0			98	88	3	112	53		
2	8.70	2.03	0.33	1.5			99	88	3	117	53		
3	8.67	1.99	0.29	2.0	38.4	1	100	90	4	112	51	543	
4	8.65	1.88	0.26	1.0			100	84	3	117	57		
5	8.68	1.73	0.25	1.5			97	86	4	120	56		
6	8.72	1.62	0.22	1.5			99	86	4	118	56		
7	8.77	1.63	0.22	1.5			99	86	4	121	57		
8	8.78	1.63	0.22	1.0			96	87	7	118	60		
9	8.82	1.57	0.24	1.0			98	86	6	118	58		
10	8.90	1.53	0.20	1.0	17.1	3	100	87	7	119	59	557	
11	9.00	1.65	0.26	1.0			99	89	8	119	57		
12	9.00	1.75	0.25	1.0			95	89	9	119	58		6.0
13	9.06	1.60	0.33	1.5			99	92	10	117	55		
14	9.10	1.50	0.28	1.0			100	95	11	120	57		
15	9.10	1.42	0.31	1.0			100	88	11	124	55		
16	9.12	1.37	0.29	1.0			97	91	11	126	61		
17	9.13	1.22	0.26	1.0	10.9	<1	98	93	12	129	60		
18	9.18	1.10	0.24	1.0			102	89	15	129	61	556	
19	9.15	1.30	0.19	1.0			102	90	14	131	64		
20	9.10	1.22	0.17	1.0			99	94	14	130	60		
21	9.04	1.20	0.19	1.0			98	89	16	126	57		
22	8.95	1.10	0.19	1.0			100	93	11	127	57		
23	8.85	1.20	0.23	1.5			99	93	8	129	58		
24	8.87	1.18	0.22	1.5	8.5	<1	99	95	7	127	62	565	
25	8.80	1.10	0.18	1.0			99	94	9	124	62		
26	8.80	1.08	0.17	1.0			99	92	7	121	62		
27	8.80	1.08	0.20	1.0			101	91	7	124	62		
28	8.72	1.07	0.24	1.0			100	92	7	121	62		
29	8.63	1.03	0.25	1.0			100	93	5	125	63		
30	8.60	0.95	0.21	1.0			99	94	4	121	62		
31	8.54	0.89	0.23	1.0	18.9	<1	99	93	4	123	63	570	
<b>Avg</b>	<b>8.87</b>	<b>1.41</b>	<b>0.24</b>	<b>1.2</b>	<b>19</b>	<b>2</b>	<b>99</b>	<b>90</b>	<b>8</b>	<b>122</b>	<b>59</b>	<b>558</b>	<b>6.0</b>

**MONTHLY SUMMARY OF MINERAL AND PHYSICAL ANALYSIS  
TREATED WATER (TW) & CLEARWELL (CW)**

System Name: Central Coast Water Authority

System Number: 4210030

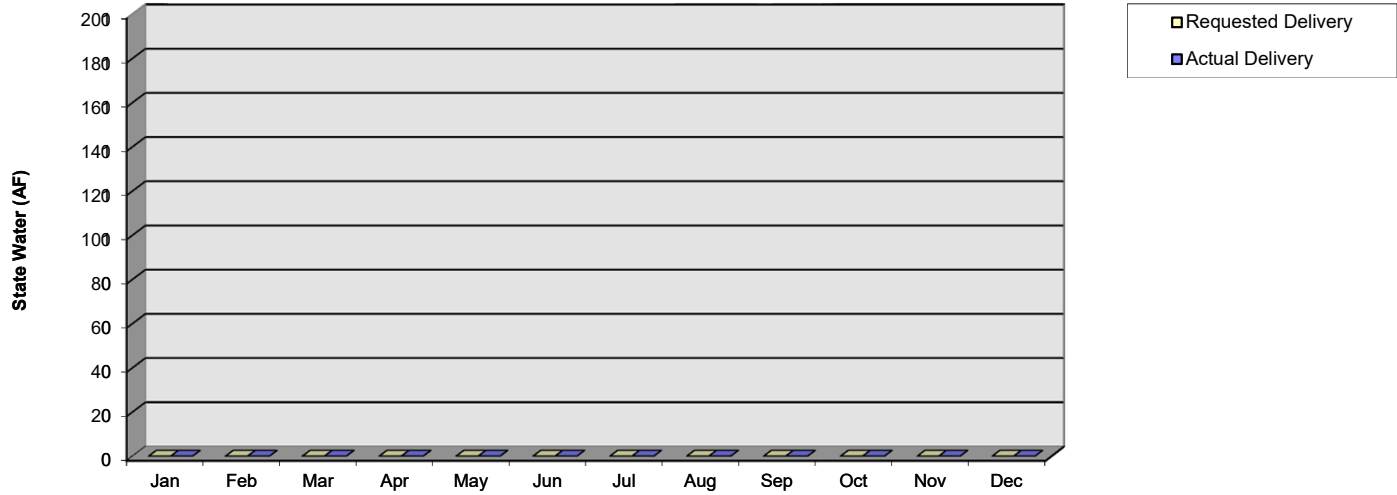
Treatment Plant Name: Polonio Pass Water Treatment Plant

January 2022

Date:	TW pH (SU)	TW Turbidity (NTU)	Filter Rate (gpm/ft <sup>2</sup> )	CW Odor (TON)	TW Total Coliform	CW Cl- (mg/L)	CW Total Alk (mg/L)	CW Hardness (mg/L)		TW Chlorine (mg/L)		CCB3 Chlorine Free (mg/L)	TW NH3-N (mg/L)		(CCB3 Cl2 Free) / (TW NH3-N Total)	CW E.C. (uS/cm)	TW TOC (mg/L)
								Total	Ca	Total	Free		Total	Free			
1	8.50	0.07	3.88	0.0	ABSENT	103	77	111	51	3.55	0.00	3.60	0.64	0.00	5.6		
2	8.38	0.07	3.88	0.0	ABSENT	104	80	112	55	3.55	0.00	3.44	0.68	0.01	5.1		
3	8.47	0.07	3.88	0.0	ABSENT	106	83	111	52	3.64	0.00	3.63	0.72	0.00	5.0	585	
4	8.38	0.07	3.88	0.0	ABSENT	102	80	114	57	3.69	0.00	3.62	0.70	0.00	5.2		
5	8.30	0.08	4.29	0.0	ABSENT	103	78	120	58	3.82	0.00	3.82	0.70	0.00	5.5		
6	8.25	0.07	3.48	0.0	ABSENT	102	78	116	56	3.58	0.00	3.52	0.68	0.00	5.2		
7	8.38	0.07	3.40	0.0	ABSENT	102	78	117	58	3.63	0.00	3.58	0.69	0.00	5.2		
8	8.37	0.07	3.72	0.0	ABSENT	101	78	116	56	3.67	0.00	3.59	0.70	0.00	5.1		
9	8.28	0.07	3.88	0.0	ABSENT	101	78	117	58	3.67	0.00	3.66	0.70	0.00	5.2		
10	8.40	0.08	3.88	0.0	ABSENT	102	79	120	57	3.58	0.00	3.53	0.68	0.00	5.2	591	
11	8.45	0.07	3.88	0.0	ABSENT	100	82	118	58	3.63	0.00	3.48	0.70	0.02	5.0		
12	8.48	0.08	3.88	0.0	ABSENT	100	80	120	55	3.62	0.00	3.43	0.71	0.00	4.8		3.7
13	8.50	0.09	3.88	0.0	ABSENT	100	81	117	56	3.73	0.00	3.47	0.72	0.00	4.8		
14	8.40	0.09	3.88	0.0	ABSENT	101	82	118	58	3.67	0.00	3.40	0.72	0.00	4.7		
15	8.48	0.09	3.88	0.0	ABSENT	101	82	124	55	3.62	0.00	3.45	0.71	0.00	4.9		
16	8.40	0.10	3.88	0.0	ABSENT	98	81	123	60	3.62	0.00	3.41	0.68	0.00	5.0		
17	8.32	0.09	3.88	0.0	ABSENT	97	82	125	59	3.67	0.00	3.47	0.71	0.00	4.9		
18	8.42	0.08	3.88	0.0	ABSENT	104	79	128	60	3.63	0.00	3.56	0.71	0.01	5.0	596	
19	8.30	0.09	3.88	0.0	ABSENT	104	77	129	63	3.40	0.00	3.20	0.64	0.00	5.0		
20	8.43	0.09	3.88	0.0	ABSENT	102	81	127	61	3.61	0.00	3.56	0.67	0.00	5.3		
21	8.32	0.08	3.88	0.0	ABSENT	102	79	128	59	3.71	0.00	3.63	0.69	0.00	5.3		
22	8.33	0.08	3.88	0.0	ABSENT	102	78	126	58	3.63	0.00	3.56	0.66	0.00	5.4		
23	8.30	0.08	3.88	0.0	ABSENT	102	82	124	58	3.65	0.00	3.63	0.70	0.00	5.2		
24	8.38	0.08	3.88	0.0	ABSENT	102	82	125	61	3.66	0.00	3.57	0.67	0.00	5.3	621	
25	8.30	0.07	3.88	0.0	ABSENT	103	80	121	61	3.75	0.00	3.68	0.70	0.01	5.3		
26	8.28	0.06	3.88	0.0	ABSENT	103	80	123	62	3.75	0.00	3.72	0.70	0.00	5.3		
27	8.23	0.06	4.12	0.0	ABSENT	103	81	123	62	3.79	0.00	3.65	0.69	0.00	5.3		
28	8.37	0.07	4.37	0.0	ABSENT	103	82	123	61	3.80	0.00	3.73	0.72	0.00	5.2		
29	8.36	0.06	4.37	0.0	ABSENT	103	83	123	62	3.75	0.00	3.71	0.72	0.00	5.2		
30	8.27	0.07	4.37	0.0	ABSENT	102	84	124	63	3.73	0.00	3.69	0.69	0.00	5.3		
31	8.39	0.07	4.37	0.0	ABSENT	102	84	124	64	3.76	0.00	3.72	0.70	0.00	5.3	621	
<b>Avg</b>	<b>8.37</b>	<b>0.08</b>	<b>3.93</b>	<b>0.00</b>		<b>102</b>	<b>80</b>	<b>121</b>	<b>59</b>	<b>3.66</b>	<b>0.00</b>	<b>3.57</b>	<b>0.69</b>	<b>0.00</b>	<b>5.2</b>	<b>603</b>	<b>3.70</b>

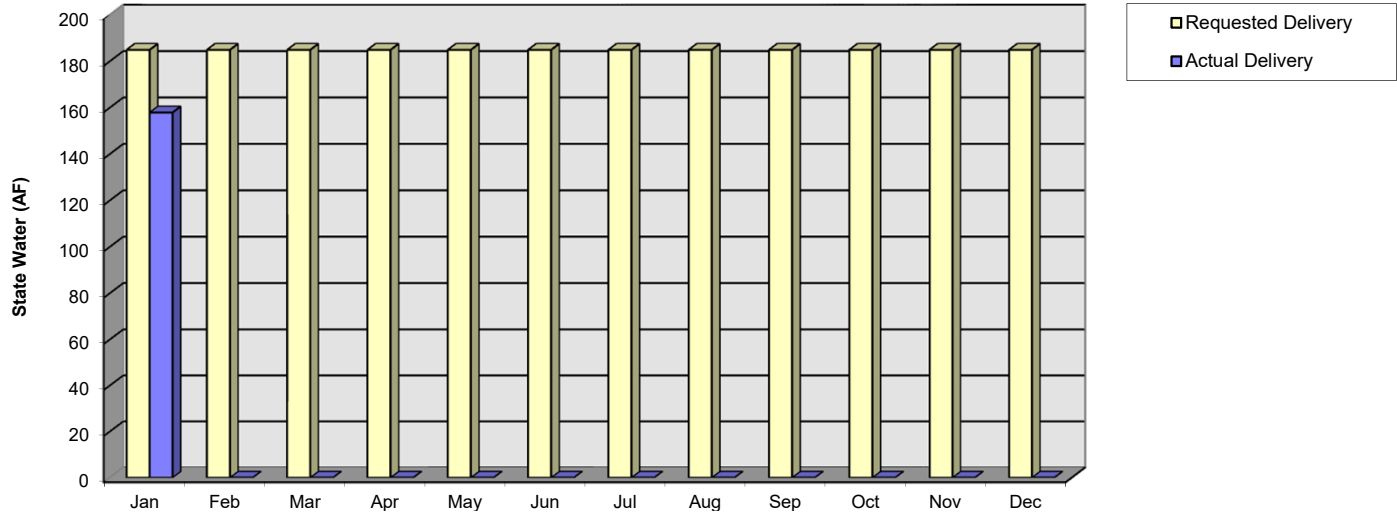
**Shandon T.O. - SWP Deliveries in Year 2021**

Month	Requested Delivery	Actual Delivery	Allocation Available
Jan	0	0	
Feb	0	0	
Mar	0	0	
Apr	0	0	
May	0	0	
Jun	0	0	
Jul	0	0	
Aug	0	0	
Sep	0	0	
Oct	0	0	
Nov	0	0	
Dec	0	0	
<b>Total</b>	<b>0</b>	<b>0</b>	



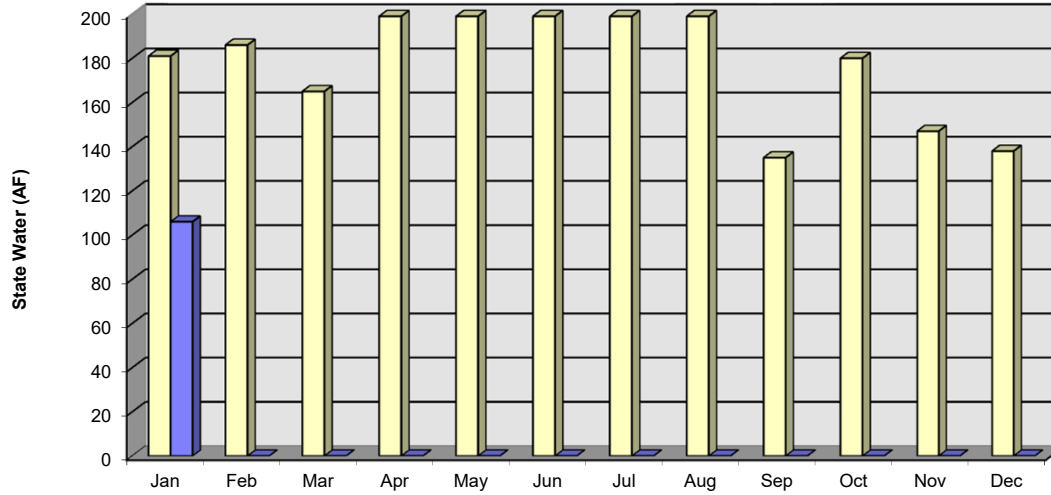
**Chorro Valley T.O. - SWP Deliveries in Year 2021**

Month	Requested Delivery	Actual Delivery	Allocation Available
Jan	185	158	
Feb	185	0	
Mar	185	0	
Apr	185	0	
May	185	0	
Jun	185	0	
Jul	185	0	
Aug	185	0	
Sep	185	0	
Oct	185	0	
Nov	185	0	
Dec	185	0	
<b>Total</b>	<b>2220</b>	<b>158</b>	



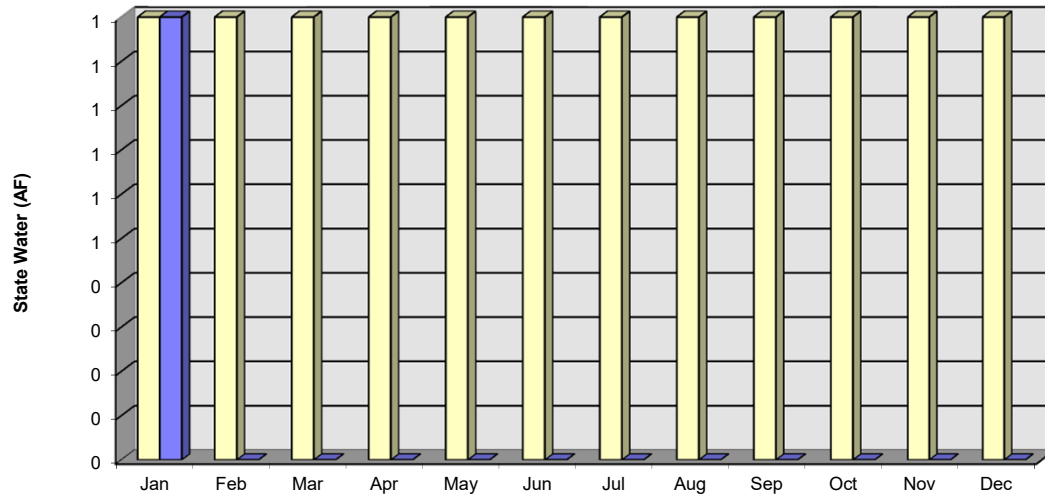
### Lopez T.O. - SWP Deliveries in Year 2021

Month	Requested Delivery	Actual Delivery	Allocation Available
Jan	181	106	
Feb	186		
Mar	165		
Apr	199		
May	199		
Jun	199		
Jul	199		
Aug	199		
Sep	135		
Oct	180		
Nov	147		
Dec	138		
<b>Total</b>	<b>2127</b>	<b>106</b>	



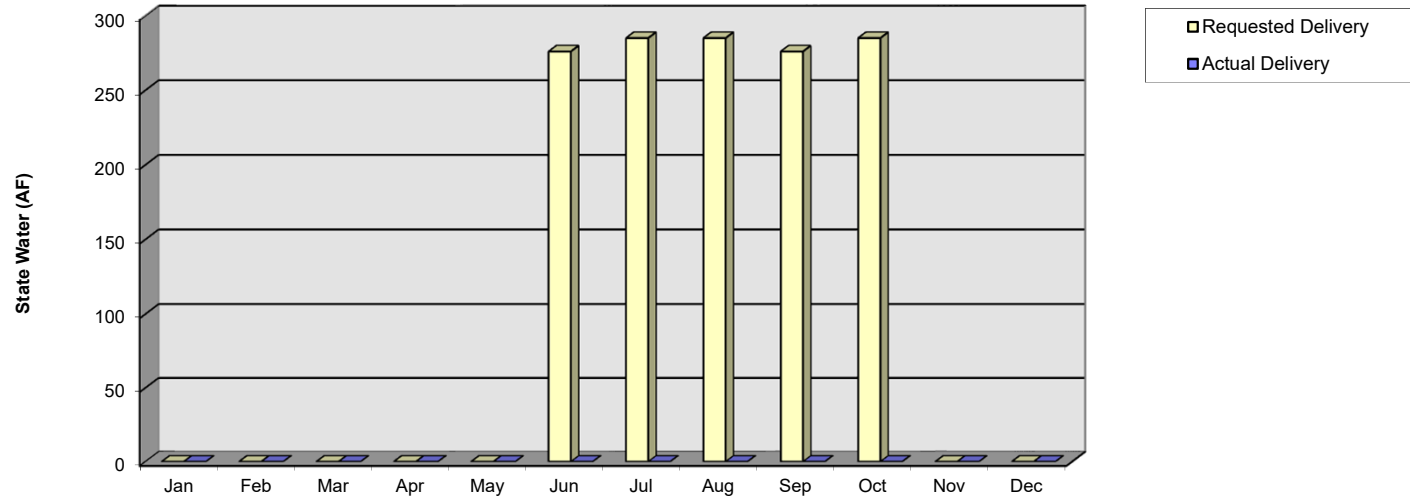
### Guadalupe - SWP Deliveries in Year 2021

Month	Requested Delivery	Actual Delivery	Allocation Available
Jan	1	1	
Feb	1		
Mar	1		
Apr	1		
May	1		
Jun	1		
Jul	1		
Aug	1		
Sep	1		
Oct	1		
Nov	1		
Dec	1		
<b>Total</b>	<b>12</b>	<b>1</b>	



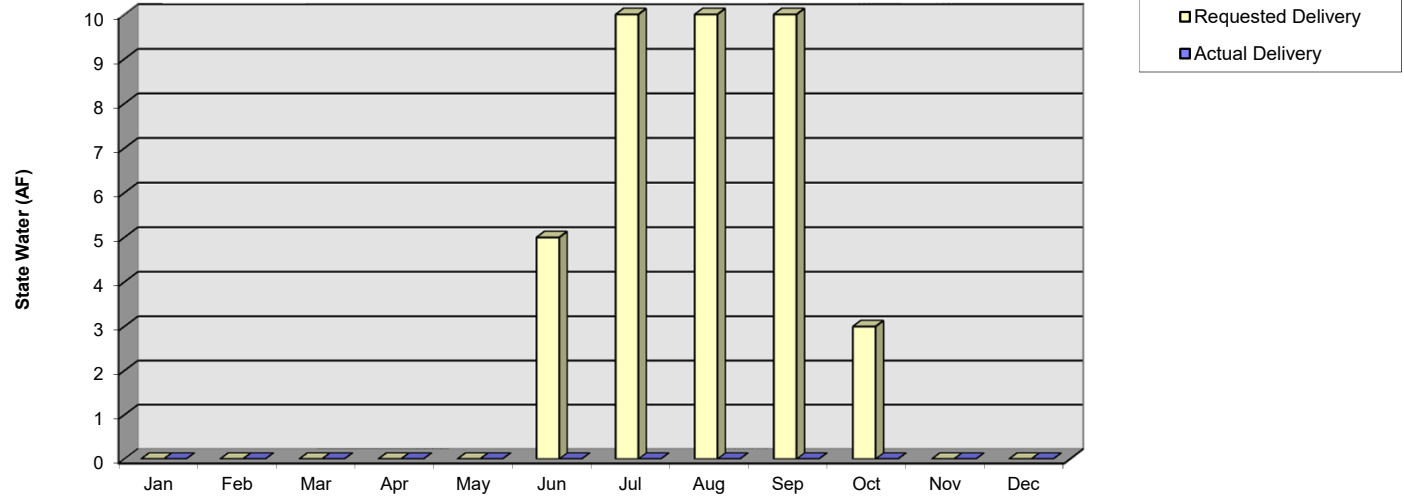
### Santa Maria - SWP Deliveries in Year 2021

Month	Requested Delivery	Actual Delivery	Allocation Available
Jan	0	0	
Feb	0		
Mar	0		
Apr	0		
May	0		
Jun	276		
Jul	285		
Aug	285		
Sep	276		
Oct	285		
Nov	0		
Dec	0		
<b>Total</b>	<b>1407</b>	<b>0</b>	



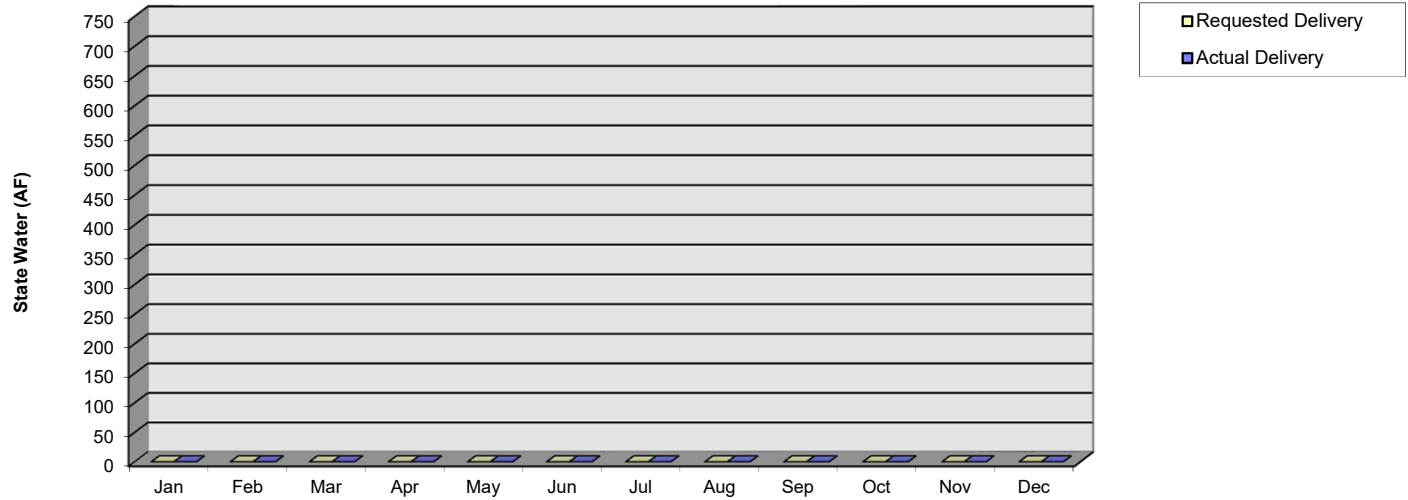
### Golden State - SWP Deliveries in Year 2021

Month	Requested Delivery	Actual Delivery	Allocation Available
Jan	0	0	
Feb	0		
Mar	0		
Apr	0		
May	0		
Jun	5		
Jul	10		
Aug	10		
Sep	10		
Oct	3		
Nov	0		
Dec	0		
<b>Total</b>	<b>38</b>	<b>0</b>	



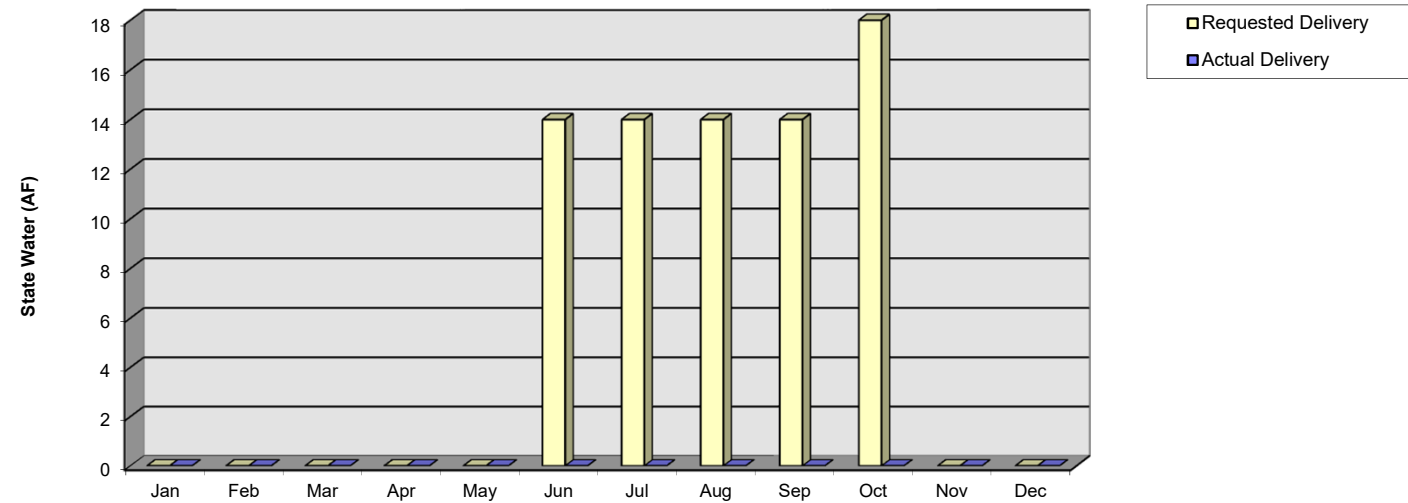
### VAFB - SWP Deliveries in Year 2021

Month	Requested Delivery	Actual Delivery	Allocation Available
Jan	0	0	
Feb	0	0	
Mar	0	0	
Apr	0	0	
May	0	0	
Jun	0	0	
Jul	0	0	
Aug	0	0	
Sep	0	0	
Oct	0	0	
Nov	0	0	
Dec	0	0	
<b>Total</b>	<b>0</b>	<b>0</b>	



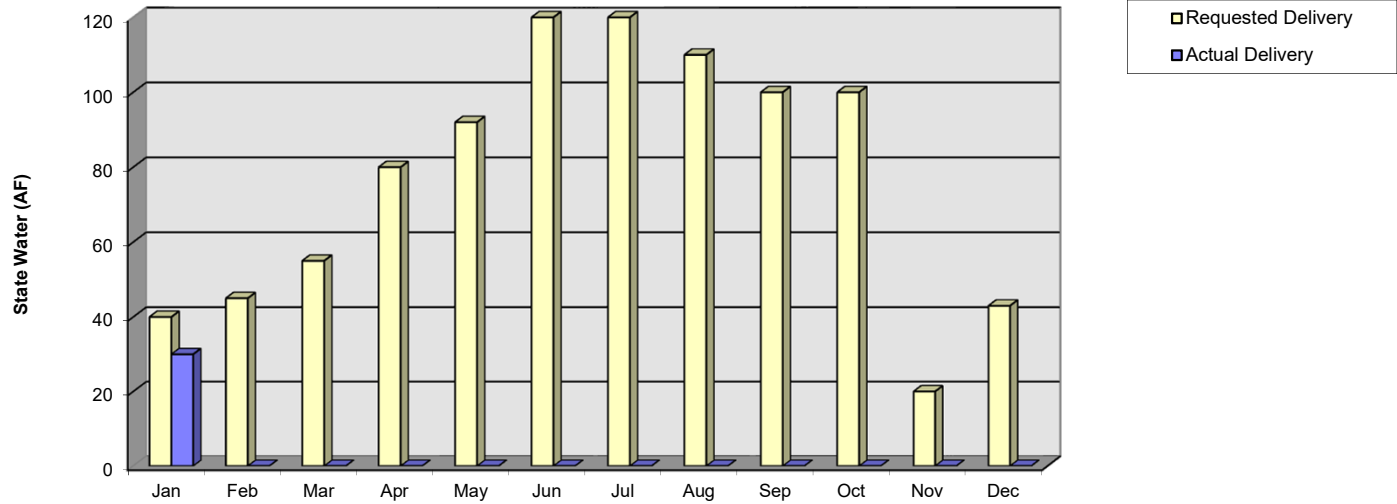
### Buellton - SWP Deliveries in Year 2021

Month	Requested Delivery	Actual Delivery	Allocation Available
Jan	0	0	
Feb	0	0	
Mar	0	0	
Apr	0	0	
May	0	0	
Jun	14	0	
Jul	14	0	
Aug	14	0	
Sep	14	0	
Oct	18	0	
Nov	0	0	
Dec	0	0	
<b>Total</b>	<b>74</b>	<b>0</b>	



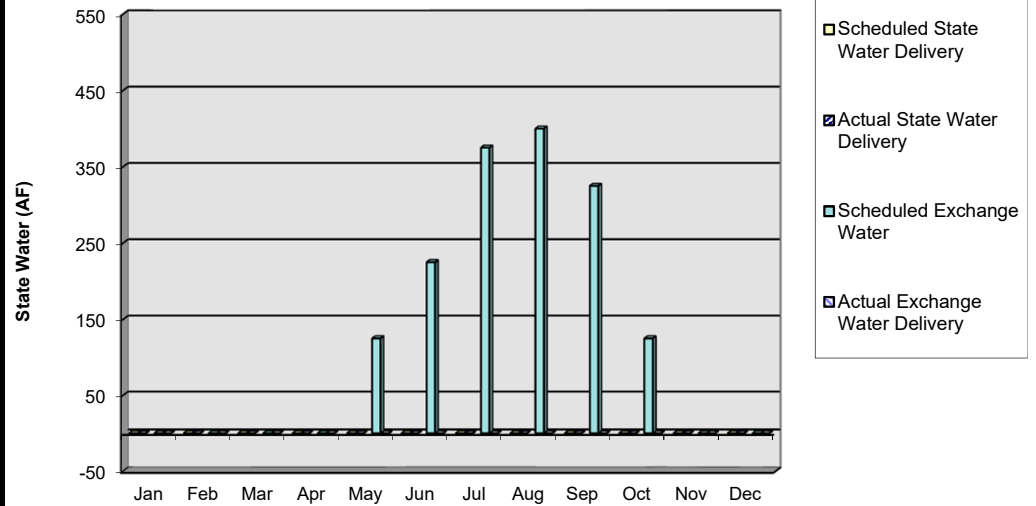
### Santa Ynez - Solvang Only - SWP Deliveries in Year 2021

Month	Requested Delivery	Actual Delivery	Allocation Available
Jan	40	30	
Feb	45		
Mar	55		
Apr	80		
May	92		
Jun	120		
Jul	120		
Aug	110		
Sep	100		
Oct	100		
Nov	20		
Dec	43		
<b>Total</b>	<b>925</b>	<b>30</b>	



### Santa Ynez (Without Solvang) - SWP Deliveries in Year 2021

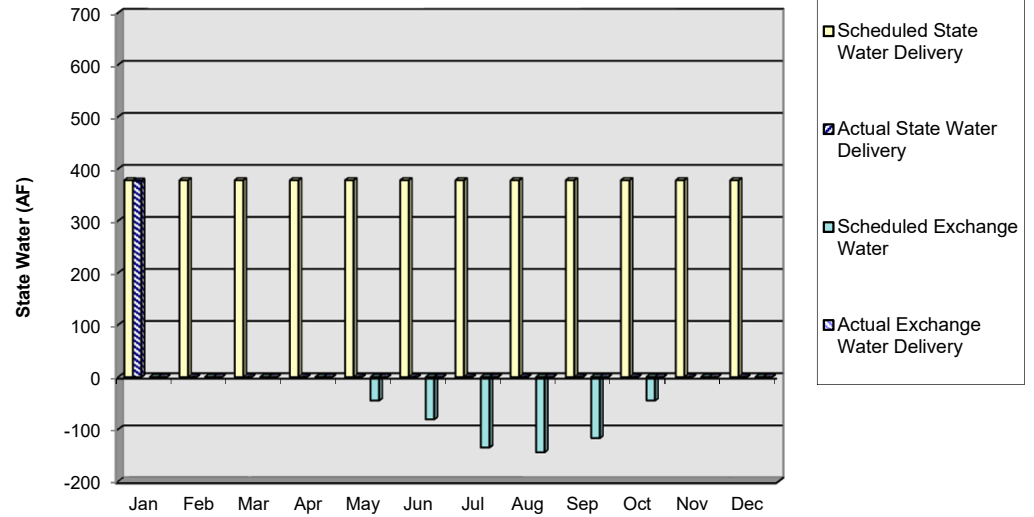
Month	Scheduled State Water Delivery	Scheduled Exchange Water	Total Sch'd State & Exch. Water Delivery	Actual State Water Delivery	Actual Exchange Water Delivery	Total Actual State & Exch. Water Delivery	Allocation Available
Jan	0	0	0	0	0	0	
Feb	0	0	0	0	0	0	
Mar	0	0	0	0	0	0	
Apr	0	0	0	0	0	0	
May	0	125	125	0	0	0	
Jun	0	225	225	0	0	0	
Jul	0	375	375	0	0	0	
Aug	0	400	400	0	0	0	
Sep	0	325	325	0	0	0	
Oct	0	125	125	0	0	0	
Nov	0	0	0	0	0	0	
Dec	0	0	0	0	0	0	
<b>Total</b>	<b>0</b>	<b>1575</b>	<b>1575</b>	<b>0</b>	<b>0</b>	<b>0</b>	





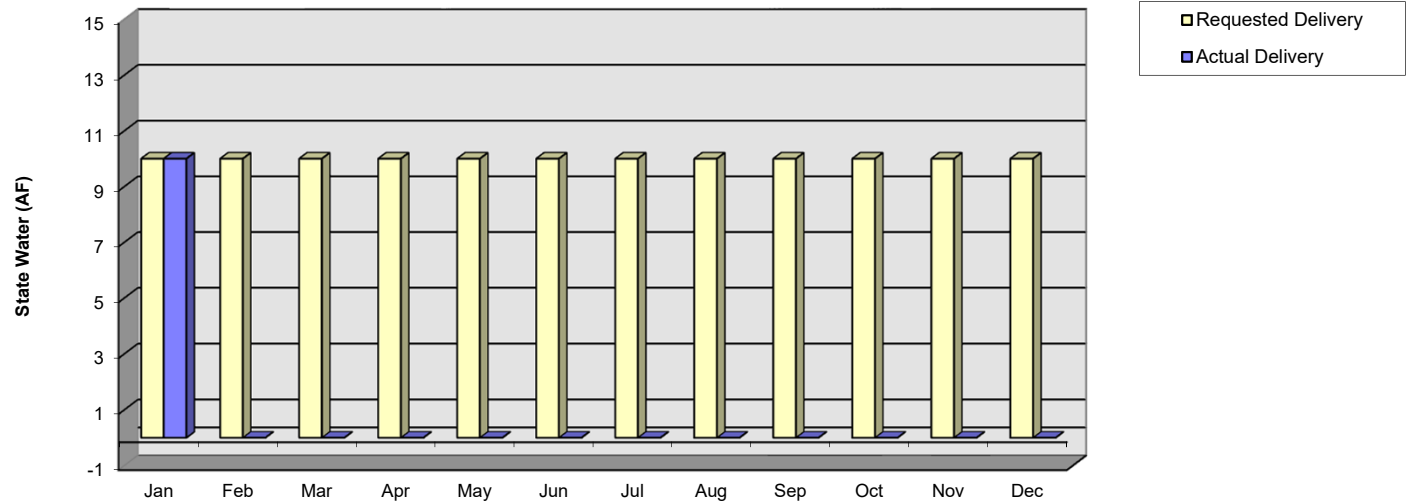
### Goleta - SWP Deliveries in Year 2021

Month	Scheduled State Water Delivery	Scheduled Exchange Water	Total Schl'd State & Exch. Water Delivery	Actual State Water Delivery	Actual Exchange Water Delivery	Total Actual State & Exch. Water Delivery	Allocation Available
Jan	378	0	378	377	0	377	
Feb	378	0	378				
Mar	378	0	378				
Apr	378	0	378				
May	378	-45	333				
Jun	378	-81	297				
Jul	378	-135	243				
Aug	378	-144	234				
Sep	378	-117	261				
Oct	378	-45	333				
Nov	378	0	378				
Dec	378	0	378				
<b>Total</b>	<b>4536</b>	<b>-567</b>	<b>3969</b>	<b>377</b>	<b>0</b>	<b>377</b>	



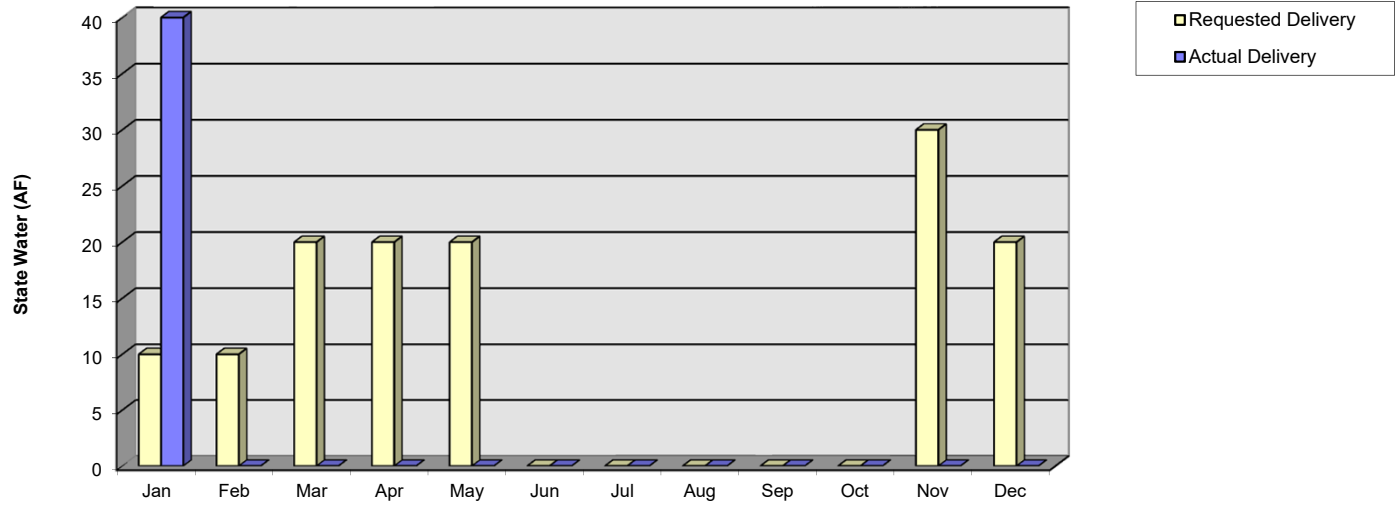
### Morehart Land - SWP Deliveries in Year 2021

Month	Requested Delivery	Actual Delivery	Allocation Available
Jan	10	10	
Feb	10		
Mar	10		
Apr	10		
May	10		
Jun	10		
Jul	10		
Aug	10		
Sep	10		
Oct	10		
Nov	10		
Dec	10		
<b>Total</b>	<b>120</b>	<b>10</b>	



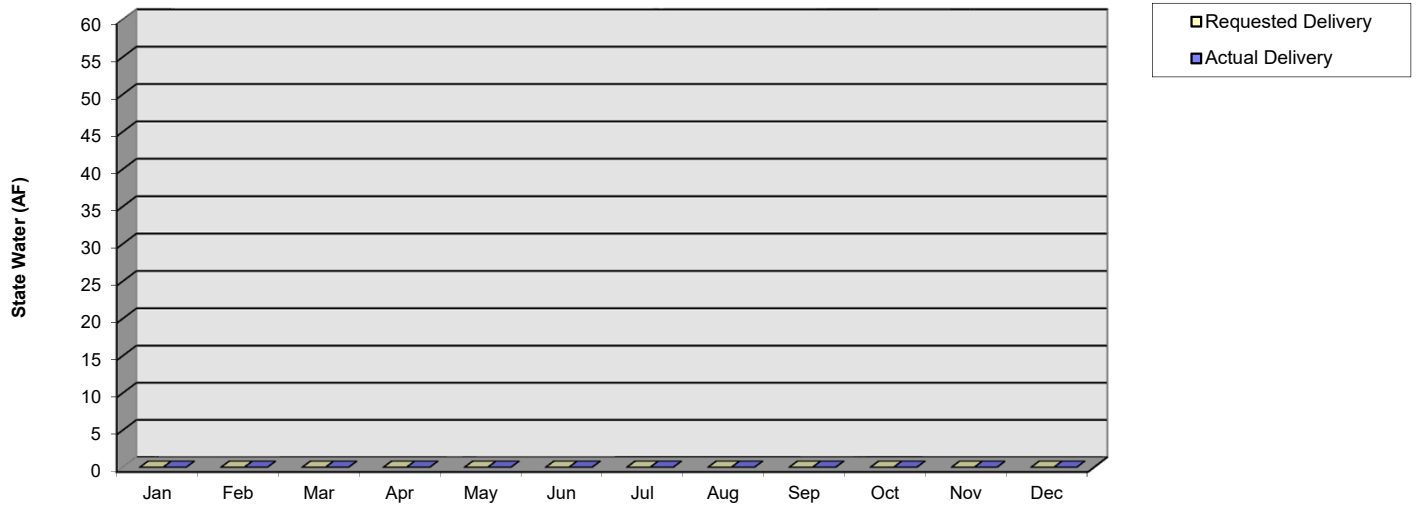
### La Cumbre - SWP Deliveries in Year 2021

Month	Requested Delivery	Actual Delivery	Allocation Available
Jan	10	40	
Feb	10		
Mar	20		
Apr	20		
May	20		
Jun	0		
Jul	0		
Aug	0		
Sep	0		
Oct	0		
Nov	30		
Dec	20		
<b>Total</b>	<b>130</b>	<b>40</b>	



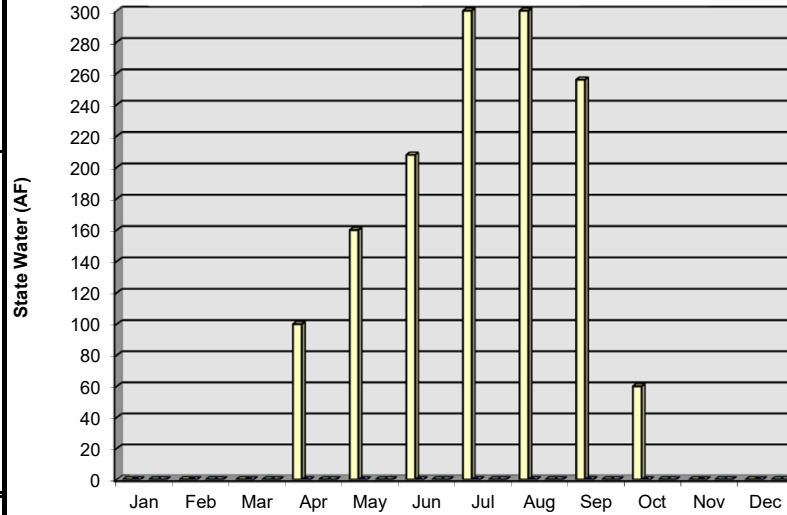
### Raytheon (SBRC) - SWP Deliveries in Year 2021

Month	Requested Delivery	Actual Delivery	Allocation Available
Jan	0	0	
Feb	0		
Mar	0		
Apr	0		
May	0		
Jun	0		
Jul	0		
Aug	0		
Sep	0		
Oct	0		
Nov	0		
Dec	0		
<b>Total</b>	<b>0</b>	<b>0</b>	



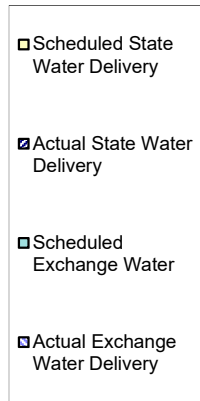
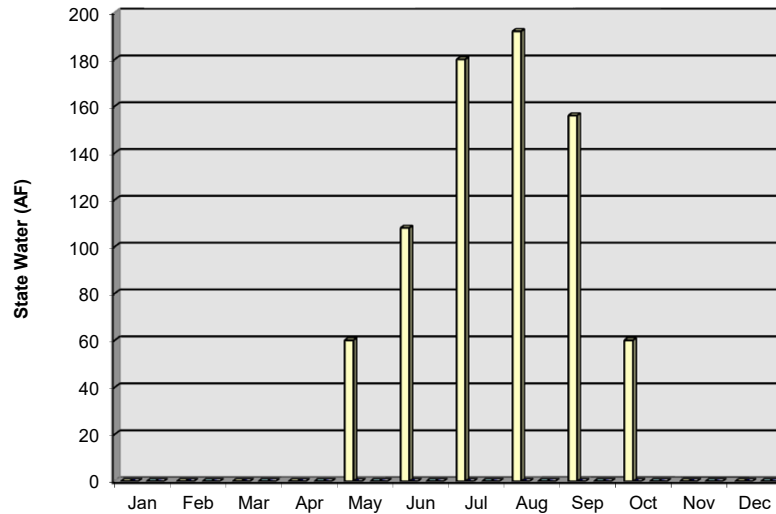
### Santa Barbara - SWP Deliveries in Year 2021

Month	Scheduled State Water Delivery	Scheduled Exchange Water	Total Sch'l'd State & Exch. Water Delivery	Actual State Water Delivery	Actual Exchange Water Delivery	Total Actual State & Exch. Water Delivery	Allocation Available
Jan	0	0	0	0	0	0	
Feb	0	0	0	0	0	0	
Mar	0	0	0	0	0	0	
Apr	100	0	100	0	0	0	
May	160	-30	130	0	0	0	
Jun	208	-54	154	0	0	0	
Jul	360	-90	270	0	0	0	
Aug	372	-96	276	0	0	0	
Sep	256	-78	178	0	0	0	
Oct	60	-30	30	0	0	0	
Nov	0	0	0	0	0	0	
Dec	0	0	0	0	0	0	
<b>Total</b>	<b>1516</b>	<b>-378</b>	<b>1138</b>	<b>0</b>	<b>0</b>	<b>0</b>	



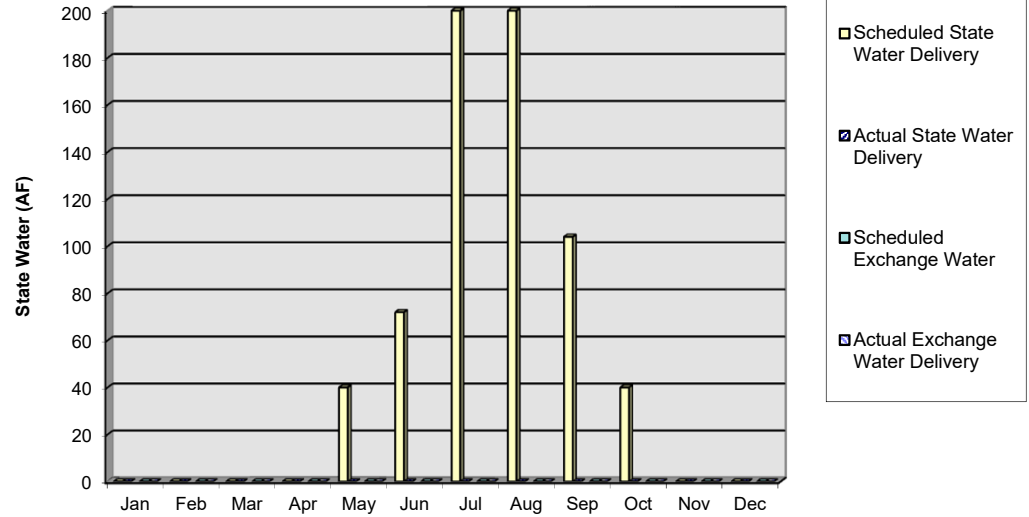
### Montecito - SWP Deliveries in Year 2021

Month	Scheduled State Water Delivery	Scheduled Exchange Water	Total Sch'l'd State & Exch. Water Delivery	Actual State Water Delivery	Actual Exchange Water Delivery	Total Actual State & Exch. Water Delivery	Allocation Available
Jan	0	0	0	0	0	0	
Feb	0	0	0	0	0	0	
Mar	0	0	0	0	0	0	
Apr	0	0	0	0	0	0	
May	60	-30	30	0	0	0	
Jun	108	-54	54	0	0	0	
Jul	180	-90	90	0	0	0	
Aug	192	-96	96	0	0	0	
Sep	156	-78	78	0	0	0	
Oct	60	-30	30	0	0	0	
Nov	0	0	0	0	0	0	
Dec	0	0	0	0	0	0	
<b>Total</b>	<b>756</b>	<b>-378</b>	<b>378</b>	<b>0</b>	<b>0</b>	<b>0</b>	



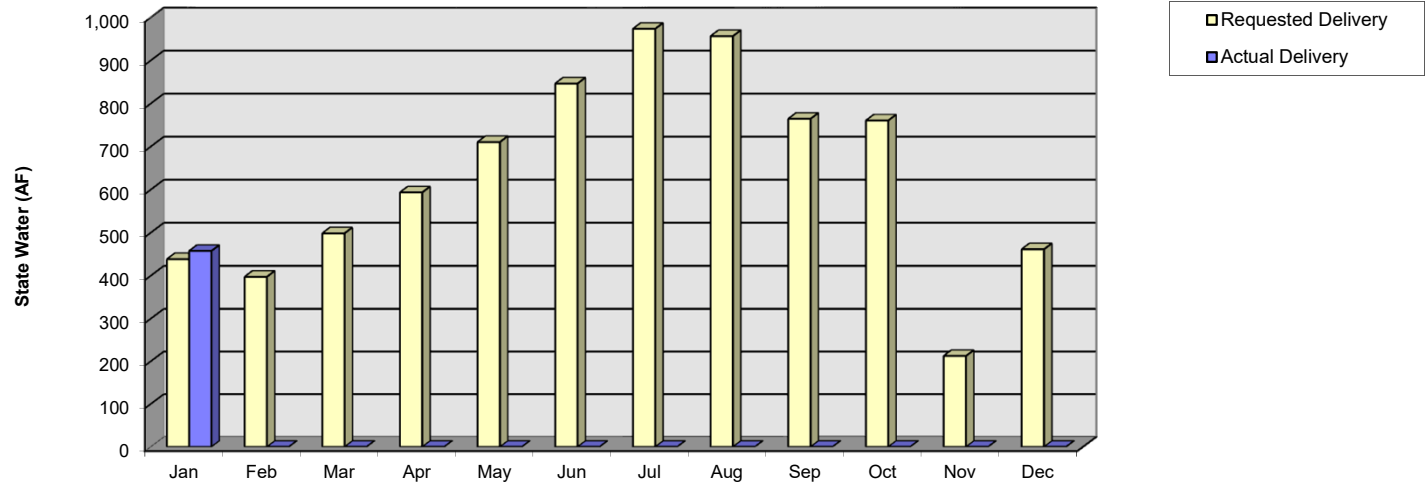
### Carpinteria - SWP Deliveries in Year 2021

Month	Scheduled State Water Delivery	Scheduled Exchange Water	Total Schl'd State & Exch. Water Delivery	Actual State Water Delivery	Actual Exchange Water Delivery	Total Actual State & Exch. Water Delivery	Allocation Available
Jan	0	0	0	0	0	0	
Feb	0	0	0	0	0	0	
Mar	0	0	0	0	0	0	
Apr	0	0	0	0	0	0	
May	40	-20	20	0	0	0	
Jun	72	-36	36	0	0	0	
Jul	200	-60	140	0	0	0	
Aug	200	-64	136	0	0	0	
Sep	104	-52	52	0	0	0	
Oct	40	-20	20	0	0	0	
Nov	0	0	0	0	0	0	
Dec	0	0	0	0	0	0	
<b>Total</b>	<b>656</b>	<b>-252</b>	<b>404</b>	<b>0</b>	<b>0</b>	<b>0</b>	



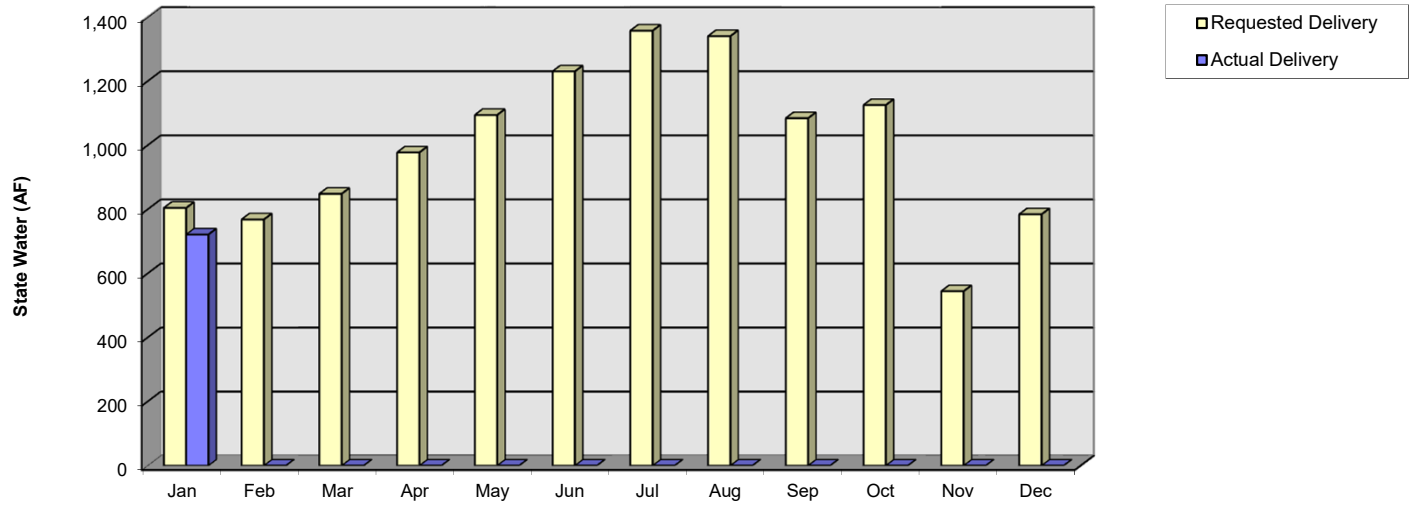
### Total SB County - SWP Deliveries in Year 2021

Month	Requested Delivery	Actual Delivery
Jan	439	458
Feb	398	0
Mar	499	0
Apr	594	0
May	711	0
Jun	847	0
Jul	974	0
Aug	957	0
Sep	765	0
Oct	761	0
Nov	213	0
Dec	462	0
<b>Total</b>	<b>7,620</b>	<b>458</b>



### Total SB and SLO County - SWP Deliveries in Year 2021

Month	Requested Delivery	Actual Delivery
Jan	805	722
Feb	769	
Mar	849	
Apr	978	
May	1,095	
Jun	1,231	
Jul	1,358	
Aug	1,341	
Sep	1,085	
Oct	1,126	
Nov	545	
Dec	785	
<b>Total</b>	<b>11,967</b>	<b>722</b>





## CENTRAL COAST WATER AUTHORITY

### MEMORANDUM

February 9, 2022

**TO:** CCWA Board of Directors

**FROM:** Ray A Stokes  
Executive Director *RAS*

**SUBJECT:** Ernst & Young Audit Report and Findings on the DWR 2022 Statement of Charges

---

#### DISCUSSION

CCWA and the San Luis Obispo County Flood Control and Water Conservation District (SLOCFCWCD) engaged the accounting firm of Ernst & Young to audit the calendar year 2022 Statement of Charges for both entities. SLOCFCWCD agreed to participate in this audit for 2022 because both entities share the same Coastal Branch facilities and so the benefits of the audit also apply to SLOCFCWCD.

The audit report is attached to this memo. The three areas of focus of the audit were;

- Transportation Minimum
- Rate Management Credit Allocation
- Coastal Branch Extension Debt Service

Some of the main findings with the largest dollar amounts found in this years' audit are as follows (please refer to the Executive Summary at the beginning of the document for more information):

1. Misallocation of Transportation Minimum Costs to CCWA totaling about \$64,505 which should have been allocated to other DWR financial reaches (page 2).
2. CCWA's share of total rate management credits decreased by \$228,828 (page 16) due to a decrease in CCWA's total DWR capital costs as compared to other SWP Contractors. This results in a reduction in the credits and thus an increase in the annual charges from DWR.
3. DWR has not corrected the Coastal Branch Extension debt service allocated to CCWA as a result of refinancing Coastal Branch Extension debt service, by failing to update the amounts charged to CCWA with the updated actual debt service paid by DWR. \$1,743,236 has been overcharged, to CCWA from 1998 to 2021, plus interest impact of \$1,064,155 for a total of \$2,807,391, an increase of \$748,261.

#### RECOMMENDATION

That the CCWA Board of Directors accept the Ernst & Young Audit Report and Findings on the DWR 2022 Statement of Charges.

RAS  
Attachment

**SUMMARY OF 2021 PROCEDURES, FINDINGS,  
AND RECOMMENDATIONS**

**Central Coast Water Authority  
San Luis Obispo County Flood Control and Water Conservation District**

Ernst & Young LLP





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Sacramento, CA 95814

Tel: +1 916 218 1900  
ey.com

To the Representatives of Central Coast Water Authority and  
San Luis Obispo County Flood Control and Water Conservation District

We have completed our engagement to perform procedures at the California Department of Water Resources (DWR or the "Department") on behalf of Central Coast Water Authority (CCWA) and San Luis Obispo County Flood Control (FC) and Water Conservation District (WCD) (collectively, "SLO"). Our engagement was performed in accordance with Exhibit C-1 dated August 27, 2021, to the Statement of Work dated July 16, 2021, and our procedures were limited to those described in that Exhibit C-1.

Our findings and recommendations resulting from our procedures are provided in the memoranda, summaries, and schedules included in the Detailed Discussion of Procedures (Report). The procedures were performed based on information obtained principally by inquiries of officials and other personnel of the DWR and inspection of certain accounting related records and reports of the DWR. The specific sources of the various components of the information are indicated in the accompanying memoranda, summaries, and schedules. The information included in the Report, including the memoranda, summaries, and schedules, are solely those we received in response to our inquiries or obtained from documents furnished to us. Our work has been limited in scope and time, and we stress that more detailed procedures may reveal findings and recommendations that this engagement has not.

Except for ascertaining that certain information in tabulations and reports, received from the DWR, agreed with the accounting records (as specifically identified in the accompanying memoranda, summaries, and schedules), we were not requested to and did not perform procedures to evaluate the reliability or completeness of the information obtained. The procedures do not constitute an audit, a review or other form of assurance in accordance with any generally accepted auditing, review or other assurance standards, and accordingly we do not express any form of assurance. While the information obtained is substantially responsive to your request, we are not in a position to assess its sufficiency for your purposes.

**Restrictions on the use of our work product**

This Report is intended solely for the information and use of CCWA and SLO and is not intended to be and should not be used by anyone other than these specified parties. Except where compelled by legal process (of which CCWA and SLO shall promptly inform EY and tender to EY, if EY so elects, the defense), CCWA and SLO may not disclose, orally or in writing, the Report or any portion, abstract or summary thereof, or make any reference to EY in connection therewith, to any third party without obtaining the prior written consent of EY. To the extent CCWA and SLO are permitted to disclose the written Report as set forth herein, it shall disclose the Report only in the original, complete, and unaltered form provided by EY, with all restrictive legends and other agreements intact.

CCWA and SLO shall, among other responsibilities with respect to the Report, (i) make all management decisions and perform all management functions, including applying independent business judgment to the Report, making implementation decisions and determining further courses of action in connection with the Report; (ii) assign a competent employee within senior management to make all management decisions with respect to the Report; and (iii) accept responsibility for the implementation of the results or recommendations contained in the Report.

Very truly yours,

January 31, 2022



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## Executive Summary of Procedures

The transportation minimum component for CCWA and SLO (collectively, the “Central Coast Contractors”) has seen volatility. The following tables show the change in the transportation minimum component for the 2020 calendar year for the 2022, 2021, and 2020 Statement of Charges (SOC):

Contractor	Calendar Year	2022 SOC	2021 SOC	Difference	% Change
CCWA	2020	\$ 10,783,605	\$ 11,656,084	\$ (872,479)	(7.5)%
SLO	2020	\$ 2,177,558	\$ 2,263,719	\$ (86,161)	(3.8)%

Contractor	Calendar Year	2021 SOC	2020 SOC	Difference	% Change
CCWA	2020	\$ 11,656,084	\$ 11,822,244	\$ (166,160)	(1.4)%
SLO	2020	\$ 2,263,719	\$ 2,191,717	\$ 72,002	3.3%

This volatility is primarily caused by updates to the Central Coast Contractors’ allocation percentages through alpha allocation cycles. We performed procedures on the transportation minimum component by analyzing the costs charged to reach 33A, which had an allocation of 90% and 10% for CCWA and SLO, respectively. These procedures included testing direct costs charged to reach 33A related to invoices, labor costs, and indirect costs charged to reach 33A through the alpha allocation cycles. We performed an analysis of costs charged to reach 33A, comparing the calendar year 2019 costs to the calendar year 2020 costs for specific cost centers and projects. Direct labor costs were a main driver of the overall change in these costs. The following table summarizes changes in direct to reach 33A charges.

Reach	Cost Center	Project	Calendar Year 2020 Costs	Calendar Year 2019 Costs	Increase/ (Decrease) in Costs
33A	2280871503	System Study	\$ 64,361	\$ 183,297	\$ (118,936)
33A	2280871504	Air Chamber Recoat	\$ 510,797	\$ -	\$ 510,797
33A	2300871500	Miscellaneous	\$ 121,490	\$ 246,432	\$ (124,942)
33A	2300871500	Repairs and Maintenance	\$ 23,934	\$ 294,313	\$ (270,379)
33A	2300871502	Environment	\$ 184,737	\$ 104,904	\$ 79,833
33A	2300871502	Repairs and Maintenance	\$ 989,232	\$ 835,775	\$ 153,457
33A	2300871503	Environment	\$ 352,937	\$ 120,098	\$ 232,839
33A	2300871503	Inspection and Testing	\$ 238,730	\$ 138,390	\$ 100,340
33A	2300871504	Environment	\$ 146,206	\$ 10,879	\$ 135,327
33A	2300871504	Inspection and Testing	\$ 381,725	\$ 185,828	\$ 195,897

The decrease in direct labor costs charged to reach 33A also impacts the indirect cost allocations for the transportation minimum component, as these allocations are calculated based on direct labor hours. The following table summarizes these changes.

Alpha Allocation Cycle	Calendar Year 2020 Allocation	Calendar Year 2019 Allocation	Change
FDL907	54.00%	54.20%	(0.20%)
FFN907	10.10%	10.20%	(0.10%)
FAD908	2.90%	2.70%	0.20%
FAD909	2.90%	2.70%	0.20%
SAA913	1.60%	1.50%	0.10%
SAA923	1.60%	1.50%	0.10%

The current year procedures are performed on the 2022 SOC with a fiscal year end of June 30, 2021, which includes December 31, 2020 actual costs with projections thereafter. The procedures reference various procedures that are defined as follows:

- 2020 - Calendar year actual costs
- 2021 - Fiscal year ended June 30, 2021
- 2022 SOC - Includes actual costs through December 31, 2020 with projections thereafter

We selected a sample of direct labor hours charged to selected Internal Orders (IOs) and made inquiries to the Department to identify the nature of the work performed and the location the work pertained to. We then determined if the direct labor costs were billed to the reach based on the responses obtained from the selected employees.

Our procedures related to analyzing invoices charged to specific IOs has led to specific findings referenced in the Detailed Discussion of Procedures section of this report. Such invoice related findings pertain to costs charged to specific indirect cost allocations that look to be more appropriately allocated to direct cost allocations based on the work being performed. These findings include the following: (1) Commercial Door Company Inc. invoices related to 4 claims in the amount of \$40,989; (2) Barc Industries and Development invoices related to 66 claims in the amount of \$805,300; and (3) Industrial Waste Utilization, Inc. invoices related to 45 claims in the amount of \$340,512. Total invoice findings that will be reallocated is \$1,186,801. The invoice findings result in an overstatement of \$64,505 to CCWA and an overstatement of \$9,927 to SLO.

We have performed procedures over the rate management credit allocation used in the 2022 SOC and assessed whether the transportation capital component used in the calculation agreed to supporting documentation. We observed that the transportation capital component for CCWA and SLO agreed to the applicable support. Additionally, we performed a fluctuation analysis by Contractor to explain the change in rate management credit allocations.

We have performed procedures over Coastal Branch Extension (CBX) debt service to determine whether CCWA properly received credits for reduced debt service payments as a result of bond series Q and W refinancing. We observed that the Department bills debt service in the SOC in advance of bond refinancing, and then does not subsequently adjust the billings to reflect the impact of the refinanced debt for CCWA. \$1,743,236 has been overcharged to CCWA from 1998 to 2022, plus interest impact of \$1,064,155, for a total of \$2,807,391.

The following tables show the estimated impact for CCWA and SLO for all findings in the current year report.

**Table 1 - Summary of Invoice Findings for CCWA and SLO**

Contractor	Overstatement of Charges
CCWA	\$ (64,505)
SLO	(9,927)
Total	\$ (74,432)

**Table 2 - Summary of CBX Debt Service Finding for CCWA**

Contractor	Overstatement of Debt Service	Interest Impact	Total Overstatement of Debt Service with Interest Impact
CCWA	\$ (1,743,236)	\$ (1,064,155)	\$ (2,807,391)

## **Detailed Discussion of Procedures**

### **Areas of Focus**

- Transportation Minimum
- Rate Management Credit Allocation
- CBX Direct Debt Service

### **Findings and Recommendations Summary Tables**

Throughout the report, summary tables are categorized as findings or recommendations. Findings specifically relate to observations with a dollar impact to CCWA and SLO. Recommendations are process improvements observed for the Department, specifically identified through current year procedures for which no dollar impact to CCWA or SLO was determined.

The findings and recommendations summary tables throughout the report identify the risk of future occurrence. This risk rating provides CCWA and SLO with a meaningful measurement of the likelihood of similar findings in subsequent years if the finding is not addressed or corrected. CCWA and SLO have requested that we use the following risk rating definitions:

- High – it is highly likely (or probable) that the error or process failure will be repeated.
- Medium – it is more likely than not that the error or process failure will be repeated.
- Low – it is possible that the error or process failure will be repeated.

## Internal Control Impact Framework

The internal control categories presented in the findings and recommendation summary tables detail the root cause of the finding or recommendation. We have summarized all findings and recommendations into internal control categories, which are presented in the Internal Control Impact Framework. This framework that has been developed by CCWA and SLO is as follows:

### 1. Control Activities:

- a. Internal Controls on Reconciliations, Approvals, Assets, Segregation of Duties – Findings in this category are the result of errant internal control measures or practices. This includes approvals, verifications, reconciliations, and segregation of duties.
- b. Internal Controls on Data Environment to Ensure Data Integrity – Findings in this category are the result of errant data control measures or practices. This includes practices that result in altered, damaged, or errant data included in calculations or reporting.

### 2. Control Environment:

- a. Policy: Determination of Beneficiary – Findings in this category are the result of no policy or lack of compliance with policy regarding full reimbursement of cost and having a defined beneficiary prior to providing service.
- b. Policy: Determination of Cost Categorization – Findings in this category are the result of no policy or lack of compliance with policy regarding controls and approvals of cost classification/codification prior to posting into a system of record.
- c. Policy: Accounting Standards for Consistency – Findings in this category are the result of the DWR adopting an accounting principle, method or practice and not consistently following the principle, method or practice in future accounting periods.
- d. Policy: Accounting Standards for Timeliness – Findings in this category are the result of DWR not following the accounting principle of timeliness or the need for accounting information to be presented to the users in time to fulfill their decision-making needs.
- e. Procedures: No Procedures – Findings in this category are the result of DWR not having established standardized processes or procedures.
- f. Procedures: Errant Procedures – Findings in this category are the result of DWR having errant standardized processes or procedures creating a weakness in internal control processes.
- g. Procedures: Procedures not Being Followed – Findings in this category are the result of DWR staff not following standardized processes or procedures creating a weakness in internal control processes.

## Transportation Minimum

### *Procedures Performed*

We performed the following detailed procedures on the transportation minimum component for reach 33A:

- Transportation minimum direct allocation for reach 33A:
  - Obtained a listing of IOs associated with costs of specific projects and performed an analysis comparing 2019 to 2020.
  - Assessed a sample of IOs with the largest increase in costs and hours charged from specific projects resulting from the analysis completed in the preceding procedure.
  - Assessed a sample from the largest new groups and employees of like IOs in 2020.
- Transportation minimum indirect allocation for reach 33A:
  - Selected the largest alpha allocation cycles causing the increase in indirect costs for the Statewide, San Joaquin Field Division, and Coastal Branch (CB) allocations:
    - Statewide: M-FAD908, M-FAD909, M-SAA913, M-SAA923
    - San Joaquin Field Division: M-FFN907
    - CB: M-FDL907
  - Obtained a listing of IOs associated with the costs for the alpha allocation cycles and the specific projects and performed a fluctuation analysis from 2019 to 2020.
  - Assessed a sample of IOs with the largest increase in costs and hours charged from specific projects resulting from the fluctuation analysis from 2019 to 2020.
  - Assessed a sample from the largest new groups and employees of similar IOs in 2020.
- Downstream allocation for reach 33A:
  - Investigated the increase in downstream expenses.
  - Recalculated the allocation of downstream expenses to reach 33A.
- Investigated any variances identified.

## Findings and Recommendations

We performed a fluctuation analysis on transportation minimum direct allocation to reach 33A and the largest alpha allocation cycles causing significant changes (increases or decreases) in indirect costs for the Statewide, San Joaquin Field Division, and CB allocations from 2019 to 2020. The results of this analysis are as follows:

Cost Center	Project	Calendar Year 2020 Costs	Calendar Year 2019 Costs	Increase/ (Decrease)	Change Description
2280871503	System Study	\$ 64,361	\$ 183,297	\$ (118,936)	The change in costs from 2019 to 2020 primarily relates to a decrease in system study costs. The decrease in system study costs consisted of IT hardware being purchased to a greater extent in 2019 than 2020.
2280871504	Air Chamber Recoat	\$ 510,797	\$ -	\$ 510,797	The change in costs from 2019 to 2020 primarily relates to an increase in direct labor and other costs. The labor hours changed from 0 in 2019 to 2,406 in 2020. The change in labor and other costs was primarily related to equipment rentals and maintenance related to air chamber recoat work.
2300871500	Miscellaneous	\$ 121,490	\$ 246,432	\$ (124,942)	The change in costs from 2019 to 2020 primarily relates to a decrease in direct labor. The labor hours changed from 1,445 in 2019 to 700 in 2020. The change in labor was primarily related to non-specific work being performed at reach 33A in 2019 that was not performed in 2020 to the same extent.
2300871500	Repairs and Maintenance	\$ 23,934	\$ 294,313	\$ (270,379)	The change in costs from 2019 to 2020 primarily relates to a decrease in repairs and maintenance costs. The change in repairs and maintenance costs was primarily related to replacement seats and sealing asphalt cracks work being performed in 2019 that was not performed in 2020 to the same extent.
2300871502	Environment	\$ 184,737	\$ 104,904	\$ 79,833	The change in costs from 2019 to 2020 primarily relates to an increase in environment costs. The environment costs consisted of plant clean-up work that was not performed in 2019 to the same extent.
2300871502	Repairs and Maintenance	\$ 989,232	\$ 835,775	\$ 153,457	The change in costs from 2019 to 2020 primarily relates to an increase in direct labor costs. The labor hours changed from 6,121 in 2019 to 5,690 in 2020; the decrease in labor hours was offset by an increase in hourly wages. The direct labor costs consisted of various repairs (i.e., Compressor Refurbishments, Unit 6 Removal/Troubleshoot/Repair, and Hydraulic System Guard Valve) performed around the Devil's Den Pumping Plant in 2020 that were not performed in 2019 to the same extent.
2300871503	Environment	\$ 352,937	\$ 120,098	\$ 232,839	The change in costs from 2019 to 2020 primarily relates to an increase in environment costs. The environment costs consisted of various environmental clean-ups (i.e., Erosion Repair at Blue Stone Pumping Plant and Forebay clean-up).
2300871503	Inspection and Testing	\$ 238,730	\$ 138,390	\$ 100,340	The change in costs from 2019 to 2020 primarily relates to an increase in direct labor costs. The labor hours changed from 1,587 in 2019 to 1,437 in 2020; the decrease in labor hours was offset by an increase in hourly wages. The direct labor costs consisted of various installations and testing that were not performed in 2019 to the same extent.
2300871504	Environment	\$ 146,206	\$ 10,879	\$ 135,327	The change in costs from 2019 to 2020 primarily relates to an increase in environment costs. The environment costs consisted of various environmental and plant clean-ups (i.e., Coastal clean-up and Polonio Pass Pumping Plant clean-up).
2300871504	Inspection and Testing	\$ 381,725	\$ 185,828	\$ 195,897	The change in costs from 2019 to 2020 primarily relates to an increase in direct labor costs. The labor hours changed from 227 in 2019 to 2,100 in 2020. The direct labor costs consisted of various inspections and testing that were not performed in 2019 to the same extent.
2300FFN907	General Time	\$ 198,041	\$ 190,965	\$ 7,076	The change in costs from 2019 to 2020 primarily relates to an increase in general time costs. The change in general time costs was primarily related to work performed at Sabodan Street to B Road in the San Joaquin Field Division.

Cost Center	Project	Calendar Year 2020 Costs	Calendar Year 2019 Costs	Increase/ (Decrease)	Change Description
2300FFN907	Training	\$ 794	\$ 167,272	\$ (166,478)	The change in costs from 2019 to 2020 primarily relates to a decrease in direct labor. The labor hours changed from 11,928 in 2019 to 24 in 2020. The direct labor costs consisted of work related to the San Joaquin Field Division annual trainings and apprentice trainings performed in 2019 that were not performed in 2020 to the same extent.
2300FFN907	Vehicle	\$ 223,940	\$ 149,733	\$ 74,207	The change in costs from 2019 to 2020 primarily relates to an increase in asset purchases. The increase in asset purchases pertain to increases in purchases of new vehicles during 2020.
2300FDL907	Annual Order	\$ 193,048	\$ 183,041	\$ 10,007	The change in costs from 2019 to 2020 primarily relates to an increase in direct labor costs. The labor hours changed from 2,260 in 2019 to 3,644 in 2020. The direct labor costs consisted of annual work performed at the CB.
2300FDL907	General Time	\$ 25,227	\$ 104,271	\$ (79,044)	The change in costs from 2019 to 2020 primarily relates to a decrease in direct labor costs. The labor hours changed from 1,161 in 2019 to 349 in 2020. The direct labor costs consisted of work related to annual orders performed in 2019 classified under General Time in the CB that were not performed in 2020 to the same extent.
2310FAD908	Operations Control Office	\$ 205,218	\$ 300,357	\$ (95,139)	The change in costs from 2019 to 2020 primarily relates to decreases in direct labor costs. The labor hours changed from 48,068 in 2019 to 26,622 in 2020. The direct labor costs consisted of work related to maintenance, technical support, and trainings performed in 2019 that was not performed in 2020 to the same extent.
2310FAD908	Headquarters	\$ 209,775	\$ 107,112	\$ 102,663	The change in costs from 2019 to 2020 primarily relates to increases in direct labor. The labor hours changed from 24,890 in 2019 to 45,199 in 2020. The direct labor costs consisted of maintenance, technical support, and trainings related to the Control Systems Branch performed in 2020 that were not performed in 2019 to the same extent.
2340FAD908	Communications Engineering	\$ 79,245	\$ 671	\$ 78,574	The change in costs from 2019 to 2020 primarily relates to increases in external services and other costs. The external and other costs consisted of network communication engineering, wireless communication engineering, and infrastructure engineering services.
2310FAD909	Operations Control Office	\$ 206,044	\$ 196,105	\$ 9,939	The change in costs from 2019 to 2020 primarily relates to increases in line management costs which relates to direct labor. The labor hours changed from 38,269 in 2019 to 35,279 in 2020. The decrease in labor hours was offset by an increase in hourly wages, leading to an overall increase in labor costs. The increase in labor costs consisted of work related to real-time dispatching performed in 2020.
2350FAD909	Operations Control Office	\$ 118,083	\$ 118,641	\$ (558)	The change in costs from 2019 to 2020 primarily relates to a decrease in line management costs which relates to direct labor. The labor hours changed from 21,832 in 2019 to 21,144 in 2020. The labor costs consisted of work related to water management long-term analysis performed in 2019 that was not performed in 2020 to the same extent.
2300SAA913	Pro Rata Charges Program	\$ 442,979	\$ 394,452	\$ 48,527	The change in costs from 2019 to 2020 primarily relates to pro rata charges which are charges assessed from the State of California for state services and the change in reach 33A's alpha allocation cycle percentage through SAA913 that changed from 1.5% in 2019 to 1.6% in 2020 which is calculated based on actual direct labor charges.
2503SAA913	Accounting	\$ 34,016	\$ 4,863	\$ 29,153	The change in costs from 2019 to 2020 primarily relates to an increase in external services costs, consisting of enterprise accounting branch chief services in 2020.
2503SAA913	Debt	\$ 126,239	\$ 206,900	\$ (80,661)	The change in costs from 2019 to 2020 primarily relates to a decrease in other costs, consisting of debt branch chief services in 2020.
2502SAA923	Contracts	\$ 49,015	\$ 56,050	\$ (7,035)	The change in cost from 2019 to 2020 primarily relates to a decrease in direct labor costs. The labor hours changed from 18,937 in 2019 to 17,264 in 2020. The direct labor costs consisted of work related to contracts administration performed in 2019 that was not performed in 2020 to the same extent.



Cost Center	Project	Calendar Year 2020 Costs	Calendar Year 2019 Costs	Increase/ (Decrease)	Change Description
2504SAA923	State Water Project	\$ 53,022	\$ 45,610	\$ 7,412	The change in cost from 2019 to 2020 primarily relates to an increase in direct labor costs. The labor hours changed from 17,247 in 2019 to 18,571 in 2020. The direct labor costs consisted of work related to water deliveries administrative work performed in 2020.

We selected a sample of 125 invoices charged to reach 33A (30 charged direct to reach 33A and 95 charged indirect to reach 33A through an alpha allocation cycle) and assessed for the following attributes:

1. We assessed whether they were classified as direct or indirect (through an alpha allocation cycle) to reach.
2. For invoices charged direct to reach, we assessed how they were assigned to the reach.
3. For invoices charged to multiple reaches, we assessed whether they were allocated to a statewide or field division alpha allocation cycle.
4. We assessed whether the invoice amount charged in the Financial Accounting System (an SAP module) PR5 reconciled to the Utility Cost Allocation and Billing System (an SAP module) (UCABS).
5. We assessed whether the invoice was recovered through the transportation minimum component.

We did not observe any misallocated invoices from the invoices assessed for the 2020 year.

In the prior years, we observed multiple recurring invoice findings for specific vendors. As part of our current year procedures, we selected an additional 159 indirect invoices from the years 2012 through 2019 from the various vendors from which there were prior year findings for and observed misallocated costs.

<b>Finding AUD-000527 – Recurring</b>	
<b>Finding:</b>	Commercial Door Company Inc. invoices related to claim numbers 1341055, 1346694, 1356131, and 1357872 include costs related to work performed at the Buena Vista Pumping Plant (CA-R14A), Chrisman Pumping Plant (CA-R16A), Edmonston Pumping Plant (CA-R17E), and Badger Hill Pumping Plant (CA-R31A), but had costs allocated to the San Joaquin Field Division through alpha cost center 2300FFN907.
<b>Dollar Amount:</b>	2017 – \$39,729 2018 – \$1,260 Total – \$40,989
<b>Type:</b>	Reallocation of costs among the Contractors
<b>Risk of Future Occurrence:</b>	High
<b>Internal Control Matter:</b>	Policy: Determination of Cost Categorization
<b>Contractors Affected:</b>	CCWA and SLO
<b>Recommendation:</b>	The Department should charge the work performed for these claims direct to the Buena Vista Pumping Plant (CA-R14A), Chrisman Pumping Plant (CA-R16A), Edmonston Pumping Plant (CA-R17E), and Badger Hill Pumping Plant (CA-R31A).
<b>Department Response:</b>	The Department will reallocate the costs to Buena Vista Pumping Plant (CA-R14A), Chrisman Pumping Plant (CA-R16A), Edmonston Pumping Plant (CA-R17E), and Badger Hill Pumping Plant (CA-R31A).

During our procedures to determine whether amounts recovered through the transportation minimum component are supported through the inspection of invoices, we observed that claim numbers listed above include work performed at the Buena Vista Pumping Plant (CA-R14A), Chrisman Pumping Plant (CA-R16A), Edmonston Pumping Plant (CA-R17E), and Badger Hill Pumping Plant (CA-R31A), but had costs incorrectly allocated to the CB through alpha cost center 2300FFN907. This results in a reallocation of costs among the Contractors, as follows:

**Table CC.1 – Reallocation to CA-R14A, CA-R16A, CA-R17E, and CA-R31A**

Contractor	Current Allocation	Adjusted Allocation	(Decrease)/Increase in Charges
Alameda County FC and WCD Zone 7	\$ 84	\$ 180	\$ 96
Antelope Valley-East Kern Water Agency	1,529	1,622	93
Coachella Valley Water District	1,690	2,003	313
Crestline-Lake Arrowhead Water Agency	67	71	4
Desert Water Agency	680	791	111
Dudley Ridge Water District	5	-	(5)
Future San Joaquin	142	346	204
Kern County Water Agency – Agricultural	2,670	5,348	2,678
Kern County Water Agency – Municipal and Industrial	202	175	(27)
County of Kings	5	12	7
Littlelock Creek Irrigation District	24	26	2
Metropolitan Water District of Southern California	21,346	22,636	1,290
Mojave Water Agency	1,162	1,595	433
Napa County FC and WCD	19	43	24
Palmdale Water District	226	240	14
San Bernardino Valley Municipal Water District	1,182	1,253	71
San Gabriel Valley Municipal Water District	325	345	20
San Geronio Pass Water Agency	199	211	12
San Luis Obispo County FC and WCD	1,012	724	(288)
Santa Barbara County FC and WCD	6,916	1,335	(5,581)
Santa Clarita Valley Water Agency	1,259	1,740	481
Solano County Water Agency	29	67	38
Tulare Lake Basin Water Storage District	3	-	(3)
Ventura County Watershed Protection District	213	226	13
<b>Total</b>	<b>\$ 40,989</b>	<b>\$ 40,989</b>	<b>\$ -</b>

<b>Finding AUD-000528 – Recurring</b>	
<b>Finding:</b>	Barc Industries and Development invoices related to 66 claim numbers include costs related to work performed at Lost Hills (CA-R10A) and the Edmonston Pumping Plant (CA-R17E), but had costs allocated to the San Joaquin Field Division through alpha cost center 2300FFN907.
<b>Dollar Amount:</b>	2012 – \$36,650 2013 – \$74,800 2014 – \$108,950 2015 – \$160,300 2016 – \$174,500 2017 – \$185,100 2018 – \$65,000 Total – \$805,300
<b>Type:</b>	Reallocation of costs among the Contractors
<b>Risk of Future Occurrence:</b>	High
<b>Internal Control Matter:</b>	Policy: Determination of Cost Categorization
<b>Contractors Affected:</b>	CCWA and SLO
<b>Recommendation:</b>	<b>The Department should charge the work performed for these claims direct to Lost Hills (CA-R10A) and the Edmonston Pumping Plant (CA-R17E).</b>
<b>Department Response:</b>	The Department will reallocate the costs to Lost Hills (CA-R10A) and the Edmonston Pumping Plant (CA-R17E).

During our procedures to determine whether amounts recovered through the transportation minimum component are supported through the inspection of invoices, we observed that claim numbers include work performed at Lost Hills (CA-R10A) and the Edmonston Pumping Plant (CA-R17E), but had costs incorrectly allocated to the CB through alpha cost center 2300FFN907. This results in a reallocation of costs among the Contractors, as follows:

**Table CC.2 – Reallocation to CA-R10A and CA-R17E**

<b>Contractor</b>	<b>Current Allocation</b>	<b>Adjusted Allocation</b>	<b>(Decrease)/Increase in Charges</b>
Alameda County FC and WCD Zone 7	\$ 1,740	\$ 2,094	\$ 354
Antelope Valley-East Kern Water Agency	31,995	32,470	475
Coachella Valley Water District	35,460	35,395	(65)
Crestline-Lake Arrowhead Water Agency	1,403	1,424	21
Desert Water Agency	14,272	14,286	14
Dudley Ridge Water District	106	-	(106)
Empire West Side Irrigation District	1	-	(1)
Future San Joaquin	2,950	2,434	(516)
Kern County Water Agency – Agricultural	57,468	72,204	14,736
Kern County Water Agency – Municipal and Industrial	4,235	6,271	2,036
County of Kings	114	85	(29)
Littlerock Creek Irrigation District	513	521	8
Metropolitan Water District of Southern California	448,070	454,664	6,594
Mojave Water Agency	24,178	23,528	(650)
Napa County FC and WCD	391	388	(3)
Palmdale Water District	4,736	4,812	76
San Bernardino Valley Municipal Water District	24,814	25,175	361
San Gabriel Valley Municipal Water District	6,813	6,913	100
San Geronio Pass Water Agency	4,184	4,245	61
San Luis Obispo County FC and WCD	15,526	12,415	(3,111)
Santa Barbara County FC and WCD	94,624	74,553	(20,071)
Santa Clarita Valley Water Agency	26,562	26,292	(270)
Solano County Water Agency	604	589	(15)
Tulare Lake Basin Water Storage District	66	-	(66)
Ventura County Watershed Protection District	4,475	4,542	67
<b>Total</b>	<b>\$ 805,300</b>	<b>\$ 805,300</b>	<b>\$ -</b>

<b>Finding AUD-000529 – Recurring</b>	
<b>Finding:</b>	Industrial Waste Utilization, Inc. invoices related to 45 claim numbers include costs related to work performed at the Buena Vista Pumping Plant (CA-R14A), Chrisman Pumping Plant (CA-R16A), Edmonston Pumping Plant (CA-R17E), Lost Hills (CA-R10A), and Teerink Pumping Plant (CA-R15A), but had costs allocated to the San Joaquin Field Division through alpha cost center 2300FFN907.
<b>Dollar Amount:</b>	2013 - \$108,020 2014 - \$22,906 2015 - \$55,123 2016 - \$51,773 2017 - \$20,831 2018 - \$42,621 2019 - \$39,238 Total - \$340,512
<b>Type:</b>	Reallocation of costs among the Contractors
<b>Risk of Future Occurrence:</b>	High
<b>Internal Control Matter:</b>	Policy: Determination of Cost Categorization
<b>Contractors Affected:</b>	CCWA and SLO
<b>Recommendation:</b>	The Department should charge the work performed for these claims direct to the Buena Vista Pumping Plant (CA-R14A), Chrisman Pumping Plant (CA-R16A), Edmonston Pumping Plant (CA-R17E), Lost Hills (CA-R10A), and Teerink Pumping Plant (CA-R15A).
<b>Department Response:</b>	The Department will reallocate the costs to Buena Vista Pumping Plant (CA-R14A), Chrisman Pumping Plant (CA-R16A), Edmonston Pumping Plant (CA-R17E), Lost Hills (CA-R10A), and Teerink Pumping Plant (CA-R15A).

During our procedures to determine whether amounts recovered through the transportation minimum component are supported through the inspection of invoices, we observed that 45 claim numbers include work performed at the Buena Vista Pumping Plant (CA-R14A), Chrisman Pumping Plant (CA-R16A), Edmonston Pumping Plant (CA-R17E), Lost Hills (CA-R10A), and Teerink Pumping Plant (CA-R15A), but had costs incorrectly allocated to the San Joaquin Field Division through alpha cost center 2300FFN907. This results in a reallocation of costs among the Contractors, as follows:

**Table CC.3 – Reallocation to CA-R10A, CA-R14A, CA-R15A, CA-R16A, and CA-R17E**

Contractor	Current Allocation	Adjusted Allocation	(Decrease)/Increase in Charges
Alameda County FC and WCD Zone 7	\$ 764	\$ 422	\$ (342)
Antelope Valley-East Kern Water Agency	13,470	15,604	2,134
Coachella Valley Water District	15,052	15,807	755
Crestline-Lake Arrowhead Water Agency	593	686	93
Desert Water Agency	6,054	6,467	413
Dudley Ridge Water District	46	-	(46)
Future San Joaquin	1,303	-	(1,303)
Kern County Water Agency – Agricultural	25,182	34,302	9,120
Kern County Water Agency – Municipal and Industrial	1,821	5,088	3,267
County of Kings	50	-	(50)
Littlerock Creek Irrigation District	217	251	34
Metropolitan Water District of Southern California	189,432	219,142	29,710
Mojave Water Agency	10,298	9,154	(1,144)
Napa County FC and WCD	172	77	(95)
Palmdale Water District	2,002	2,326	324
San Bernardino Valley Municipal Water District	10,490	12,131	1,641
San Gabriel Valley Municipal Water District	2,880	3,332	452
San Geronio Pass Water Agency	1,769	2,046	277
San Luis Obispo County FC and WCD	6,528	-	(6,528)
Santa Barbara County FC and WCD	38,853	-	(38,853)
Santa Clarita Valley Water Agency	11,348	11,374	26
Solano County Water Agency	266	113	(153)
Tulare Lake Basin Water Storage District	30	-	(30)
Ventura County Watershed Protection District	1,892	2,190	298
<b>Total</b>	<b>\$ 340,512</b>	<b>\$ 340,512</b>	<b>\$ -</b>

We investigated the change in downstream expenses from calendar year 2019 to calendar year 2020. The following table shows the costs for each year:

**Table CC.4 - Change in downstream expenses**

Calendar Year 2020 Costs	Calendar Year 2019 Costs	Decrease in Costs
\$ 41,618	\$ 171,195	\$ (129,577)

We observed a decrease in downstream costs from 2019 to 2020. We observed operational losses decreased by 923 acre-feet (240 in 2020, compared with 1,163 in 2019) and water deliveries decreased by 5,921 acre-feet (14,859 in 2020, compared with 20,780 in 2019). Due to the decreases in operational losses and water deliveries, there was a decrease in downstream costs for reach 33A for 2020. We reperformed the downstream calculation for the 2020 year and recalculated the balance of \$41,618.

## Rate Management Credit Allocation

### *Procedures Performed*

We performed the following procedures to assess the rate management credit allocation used for the 2022 SOC:

- Assessed the total transportation capital cost component used to supporting documentation.
- Investigated any changes in the rate management credit allocations for CCWA and SLO between the 2019 and 2022 SOC years. These are the years that the Bulletin 132 Appendix A was updated, which is performed every five years for the rate management credit allocation.
- Performed a fluctuation analysis by contractor on the rate management credit received.

### *Findings and Recommendations*

The rate management credit calculation represents the refund to Contractors of amounts collected under the existing water contracts, but exceeding allowable expenditures as defined by the Monterey Amendment. The Monterey Amendment, Article 51(c), defines the calculation of available funds for the rate management credit calculation as the following:

<b>Revenues</b> (chargeable to Contractors under existing contracts)	-	<b>Revenue Needs</b> (limited to specified purposes)	=	<b>Available Funds</b> (i.e., Rate Management Credits)
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Revenues in the above formula include all amounts collected from the Contractors under existing provisions of the water supply contracts.

The revenue needs in the formula above are limited to the following categories of expenses:

- (1) Amounts required to be collected with respect to revenue bonds issued by the State for project facilities.
- (2) Amounts required for payment of costs of maintenance and operation of the State Water Resources Development System (SWRDS), excluding Federal Central Valley Project Facilities acquired by the State after 1994, other than the State's share of joint use facilities, including San Luis Reservoir and Canal and related facilities.
- (3) Amounts required for payment of the principal and interest on bonds issued pursuant to the Burns-Porter Act.
- (4) Amounts required to be transferred to the California Water Fund in reimbursement for funds utilized for construction of the SWRDS.
- (5) Beginning in 1998, the amounts needed for deposit into the State Water Facilities Capital Account (limited to \$4.5 million per year for years 2001 and thereafter).

Available funds are the excess of amounts collected from Contractors over amounts needed for the purposes defined above. According to the Monterey Amendment, Section 51(d)(4), in 2001 and in each succeeding year, reductions of \$40.5 million are available for allocation among the Contractors.

Per the Monterey Amendment Article 51(f)(2)(i), the apportionment of reductions among Urban Contractors shall be made annually through the year 1999. Beginning in the year 2000, recalculations shall be made every five years unless an Urban Contractor requests a recalculation for an interim year and does so by request in writing delivered to the Department by January 1 of the year in which the recalculation is to take place. Per review of the Department's calculation, we

observed that the inputs used have been updated to reflect the inputs based on the appropriate Bulletin 132. The table below shows the Bulletin 132 used for the past four years:

**CC.5 – Urban Rate Management Credit Update Calendar**

SOC Year	Bulletin
2019	B132-14
2020	B132-19
2021	B132-19
2022	B132-19

The Monterey Amendment, Article 51(g) governs the allocation of reductions among Agricultural Contractors, and states that the allocation shall be based on each Contractor’s proportion of all Agricultural Contractors’ estimated capital and minimum components of the Delta Water Charge and the Transportation Charge, excluding Off-Aqueduct Power charges, and the Water System Revenue Bonds, from 1997 to 2035. This allocation is to be recalculated every five years beginning in 2002, if any Agricultural Contractor requests such a recalculation. Any recalculation shall be based on project cost data beginning with the year that the recalculation is to become effective through 2035. No requests have been made regarding a recalculation, so there have been no changes in the rate management credits for Agricultural Contractors.

As part of our procedures over the rate management credit allocations, we agreed the total transportation capital component used to Bulletin 132-19 Table B-15. We did not observe any differences as shown below:

**CC.6 – Transportation Capital Component**

Contractor	Per Calculation	Per B132-19 Table B-15	Difference
CCWA	\$ 988,708,000	\$ 988,708,000	\$ -
SLO	\$ 92,614,000	\$ 92,614,000	\$ -

We additionally performed a fluctuation analysis on the allocation of rate management credits by Urban Contractor for the SOC years of 2019 (the latest year which uses a different Bulletin 132) to 2022.

We observed that Antelope Valley-East Kern Water Agency, Littlerock Creek Irrigation District, Palmdale Water District, San Bernardino Valley Municipal Water District, San Geronio Pass Water Agency, Santa Clarita Valley Water Agency, and Ventura County Watershed Protection District had increases in their rate management credit from 2019 to 2022. This is due to these Contractors having increased capital costs and an increased percentage of total transportation capital costs among the Urban Contractors when comparing B132-14 with B132-19. The Contractors receiving the largest increase in their rate management credit were San Bernardino Valley Municipal Water District and San Geronio Pass Water Agency. We observed an increase of rate management credits for San Bernardino Valley Municipal Water District of \$182,253 and for San Geronio Pass Water Agency of \$236,880. These increases are driven by increases in the East Branch Extension costs and the repayment of the associated debt.

All Contractors had an increase in their transportation capital costs when comparing 2019 with 2022, but not all Contractors had an increase in their percentage of the total transportation capital costs among the Urban Contractors. The Urban Contractors with increases in their rate management credit had an increase in their percentage of the total transportation capital costs among all Urban Contractors while the Urban Contractors with decreases in their rate management credit had a decrease in their percentage of the total transportation capital costs among all Urban Contractors.



When comparing 2019 with 2022, CCWA's credit decreased by \$228,828 and SLO's credit decreased by \$13,747. Despite CCWA and SLO having an increase in their transportation capital component from the B132-14 to the B132-19, these increases did not cause a corresponding increase in the rate management credit, as other Urban Contractors had a larger percentage increase in their portion of the total transportation capital component. A summary of the fluctuation analysis by Urban Contractor is shown below:

**CC.7 – Urban Contractors Rate Management Credit Fluctuation**

Contractor	2019 SOC Rate Management Credit	2022 SOC Rate Management Credit	(Decrease)/ Increase in Charges
Alameda County FC and WCD District Zone 7	\$ 312,388	\$ 312,327	\$ (61)
Alameda County Water District	313,313	303,566	(9,747)
Antelope Valley-East Kern Water Agency	835,510	837,266	1,756
County of Butte	84,013	84,013	-
Coachella Valley Water District	189,819	187,381	(2,438)
Crestline-Lake Arrowhead Water Agency	55,574	54,515	(1,059)
Desert Water Agency	312,970	308,957	(4,013)
Kern County Water Agency – Municipal and Industrial	484,549	480,353	(4,196)
Littlerock Creek Irrigation District	14,445	14,458	13
Metropolitan Water District of Southern California	18,521,653	18,454,954	(66,699)
Mojave Water Agency	389,737	385,316	(4,421)
Napa County FC and WCD	456,246	423,748	(32,498)
Palmdale Water District	107,208	107,355	147
Plumas Country FC and WCD	10,851	10,601	(250)
San Bernardino Valley Municipal Water District	1,763,197	1,945,450	182,253
San Gabriel Valley Municipal Water District	295,294	289,522	(5,772)
San Geronio Pass Water Agency	951,872	1,188,752	236,880
San Luis Obispo County FC and WCD	340,928	327,181	(13,747)
Santa Barbara County FC and WCD	3,045,288	2,816,460	(228,828)
Santa Clara Valley Water District	888,643	861,062	(27,581)
Santa Clarita Valley Water Agency	428,848	432,981	4,133
Solano County Water Agency	519,583	495,282	(24,301)
Ventura County Watershed Protection District	148,743	149,172	429
City of Yuba City	29,328	29,328	-
<b>Total</b>	<b>\$ 30,500,000</b>	<b>\$ 30,500,000</b>	<b>\$ -</b>

We additionally performed a fluctuation on the transportation capital component as it impacts the rate management credit that is ultimately given to each Contractor. A summary of the fluctuation analysis by Urban Contractor is shown below:

**CC.8 – Increase in Transportation Capital Component from 2019 to 2022 SOC**

Contractor	\$ Increase	% Increase
Alameda County FC and WCD Zone 7	\$ 6,071	10.58%
Alameda County Water District	2,960	4.79%
Antelope Valley-East Kern Water Agency	15,281	11.09%
County of Butte	-	0.00%
Coachella Valley Water District	3,327	8.36%
Crestline-Lake Arrowhead Water Agency	951	7.53%
Desert Water Agency	5,488	8.36%
Kern County Water Agency – Municipal and Industrial	2,675	6.73%
Littlerock Creek Irrigation District	268	10.82%
Metropolitan Water District of Southern California	414,199	10.03%
Mojave Water Agency	6,684	8.54%
Napa County FC and WCD	1,469	1.16%
Palmdale Water District	1,982	10.92%
Plumas Country FC and WCD	-	0.00%
San Bernardino Valley Municipal Water District	118,703	24.53%
San Gabriel Valley Municipal Water District	5,219	7.54%
San Geronio Pass Water Agency	119,348	39.77%
San Luis Obispo County FC and WCD	4,304	4.87%
Santa Barbara County FC and WCD	18,550	1.91%
Santa Clara Valley Water District	10,492	5.39%
Santa Clarita Valley Water Agency	10,861	12.36%
Solano County Water Agency	4,900	3.75%
Ventura County Watershed Protection District	3,266	11.16%
City of Yuba City	-	0.00%
<b>Total</b>	<b>\$ 756,998</b>	<b>210.19%</b>

## Coastal Branch Extension Direct Debt Service

### Procedures Performed

Determined whether the refinanced bonds were credited to the direct billed debt service for the CBX.

### Findings and Recommendations

We determined whether the refinanced bonds were credited to the direct billed debt service for the CB construction. The direct billed debt service reflected in the SOC relates to the CBX, which appears as a separate line item. The CBX was originally funded by bond series Q and W. As interest rates have decreased over time, the Department has issued new debt and refinanced the older bonds to take advantage of the favorable interest rates. We observed that bond series Q and W were subsequently refinanced with several bond series and the CBX debt service schedule was adjusted for the new debt. Bond series Q and W were refinanced with bond series U, X, Z, AC, AD, AF, AH, AI, AJ, AK, AL, AN, AO, AS, AX, AY, AZ, and BC. The Department bills debt service in the SOC in advance and did not subsequently adjust the billings to provide the benefit of the refinanced debt service to CCWA.

<b>Finding AUD-000530 – Recurring</b>	
<b>Finding:</b>	CBX direct billed debt service charged to CCWA is overstated, as the amount charged in the SOC was not subsequently adjusted to provide the benefits of the refinanced debt service for bond series Q and W.
<b>Dollar Amount:</b>	Overstatement of debt service charges of \$1,743,236 from 1998 to 2022 plus interest impact of \$1,064,155 = total of \$2,807,391
<b>Type:</b>	Overstatement of debt service charges to CCWA
<b>Risk of Future Occurrence:</b>	High
<b>Internal Control Matter:</b>	Policy: Determination of Beneficiary
<b>Contractors Affected:</b>	CCWA
<b>Recommendation:</b>	The Department should update the 2023 SOC to reflect the benefits of the refinanced debt service to CCWA.
<b>Department Response:</b>	The Department will re-evaluate the direct billed debt service charged to CCWA as part of a future SOC.

We compared the debt service charged in the SOC from 1998 to 2022 with the CBX debt service schedule that reflects the refinanced debt service and observed overstatement of costs to CCWA. The total overstatement for CCWA is \$1,743,236. It should be noted that this overstatement does not reflect interest impact in the amount of \$1,064,155 due to CCWA related to the overstatement. The impact by year is as follows:

**Table CC.9 – CBX Refinanced Debt Service Compared to SOC**

Year	CBX Refinanced Debt Service	SOC	(Decrease)/Increase in Charges	Interest Impact	(Decrease)/Increase in Charges with Interest Impact
1998	\$ 2,285,925	\$ 2,285,925	\$ -	\$ -	\$ -
1999	2,259,814	2,285,925	(26,111)	(47,513)	(73,624)
2000	2,259,813	2,259,813	-	-	-
2001	2,259,813	2,259,813	-	-	-
2002	3,307,999	3,259,490	48,509	70,969	119,478
2003	3,194,281	3,261,363	(67,082)	(90,860)	(157,942)
2004	3,147,937	3,168,429	(20,492)	(25,630)	(46,122)
2005	3,084,504	3,169,241	(84,737)	(97,576)	(182,313)
2006	3,094,236	3,093,986	250	265	515
2007	4,050,968	4,050,969	(1)	(1)	(2)
2008	2,933,276	2,935,347	(2,071)	(1,822)	(3,893)
2009	2,678,204	2,930,704	(252,500)	(201,141)	(453,641)
2010	6,061,464	6,096,435	(34,971)	(25,089)	(60,060)
2011	3,799,064	4,012,131	(213,067)	(136,734)	(349,801)
2012	3,471,904	3,853,949	(382,045)	(217,534)	(599,579)
2013	3,578,768	3,997,065	(418,297)	(209,246)	(627,543)
2014	4,154,286	4,265,240	(110,954)	(48,167)	(159,121)
2015	4,607,232	4,622,529	(15,297)	(5,674)	(20,971)
2016	4,596,161	4,593,900	2,261	702	2,963
2017	4,348,882	4,346,621	2,261	571	2,832
2018	3,135,756	3,347,340	(211,584)	(41,798)	(253,382)
2019	2,590,100	2,432,637	157,463	22,796	180,259
2020	3,372,703	3,484,310	(111,607)	(10,527)	(122,134)
2021	3,485,224	3,488,388	(3,164)	(146)	(3,310)
2022	4,215,789	4,215,789	-	-	-
<b>Total</b>	<b>\$ 85,974,103</b>	<b>\$ 87,717,339</b>	<b>\$ (1,743,236)</b>	<b>\$ (1,064,155)</b>	<b>\$ (2,807,391)</b>

## Update of Prior Year Findings

This section contains an update of prior year findings as described in the 2018, 2019, and 2020 reports to CCWA and SLO. A summary of the findings resolved from the prior year report is summarized in the table below:

**Table 1 - Rollforward of Update of Prior Year Findings**

Prior Year Open Finding Count	Findings Resolved	Findings Removed	Current Year Open Findings Count
22	9	5	8

**Table 2 - Update of Prior Year Findings Dollar Impact**

Control Number	CCWA Decrease in Costs	SLO Decrease in Costs
AUD-000379	Not Quantified	Not Quantified
AUD-000387, AUD-000449, AUD-000482	(2,807,391)	-
AUD-000443	Not Quantified	Not Quantified
AUD-000479	(4,960)	(426)
AUD-000480	(2,125)	(539)
AUD-000481	Not Quantified*	Not Quantified*
<b>Total</b>	<b>(2,814,476)</b>	<b>(965)</b>

\*The transportation minimum component for 2019 decreased by \$1,048,248 for CCWA and \$69,864 for SLO when comparing the 2021 SOC Attachment 4B to the 2022 SOC Attachment 4B. This change relates to the finding indicated.

Control Number	Finding Description	Resolved	Additional Comments/Updates
<b>Finding AUD-000378</b>	Claim numbers 1353731 and 1347698 include work performed for the CB but had costs allocated directly to Devil's Den Pumping Plant (CB2-R33A). Total dollar amount is \$32,044.	<b>Yes</b>	There is no documentation to show that the item was sent to the project site. Instead, the person who orders the item is called from the warehouse to pick it up and take it to the project site. CCWA and SLO have agreed to remove this as a finding.
<b>Finding AUD-000379</b>	Claim numbers 1352119, 1348033, 1343291, 1343290, 1338376, and 1344922 include work related to extraordinary minimum costs but had costs incorrectly charged through annual facilities operations and maintenance minimum cost centers. Total dollar amount is \$156,225 and \$233,964 in direct labor charges for 2017 and 2016, respectively.	<b>No</b>	These claims continue to have costs incorrectly allocated.
<b>Finding AUD-000380</b>	Claim numbers 1341055 and 1356131 include work performed at Edmonston Pumping Plant (CA-R17E) but had costs incorrectly allocated to the San Joaquin Field Division through alpha cost center 2300FFN907. Total dollar amount is \$5,094.	<b>Yes</b>	The Department disagrees with this claim. The work was for fixing a door to the sandblasting room, which is used for work that benefits the entire field division. CCWA and SLO have agreed to remove this as a finding.
<b>Finding AUD-000383</b>	Claim numbers 1354895 and 1348454 include work performed at Edmonston Pumping Plant (CA-R17E) but had costs incorrectly allocated to the San Joaquin Field Division through alpha cost center 2300FFN907. Total dollar amount is \$17,984.	<b>Yes</b>	The Department disagrees with this claim. Intercon Security System's invoices were for vehicle and gas charges, which provided security services for the San Joaquin Field Division not just the Edmonston Pumping Plant. CCWA and SLO have agreed to remove this as a finding.

Control Number	Finding Description	Resolved	Additional Comments/Updates
Finding AUD-000384	Claim numbers 1341056 and 1338070 include work performed at Edmonston, Chrisman, Teerink, and Buena Vista Pumping Plants (CA-R17E, CA-R16A, CA-R15A, and CA-R14A) but had costs incorrectly allocated to the San Joaquin Field Division through alpha cost center 2300FFN907. Total dollar amount is \$6,674.	Yes	These claims have been reallocated from the alpha allocation cycle to direct to reach where the work was performed.
Finding AUD-000385	Claim numbers 1350631, 1351993, 1353757, 1354778, 1339213, 1340620, 1341715, 1342632, 1344121, 1346441, 1348151, 1348985, 1354895, 1359866, 1351787, 1352565, 1346633, 1342957, 1338630, 1344625, 1341012, 1348455, 1352356, 1352538, 1354092, 1352761, 1350712, and 1344743 include work performed at the San Joaquin Field Division but had costs incorrectly allocated to the CB through alpha cost center 2300FFN907. Total dollar amount is \$586,728.	Yes	Costs related to janitorial and landscaping invoices have been moved from the alpha allocation cycle to direct to reach where the work was performed. The Department disagrees with the security items within this claim. Intercon Security System's invoices were for vehicle and gas charges, which provided security services for the San Joaquin Field Division. CCWA and SLO have agreed to remove this part of the finding.
Finding AUD-000386	Claim numbers 1343368, 1341123, 1350993, and 1355617 include work performed at Teerink, Chrisman and Edmonston Pumping Plants (CA-R15A, CA-R16A, and CA-R17E) but had costs incorrectly allocated to the San Joaquin Field Division through alpha cost center 2300FFN907. Total dollar amount is \$15,510.	Yes	These claims have been reallocated from the alpha allocation cycle to direct to reach where the work was performed.
Finding AUD-000387 Finding AUD-000449 Finding AUD-000482	CBX direct billed debt service charged to CCWA is overstated as the amount charged in the SOC was not subsequently adjusted to provide the benefits of the refinanced debt service for bond series Q and W. This results in an overstatement of costs of \$1,167,334 from 1998 to 2019 (amount does not reflect interest credits due to CCWA related to the overstatement).	No	The debt service amounts continue to be overcharged.
Finding AUD-000442	Claim number 1368419 includes work performed for the CB but had costs allocated directly to Devil's Den Pumping Plant (CB2-R33A). Total dollar amount is \$6,088.	Yes	The Department disagrees with this claim. As the repairs were done on specific pumping plants in specific reach 33A, charges were allocated to specific plants and shall not be allocated coastal wide. CCWA and SLO have agreed to remove this as a finding.
Finding AUD-000443	Claim numbers 1361042, 1363709, 1359922, 1368419, and 1355267 include work related to extraordinary minimum costs but had costs incorrectly charged through annual facilities operations and maintenance minimum cost centers. Total dollar amount is \$526,774 in direct labor charges.	No	These claims continue to have costs incorrectly allocated.

Control Number	Finding Description	Resolved	Additional Comments/Updates
<b>Finding AUD-000444</b>	Claim numbers 1367605, 1359429, 1366826, and 1369030 include work performed at Edmonston Pumping Plant (CA-R17E) but had costs incorrectly allocated to the San Joaquin Field Division through alpha cost center 2300FFN907. Total dollar amount is \$31,629.	<b>Yes</b>	Costs related to Commercial Door and Hazardous Services invoices have been moved from the alpha allocation cycle to direct to reach Edmonston pumping plant. The Department disagrees with the security items within this claim. Intercon Security System's invoices were for vehicle and gas charges, which provided security services for the San Joaquin Field Division. CCWA and SLO have agreed to remove this part of the finding.
<b>Finding AUD-000445</b>	Claim numbers 1366263 and 1360961 includes work performed at Lost Hills (CA- R11B), Buena Vista (CA-R14A), Teerink (CA-R15A), Chrisman (CA-R16A), Edmonston (CA-R17E), Las Perillas and Badger Hill (CA-R31A) pumping plants, but had costs incorrectly allocated to the San Joaquin Field Division through alpha cost center 2300FFN907. Total dollar amount is \$30,398.	<b>Yes</b>	These claims have been reallocated from the alpha allocation cycle to direct to reach where the work was performed.
<b>Finding AUD-000446</b>	Claim numbers 1364828 and 1359429 includes work performed at Chrisman Pumping Plant (CA-R16A) but had costs incorrectly allocated to the San Joaquin Field Division through alpha cost center 2300FFN907. Total dollar amount is \$32,056.	<b>Yes</b>	The Department disagrees with this claim, as the work was for waste removal services at the operations and maintenance center which is located at the Chrisman Pumping Plant. The operations and maintenance center benefits the entire field division. CCWA and SLO have agreed to remove this as a finding.
<b>Finding AUD-000447</b>	Claim number 1366263 includes work performed at Buena Vista (CA-R14A), Teerink (CA-R15A), Chrisman (CA-R16A), Edmonston (CA-R17E), Las Perillas and Badger Hill (CA-R31A) Pumping Plants, but had costs incorrectly allocated to the San Joaquin Field Division through alpha cost center 2300FFN907. Total dollar amount is \$13,900.	<b>Yes</b>	These claims have been reallocated from the alpha allocation cycle to direct to reach where the work was performed.
<b>Finding AUD-000448</b>	Claim numbers 1366826, 1365679, 1359866, 1362138, 1359866, 1363452, 1369031, 1372110, 1363452, 1359866, 1365679, 1372109, 1359866, 1369030, 1362138, 1369030, 1372110, 1363453, 1363452, 1366826, 1359866, 1372109, 1379684, 1369059, 1369989, 1357148, 1359893, 1362918, 1362837, 1364990, and 1372109 include work performed at the San Joaquin Field Division but had costs incorrectly allocated to the CB through alpha cost center 2300FFN907. Total dollar amount is \$731,893.	<b>Yes</b>	Costs related to janitorial invoices have been moved from the alpha allocation to direct to reaches where the work was performed. The Department disagrees with the security items within this claim. Intercon Security System's invoices were for vehicle and gas charges, which provided security services for the San Joaquin Field Division. CCWA and SLO have agreed to remove this part of the finding.

Control Number	Finding Description	Resolved	Additional Comments/Updates
<b>Finding AUD-000434</b> <b>Finding AUD-000474</b>	The CBX Refund Money Schedule for Series AZ was calculated using South Bay Enlargement balances. Total dollar amount is \$368,906 for 2019 and \$52,027 for 2020, which excludes the interest impact.	<b>Yes</b>	The CBX Refund Money Schedule for Series AZ has been adjusted within the debt service schedules for the 2019 and 2020 calendar years.
<b>Finding AUD-000479</b>	Commercial Door Company Inc. invoices related to claim numbers 1382645, 1373177, 1378534, 1370626, and 1357872 include costs related to work performed at Lost Hills (CA-R10A), Buena Vista Pumping Plant (CA-R14A), Teerink Pumping Plant (CA-R15A), Chrisman Pumping Plant (CA-R16A), Edmonston Pumping Plant (CA-R17E), and Badger Hill Pumping Plant (CA-R31A), but had costs allocated to the San Joaquin Field Division through alpha cost center 2300FFN907.	<b>No</b>	These claims continue to have costs incorrectly allocated.
<b>Finding AUD-000480</b>	Barc Industries and Development invoices related to claim numbers 1372191, 1381644, 1379684, 1374954, 1377297, 1373635, and 1379192 include costs related to work performed at Lost Hills (CA-R10A), Buena Vista Pumping Plant (CA-R14A), Teerink Pumping Plant (CA-R15A), Chrisman Pumping Plant (CA-R16A), Edmonston Pumping Plant (CA-R17E), Badger Hill Pumping Plant (CA-R31A), and Devil's Den Pumping Plant (CA-R33A), but had costs allocated to the San Joaquin Field Division through alpha cost center 2300FFN907.	<b>No</b>	These claims continue to have costs incorrectly allocated.
<b>Finding AUD-000481</b>	The 2019 F-series and S-series alpha allocation cycle percentages were not subsequently updated from estimates to actuals for all months for the 2021 SOC. The months not receiving an adjustment to actuals were January, February, March, April, May, July, August, and October. This results in the 2019 F-series and S-series allocation percentages using the estimated allocation percentages to allocate costs to the Contractors.	<b>No</b>	We observed this was resolved for various alpha allocation cycles; however, the Dispute Resolution Group noted that this finding will be addressed as part of a cost allocation and billings system project.



## Appendix – Glossary

CA	California Aqueduct
CB	Coastal Branch
CBX	Coastal Branch Extension
CCWA	Central Coast Water Authority
DWR or Department	California Department of Water Resources
EY	Ernst & Young LLP
FC	Flood Control
IO	Internal Order
PR5	Financial Accounting System (an SAP module)
R	Reach
Report	Detailed Discussion of Procedures
SAP	Department's Accounting Software
SLO	San Luis Obispo County Flood Control and Water Conservation District
SOC	Statement of Charges
SWRDS	State Water Resources Development System
UCABS	Utility Cost Allocation and Billing System (an SAP module)
WCD	Water Conservation District

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**SWC**  
**Monday, February 07, 2022**

**[AB 1001](#) ([Garcia, Cristina D](#)) **Environment: mitigation measures for air and water quality impacts: environmental justice.****

**Current Text:** Amended: 1/24/2022 [html](#) [pdf](#)

**Introduced:** 2/18/2021

**Last Amend:** 1/24/2022

**Status:** 2/1/2022-In Senate. Read first time. To Com. on RLS. for assignment.

**Location:** 2/1/2022-S. RLS.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** The California Environmental Quality Act (CEQA) requires a lead agency, as defined, to prepare, or cause to be prepared, and certify the completion of an environmental impact report on a project that it proposes to carry out or approve that may have a significant effect on the environment or to adopt a negative declaration if it finds that the project will not have that effect. CEQA also requires a lead agency to prepare a mitigated negative declaration for a project that may have a significant effect on the environment if revisions in the project would avoid or mitigate that effect and there is no substantial evidence that the project, as revised, would have a significant effect on the environment. This bill would authorize mitigation measures, identified in an environmental impact report or mitigated negative declaration to mitigate the adverse effects of a project on air or water quality of a disadvantaged community, to include measures for avoiding, minimizing, or compensating for the adverse effects on that community.

**Position**                      **Priority**                      **Subject**  
Monitor

**[AB 1774](#) ([Seyarto R](#)) **California Environmental Quality Act: water conveyance or storage projects: judicial review.****

**Current Text:** Introduced: 2/3/2022 [html](#) [pdf](#)

**Introduced:** 2/3/2022

**Status:** 2/4/2022-From printer. May be heard in committee March 6.

**Location:** 2/3/2022-A. PRINT

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** The California Environmental Quality Act (CEQA) requires a lead agency, as defined, to prepare, or cause to be prepared, and certify the completion of an environmental impact report (EIR) on a project that the lead agency proposes to carry out or approve that may have a significant effect on the environment or to adopt a negative declaration if it finds that the project will not have that effect. CEQA also requires a lead agency to prepare a mitigated negative declaration for a project that may have a significant effect on the environment if revisions in the project would avoid or mitigate that effect and there is no substantial evidence that the project, as revised, would have a significant effect on the environment. CEQA establishes a procedure by which a person may seek judicial review of the decision of the lead agency made pursuant to CEQA. This bill would require the Judicial Council to adopt rules of court applicable to actions or proceedings brought to attack, review, set aside, void, or annul the certification or adoption of an environmental impact report for water conveyance or storage projects, as defined, or the granting of project approvals, including any appeals to the court of appeal or the Supreme Court, to be resolved, to the extent feasible, within 270 days of the filing of the certified record of proceedings with the court to an action or proceeding seeking judicial review of the lead agency's action related to those projects.

**Position**                      **Priority**                      **Subject**

**[AB 1784](#) ([Smith R](#)) **Water Quality, Supply, and Infrastructure Improvement Act of 2014: groundwater sustainability projects: grants and loans.****

**Current Text:** Introduced: 2/3/2022 [html](#) [pdf](#)

**Introduced:** 2/3/2022

**Status:** 2/4/2022-From printer. May be heard in committee March 6.

**Location:** 2/3/2022-A. PRINT

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Current law provides for the sum of \$900,000,000 to be available, upon appropriation by the Legislature from the Water Quality, Supply, and Infrastructure Improvement Fund of 2014, for expenditures on, and competitive grants, and loans for, projects to prevent or clean up the contamination of groundwater that serves or has served as a source of drinking water, as provided.

Current law requires a project that receives funding to be selected by a competitive grant or loan process with added consideration for those projects that leverage private, federal, or local funding, and outlines the additional requirements and processes applicable to projects that receive funding. This bill would make nonsubstantive changes to these latter provisions.

**Position                      Priority                      Subject**

**[SB 559](#)      **(Hurtado D) Department of Water Resources: water conveyance systems: Water Conveyance Restoration Fund.****

**Current Text:** Amended: 8/30/2021    [html](#)   [pdf](#)

**Introduced:** 2/18/2021

**Last Amend:** 8/30/2021

**Status:** 9/10/2021-Failed Deadline pursuant to Rule 61(a)(15). (Last location was INACTIVE FILE on 9/8/2021)(May be acted upon Jan 2022)

**Location:** 9/10/2021-A. 2 YEAR

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	2 year	Conf. Conc.	Enrolled	Vetoed	Chaptered	
1st House				2nd House								

**Summary:** Would establish the Water Conveyance Restoration Fund in the State Treasury to be administered by the Department of Water Resources in consultation with the State Water Resources Control Board and the Department of Fish and Wildlife. The bill would require all moneys deposited in the fund to be expended, upon appropriation by the Legislature, in support of subsidence repair costs, including environmental planning, permitting, design, and construction and necessary road and bridge upgrades required to accommodate capacity improvements. The bill would require the Director of Water Resources to apportion money appropriated from the fund, subject to specified requirements, for the Friant-Kern Canal, Delta-Mendota Canal, San Luis Field Division of the California Aqueduct, and San Joaquin Division of the California Aqueduct.

**Position                      Priority                      Subject**  
Support                      Tier 1

**[SB 832](#)      **(Dodd D) Water rights: measurement of diversion.****

**Current Text:** Introduced: 1/3/2022    [html](#)   [pdf](#)

**Introduced:** 1/3/2022

**Status:** 1/19/2022-Referred to Com. on N.R. & W.

**Location:** 1/19/2022-S. N.R. & W.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered	
1st House				2nd House								

**Summary:** Current law requires a person who diverts 10 acre-feet or more of water per year under a permit or license to install and maintain a device or employ a method capable of measuring the rate of direct diversion, rate of collection to storage, and rate of withdrawal or release from storage. Current law requires the measurements to be made using the best available technologies and best professional practices using a device or methods satisfactory to the State Water Resources Control Board, as specified in regulations adopted by the state board. Current law requires a permittee or licensee to maintain a record of all diversion monitoring, as provided, and to include those records with annual reports required to be submitted to the state board. Current law authorizes the state board to modify these requirements if the state board finds that strict compliance with these requirements is infeasible, is unreasonably expensive, would unreasonably affect public trust uses, or would result in the waste or unreasonable use of water, or that the need for monitoring and reporting is adequately addressed by other conditions of the permit or license. This bill would clarify existing law that a person diverting 10 acre-feet or more of water per year under a registration is subject to these water diversion measurement, recording, and reporting requirements.

**Position                      Priority                      Subject**  
Oppose Unless Amended

**[SB 852](#)      **(Dodd D) Climate resilience districts: formation: funding mechanisms.****

**Current Text:** Introduced: 1/18/2022    [html](#)   [pdf](#)

**Introduced:** 1/18/2022

**Status:** 1/26/2022-Referred to Coms. on GOV. & F. and N.R. & W.

**Location:** 1/26/2022-S. GOV. & F.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered	
1st House				2nd House								

**Summary:** Current law authorizes certain local agencies to form a community revitalization authority (authority) within a community revitalization and investment area, as defined, to carry out provisions of the Community Redevelopment Law in that area for purposes related to, among other things, infrastructure, affordable housing, and economic revitalization. Existing law provides for the financing

of these activities by, among other things, the issuance of bonds serviced by property tax increment revenues, and requires the authority to adopt a community revitalization and investment plan for the community revitalization and investment area that includes elements describing and governing revitalization activities. This bill would authorize a city, county, city and county, special district, or a combination of any of those entities to form a climate resilience district for the purposes of raising and allocating funding for eligible projects and the operating expenses of eligible projects. The bill would define "eligible project" for these purposes.

**Position                      Priority                      Subject**

**SB 880      (Laird D) Water diversion: monitoring and reporting: University of California Cooperative Extension.**

**Current Text:** Introduced: 1/26/2022    [html](#)   [pdf](#)

**Introduced:** 1/26/2022

**Status:** 2/2/2022-Referred to Com. on N.R. & W.

**Location:** 2/2/2022-S. N.R. & W.

Desk	<b>Policy</b>	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Current law, until January 1, 2023, requires any diverter, who has completed an instructional course regarding the devices or measurement method administered by the University of California Cooperative Extension, including passage of a proficiency test before the completion of the course, to be considered a qualified individual when installing and maintaining devices or implementing methods of measurement that were taught in the course for the diverter's diversion. Current law also requires the University of California Cooperative Extension and the board to develop the curriculum of the course and the proficiency test. This bill would indefinitely extend the above-described provisions.

**Position                      Priority                      Subject**

**SB 890      (Nielsen R) Department of Water Resources: Water Storage and Conveyance Fund: water storage and conveyance.**

**Current Text:** Introduced: 1/31/2022    [html](#)   [pdf](#)

**Introduced:** 1/31/2022

**Status:** 2/1/2022-From printer. May be acted upon on or after March 3.

**Location:** 1/31/2022-S. RLS.

Desk	<b>Policy</b>	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Would establish the Water Storage and Conveyance Fund in the State Treasury to be administered by the Department of Water Resources. The bill would require all moneys deposited in the fund to be expended, upon appropriation by the Legislature, in support of subsidence repair and reservoir storage costs, including environmental planning, permitting, design, and construction and all necessary road and bridge upgrades required to accommodate capacity improvements. The bill would require the department to expend from the fund, upon appropriation by the Legislature, specified monetary amounts to complete funding for the construction of the Sites Reservoir, and to restore the capacity of 4 specified water conveyance systems, as prescribed, with 2 of those 4 expenditures being in the form of a grant to the Friant Water Authority and to the San Luis and Delta-Mendota Water Authority. This bill would make these provisions inoperative on July 1, 2030, and would repeal it as of January 1, 2031.

**Position                      Priority                      Subject**

**Total Measures: 8**  
**Total Tracking Forms: 8**