



CENTRAL COAST WATER AUTHORITY

A CALIFORNIA JOINT POWERS AUTHORITY

**FISCAL YEAR
2003/04
BUDGET**

CENTRAL COAST WATER AUTHORITY

ANNUAL BUDGET

FISCAL YEAR 2003/04

Central Coast Water Authority

Mission:

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

Objectives:

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



On the Cover.....

The Central Coast Water Authority pipeline near the City of Solvang turnout facilities on the Alisal Road bridge crossing the Santa Ynez River.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Central Coast Water Authority
California**

For the Fiscal Year Beginning
July 1, 2002

President

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented an award of Distinguished Budget Presentation to the Central Coast Water Authority for its annual budget for the fiscal year beginning July 1, 2002.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device.

The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

*California Society of
Municipal Finance Officers*

Certificate of Award

Excellence in Operational Budgeting 2002-2003

Presented to

Central Coast Water Authority

This certificate recognizes the achievement of Excellence in Operational Budgeting and reflects an outstanding budget document and the underlying budgeting process through which the budget is implemented.

February 24, 2003



Jean Michaels
Chair, Budgeting & Financial Management

W. Douglas
Vice-Chair, Budgeting & Financial Management

Dedicated to Excellence in Municipal Financial Management

Central Coast Water Authority

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Above: Bradbury Dam spill-way into the Santa Ynez River from Lake Cachuma.

Budget Foreword

The Budget Foreword section of the FY 2003/04 Budget contains the Budget Transmittal Letter, narrative discussion on the financial policies, goals and objectives of the Authority, an overview of the Authority's organizational structure, and the budget process.

Highlights

General Information

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

Operational Information

- Polonio Pass Water Treatment Plant design capacity 43 million gallons per day
- Authority Pipeline (in miles) 42
- Coastal Branch Phase II Pipeline (in miles) 101
- Total Pipeline operated by the Authority (in miles) 130
- Number of water storage tanks 5
- Number of turnouts 10
- Number of full-time equivalent Positions 26.25

Central Coast Water Authority
Reader's Guide
Fiscal Year 2003/04 Budget

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

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

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

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



April 24, 2003

Board of Directors
Central Coast Water Authority

Dear Members of the Board:

Submitted herewith is the Fiscal Year (FY) 2003/04 Budget for the Central Coast Water Authority. This letter of transmittal presents the budget highlights and addresses the main points and major decisions made in compiling this document. As CCWA's policy makers, you play an important role in making decisions regarding the direction the organization will take in FY 2003/04.

Robert W. Puddicombe
Chairman

Leo Trujillo
Vice Chairman

William Brennan
Executive Director

Hatch & Parent
General Counsel

Member Agencies

City of Buellton

Carpinteria Valley
Water District

City of Guadalupe

City of Santa Barbara

City of Santa Maria

Goleta Water District

Montecito Water District

Santa Ynez River Water
Conservation District,
Improvement District #1

Associate Member

La Cumbre Mutual
Water Company

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

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

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

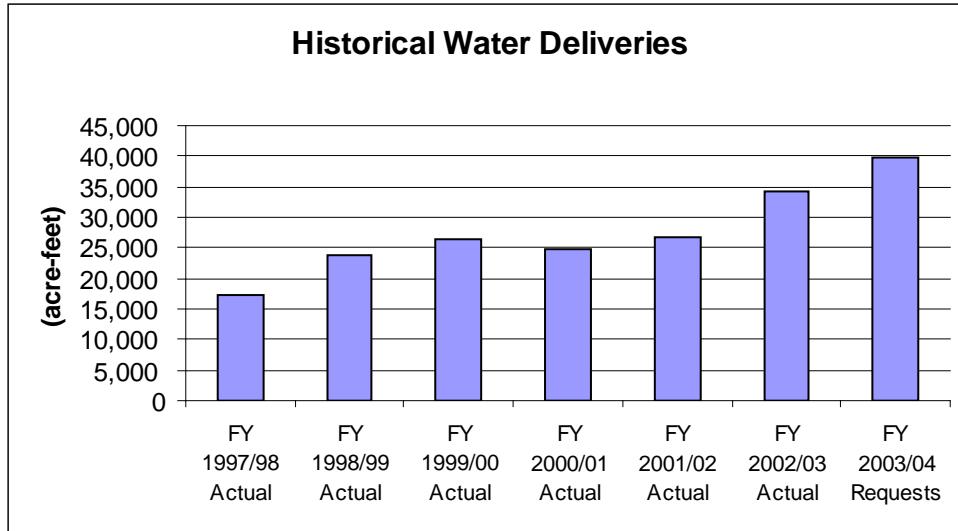
For six consecutive years, CCWA has received the Government Finance Officers Association (GFOA) "Distinguished Budget Presentation" award and the California Society of Municipal Finance Officers (CSMFO) "Award of Excellence in Operational Budgeting." We will also submit the FY 2003/04 Budget for consideration of both of these awards.

AN OVERVIEW OF LAST FISCAL YEAR

The following are some of the major highlights from FY 2002/03:

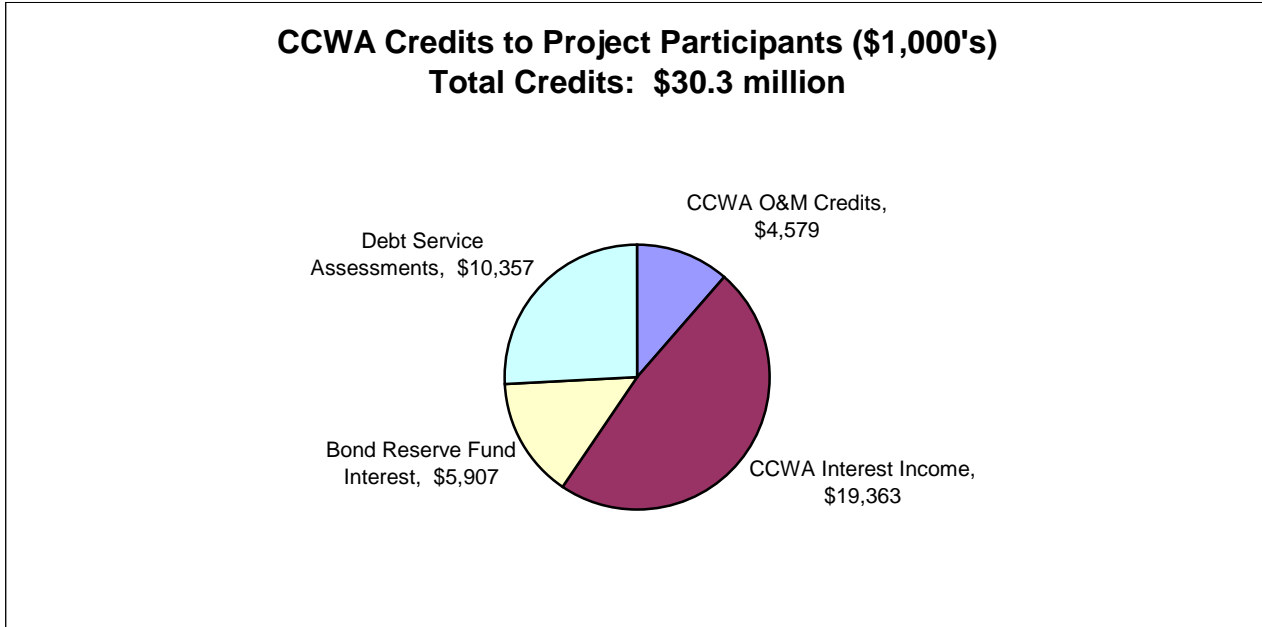
Water Deliveries

During FY 2002/03, total deliveries by CCWA to the Santa Barbara and San Luis Obispo County project participants were 34,085 acre-feet. The FY 2001/02 deliveries were 26,713 acre-feet. The graph on the following page shows water deliveries since CCWA commenced operations in August 1997.



CCWA Credits

For the seventh consecutive year, actual CCWA operating expenses are projected to be less than budgeted. For Fiscal Years 1996/97 to 2002/03, CCWA has provided approximately \$30.3 million in credits to its project participants. These credits include \$4.5 million for unexpended operating expenses, \$15.4 million for interest income and \$10.4 million for debt service and other credits. The following graph shows the sources of the credits as described above.



Inspection of Pipeline Reach 1

During FY 2002/03, CCWA staff conducted an internal inspection of the Reach 1 pipeline and Tank 2. The treatment plant and turnouts were shutdown from October 28 through November 10, 2003. During this period, 2.7 miles of Reach 1 and the San Andreas Fault crossing were inspected and repaired. Additionally, CCWA staff performed maintenance on the treatment plant electrical equipment and filters and sludge lagoon B was relined with clay. On December 16, 2003, CCWA staff conducted an internal inspection of the two tanks at the Tank 2 site with outside contractor assistance.

Employee Compensation and Benefits Survey and Organization and Staffing Changes

During FY 2002/03, CCWA retained the services of an outside consultant to perform the bi-annual employee compensation and benefits survey and analysis. The analysis resulted in adjustments to certain positions, which is reflected in this budget.

The FY 2003/04 budget includes the organizational changes approved by the CCWA Board of Directors in conjunction with the compensation and benefits survey discussed above. These changes include one additional Secretary position at the Buellton administration office, a Laboratory Assistance position that had previously been a temporary position, promotion of the Maintenance Superintendent with responsibilities for all CCWA Distribution Department and Water Treatment Plant maintenance and promotion of the CCWA Staff Engineer with responsibility for all Water Treatment Plant and Distribution Department operations.

EPA Vulnerability Assessment

As a result of the September 11, 2001 terrorist attacks against the United States, the Environmental Protection Agency (EPA) initiated a goal to ensure that water and wastewater systems have the best scientific information and technical expertise necessary to address acts of terrorism. To rapidly provide assistance to the largest publicly owned water systems, EPA offered grant assistance to the approximately 400 largest public water agencies to conduct vulnerability assessments, update emergency operations plans and plan and design security enhancements. CCWA applied for and received funding in the amount of \$115,000. The FY 2003/04 budget contains \$50,000 for security enhancements identified in the vulnerability assessment.

Monterey Amendment Litigation

On September 15, 2000, the Third District Court of Appeal reversed a favorable trial court ruling in *Planning and Conservation League v. Department of Water Resources and Central Coast Water Authority*, ordering the preparation of a new environmental impact report (EIR) regarding the "Monterey" Amendments to the State Water Contract. The Court of Appeal ruled the original EIR was not adequate and should have been prepared by DWR rather than CCWA. In 2003, the parties agreed to settlement principles and finalized the settlement agreement. With the settlement of this litigation, the benefits under the Monterey Amendments to the State Water contract to CCWA and all other State Water Contractors have been preserved.

Awards and Competitions

Over the past year, CCWA received the GFOA “Distinguished Budget Presentation” award and the CSMFO “Award for Excellence in Operational Budgeting” for the FY 2002/03 Budget and the GFOA “Excellence in Financial Reporting” award for the FY 2001/02 Comprehensive Annual Financial Report.

AN OVERVIEW OF THIS FISCAL YEAR

Water Delivery Projections

For calendar years 2003 and 2004, Santa Barbara and San Luis Obispo County project participants have requested State water deliveries of 39,584 and 40,545 acre-feet, respectively. To firm up deliveries, certain CCWA project participants elected to participate in alternative water programs including the DWR and CCWA Turnback Pools A and B. Additionally, other sources of water were made available in 2003 including 2002 carry-over water and DWR Article 21 water. CCWA will continue to identify and implement mechanisms to enhance supply reliability and offset low water allocations.

DWR State Water Cost Increases

One of the challenges facing CCWA during FY 2003/04 will be monitoring and assessing the increasing costs at DWR. The FY 2003/04 CCWA gross budget is approximately \$4.5 million higher than the FY 2002/03 budget, entirely due to cost increases in the DWR cost components. This increase is primarily attributed to the suspension of rate management credits for calendar year 2004 and large increases in the Transportation Minimum OMP&R cost component for calendar year 2003.

Since the DWR charges comprise between 65% and 70% of the CCWA budget, it is important that staff diligently pursue cost containment alternatives at DWR and closely monitor all charges contained in the annual DWR Statement of Charges.

FY 2003/04 BUDGET SUMMARY

The FY 2003/04 budget calls for total project participant payments of \$45.7 million compared to the FY 2002/03 budget of \$40.4 million, a \$5.3 million increase. These amounts include \$3.4 million in CCWA credits for FY 2003/04 and \$4.1 million for FY 2002/03.

The following table compares the FY 2003/04 Budget and the FY 2002/03 Budget:

Budget Item	Final FY 2002/03 Budget	Final FY 2003/04 Budget	Increase (Decrease)
CCWA Expenses			
CCWA Operating Expenses	\$ 4,877,003	\$ 4,846,918	\$ (30,086)
Revenue Bond Debt Service Payments	10,654,207	10,922,938	268,731
Capital Improvement Projects ⁽¹⁾	5,638	22,605	16,967
Non-Annual Recurring Expenses	386,547	34,149	(352,397)
Total CCWA Expenses:	15,923,395	15,826,610	(96,785)
Pass-Through Expenses			
DWR Fixed Costs	25,623,528	30,366,881	4,743,353
DWR Variable Costs	2,709,055	2,596,688	(112,367)
Warren Act and Trust Fund Payments	335,197	327,251	(7,946)
Total Pass-Through Expenses:	28,667,780	33,290,820	4,623,040
Subtotal Gross Budget:	44,591,175	49,117,430	4,526,255
CCWA Credits	(4,159,081)	(3,423,383)	735,698
TOTAL:	\$ 40,432,094	\$ 45,694,047	\$ 5,261,952

(1) Excludes capital expenditures funded from non-annual recurring expenses and revenue bond funds and capital deposits.

CCWA Operating Expense Budget

The FY 2003/04 CCWA operating expense budget totals \$4,846,918, which is \$30,086 lower than the FY 2002/03 operating expense budget, a 0.62% decrease.

The following table shows the allocation between the fixed and variable CCWA O&M expenses for FY 2003/04 and FY 2002/03.

	Final FY 2002/03 Budget	Preliminary FY 2003/04 Budget	Increase
Fixed O&M	\$ 3,883,881	\$ 3,905,624	\$ 21,743
Variable O&M	993,123	941,294	(51,829)
Total:	<u>\$ 4,877,003</u>	<u>\$ 4,846,918</u>	<u>\$ (30,086)</u>

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

Water Deliveries

Total requested water deliveries for FY 2003/04 is 39,921 acre-feet compared to the FY 2002/03 requested deliveries of 40,407 acre-feet, a decrease of 486 acre feet.

Since the final DWR entitlement allocation for 2003 was anticipated to be less than 75% at the time the CCWA budget was prepared, the CCWA variable expense allocation is based on 75% of the requested water deliveries for the second half of calendar year 2003 and 100% of requested deliveries for the first half of calendar year 2004.

Personnel Expenses

Personnel expenses are increasing about \$242,000, which includes the following changes from the prior year:

- The FY 2003/04 Budget includes a \$98,982 salary pool for employee salary treatment approved by the CCWA Board of Directors on March 27, 2003.
- Regular wages are increasing for one new part-time Secretary position at the Buellton administration office and one new part-time Laboratory Assistant position at the Water Treatment Plant.
- PERS retirement expenses are increasing by about \$64,000 due to an increase in the PERS employer rate for FY 2003/04 due to a substantial decrease in investment earnings at PERS coupled with a change in the CCWA PERS contract benefit formula from 2% at 60 to 2% @ 55.
- Health insurance expenses are increasing by about \$70,000 due to increases in health insurance premiums as of January 1, 2003, an anticipated premium increase of 15% for calendar year 2004 and health insurance benefits for the two new part-time positions discussed above.
- Temporary Help services are decreasing by \$14,000 due to the reclassification of the Water Treatment Plant Laboratory Assistant position to a CCWA Board authorized position discussed above.

Supplies and Equipment

Supplies and equipment expenses are decreasing by about \$61,000 primarily due to a decrease in the chemical unit cost from \$19 to \$17 per acre-foot and a decrease in requested water deliveries.

Professional Services

Professional services are decreasing by about \$75,000 for the following reasons:

- Reduced expenses for environmental services as the environmental mitigation efforts continue to be successful.
- Decreased professional services for the CCWA State Water Contractors board representative consultant.

General and Administrative

General and administrative expenses are increasing by about \$38,000 due to an increase in fees paid to the State Water Contractors organization for the Municipal Water Quality Investigations program.

Other Expenses

Other expenses are decreasing by about \$161,000 for the following reasons:

- Non-capitalized project expenses decrease of \$103,000 due to fewer non-capitalized projects for FY 2003/04.
- Decrease in property and casualty insurance expenses of about \$29,000.
- Decrease in non-capitalized equipment purchases of \$18,000.
- Decrease in the appropriated contingency account from 2.50% to 2.0% of total operating expenses.

CCWA Capital Improvement Projects

The FY 2003/04 Budget includes \$415,815 for capital improvements. This includes \$22,605 funded from project participant fixed assessments, \$91,687 from non-annual recurring expense deposits and \$301,523 from revenue bond proceeds and capital deposits.

Please refer to the "Capital Improvements" section of the FY 2003/04 Budget for additional information.

Non-Annual Recurring Expense Deposits

Non-annual recurring expense (NARES) deposits for FY 2003/04 are \$34,149 compared to the FY 2002/03 amount of \$386,547, a decrease of \$352,397. This decrease is due to the suspension of NARES deposits for the future granular activated carbon (GAC) filter replacement at the Water Treatment Plant for FY 2003/04 because of savings realized from the prior GAC replacement.

Regional Water Treatment Plant Allocation and Exchange Agreement Modifications

The FY 2003/04 fixed, capital and variable regional water treatment plant allocation (and associated credit) is \$1,302,490. The FY 2003/04 fixed, capital and variable exchange agreement modifications total \$342,497.

CCWA 1996 Revenue Bond Debt Service

CCWA 1996 revenue bond debt service for FY 2003/04 totals \$10.9 million, which includes \$697,904 in bond reserve fund guaranteed investment contract interest income credits and \$89,436 for interest income credits earned on debt service payments in FY 2002/03.

Warren Act and Trust Fund Payments

The FY 2003/04 Budget includes \$327,251 for Warren Act and Trust Fund MOU payments based on \$58 per acre-foot. Anticipated water deliveries for Warren Act and Trust Fund MOU payments for the second half of calendar year 2003 are based on 75% of requested deliveries into Lake Cachuma and 100% of requested deliveries for the first half of calendar year 2004.

CCWA Credits

The FY 2003/04 budget includes the following credits:

CCWA O&M Credits	\$	224,591
O&M Reserve Fund Interest Income		16,627
Rate Coverage Reserve Fund Interest		66,091
Prepayments and Other Credits		3,116,073
	\$	<u>3,423,382</u>

DWR Fixed Charges

The DWR fixed charges for FY 2003/04 total \$30.4 million, a \$4.4 million increase from the prior fiscal year for principally the following reasons:

- Suspension of rate management funds credits for the first half of calendar year 2004 (\$1.8 million) and a \$1.8 million increase for higher rate management credits in the FY 2002/03 Budget for calendar year 2002 (total FY 2003/04 budget impact of \$3.6 million).
- Increased Transportation Minimum OMP&R charges of \$1.5 million for a prior year under-collection by DWR.

DWR Variable Charges

The DWR variable charges for FY 2003/04 total \$2.6 million, a \$0.1 million decrease from the prior fiscal attributed to lower Variable OMP&R costs.

CONCLUSION

We have no doubt that there will be challenges and opportunities in FY 2003/04 in the form of financial constraints and operational opportunities. However, we are equally sure that these challenges and opportunities will be met in the same professional and efficient manner by the CCWA staff as has been evident in years past.

Sincerely,

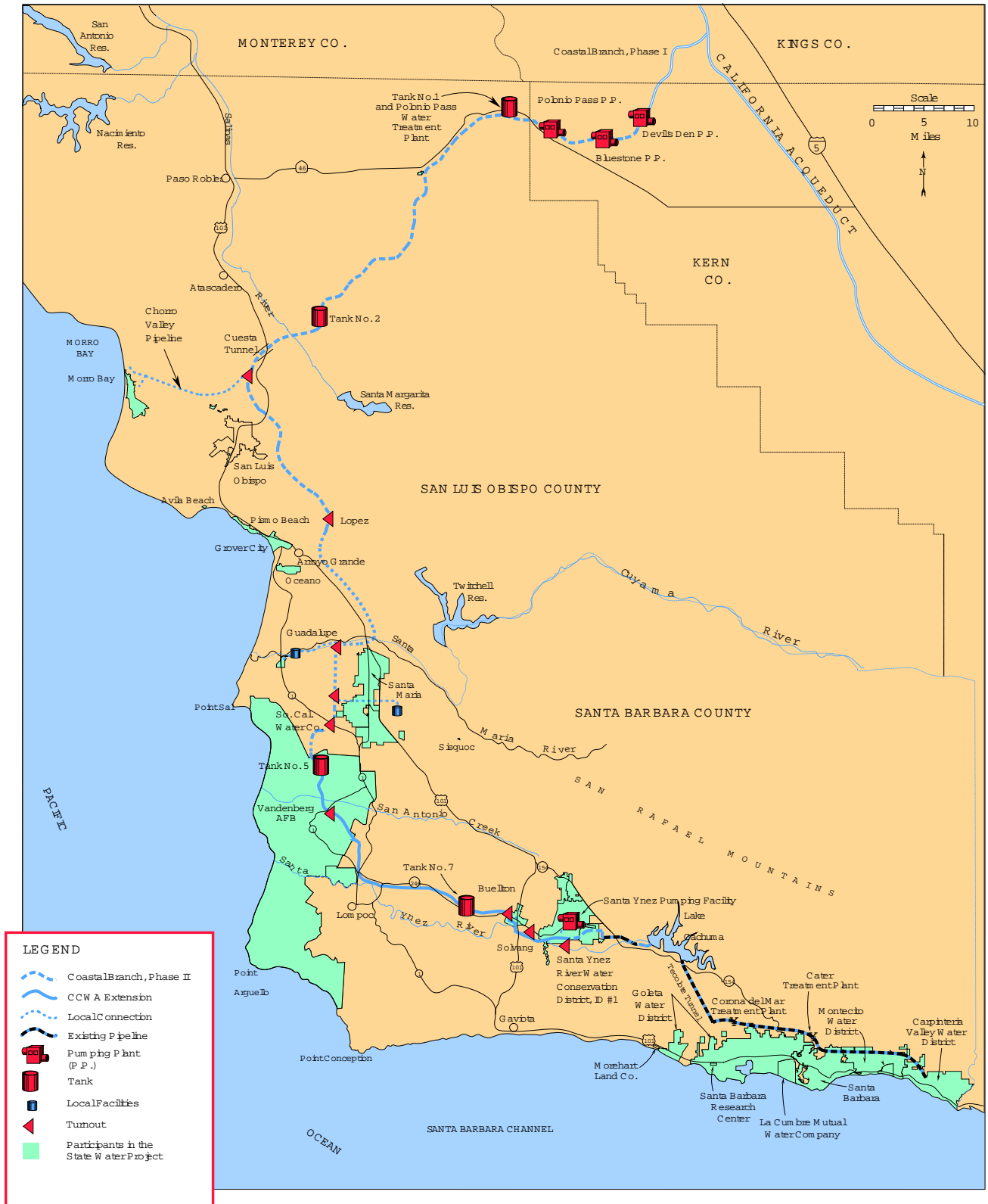


William Brennan
Executive Director



Ray A. Stokes
Deputy Director

Project Map



PROJECT MAP OF COASTAL BRANCH PHASE II

Central Coast Water Authority
Organization Overview, Structure and Staffing
 Fiscal Year 2003/04 Budget

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

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

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

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

Central Coast Water Authority
Organization Overview, Structure and Staffing
 Fiscal Year 2003/04 Budget

CCWA Committees

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

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

Santa Barbara County Project Participants

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

Santa Barbara County Project Participant Table A Amounts

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

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

Central Coast Water Authority
Organization Overview, Structure and Staffing
 Fiscal Year 2003/04 Budget

San Luis Obispo County Water Purchasers

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

San Luis Obispo County Project Participant Table A Amounts

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

Water Supply Agreements

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

Local Water Treatment Agreements

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

Central Coast Water Authority
Organization Overview, Structure and Staffing
Fiscal Year 2003/04 Budget

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

State Water Project

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

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

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

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

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

Central Coast Water Authority
Budget Process
Fiscal Year 2003/04 Budget

Fiscal Year Budget

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

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

Four Year Financial Plan

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

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

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

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

Committee Review of the Budget

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

Central Coast Water Authority
Budget Process
Fiscal Year 2003/04 Budget

Board Adoption of the Fiscal Year Budget

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

Budget Amendment Process

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

CCWA Financial Schedule FY 2003/04

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

Central Coast Water Authority
Financial Reporting Basis
Fiscal Year 2003/04 Budget

Budget Reporting

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

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

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

Administration

Water Treatment Plant

Distribution

- CCWA Reaches
 - Mission Hills II
 - Santa Ynez I
 - Santa Ynez II
- DWR Reaches
 - Reach 33B
 - Reach 34
 - Reach 35
 - Reach 37
 - Reach 38

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

Financial Statement Reporting

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

Central Coast Water Authority
Budget Policy and Strategy
Fiscal Year 2003/04 Budget

The Fiscal Year 2003/04 Budget document has been prepared after analyzing, evaluating and justifying both the financial and non-financial objectives and goals of the Authority for the current year and beyond. The Authority's budget is a comprehensive document which enables the Board of Directors and Authority staff to evaluate where the Authority has been in the past and where it is going in the future.

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

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

BUDGET POLICIES

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

Central Coast Water Authority
Budget Policy and Strategy
Fiscal Year 2003/04 Budget

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

Central Coast Water Authority
Budget Policy and Strategy
Fiscal Year 2003/04 Budget

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

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

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

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

CAPITAL IMPROVEMENTS POLICY

- Long-Range CIP Plan The Authority will identify long-range capital projects and capital improvements of all types which will be coordinated with the annual operating budget to maintain full utilization of available revenue sources.

Central Coast Water Authority
Budget Policy and Strategy
Fiscal Year 2003/04 Budget

- CIP Paid from Current Revenues When appropriate, capital improvements will be paid through current revenue sources rather than financing capital projects over a period of time.

DEBT POLICY

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

RESERVE POLICY

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

INVESTMENT POLICY

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

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

Central Coast Water Authority
Budget Policy and Strategy
Fiscal Year 2003/04 Budget

ACCOUNTING, AUDITING AND FINANCIAL REPORTING POLICIES

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





Above: Oak tree to the west of the Alisal Road bridge.

Budget Summary

The Budget Summary section of the FY 2003/04 Budget includes tables and graphs which summarize all revenues and expenditures included in the budget document. Additionally, graphs and tables showing the projected expenditures through FY 2006/07 are included in this section.

Highlights

Budget Summary

• FY 2003/04 Gross Budget	\$49,117,430
• FY 2002/03 Gross Budget	<u>\$44,591,175</u>
Increase:	\$ 4,526,255
• FY 2003/04 CCWA Credits	\$ 3,423,382
• FY 2002/03 CCWA Credits	<u>\$ 4,159,081</u>
Decrease:	\$ 735,699
• FY 2003/04 Net Budget (After CCWA Credits)	\$45,694,048
• FY 2002/03 Net Budget (After CCWA Credits)	<u>\$40,432,094</u>
Increase:	\$ 5,261,954

Significant Budget Changes

- DWR Rate Management Funds credits excluded for calendar year 2004 (\$1.8 million)
- Total DWR fixed cost increase of \$4.7 million

Central Coast Water Authority
Budget Summary
Fiscal Year 2003/04 Budget

	FY 2002/03			FY 2003/04 Budget	Change from FY 2002/03 Budget	Change from FY 2002/03 Actual
	FY 2001/02 Actual	FY 2002/03 Budget	Estimated Actual			
Beginning Cash Balance	\$ 1,998,398	\$ 2,152,289	\$ 2,358,343	\$ 2,628,818		
SOURCES OF CASH						
CCWA Operating Expenses	4,010,342	4,877,003	4,877,003	4,846,918	(30,086)	(30,086)
Debt Service Payments	10,357,208	10,654,207	10,654,207	10,922,938	268,731	268,731
Capital Improvement Projects	90,896	5,638	5,638	22,605	16,967	16,967
Non-Annual Recurring Expenses	413,321	386,547	386,547	34,149	(352,397)	(352,397)
Investment Income and Other	622,265	-	175,000	-	-	(175,000)
CCWA Credits	(2,630,033)	(4,159,081)	(4,159,081)	(3,423,382)	735,699	735,699
Subtotal Revenues	12,863,999	11,764,314	11,939,314	12,403,228	638,914	463,914
<u>Pass-Through Expenses</u>						
DWR Fixed Costs	27,585,215	25,623,528	27,803,178	30,366,881	4,743,353	2,563,703
DWR Variable Costs	2,066,871	2,709,055	756,135	2,596,688	(112,367)	1,840,553
Warren Act Charges	99,875	335,197	47,642	327,251	(7,946)	279,609
Subtotal Pass-Through Expenses	29,751,961	28,667,780	28,606,955	33,290,820	4,623,040	4,683,864
TOTAL SOURCES OF CASH	42,615,960	40,432,094	40,546,270	45,694,048	5,261,953	5,147,778
USES OF CASH						
<u>CCWA Operating Expenses</u>						
Personnel	1,906,032	2,157,736	2,101,078	2,399,269	241,533	298,191
Office Expenses	21,315	22,400	18,657	19,500	(2,900)	843
Supplies and Equipment	522,160	694,689	564,082	633,925	(60,764)	69,843
Monitoring Expenses	59,998	72,000	65,581	73,000	1,000	7,419
Repairs and Maintenance	186,174	170,188	199,027	166,258	(3,930)	(32,769)
Professional Services	454,271	378,552	404,639	303,170	(75,382)	(101,469)
General and Administrative	175,181	152,792	136,578	190,806	38,014	54,228
Utilities	429,528	588,725	419,297	581,764	(6,961)	162,467
Other Expenses	224,478	639,922	548,701	479,226	(160,696)	(69,475)
Total Operating Expenses	3,979,137	4,877,003	4,457,640	4,846,918	(30,086)	389,278
<u>Other Expenditures</u>						
Warren Act Charges	99,875	335,197	47,642	327,251	(7,946)	279,609
Capital Improvement Projects ⁽¹⁾	90,896	30,217	121,710	114,292	84,075	(7,418)
CCWA Credits	(2,630,033)	(4,159,081)	(4,159,081)	(3,423,382)	735,699	735,699
1996 Revenue Bond Debt Service	10,357,208	10,654,207	10,654,207	10,922,938	268,731	268,731
Unexpended O&M Assessments	-	-	594,363	-	-	-
Total Other Expenditures	7,917,945	6,860,540	7,258,842	7,941,098	1,080,558	1,276,620
Total CCWA Expenditures	11,897,082	11,737,543	11,716,482	12,788,016	1,050,473	1,665,897
<u>DWR Charges</u>						
Fixed DWR Charges	27,585,215	25,623,528	27,803,178	30,366,881	4,743,353	2,563,703
Variable DWR Charges	2,066,871	2,709,055	756,135	2,596,688	(112,367)	1,840,553
DWR Credits	-	-	-	-	-	-
Total DWR Charges	29,652,086	28,332,583	28,559,313	32,963,569	4,630,986	4,404,256
TOTAL USES OF CASH	41,549,168	40,070,126	40,275,795	45,751,585	5,681,459	6,070,153
Ending Cash Balance	\$ 3,065,190	\$ 2,514,257	\$ 2,628,818	\$ 2,571,281	\$ 57,024	(57,537)
Non-Annual Recurring Balance	1,033,984	514,257	628,818	571,280		
Operating Reserve Balance	2,000,000	2,000,000	2,000,000	2,000,000		
General Fund Balance	\$ 31,205	\$ (0)	\$ (0)	\$ -		

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

Central Coast Water Authority
Total Expenditures Summary
 Fiscal Year 2003/04 Budget

Project Participant	Unadjusted CCWA Operating Expense (1)	Exchange Agreement Adjustment SYPF Power	Exchange Agreement Adjustment Cap. & Fixed	Exchange Agreement Adjustment Variable	Regional WTP Allocation	Regional WTP Credit	Adjusted Charge	Warren Act Charges (2)	1996 Revenue Bond Debt Service	Subtotal FY 2003/04 CCWA	Non-Annual Recurring Expenses	CCWA Credits	Total FY 2003/04 CCWA
Guadalupe	51,459	-	-	-	\$18,620	-	\$70,078	-	167,633	\$237,711	266	(\$7,303)	230,674
Santa Maria	1,475,797	-	-	-	\$543,943	-	2,019,740	-	-	2,019,740	8,938	(2,217,191)	(188,513)
SCWC	48,082	-	-	-	\$16,939	-	65,021	-	-	65,021	279	(18)	65,282
Vandenberg AFB	564,613	-	-	-	\$186,113	-	750,727	-	-	750,727	4,067	(660)	754,133
Buellton	72,105	-	-	-	\$19,567	-	91,672	-	297,045	388,717	599	(83)	389,233
Santa Ynez (Solvang)	189,773	-	-	-	\$50,398	-	240,171	-	627,697	867,868	1,576	(12,502)	856,943
Santa Ynez	72,635	-	-	-	\$108,232	-	523,364	-	235,021	758,385	-	(69,783)	688,603
Goleta	892,734	(60,982)	(109,592)	38,075	\$119,668	(\$442,352)	385,770	203,148	2,870,362	3,459,280	5,927	(72,916)	3,392,290
Morehart Land	32,297	-	-	-	\$6,531	(\$23,786)	15,042	6,250	110,075	131,367	263	(3,557)	128,074
La Cumbre	198,385	-	-	-	\$33,841	(\$125,700)	106,526	55,274	528,724	688,524	1,323	(928,705)	(238,858)
Raytheon (SBRC)	9,919	-	-	-	\$1,694	(\$6,285)	5,328	2,828	27,648	35,804	66	(540)	35,330
Santa Barbara	396,424	(40,654)	(9,138)	(9,138)	\$72,711	(\$258,430)	87,852	(17)	1,765,264	1,853,099	3,943	(66,513)	1,790,529
Montecito	464,350	(40,654)	(73,061)	(9,138)	\$75,301	(\$270,896)	145,901	48,935	1,730,671	1,925,507	3,944	(22,169)	1,907,282
Carpinteria	279,293	(27,103)	(48,708)	(6,092)	\$48,932	(\$175,041)	71,282	10,834	1,186,234	1,268,350	2,628	(17,512)	1,253,466
Shandon	4,356	-	-	-	-	-	4,356	-	13,685	18,041	1	(286)	17,756
Chorro Valley	143,544	-	-	-	-	-	143,544	-	1,070,619	1,214,163	-	-	1,214,163
Lopez	143,149	-	-	-	-	-	143,149	-	294,257	437,406	330	(3,645)	434,091
TOTAL:	5,033,916	(\$169,393)	(\$0)	\$0	\$1,302,490	(\$1,302,490)	\$4,869,523	\$327,251	\$10,922,938	\$16,119,711	\$34,149	(3,423,382)	\$12,730,478

(1) Includes capital improvement projects.

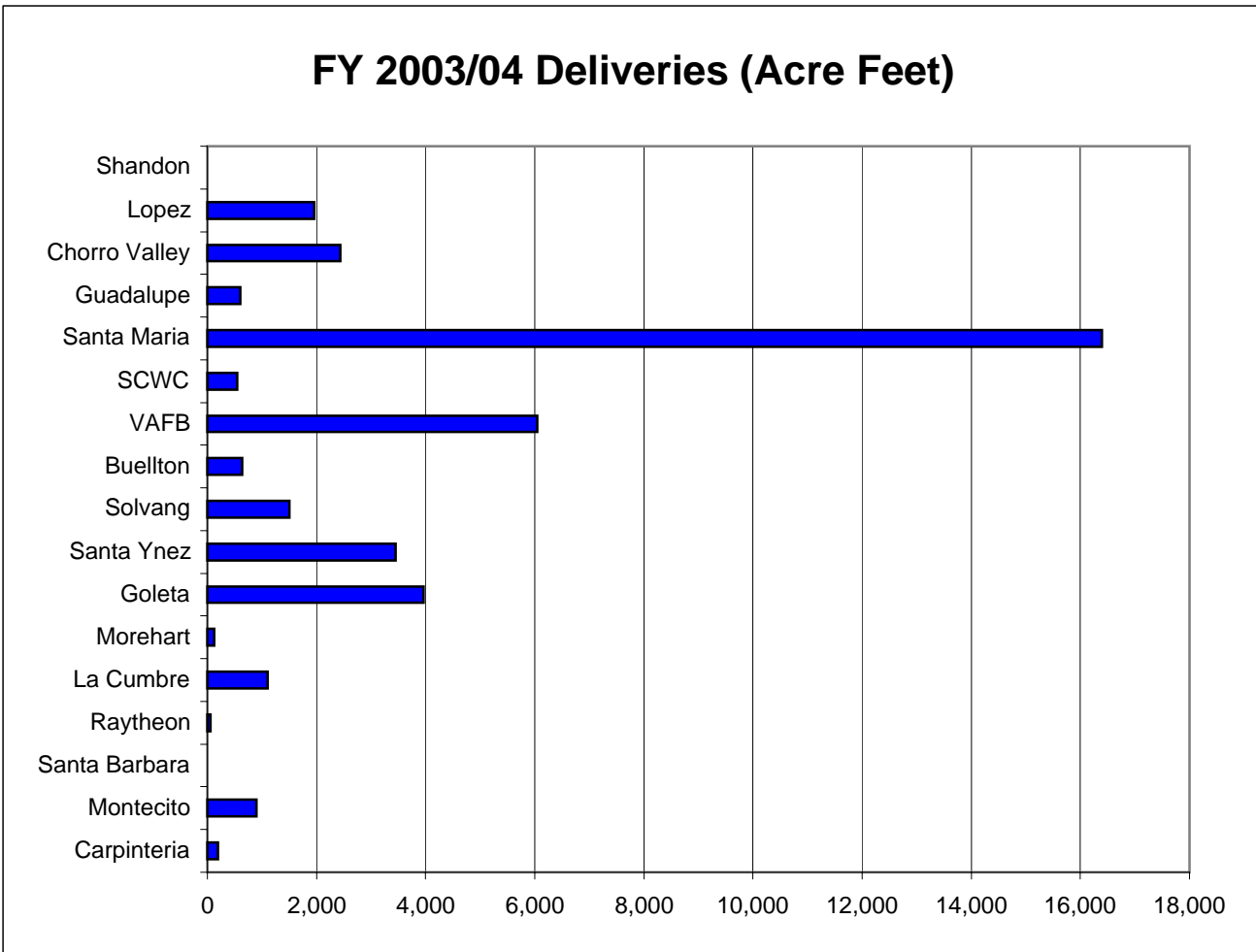
(2) Adjusted for Santa Ynez Exchange Agreement modifications.

Project Participant	Transportation Capital Through Reach 35	Transportation Capital Reach 37	Transportation Capital Reach 38	DWR FIXED CHARGES		DWR VARIABLE CHARGES			DWR Interest Income	Total DWR Charges	TOTAL DWR and CCWA		
				Transportation Minimum OMP&R	Water System Revenue Bond	Delta Water Charges	Off-Aqueeduct Charges	Variable OMP&R				Total Variable	
Guadalupe	\$ 285,670	\$ -	\$ -	\$ 73,824	\$ 19,205	\$ 13,318	\$ 392,018	\$ 18,721	\$ 26,561	\$ 45,283	\$ 437,300	\$ 667,974	
Santa Maria	8,438,473	500,428	-	2,174,460	564,401	392,330	12,070,092	548,881	628,058	1,176,940	-	13,247,031	
SCWC	260,064	15,445	-	67,113	17,397	12,116	372,135	10,195	19,042	29,237	-	401,372	
Vandenberg AFB	2,864,704	169,899	-	738,243	191,369	133,181	4,375,990	173,662	229,387	403,049	-	4,779,039	
Buellton	300,570	17,855	-	77,583	20,154	14,018	459,457	24,077	24,664	48,741	-	508,198	
Santa Ynez (Solvang)	775,346	46,336	-	196,592	51,668	33,044	1,178,967	14,965	4,852	19,817	-	1,198,783	
Santa Ynez	266,910	15,445	-	71,860	18,150	15,420	413,111	11,209	-	11,209	-	424,320	
Goleta	2,341,532	139,008	-	604,017	154,972	108,346	3,575,816	181,718	271,633	453,351	-	4,029,167	
Morehart Land	104,426	6,178	-	26,845	7,005	4,808	159,993	-	-	-	-	159,993	
La Cumbre	520,128	30,891	-	134,226	34,794	24,232	794,924	29,768	45,101	74,869	-	869,793	
Raytheon (SBRC)	27,607	1,545	-	6,711	1,580	1,202	41,177	1,350	1,805	3,155	-	44,333	
Santa Barbara	1,562,384	92,672	-	402,678	104,612	72,601	2,386,907	46,294	60,683	106,977	-	2,493,884	
Montecito	1,562,384	92,672	-	402,678	104,612	72,601	2,386,907	60,177	118,493	176,670	-	2,563,577	
Carpinteria	1,042,256	61,781	-	268,452	69,589	48,464	1,591,849	16,893	30,498	47,391	-	1,639,241	
Goleta 2500 AF	21,902	-	-	80,531	10,029	55,676	168,137	-	-	-	-	168,137	
Shandon	-	-	-	-	-	-	-	-	-	-	-	-	
Chorro Valley	-	-	-	-	-	-	-	-	-	-	-	-	
Lopez	-	-	-	-	-	-	-	-	-	-	-	-	
TOTAL:	\$ 20,374,354	\$ 1,190,155	\$ 1,105,669	\$ 5,325,811	\$ 1,369,537	\$ 1,001,356	\$ 30,366,881	\$ 1,137,909	\$ 1,458,779	\$ 2,596,688	\$ -	\$ 32,963,569	\$ 45,694,048

Central Coast Water Authority
FY 2003/04 Delivery Requests (Acre Feet)

Project Participant	Requested Deliveries	Exchange Deliveries	Net Deliveries
Shandon	-	-	-
Lopez	1,960	-	1,960
Chorro Valley	2,438	-	2,438
Guadalupe	605	-	605
Santa Maria	16,391	-	16,391
SCWC	550	-	550
VAFB	6,050	-	6,050
Buellton	636	-	636
Solvang	1,500	-	1,500
Santa Ynez	700	2,755	3,455
Goleta	4,950	(992)	3,958
Morehart	122	-	122
La Cumbre	1,100	-	1,100
Raytheon	55	-	55
Santa Barbara	661	(661)	(0)
Montecito	1,563	(661)	902
Carpinteria	640	(441)	199
TOTAL:	39,921	-	39,921

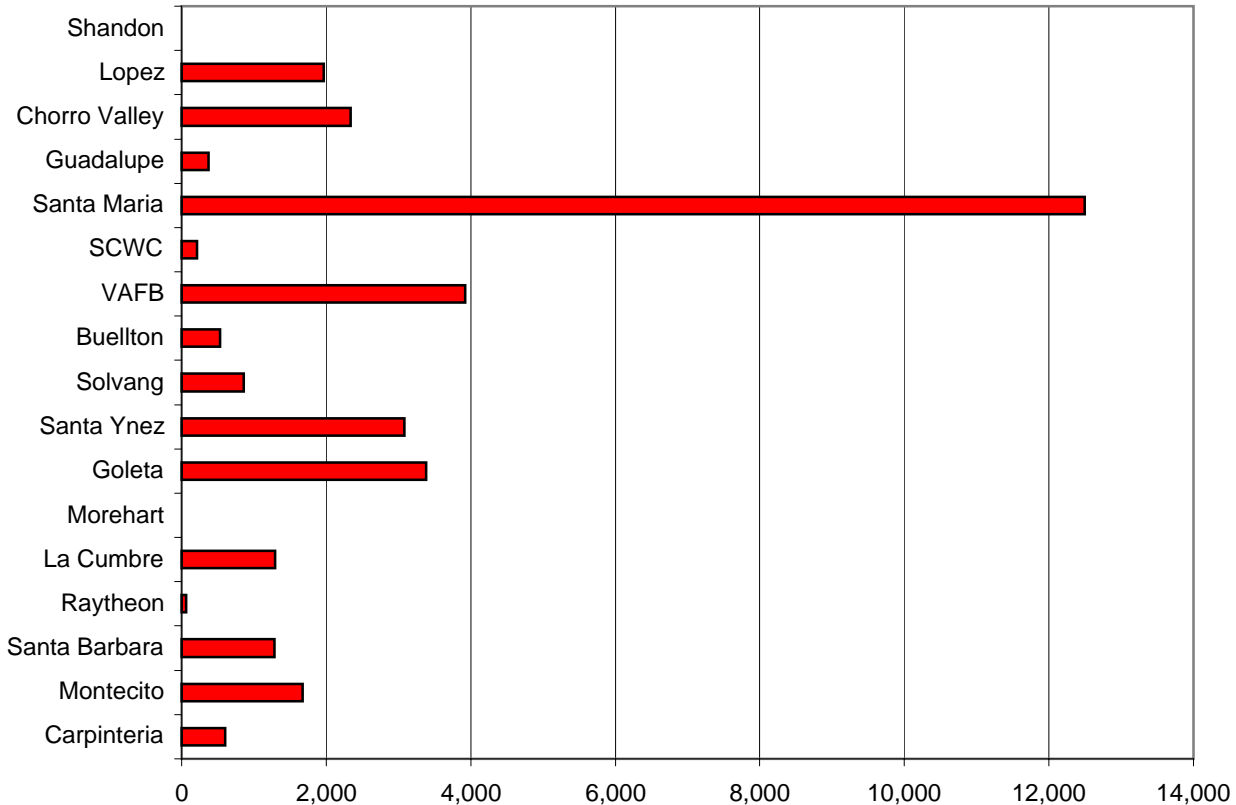
FY 2003/04 Deliveries (Acre Feet)



Central Coast Water Authority
FY 2002/03 Actual Deliveries (Acre Feet)

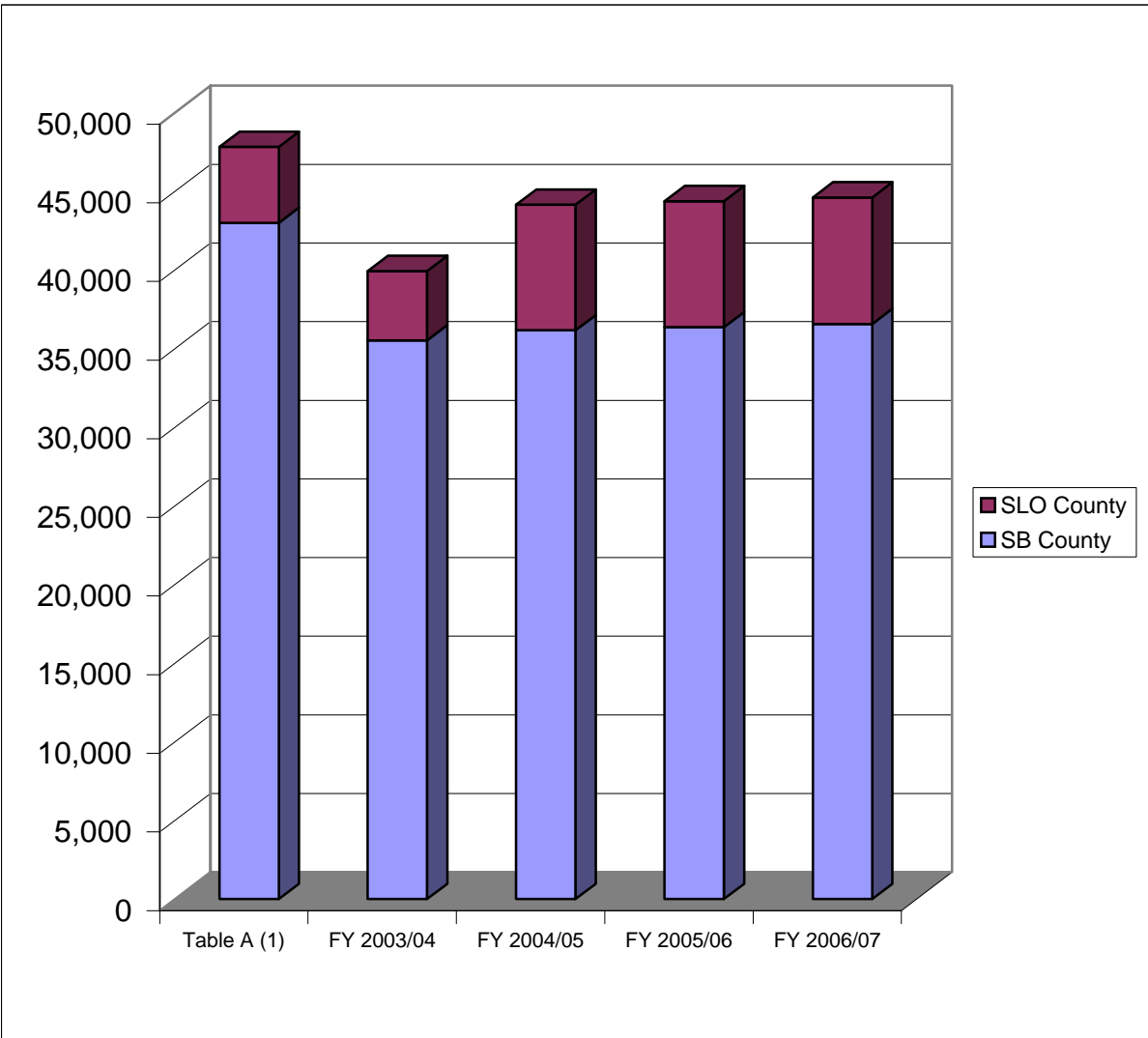
Project Participant	Actual Deliveries	Exchange Deliveries	Actual Deliveries
Shandon	-	-	-
Lopez	1,964	-	1,964
Chorro Valley	2,341	-	2,341
Guadalupe	374	-	374
Santa Maria	12,492	-	12,492
SCWC	213	-	213
VAFB	3,925	-	3,925
Buellton	531	-	531
Solvang	863	-	863
Santa Ynez	425	2,658	3,083
Goleta	4,496	(1,111)	3,385
Morehart	-	-	-
La Cumbre	1,293	-	1,293
Raytheon	63	-	63
Santa Barbara	1,924	(638)	1,286
Montecito	2,182	(510)	1,672
Carpinteria	999	(399)	600
TOTAL:	34,085	-	34,085

FY 2002/03 Actual Deliveries (Acre Feet)



Central Coast Water Authority
Requested State Water Deliveries
 FY 2003/04 to FY 2006/07

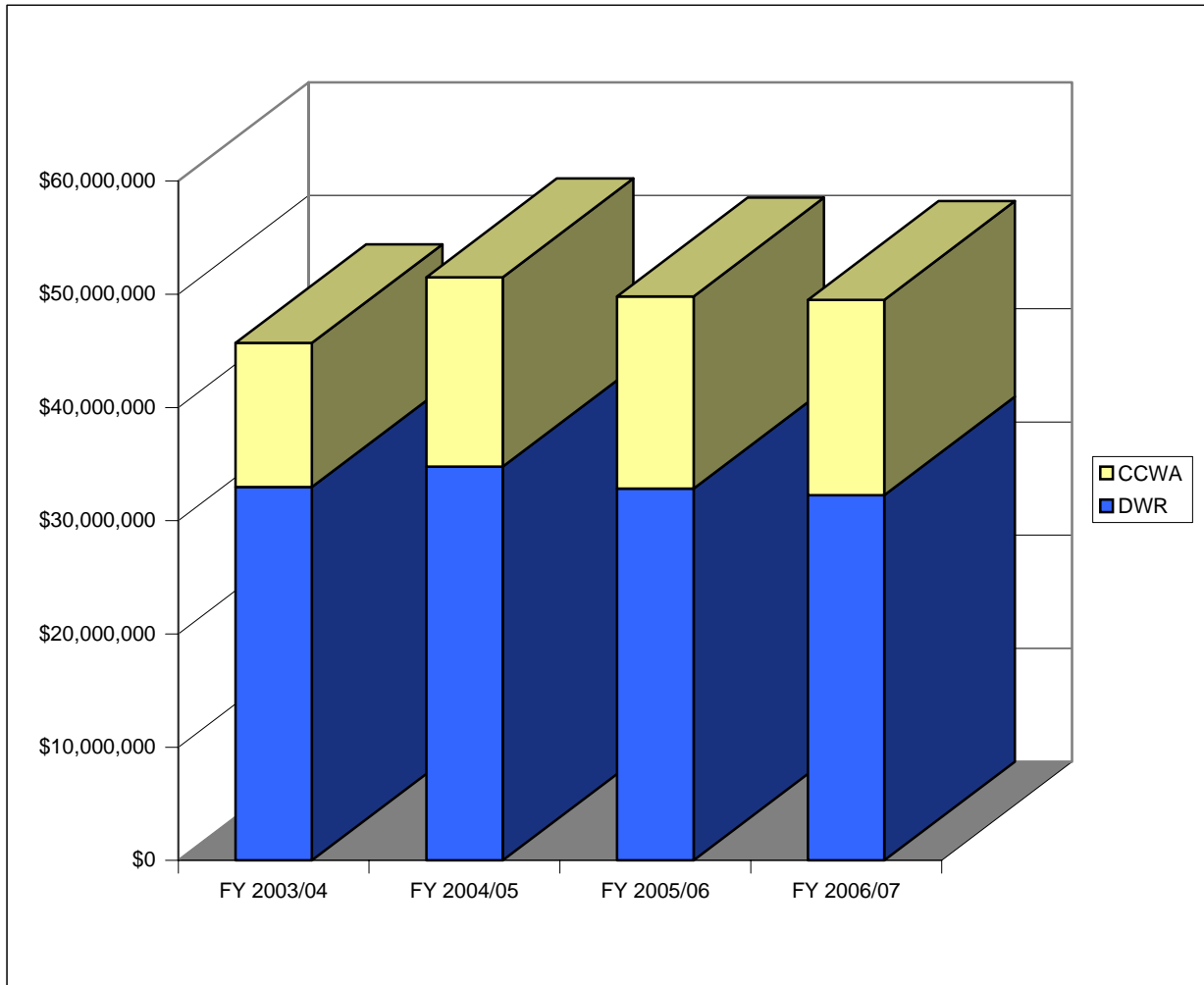
Table A ⁽¹⁾	47,816	AF
FY 2003/04	39,921	AF
FY 2004/05	44,143	AF
FY 2005/06	44,365	AF
FY 2006/07	44,598	AF



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

Central Coast Water Authority
Total DWR and CCWA SWP Charges
 FY 2003/04 to 2006/07

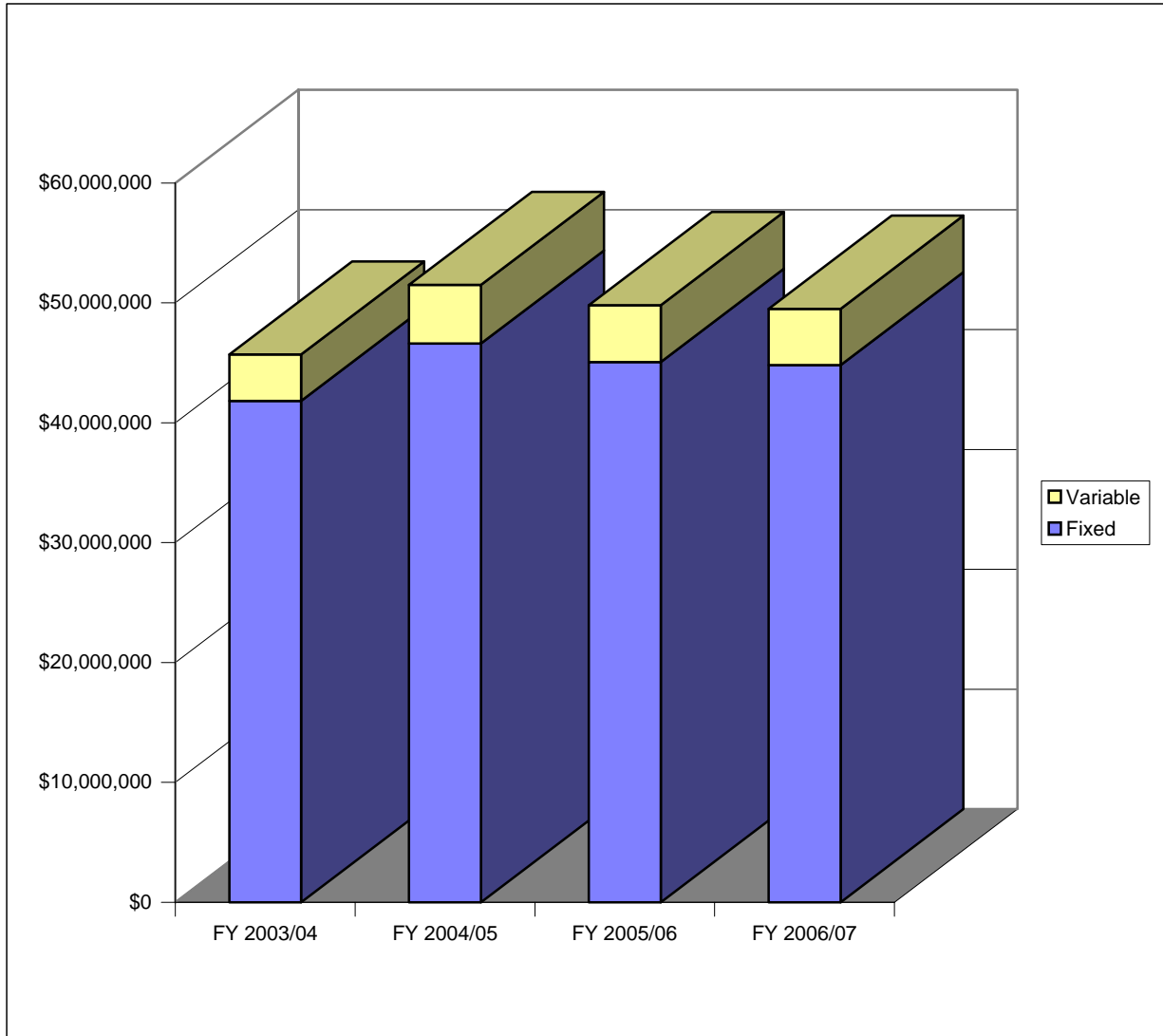
<u>Fiscal Year</u>	<u>DWR</u>	<u>CCWA</u>	<u>Total</u>
FY 2003/04	\$32,963,569	\$12,730,645	\$45,694,048
FY 2004/05	\$34,771,834	\$16,723,169	\$51,495,003
FY 2005/06	\$32,823,654	\$16,988,452	\$49,812,106
FY 2006/07	\$32,250,535	\$17,248,886	\$49,499,421



FY 2003/04 charges net of CCWA credits.

Central Coast Water Authority
Total Fixed and Variable SWP Charges
 FY 2002/03 through 2005/06

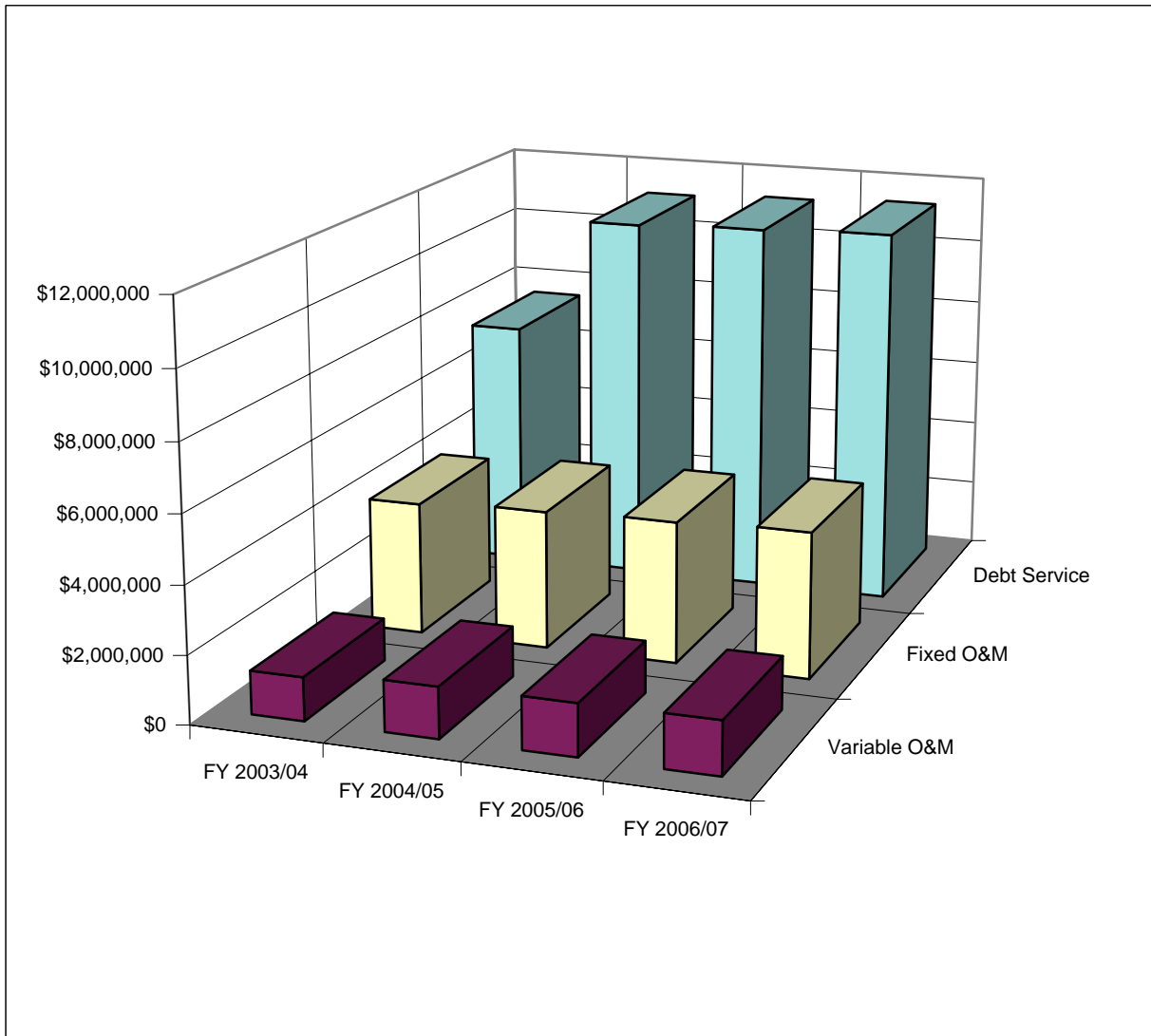
<u>Fiscal Year</u>	<u>Fixed</u>	<u>Variable</u>	<u>Total</u>
FY 2003/04	\$41,828,981	\$3,865,233	\$45,694,048
FY 2004/05	\$46,599,827	\$4,895,176	\$51,495,003
FY 2005/06	\$45,069,754	\$4,742,351	\$49,812,106
FY 2006/07	\$44,809,160	\$4,690,262	\$49,499,421



FY 2003/04 charges net of CCWA credits.

Central Coast Water Authority
CCWA Estimated Charges
 FY 2003/04 to 2006/07

<u>Fiscal Year</u>	<u>Variable O&M</u>	<u>Fixed O&M</u>	<u>Debt Service</u>	<u>Total</u>
FY 2003/04	\$1,268,545	\$3,962,378	\$7,499,723	\$12,730,645
FY 2004/05	\$1,493,258	\$4,129,178	\$11,100,734	\$16,723,169
FY 2005/06	\$1,534,465	\$4,232,753	\$11,221,234	\$16,988,452
FY 2006/07	\$1,562,366	\$4,348,187	\$11,338,334	\$17,248,886



FY 2003/04 charges net of CCWA credits.



Above: CCWA Distribution staff inspecting welded pipe at Thompson Road in Nipomo.

Revenues and Sources of Cash

The Revenues and Sources of Cash section of the FY 2003/04 Budget includes information on the Authority's revenues, pass-through receipts and narrative explanations on the Authority's billing procedures and cash management.



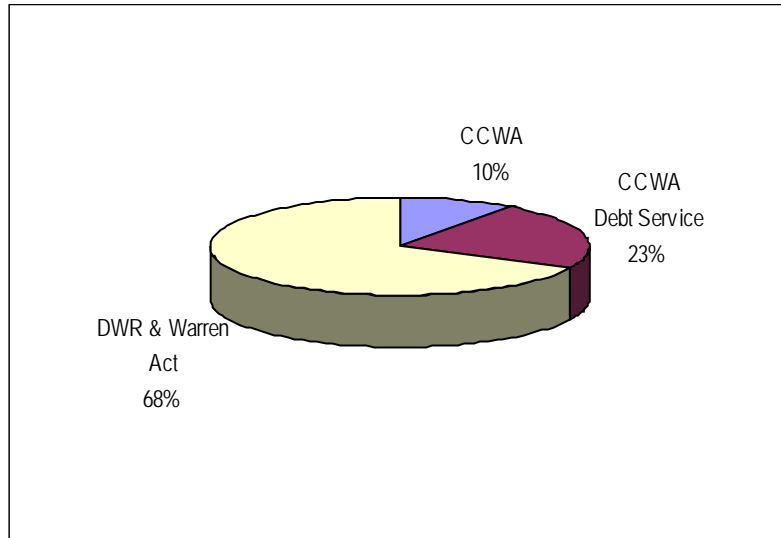
Central Coast Water Authority
Revenues and Sources of Cash
 Fiscal Year 2003/04 Budget

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

Revenues and Other Sources of Cash

Revenues	FY 2001/02	FY 2002/03	FY 2003/04
	Actual	Estimated Actual	Budget
CCWA Operating Expenses ⁽¹⁾	\$ 4,010,342	\$ 4,877,003	\$ 4,846,918
Debt Service Payments	10,357,208	10,654,207	10,922,938
Capital Improvement Projects (CIP)	90,896	5,638	22,605
Non-Annual Recurring Expenses	413,321	386,547	34,149
Investment Income	622,265	175,000	-
Subtotal Revenues	15,494,032	16,098,395	15,826,610
<u>Pass-Through Expenses</u>			
DWR Fixed Costs	27,585,215	27,803,178	30,366,881
DWR Variable Costs	2,066,871	756,135	2,596,689
DWR Account Interest	-	-	-
Warren Act Charges ⁽¹⁾	99,875	47,642	327,251
Subtotal Pass Through Expenses	29,751,961	28,606,955	33,290,820
Gross Budget Before Credits	45,245,993	44,705,351	49,117,430
Credits and Prepayments	(2,630,033)	(4,159,081)	(3,423,382)
TOTAL SOURCES OF CASH	\$ 42,615,960	\$ 40,546,270	\$ 45,694,048
(1) Adjusted for Santa Ynez Exchange Agreement modifications.			

Central Coast Water Authority
Revenues and Sources of Cash
Fiscal Year 2003/04 Budget



FY 2002/03 Actual Cash Receipts

The actual cash receipts for FY 2002/03 were less than the actual expenditures for the year because of credits given to the project participants for (1) unexpended operating expense assessments for FY 2001/02, (2) interest income for FY 2001/02, (3) differences between the DWR actual fixed payments and the budgeted fixed payments and (4) debt service credits from the project closeout.

CCWA Operating Expense Revenues

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

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

Central Coast Water Authority
Revenues and Sources of Cash
 Fiscal Year 2003/04 Budget

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

Project Participant	Original CCWA Operating Expenses ⁽¹⁾	Regional WTP Allocation	Regional WTP Allocation Credit	Exchange Agreement Adjustment SYPF Power	Exchange Agreement Adjustment Cap. and Fixed	Exchange Agreement Adjustment Variable	Adjusted CCWA Operating Expenses
Guadalupe	\$ 51,459	\$ 18,620	\$ -	\$ -	\$ -	\$ -	\$ 70,079
Santa Maria	1,475,797	543,943	-	-	-	-	2,019,740
SCWC	48,082	16,939	-	-	-	-	65,021
Vandenberg AFB	564,613	186,113	-	-	-	-	750,727
Buellton	72,105	19,567	-	-	-	-	91,672
Santa Ynez (Solvang)	189,773	50,398	-	-	-	-	240,171
Santa Ynez	72,635	108,232	-	-	304,422	38,075	523,364
Goleta	892,734	119,668	(442,352)	(60,982)	(109,592)	(13,707)	385,770
Morehart Land	32,297	6,531	(23,786)	-	-	-	15,042
La Cumbre	198,385	33,841	(125,700)	-	-	-	106,526
Raytheon (SBRC)	9,919	1,694	(6,285)	-	-	-	5,328
Santa Barbara	396,424	72,711	(258,430)	(40,654)	(73,061)	(9,138)	87,852
Montecito	464,350	75,301	(270,896)	(40,654)	(73,061)	(9,138)	145,901
Carpinteria	279,293	48,932	(175,041)	(27,103)	(48,708)	(6,092)	71,282
Shandon	4,356	-	-	-	-	-	4,356
Chorro Valley	143,544	-	-	-	-	-	143,544
Lopez	143,149	-	-	-	-	-	143,149
TOTAL:	\$ 5,038,916	\$1,302,490	(\$1,302,490)	(\$169,393)	\$ -	\$ -	\$ 4,869,523

(1) Includes \$627,279 for the gross Santa Ynez Pumping Facility power costs and \$22,605 in capital expenditures.

The adjusted total CCWA Operating Expense revenues, including capital improvement projects funded with CCWA O&M assessments for Fiscal Year 2003/04, are **\$4,869,523.**

Central Coast Water Authority
Revenues and Sources of Cash
 Fiscal Year 2003/04 Budget

Debt Service Payments

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

For Fiscal Year 2003/04, total revenue for debt service payments will be \$10,922,938, or about \$269,000 more than the FY 2002/03 payment. The following table shows each financing participant's share of the debt service.

Financing Participant	FY 2002/03	FY 2003/04	
	Actual Debt Service Payments	Debt Service Revenue	Increase
Avila Beach	\$ 14,212	\$ 14,403	\$ 191
California Men's Colony	120,311	121,923	1,612
County of SLO	128,150	129,868	1,718
Cuesta College	60,170	60,967	797
Morro Bay	747,835	757,862	10,026
Oceano	104,099	105,495	1,396
Pismo Beach	172,054	174,360	2,306
Shandon	13,504	13,685	180
Guadalupe	165,404	167,633	2,229
Buellton	293,284	297,045	3,761
Santa Ynez (Solvang)	619,880	627,697	7,817
Santa Ynez	232,089	235,021	2,932
Goleta	2,834,034	2,870,362	36,328
Morehart Land	102,560	110,075	7,515
La Cumbre	491,449	526,724	35,275
Raytheon (SBRC)	27,226	27,648	422
Santa Barbara	1,742,891	1,765,264	22,374
Montecito	1,614,187	1,730,671	116,485
Carpinteria	1,170,868	1,186,234	15,366
TOTAL:	\$ 10,654,207	\$ 10,922,938	\$ 268,731

Central Coast Water Authority
Revenues and Sources of Cash
 Fiscal Year 2003/04 Budget

FY 2003/04 CCWA Credits

The following table shows a summary of the FY 2003/04 credits for each project participant. Certain project participants have elected to apply their credits against Authority assessments over a number of years.

Project Participant	CCWA O&M Credits	O&M Reserve Fund Interest Credits	Rate Coverage Reserve Fund Interest Credit	Prepayments and Miscellaneous Interest Credits	Total CCWA Credits
Guadalupe	\$3,663	\$562	\$ 3,078		\$7,303
Santa Maria	1,118	-	-	2,216,073	2,217,191
SCWC	18	-	-		18
Vandenberg AFB	660	-	-		660
Buellton	83	-	-		83
Santa Ynez (Solvang)	432	1,533	10,537		12,502
Santa Ynez	61,676	511	7,596		69,783
Goleta	68,316	4,601	-		72,916
Morehart Land	3,354	203	-		3,557
La Cumbre	20,825	1,014	6,866	900,000	928,705
Raytheon (SBRC)	489	51	-		540
Santa Barbara	63,471	3,041	-		66,513
Montecito	-	3,067	19,102		22,169
Carpinteria	486	2,045	14,981		17,512
Shandon		-	286		286
Oceano CSD		-	3,101		3,101
Avila Beach CSD	-	-	544		544
Chorro Valley		-	-		-
Lopez		-	-		-
TOTAL:	\$224,591	\$16,627	\$66,091	\$3,116,073	\$3,423,382

Investment Income and Cash Management

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

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

Central Coast Water Authority
Revenues and Sources of Cash
Fiscal Year 2003/04 Budget

Bank Account Cash Balances

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

Debt Service Payments

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

Investment Income

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

DWR Payment Investments

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

CCWA Operating Expense Revenue

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

Central Coast Water Authority
Revenues and Sources of Cash
 Fiscal Year 2003/04 Budget

Pass-Through Expenses

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

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

Warren Act Charges

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

There are two components to the Warren Act charges: (1) Trust Fund payments of \$43 an acre-foot and (2) Warren Act charges of \$15 per acre foot. For Fiscal Year 2003/04, the charges are based on 75% of requested deliveries to Lake Cachuma for the second half of 2003 and 100% of requested deliveries to Lake Cachuma for the first half of 2004.

The following table represents the Fiscal Year 2003/04 DWR and Warren Act charges to be collected and paid by the Authority (see the Department of Water Resources section of this document for further information on the DWR charges).

Project Participant	FY 2003/04 DWR Fixed Charges	FY 2003/04 DWR Variable Charges	FY 2003/04 Interest Income	FY 2003/04 Warren Act Charges ⁽¹⁾	Total Pass-Through Expenses
Guadalupe	\$392,018	\$45,282	\$0	\$ -	\$437,300
Santa Maria	12,070,092	1,176,940	-	-	13,247,031
SCWC	372,135	29,237	-	-	401,372
Vandenberg AFB	4,375,990	403,049	-	-	4,779,039
Buellton	459,457	48,741	-	-	508,198
Santa Ynez (Solvang)	1,178,967	19,817	-	-	1,198,784
Santa Ynez	413,111	11,209	-	-	424,320
Goleta	3,743,953	453,351	-	203,148	4,400,452
Morehart Land	159,393	-	-	6,250	165,642
LaCumbre	794,924	74,869	-	55,274	925,067
Raytheon (SBRC)	41,177	3,155	-	2,828	47,160
Santa Barbara	2,386,907	106,978	-	(17)	2,493,867
Montecito	2,386,907	176,670	-	48,935	2,612,512
Carpinteria	1,591,849	47,392	-	10,834	1,650,076
Shandon	N/A	N/A	-	-	-
Chorro Valley	N/A	N/A	-	-	-
Lopez	N/A	N/A	-	-	-
TOTAL:	\$30,366,881	\$2,596,689	\$0	\$327,251	\$33,290,820

(1) Adjusted for Santa Ynez Exchange Agreement modifications.

Central Coast Water Authority
Revenues and Sources of Cash
Fiscal Year 2003/04 Budget

Authority Billing Procedures

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

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

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

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

DWR prepares its Statement of Charges on a calendar year basis. The DWR State Water Project Analysis Office (SWPAO) also supplies the Authority with projected estimates of the following calendar year charges. The current calendar year Statement of Charges and the SWPAO estimated charges are used to calculate the amount payable by the project participants for the budgeted fiscal year.

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

Central Coast Water Authority
Revenues and Sources of Cash
Fiscal Year 2003/04 Budget

The following table provides a breakdown of the various revenues and pass-through expenses for Fiscal Year 2003/04 for each project participant.

Project Participant	FY 2003/04 CCWA Operating Expenses ⁽¹⁾	FY 2003/04 Non-Annual Recurring	FY 2003/04 Debt Service Payments	FY 2003/04 DWR Costs	FY 2003/04 Warren Act Charges ⁽²⁾	FY 2003/04 CCWA Credits	FY 2003/04 Total Payments
Guadalupe	\$70,079	\$266	\$ 167,633	\$437,300	\$0	\$ (7,303)	\$667,974
Santa Maria	2,019,740	8,938	-	13,247,031	-	(2,217,191)	13,058,518
SCWC	65,021	279	-	401,372	-	(18)	466,654
Vandenberg AFB	750,727	4,067	-	4,779,039	-	(660)	5,533,172
Buellton	91,672	599	297,045	508,198	-	(83)	897,431
Santa Ynez (Solvan)	240,171	1,576	627,697	1,198,784	-	(12,502)	2,055,727
Santa Ynez	523,364	-	235,021	424,320	-	(69,783)	1,112,923
Goleta	385,770	5,927	2,870,362	4,197,304	203,148	(72,916)	7,589,595
Morehart Land	15,042	263	110,075	159,393	6,250	(3,557)	287,466
La Cumbre	106,526	1,323	526,724	869,793	55,274	(928,705)	630,936
Raytheon (SBRC)	5,328	66	27,648	44,333	2,828	(540)	79,663
Santa Barbara	87,852	3,943	1,765,264	2,493,885	(17)	(66,513)	4,284,413
Montecito	145,901	3,944	1,730,671	2,563,577	48,935	(22,169)	4,470,859
Carpinteria	71,282	2,628	1,186,234	1,639,241	10,834	(17,512)	2,892,708
Shandon	4,356	1	13,685	N/A	-	(286)	17,756
Chorro Valley	143,544	-	1,070,619	N/A	-	-	1,214,163
Lopez	143,149	330	294,257	N/A	-	(3,645)	434,091
TOTAL:	\$4,869,523	\$34,149	\$10,922,938	\$32,963,570	\$327,251	(\$3,423,382)	\$45,694,048
(1) Adjusted for Santa Ynez Exchange Agreement Modifications and Regional WTP Treatment Allocation.							
(2) Adjusted for Santa Ynez Exchange Agreement Modifications.							





Above: Major blow-off valve at the Guadalupe turnout.

Department of Water Resources Charges

The Department of Water Resources (DWR) section of the FY 2003/04 Budget provides information on the Authority's payments to DWR. This section includes information on the allocation of the fixed and variable DWR costs and other information regarding the FY 2003/04 DWR charges.

Highlights

Total FY 2003/04 DWR Charges **\$32,963,570**

- DWR Fixed Charges \$30,366,881
- DWR Variable Charges \$ 2,596,689

Fixed Charge Highlights

- Total fixed charge increase over FY 2002/03 of \$4,417,780
- Increase in Transportation Capital charges \$3,363,363
- Decrease in Coastal Branch Phase II debt service \$646,825
- Increase in Transportation Minimum OMP&R charges \$1,526,652
- Rate Management Funds Credit excluded for first half of calendar year 2004 of \$1,800,000

Variable Charge Highlights

- Total variable charge decrease over FY 2002/03 of \$112,366
- Variable OMP&R unit rate for 2003: \$59.45
- Variable OMP&R unit rate for 2004: \$58.22

Central Coast Water Authority
Department of Water Resources Charges
Fiscal Year 2003/04 Budget

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

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

DWR Billing Procedures

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

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

Summary of FY 2003/04 DWR Charges

The DWR charges for the first half of FY 2003/04 are based on the 2003 Statement of Charges. The DWR charges for the second half of FY 2003/04 are based on forecasts prepared by the DWR State Water Project Analysis Office. DWR transportation capital charges starting in 1998 are based on a Coastal Branch Phase II project cost of \$481 million. Coastal Branch Extension capital charges are based on debt service from DWR’s November 1996 Series Q revenue bond financing including deferral of principal through 2008 and the Series W revenue bonds issued in 2001.

The fixed DWR charges are allocated to the various project participants based on their State water Table A allocation. The variable DWR charges are allocated in proportion to the project participant requested deliveries. San Luis Obispo County pays DWR directly for its DWR costs. The table on page 61 shows fixed and variable DWR costs for each project participant.

Central Coast Water Authority
Department of Water Resources Charges
Fiscal Year 2003/04 Budget

The FY 2003/04 DWR fixed charges total \$30,366,881, which is \$4,417,780 more than the FY 2002/03 Budget.

- Transportation capital charges are increasing by \$3,363,363 because the calendar year 2002 rate management credits were included for the full year in the FY 2002/03 budget. In calendar year 2002, DWR initially determined it could not provide rate management credits due to the extraordinary power costs incurred by the State Water Project in the latter part of 2001. Subsequently, DWR determined it could provide the rate management credits for 2002, and these credits were included in the FY 2002/03 CCWA budget resulting in a \$1.8 million additional reduction in the FY 2002/03 CCWA budget.

DWR has also determined it does not have sufficient revenues to provide rate management credits in the calendar year 2004 Statement of Charges. Therefore, the FY 2003/04 CCWA budget excludes rate management credits for the first half of calendar year 2004 resulting in a \$1.8 million increase in the FY 2003/04 CCWA budget.

- Coastal Branch Phase II Extension (i.e., Reaches 37 and 38) transportation charges are decreasing by \$646,825 compared to the FY 2002/03 amount. This decrease is attributed to an additional charge in the FY 2002/03 CCWA budget for an increase in Coastal Branch Phase II Extension debt service payments for the Series W revenue bonds for a portion of the Coastal Branch Extension Phase II construction costs.
- Transportation Minimum OMP&R charges are increasing by \$1,526,652 over the prior year budget due to a \$2.2 million under-collection by DWR in 2002, one-half of which is included in the FY 2003/04 budget, and an increase in the current year (2003) Transportation Minimum OMP&R charges.

When the calendar year DWR 2003 Statement of Charges were originally calculated, the Transportation Minimum OMP&R charges were substantially higher than amounts in prior years. Subsequently, DWR reduced the estimated 2003 charges. However, CCWA's share of the adjusted Transportation Minimum OMP&R charges for calendar year 2003 were approximately \$3.6 million higher than the amount used in calculating the FY 2002/03 budget, one-half of which was due during FY 2002/03 and one-half included in the FY 2003/04 budget.

In FY 2002/03, a supplemental assessment was sent to all Santa Barbara County project participants for their proportional share of the calendar year 2003 Transportation Minimum OMP&R charge increases. Certain credits held by CCWA were used to offset a portion of the additional amount due, with the remaining balance, after application of CCWA credits, paid by the project participants in January 2003.

- Water System Revenue Bond (WSRB) Charges are higher by approximately \$80,000.
- Total Delta Water Charges for FY 2003/04 are \$1,001,356, or about \$95,000 higher than the prior year budget amount.

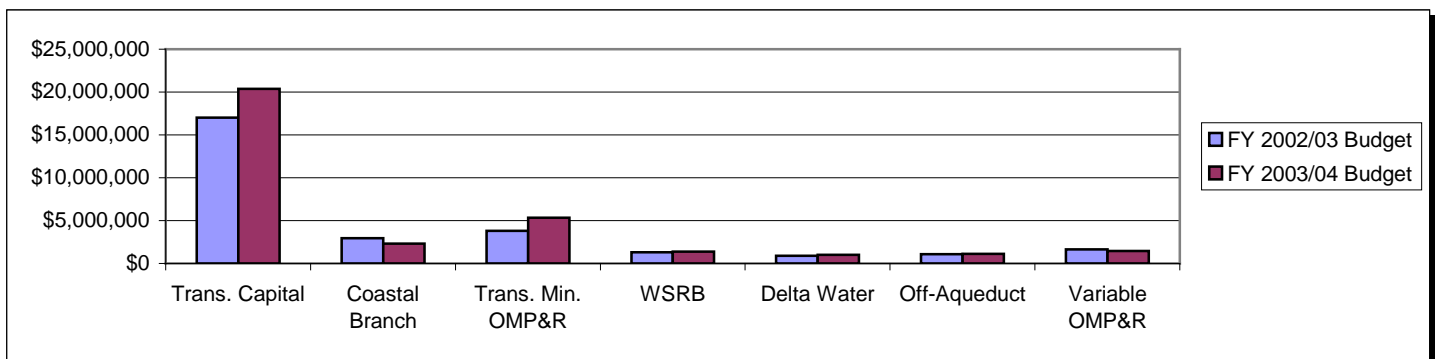
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The DWR variable charges for FY 2003/04 total \$2,596,689, which is \$112,366 lower than the FY 2002/03 budgeted variable payments.

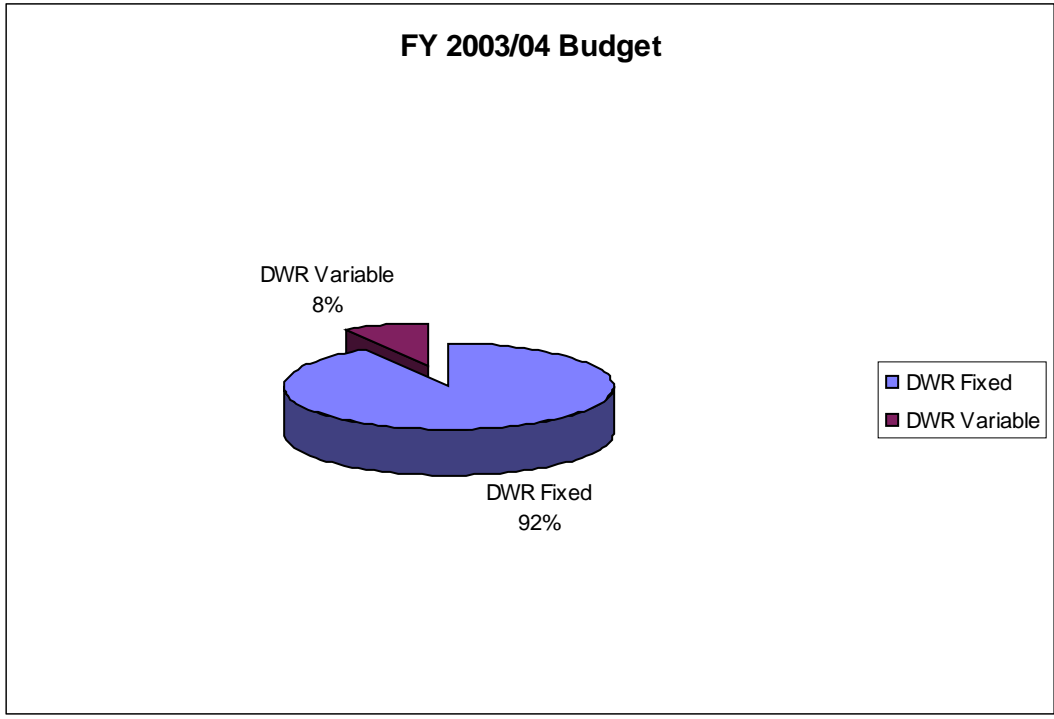
- Off-aqueduct charges total \$1,137,910, which is about \$70,000 higher than the prior year amount.
- Variable OMP&R charges total \$1,458,779 which is about \$183,000 less than the prior year amount.

The following table provides a comparison of the FY 2002/03 and FY 2003/04 DWR charges. The FY 2003/04 charges are not offset by DWR account investment income because these credits were used for the Transportation Minimum OMP&R supplemental assessment described above.

DWR Fixed and Variable Cost Comparison			
Cost Component	FY 2002/03 Budget	FY 2003/04 Budget	Increase (Decrease)
Transportation Capital	\$ 17,010,990	\$ 20,374,354	\$ 3,363,363
Coastal Branch Phase II	2,942,649	2,295,823	(646,825)
Transportation Minimum OMP&R	3,799,159	5,325,811	1,526,652
Water System Revenue Bond	1,289,804	1,369,537	79,734
Delta Water Charges	906,499	1,001,356	94,856
Subtotal Fixed DWR Charges	25,949,101	30,366,881	4,417,780
Off-Aqueduct Charges	1,067,444	1,137,910	70,466
Variable OMP&R	1,641,612	1,458,779	(182,832)
Subtotal Variable DWR Charges	2,709,055	2,596,689	(112,366)
DWR Account Investment Income	(325,573)	-	325,573
Total DWR Charges	\$ 28,332,583	\$ 32,963,570	\$ 4,630,987



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Detail of DWR Fixed Costs

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

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

The following table shows the Transportation Capital Costs for Reaches 1 through 35 for FY 2003/04 by project participant.

TRANSPORTATION CAPITAL CHARGES

Project Participant	Table A	Percentage	Reaches 1 to 35 ⁽¹⁾	Deferral of Charges Repayment	One-Shot Adjustment	Rate Management Funds Credit	FY 2002/03 (Credits) Additional Charge ⁽²⁾	FY 2003/04 Transportation Capital Charges
Guadalupe	550	1.41%	\$ 307,658	\$ 14,597	\$ (5,683)	\$ (23,008)	\$ (7,894)	\$ 285,670
Santa Maria	16,200	41.46%	9,061,927	429,935	(167,397)	(677,680)	(208,312)	8,438,473
SCWC	500	1.28%	279,689	13,270	(5,167)	(20,916)	(6,812)	260,064
VAFB	5,500	14.07%	3,076,580	145,965	(56,832)	(230,076)	(70,933)	2,864,704
Buellton	578	1.48%	323,321	15,340	(5,973)	(24,179)	(7,939)	300,570
Santa Ynez (Solvang) ⁽³⁾	1,500	3.84%	832,175	39,809	(15,500)	(62,170)	(18,968)	775,346
Santa Ynez ⁽³⁾	500	1.28%	286,581	13,270	(5,167)	(21,495)	(6,280)	266,910
Goleta	4,500	11.52%	2,517,202	119,426	(46,499)	(188,244)	(60,352)	2,341,532
Morehart	200	0.51%	111,876	5,308	(2,067)	(8,366)	(2,325)	104,426
La Cumbre	1,000	2.56%	559,378	26,539	(10,333)	(41,832)	(13,624)	520,128
Raytheon (SBRC)	50	0.13%	27,969	1,327	(517)	(2,092)	919	27,607
Santa Barbara	3,000	7.68%	1,678,135	79,618	(30,999)	(125,496)	(38,873)	1,562,384
Montecito	3,000	7.68%	1,678,135	79,618	(30,999)	(125,496)	(38,873)	1,562,384
Carpinteria	2,000	5.12%	1,118,756	53,078	(20,666)	(83,664)	(25,248)	1,042,256
Subtotal:	39,078	100.00%	\$ 21,859,381	\$ 1,037,098	\$ (403,799)	\$ (1,634,714)	\$ (505,514)	\$ 20,352,452
Goleta Additional Table A	2,500	5.50%	22,826	1,083	-	(2,007)	-	21,902
CCWA Drought Buffer	3,908	-	-	-	-	-	-	-
TOTAL:	45,486		\$ 21,882,207	\$ 1,038,181	\$ (403,799)	\$ (1,636,721)	\$ (505,514)	\$ 20,374,354

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

(2) Credits or additional amount due from FY 2002/03 transportation capital reconciliation.

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

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Transportation Charges - Reaches 37 and 38 This represents the debt service for the Coastal Branch Extension bonds issued by DWR for the Coastal Branch Extension facilities in Santa Barbara County south of the Santa Maria River.

The following table shows the Coastal Branch Extension Transportation Capital charges for Reaches 37 and 38. The charges are allocated according to DWR's actual construction costs for the project with 51.84% allocated to Reach 37 and 48.16% allocated to Reach 38.

TRANSPORTATION CAPITAL-COASTAL BRANCH EXTENSION

Project Participant	Reach 37				
	Table A	Percentage	Transportation Capital	Reach 37 Credits ⁽¹⁾	Net Reach 37 Transp. Costs
Guadalupe	-	0.00%	-	-	\$ -
Santa Maria	16,200	42.05%	710,679	(147,723)	562,956
SCWC	500	1.30%	21,935	(4,559)	17,375
VAFB	5,500	14.28%	241,280	(50,153)	191,127
Buellton	578	1.50%	25,356	(5,271)	20,086
Santa Ynez (Solvang)	1,500	3.89%	65,804	(13,678)	52,126
Santa Ynez	500	1.30%	21,935	(4,559)	17,375
Goleta	4,500	11.68%	197,411	(41,034)	156,377
Morehart	200	0.52%	8,774	(1,824)	6,950
La Cumbre	1,000	2.60%	43,869	(9,119)	34,750
Raytheon	50	0.13%	2,193	(456)	1,738
Santa Barbara	3,000	7.79%	131,607	(27,356)	104,251
Montecito	3,000	7.79%	131,607	(27,356)	104,251
Carpinteria	2,000	5.19%	87,738	(18,237)	69,501
Total:	38,528	100.00%	1,690,188	(351,326)	\$ 1,338,862

Project Participant	Reach 38						FY 2002/03		FY 2003/04	
	Table A	Percentage	Transportation Capital	Reach 38 Credits ⁽¹⁾	Net Reach 38 Transp. Costs	FY 2002/03 Credits	Transportation Capital Charges			
Guadalupe	-	0.00%	-	-	\$ -	\$ -	\$ -	\$ -	-	
Santa Maria	-	0.00%	-	-	-	(62,811)	500,145			
SCWC	-	0.00%	-	-	-	(2,036)	15,339			
VAFB	5,500	25.20%	395,645	(82,239)	313,405	(55,853)	448,679			
Buellton	578	2.65%	41,579	(8,643)	32,936	(6,004)	47,018			
Santa Ynez (Solvang)	1,500	6.87%	107,903	(22,429)	85,474	(15,198)	122,402			
Santa Ynez	500	2.29%	35,968	(7,476)	28,491	(4,937)	40,929			
Goleta	4,500	20.62%	323,709	(67,287)	256,422	(45,979)	366,820			
Morehart	200	0.92%	14,387	(2,991)	11,397	(2,052)	16,295			
La Cumbre	1,000	4.58%	71,935	(14,953)	56,983	(10,260)	81,473			
Raytheon	50	0.23%	3,597	(748)	2,849	(417)	4,170			
Santa Barbara	3,000	13.74%	215,806	(44,858)	170,948	(30,395)	244,804			
Montecito	3,000	13.74%	215,806	(44,858)	170,948	(30,395)	244,804			
Carpinteria	2,000	9.16%	143,871	(29,905)	113,966	(20,521)	162,945			
Total:	21,828	100.00%	1,570,206	(326,386)	\$ 1,243,820	\$ (286,859)	\$ 2,295,823			

(1) Includes repayment of the Deferral of Charges of \$80,095, credits for the return of bond cover, \$652,086, and Rate Management Funds Credits of \$211,443.

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

The following table shows the Transportation Charge-Minimum OMP&R charges for FY 2003/04.

TRANSPORTATION MINIMUM OMP&R

Project Participant					FY 2003/04
	Table A	Percentage	Reaches 1 to 35	One-Shot Adjustment	Transportation Minimum OMP&R
Guadalupe	550	1.41%	\$ 58,708	\$ 15,117	\$ 73,824
Santa Maria	16,200	41.46%	1,729,205	445,254	2,174,460
SCWC	500	1.28%	53,371	13,742	67,113
VAFB	5,500	14.07%	587,076	151,167	738,243
Buellton	578	1.48%	61,696	15,886	77,583
Santa Ynez (Solvang) ⁽¹⁾	1,500	3.84%	155,365	41,227	196,592
Santa Ynez ⁽¹⁾	500	1.28%	58,117	13,742	71,860
Goleta	4,500	11.52%	480,335	123,682	604,017
Morehart	200	0.51%	21,348	5,497	26,845
La Cumbre	1,000	2.56%	106,741	27,485	134,226
Raytheon (SBRC)	50	0.13%	5,337	1,374	6,711
Santa Barbara	3,000	7.68%	320,223	82,455	402,678
Montecito	3,000	7.68%	320,223	82,455	402,678
Carpinteria	2,000	5.12%	213,482	54,970	268,452
Subtotal:	39,078	100.00%	\$ 4,171,228	\$ 1,074,053	\$ 5,245,280
Goleta Additional Table A	2,500	-	64,041	16,490	\$ 80,531
CCWA Drought Buffer	3,908	-	-	-	-
TOTAL:	45,486		\$ 4,235,268	\$ 1,090,543	\$ 5,325,811

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

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

The following table shows the Water System Revenue Bond Surcharge for FY 2003/04.

WATER SYSTEM REVENUE BOND SURCHARGE

Project Participant	Table A	Percentage	Gross WSRB Charges	Return of Bond Cover ⁽²⁾	FY 2002/03 WSRB Credits	FY 2003/04 WSRB Charges
Guadalupe	550	1.41%	\$ 32,483	\$ (12,191)	\$ (1,087)	\$ 19,205
Santa Maria	16,200	41.46%	956,787	(359,093)	(33,293)	564,401
SCWC	500	1.28%	29,530	(11,083)	(1,050)	17,397
VAFB	5,500	14.07%	324,835	(121,914)	(11,551)	191,369
Buellton	578	1.48%	34,137	(12,812)	(1,171)	20,154
Santa Ynez (Solvang) ⁽¹⁾	1,500	3.84%	87,364	(32,789)	(2,908)	51,668
Santa Ynez ⁽¹⁾	500	1.28%	30,757	(11,544)	(1,064)	18,150
Goleta	4,500	11.52%	265,774	(99,748)	(11,054)	154,972
Morehart	200	0.51%	11,812	(4,433)	(374)	7,005
La Cumbre	1,000	2.56%	59,061	(22,166)	(2,100)	34,794
Raytheon (SBRC)	50	0.13%	2,953	(1,108)	(265)	1,580
Santa Barbara	3,000	7.68%	177,183	(66,499)	(6,072)	104,612
Montecito	3,000	7.68%	177,183	(66,499)	(6,072)	104,612
Carpinteria	2,000	5.12%	118,122	(44,332)	(4,200)	69,589
Subtotal	39,078	100.00%	\$ 2,307,982	\$ (866,212)	\$ (82,263)	\$ 1,359,508
Goleta Additional Table A	2,500	-	\$ 16,055	(6,025)	\$ -	10,029
CCWA Drought Buffer	3,908	-	-	-	-	-
TOTAL:	45,486		\$ 2,324,037	\$ (872,237)	\$ (82,263)	\$ 1,369,537

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

(2) WSRB return of bond cover for one half of 2001 and one half of 2002.

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Delta Water Charges This is a unit charge applied to each acre-foot of State water Table A amount net of Table A reductions (see "Table A Reductions" in the section discussing "Other DWR Charges and Credits"). The unit charge covers repayment of all outstanding reimbursable costs of the DWR Project Conservation Facilities, with appropriate interest, by the end of the State water contract repayment period in 2035.

No Table A reductions are assumed for FY 2003/04.

The following table shows the Delta Water Charges for FY 2003/04.

DELTA WATER CHARGE

Project Participant	Table A Including Drought Buffer ⁽¹⁾	Percentage	Gross Delta Water Charges	Rate Management Funds Credit	Other (Credits) Amount Due	FY 2003/04 Delta Water Charges
Guadalupe	605	1.41%	\$ 14,398	(924)	\$ (156)	\$ 13,318
Santa Maria	17,820	41.46%	424,078	(27,220)	(4,528)	392,330
SCWC	550	1.28%	13,089	(840)	(133)	12,116
VAFB	6,050	14.07%	143,977	(9,241)	(1,555)	133,181
Buellton	636	1.48%	15,135	(971)	(146)	14,018
Santa Ynez (Solvang)	1,500	3.49%	35,697	(2,291)	(362)	33,044
Santa Ynez	700	1.63%	16,658	(1,069)	(169)	15,420
Goleta	4,950	11.52%	117,799	(7,561)	(1,893)	108,346
Morehart	220	0.51%	5,236	(336)	(91)	4,808
La Cumbre	1,100	2.56%	26,178	(1,680)	(265)	24,232
Raytheon	55	0.13%	1,309	(84)	(23)	1,202
Santa Barbara	3,300	7.68%	78,533	(5,041)	(891)	72,601
Montecito	3,300	7.68%	78,533	(5,041)	(891)	72,601
Carpinteria	2,200	5.12%	52,355	(3,360)	(531)	48,464
Subtotal	42,986	100.00%	\$ 1,022,974	\$ (65,661)	\$ (11,633)	\$ 945,680
Goleta Additional Table A	2,500	5.50%	\$ 59,495	(3,819)	-	\$ 55,676
		-	-	-	-	-
TOTAL:	45,486		\$ 1,082,469	\$ (69,480)	\$ (11,633)	\$ 1,001,356

(1) No Table A reductions for calendar years 2003 or 2004.

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

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

The following table shows the Off-Aqueduct charges for FY 2003/04.

OFF-AQUEDUCT CHARGES

Project Participant	Table A Allocation		2003		2004		FY 2002/03	TOTAL
	Table A	Allocation Percentage	Off-Aqueduct ⁽²⁾	One-Half Year	Off-Aqueduct ⁽³⁾	One-Half Year	(Credits) Charges ⁽⁴⁾	FY 2003/04 Off-Aqueduct
Guadalupe	605	1.33%	\$ 16,675	\$ 8,338	\$ 16,786	\$ 8,393	\$ 1,991	\$ 18,721
Santa Maria	17,820	39.18%	491,163	245,582	494,414	247,207	56,093	548,881
SCWC	550	1.21%	15,159	7,580	15,260	7,630	(5,015)	10,195
VAFB	6,050	13.30%	166,753	83,377	167,856	83,928	6,357	173,662
Buellton	636	1.40%	17,530	8,765	17,646	8,823	6,489	24,077
Santa Ynez (Solvang) ⁽⁶⁾	1,500	3.30%	41,344	20,672	41,617	20,809	(26,516)	14,965
Santa Ynez ⁽⁷⁾	700	1.54%	19,294	9,647	19,421	9,711	(8,149)	11,209
Goleta	7,450	16.38%	205,340	102,670	206,699	103,350	(24,302)	181,718
Morehart	220	0.48%	6,064	3,032	6,104	3,052	(6,097)	-
La Cumbre	1,100	2.42%	30,319	15,159	30,519	15,260	(651)	29,768
Raytheon	55	0.12%	1,516	758	1,526	763	(171)	1,350
Santa Barbara	3,300	7.25%	90,956	45,478	91,558	45,779	(44,963)	46,294
Montecito	3,300	7.25%	90,956	45,478	91,558	45,779	(31,080)	60,177
Carpinteria	2,200	4.84%	60,637	30,319	61,039	30,519	(43,945)	16,893
	45,486	100.00%	\$ 1,253,707	\$ 626,854	\$ 1,262,003	\$ 631,002	\$ (119,959)	\$ 1,137,909

- (1) Off-aqueduct charges are billed to the project participants in four equal installments based on the calendar year DWR charges.
- (2) Source: DWR invoice dated December 20, 2002.
- (3) Source: Attachment #3, December 20, 2002 DWR Invoice.
- (4) Credits for reconciliation of 2002 off-aqueduct charges, return of bond cover and SMIF interest.

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

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

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

The following table shows the Variable OMP&R charges for FY 2003/04.

VARIABLE OMP&R CHARGES

Project Participant	July 1, 2003 to Dec 31, 2003 ⁽¹⁾				Jan 1, 2004 to June 30, 2004 ⁽³⁾				FY 2002/03		TOTAL
	Requested Delivery	SYID#1 Exchanges	Net Deliveries	2003 Var OMP&R	Requested Delivery	SYID#1 Exchanges	Net Deliveries	2004 Var OMP&R	Credits ⁽⁵⁾	FY 2003/04 Var. OMP&R	
Guadalupe	230	-	230	\$ 13,688	298	-	298	\$ 17,350	\$ (4,477)	\$ 26,561	
Santa Maria	6,386	-	6,386	379,618	7,877	-	7,877	458,607	(210,167)	628,058	
SCWC	192	-	192	11,414	294	-	294	17,117	(9,489)	19,042	
VAFB	2,414	-	2,414	143,483	2,832	-	2,832	164,882	(78,977)	229,387	
Buellton	242	-	242	14,357	314	-	314	18,281	(7,974)	24,664	
Santa Ynez (Solvang)	570	-	570	33,887	740	-	740	43,084	(72,118)	4,852	
Santa Ynez ⁽⁶⁾	272	1,940	2,212	16,141	338	815	1,153	19,679	(46,334)	-	
Goleta	2,589	(698)	1,891	153,925	2,429	(293)	2,136	141,419	(23,711)	271,633	
Morehart	43	-	43	2,541	65	-	65	3,784	(6,353)	-	
La Cumbre	441	-	441	26,217	512	-	512	29,809	(10,926)	45,101	
Raytheon (SBRC)	19	-	19	1,115	30	-	30	1,747	(1,056)	1,805	
Santa Barbara	815	(466)	350	48,458	195	(196)	(1)	11,353	872	60,683	
Montecito	989	(466)	524	58,802	865	(196)	669	50,361	7,330	116,493	
Carpinteria	580	(310)	270	34,505	280	(130)	150	16,302	(20,309)	30,498	
Total	15,781	-	15,781	\$ 938,151	17,069	-	17,069	\$ 993,775	\$ (483,688)	\$ 1,458,779	

- (1) 2003 Requested Deliveries based on a 75% delivery allocation for Table A deliveries and 100% for exchange deliveries.
- (2) Source: DWR January 2003 invoice.
- (3) 2004 Requested Deliveries based on a 100% delivery allocation.
- (4) Source: DWR Attachment #3, Revised Statement of Charges for 2003.
- (5) Credits for FY 2002/03 actual deliveries compared to budgeted deliveries and DWR Variable OMP&R credits.
- (6) Pursuant to the Exchange Agreement, Santa Ynez only pays Variable OMP&R charges on its entitlement deliveries. The South Coast

Other DWR Charges and Credits

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

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

Table A Entitlement Reductions These reductions are the result of elections by certain project participants to temporarily decrease their Table A allocation. This election eliminates the Delta Water Charge associated with the amount of State water Table A that has been reduced. No Table A reductions are assumed for calendar year 2003 or 2004.

Central Coast Water Authority
Department of Water Resources Charges
Fiscal Year 2003/04 Budget

Turnback Pool Sales This represents elections by project participants to “turnback” a portion of their State water in a given year. The initial amount of the turnback water, designated as Pool A, must be submitted for sale by February 15 of each year. The water is then sold by DWR to other State water contractors by March 1. The sellers receive half the Delta Water Rate (about \$11.90 per AF) for each acre-foot of water sold in Pool A. Any water that is not sold in Pool A is placed in Pool B for possible sale, unless the sellers indicate otherwise.

The second “pool” of water to be sold, designated as Pool B, must be submitted for sale by March 15 of each year and is sold by DWR by April 1. The sellers receive one-fourth of the Delta Water Rate (about \$5.95 per AF) for each acre-foot sold in Pool B. Any water that is not sold in Pool B to other State water contractors or purchased by DWR is sold by DWR to the highest bidder.

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

For the FY 2003/04 CCWA budget, full rate management credits are included for calendar years 2003 and no credits are included for calendar year 2004.

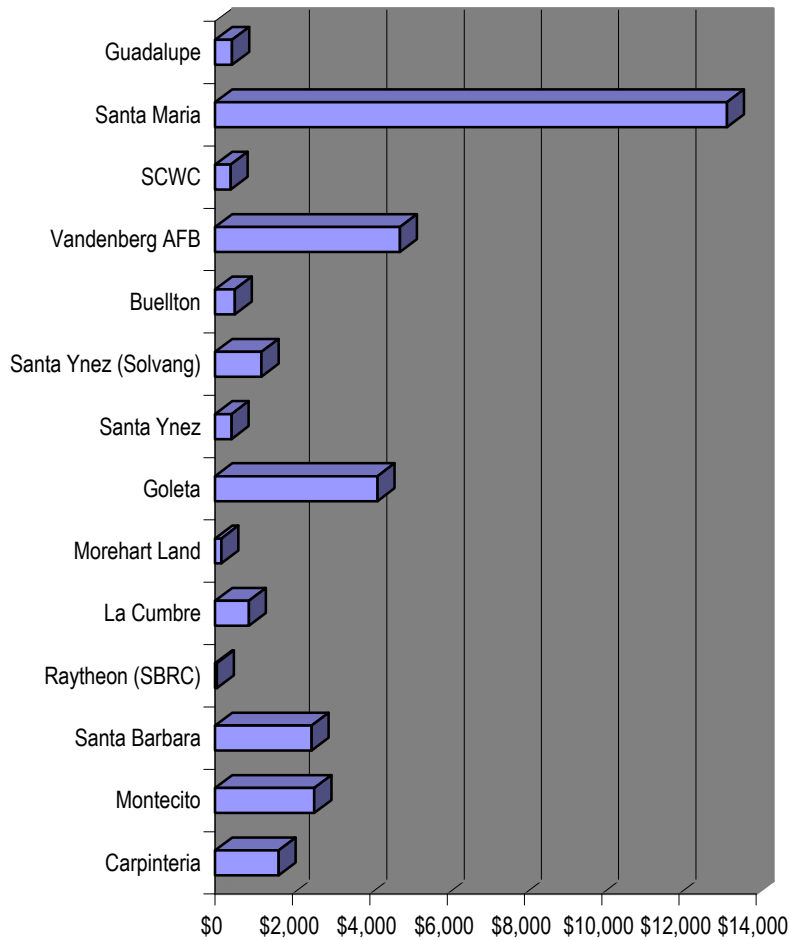
CCWA Turnback Pool

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

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

Central Coast Water Authority
Department of Water Resources Charges
Fiscal Year 2003/04 Budget

Total FY 2003/04 DWR Costs (in \$1,000's)



Central Coast Water Authority
DWR Charges
 Fiscal Year 2003/04 Budget

Project Participant	DWR FIXED CHARGES				DWR VARIABLE CHARGES				DWR Account Interest ⁽²⁾	Total DWR Charges		
	Transportation Capital Through Reach 35 ⁽¹⁾	Transportation Capital Reach 37	Transportation Capital Reach 38	Transportation Minimum OMP&R	Water System Revenue Bond	Delta Water Charges	Total Fixed	Off-Aqueduct Charges			Variable OMP&R	Total Variable
Guadalupe	\$ 285,670	\$ -	\$ -	\$ 73,824	\$ 19,205	\$ 13,318	\$ 392,018	\$ 18,721	\$ 26,561	\$ 45,283	\$ -	\$ 437,300
Santa Maria	8,438,473	500,428	-	2,174,460	584,401	392,330	12,070,092	548,881	628,058	1,176,940	-	13,247,031
SCWC	260,064	15,445	-	67,113	17,397	12,116	372,135	10,195	19,042	29,237	-	401,372
Vandenberg AFB	2,864,704	169,899	278,595	738,243	191,369	133,181	4,375,990	173,662	229,387	403,049	-	4,779,039
Buellton	300,570	17,855	29,278	77,583	20,154	14,018	459,457	24,077	24,664	48,741	-	508,198
Santa Ynez (Solvang)	775,346	46,336	75,981	196,592	51,668	33,044	1,178,967	14,965	4,852	19,817	-	1,198,783
Santa Ynez	266,910	15,445	25,327	71,860	18,150	15,420	413,111	11,209	-	11,209	-	424,320
Goleta	2,341,532	139,008	227,942	604,017	154,972	108,346	3,575,816	181,718	271,633	453,351	-	4,029,167
Morehart Land	104,426	6,178	10,131	26,845	7,005	4,808	159,393	-	-	-	-	159,393
La Cumbre	520,128	30,891	50,654	134,226	34,794	24,232	794,924	29,768	45,101	74,869	-	869,793
Raytheon (SBRC)	27,607	1,545	2,533	6,711	1,580	1,202	41,177	1,350	1,805	3,155	-	44,333
Santa Barbara	1,562,384	92,672	151,961	402,678	104,612	72,601	2,386,907	46,294	60,683	106,977	-	2,493,884
Montecito	1,562,384	92,672	151,961	402,678	104,612	72,601	2,386,907	60,177	116,493	176,670	-	2,563,577
Carpinteria	1,042,256	61,781	101,307	268,452	69,589	48,464	1,591,849	16,893	30,498	47,391	-	1,639,241
Goleta 2500 AF	21,902	-	-	80,531	10,029	55,676	168,137	-	-	-	-	168,137
Total	\$ 20,374,354	\$ 1,190,155	\$ 1,105,669	\$ 5,325,811	\$ 1,369,537	\$ 1,001,356	\$ 30,366,881	\$ 1,137,909	\$ 1,458,779	\$ 2,596,688	\$ -	\$ 32,963,569

(1) Reach 36 was deleted during project design.
 (2) DWR account interest income used for FY 2002/03 supplemental assessment.



Above: Path leading to the air release site at the Nine gates area in financial reach 33b.

Operating Expenses

The Operating Expenses section of the FY 2003/04 Budget contains a summary of the consolidated department operating expenses, non-annual recurring expenses and allocation of the Authority's operating expenses to its project participants.

Highlights

Summary Information

• Total FY 2003/04 Operating Expenses	\$4,846,918
• Fixed expense increase	\$ 21,743
• Variable expense decrease	<u>\$ (51,829)</u>
• Decrease over FY 2002/03 Budget	\$ (30,086)
• Percentage decrease	-0.62%
• FY 2003/04 non-annual recurring expense deposits (all departments)	\$ 34,149

Significant Operating Expense Changes

- Includes salary pool for FY 2003/04 of \$98,982.
- Chemical costs budgeted at \$17 an acre-foot.
- CCWA Variable expense allocation for the second half of calendar year 2003 based on 75% of requested deliveries and 100% of requested deliveries for the first half of calendar year 2004.

Central Coast Water Authority
Operating Expense Overview
Fiscal Year 2003/04 Budget

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

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

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

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

The Operations and Maintenance staff comprise the bulk (22.25) of the 26.25 Authority employees. They are charged with the mission of providing San Luis Obispo and Santa Barbara Counties with reliable, high quality supplemental water and the objectives of protecting the environment, cost effectively operating and maintaining all facilities and ensuring the water supply meets or exceeds health and safety standards.

Operating Expense Budget and Exchange Agreement Modifications

The Operating Expense Budget presented in this document represents the anticipated expenses to operate the Authority for Fiscal Year 2003/04. These expenses are billed to the project participants based on the individual Water Supply Agreements for each agency (*see the Revenues and Sources of Cash section of this document for further information on billings*).

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

The Santa Ynez Exchange Agreement modifications for the Fiscal Year 2003/04 budget are as follows:

- Decrease in electrical costs at the Santa Ynez Pumping Facility of \$169,393.

Central Coast Water Authority
Operating Expense Overview
 Fiscal Year 2003/04 Budget

- Decrease in Warren Act charges of \$159,790 (Warren Act charges are not included in the Operating Expense budget and are treated as a pass-through expense).

Fixed and Variable Operating Expenses

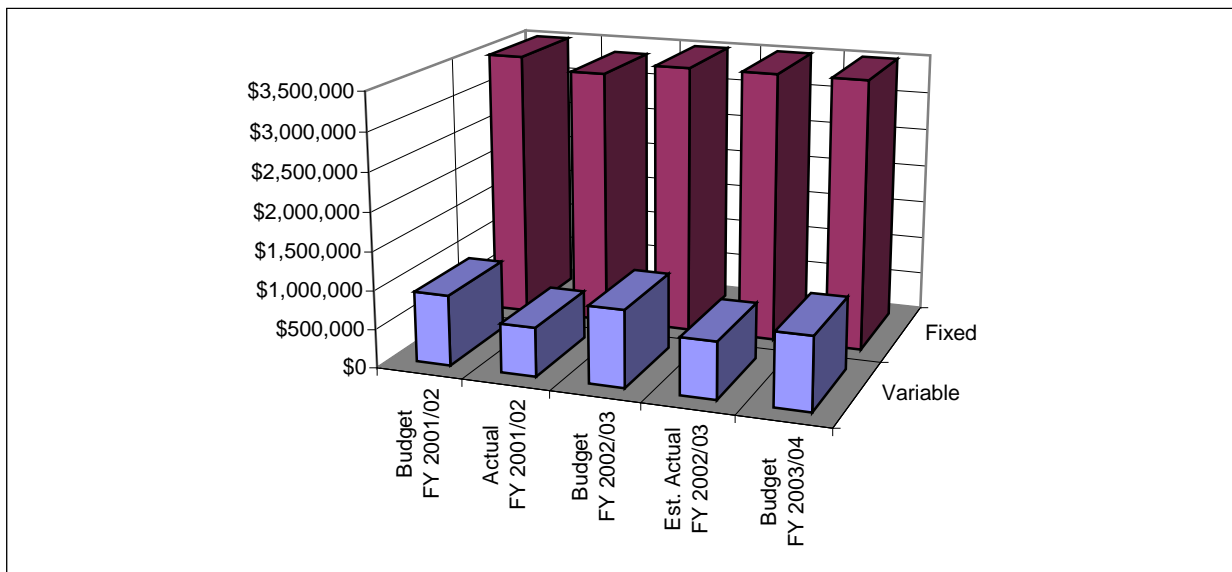
The Authority Operating Expense budget is separated by department and further subdivided into Fixed and Variable O&M costs.

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

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

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

	FY 2001/02 Budget	FY 2001/02 Actual	FY 2002/03 Budget	FY 2002/03 Est. Actual	FY 2003/04 Budget
Fixed O&M	\$ 3,591,296	\$ 3,348,233	\$ 3,883,881	\$ 3,723,856	\$ 3,905,624
Variable O&M	912,656	630,904	993,123	733,784	941,294
Total:	\$ 4,503,952	\$ 3,979,137	\$ 4,877,003	\$ 4,457,640	\$ 4,846,918



Central Coast Water Authority
Operating Expense Overview
Fiscal Year 2003/04 Budget

The Fiscal Year 2003/04 Consolidated Departmental Operating Expense Budget totals \$4,846,918 (excludes non-annual recurring expenses), which is \$30,086 lower than the Fiscal Year 2002/03 Budget, a 0.62% decrease. Explanations for the various changes within the budget are found in the departmental operating expense budgets that follow.

Approximately 50% of the operating expense budget represents personnel expenses. This is followed by 13% for supplies and equipment and the balance comprised of other expenses.

Authority Variable Expense Delivery Basis

As of February 14, 2003, DWR's current 2003 entitlement allocation is 45%. The Authority's variable expenses are based on 75% of project participants' delivery requests for the second half of calendar year 2003, with the exception of Water Treatment Plant regional water treatment allocation and exchange agreement charges and credits (which are based on 100% of project participants' delivery requests). For the first half of calendar year 2004, the Authority's variable expenses are based on 100% of project participants' delivery requests.

The chart on page 70 provides a detailed breakdown of the components of the FY 2003/04 budget.

Non-Annual Recurring Expenses

As part of the budget process, certain expenses which occur periodically are identified and charged to the project participants over a number of years to minimize fluctuations in the annual assessments. The following table shows the FY 2003/04 non-annual recurring expenses by department. Please refer to the departmental tabs for further information regarding non-annual recurring expenses.

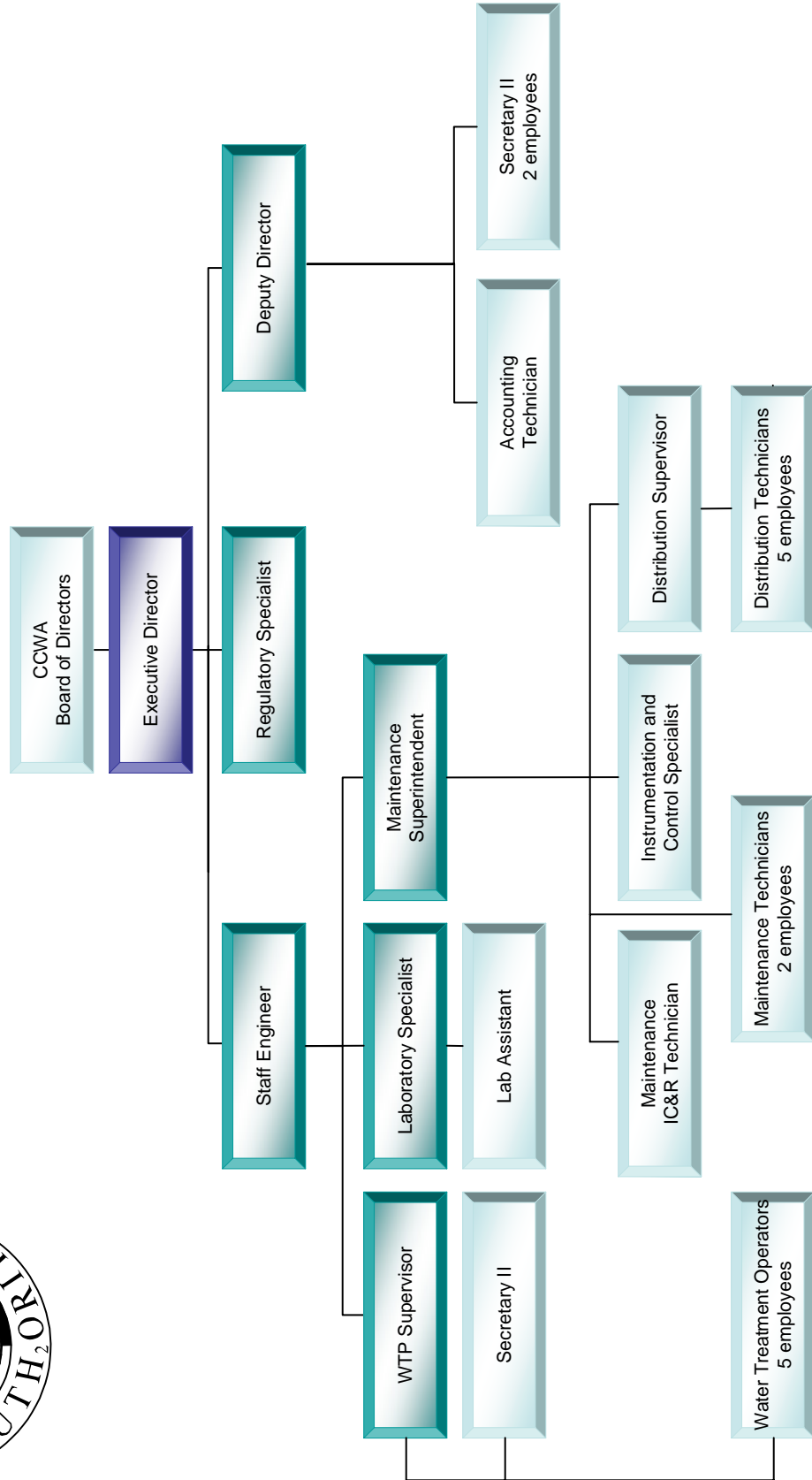
Central Coast Water Authority
Operating Expense Overview
 Fiscal Year 2003/04 Budget

Consolidated Departments
FY 2003/04 Non-Annual Recurring Expenses

Financing Participant	Water Treatment			FY 2002/03 Interest Income	FY 2003/04 Non-Annual Recurring Expenses
	Administration Department	Plant Department	Distribution Department		
Shandon	\$ -	\$ 29	\$ 11	\$ (39)	\$ 1
Chorro Valley	-	673	247	(986)	-
Lopez	-	688	415	(773)	330
Guadalupe	110	158	163	(166)	266
Santa Maria	3,236	4,661	5,913	(4,872)	8,938
So Cal Water Co.	100	144	183	(147)	279
VAFB	1,099	1,582	3,203	(1,818)	4,067
Buellton	115	166	568	(251)	599
Santa Ynez (Solvang)	300	432	1,474	(629)	1,576
Santa Ynez	100	144	491	(1,187)	-
Goleta	899	1,295	5,352	(1,620)	5,927
Morehart Land	40	58	238	(72)	263
La Cumbre	200	288	1,189	(354)	1,323
Raytheon (SBRC)	10	14	59	(18)	66
Santa Barbara	599	863	3,568	(1,088)	3,943
Montecito	599	863	3,568	(1,087)	3,944
Carpinteria	400	575	2,379	(726)	2,628
TOTAL:	\$ 7,807	\$ 12,633	\$ 29,023	\$ (15,832)	\$ 34,149

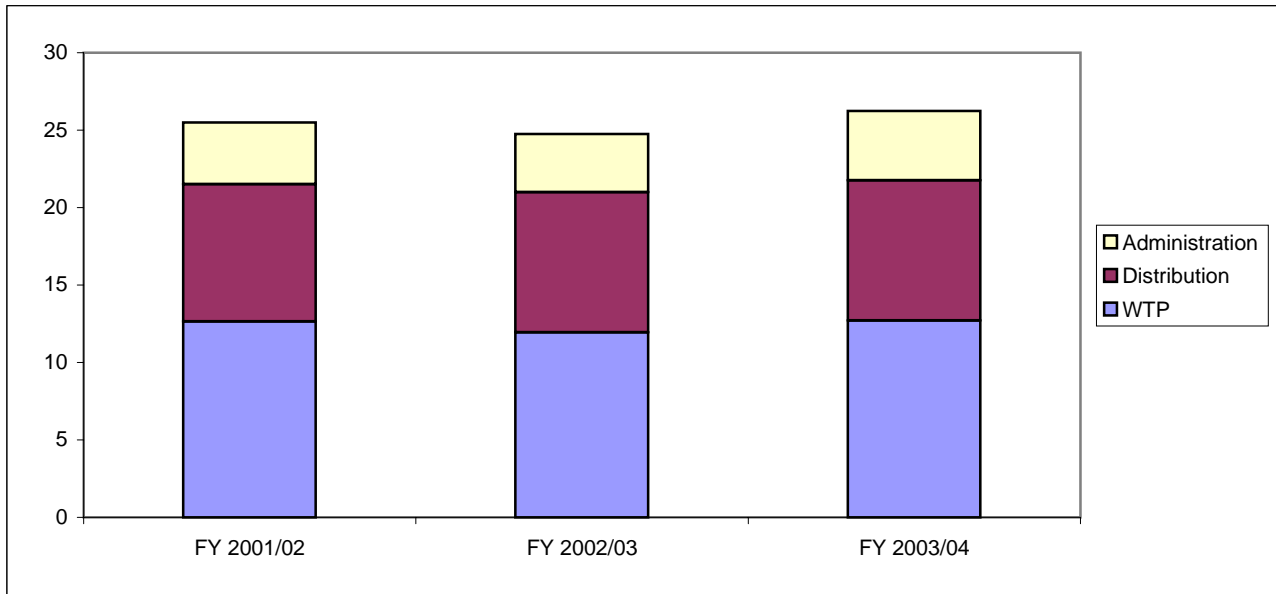


Central Coast Water Authority Organization Chart FY 2003/04



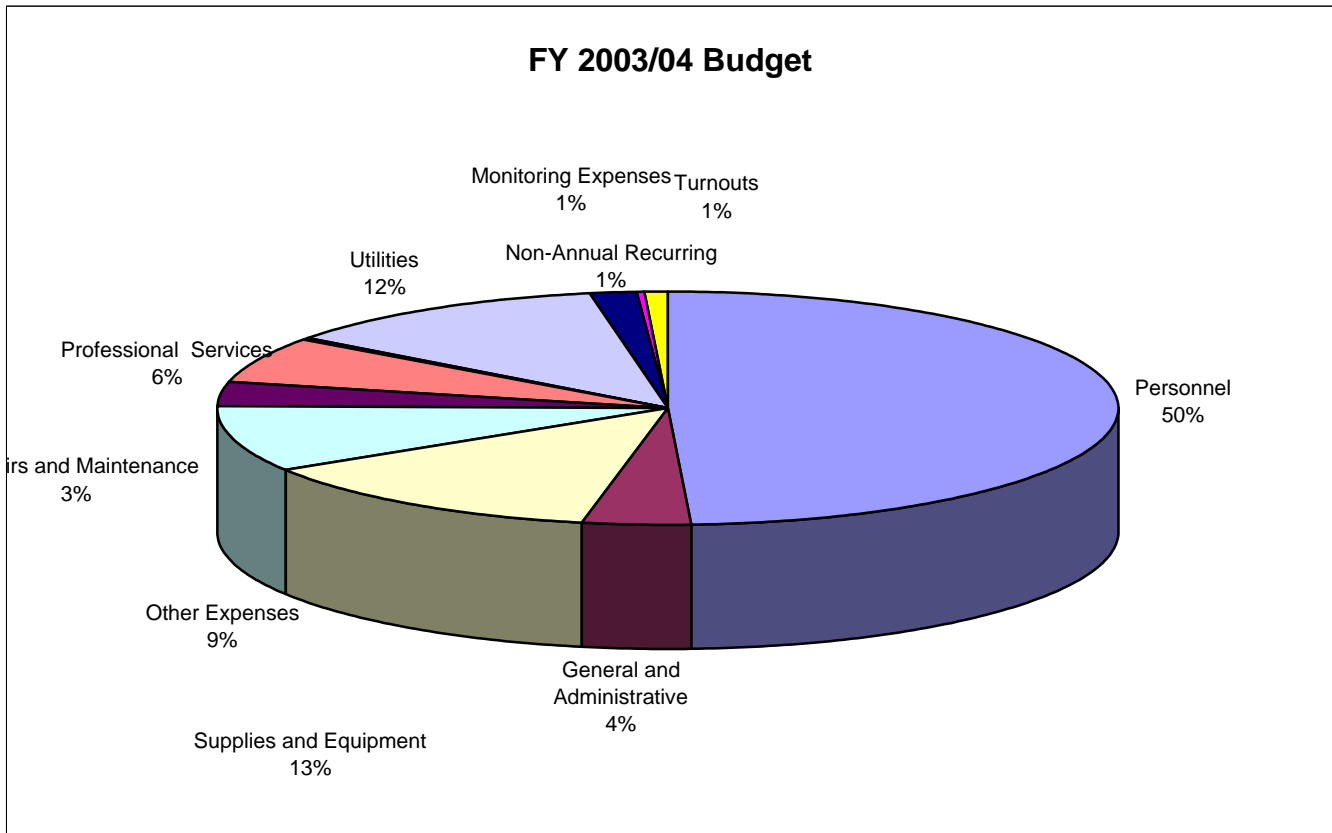
Central Coast Water Authority
Personnel Count Summary
All Departments
 Fiscal Year 2003/04 Budget

PERSONNEL COUNT SUMMARY					
Position Title	Number	Number	Number	Change	Change
	Authorized FY 2001/02	Authorized FY 2002/03	Requested FY 2003/04	Over FY 2001/02	Over FY 2002/03
Executive Director	1	1	1	0	0
Operations Manager	1	0	0	-1	0
Deputy Director	1	1	1	0	0
Staff Engineer	1	1	1	0	0
Regulatory Specialist	1	1	1	0	0
Accounting Technician	0.75	1	1	0.25	0
Administrative Assistant	0	0	0	0	0
Secretary I	0.75	0	0.75	0	0.75
Secretary II	1	1.75	1.75	0.8	0
WTP Supervisor	1	1	1	0	0
Distribution Supervisor	1	1	1	0	0
Maintenance Superintendent	1	1	1	0	0
Laboratory Specialist	1	1	1	0	0
Laboratory Technician	0	0	0.75	0.75	0.75
Instrumentation Specialist	1	1	1	0	0
Maintenance Technician	2	2	2	0	0
Maintenance/IC&R Technician	1	1	1	0	0
WTP Operator	5	5	5	0	0
Distribution Technician	5	5	5	0	0
TOTAL:	25.5	24.75	26.25	0.75	1.5



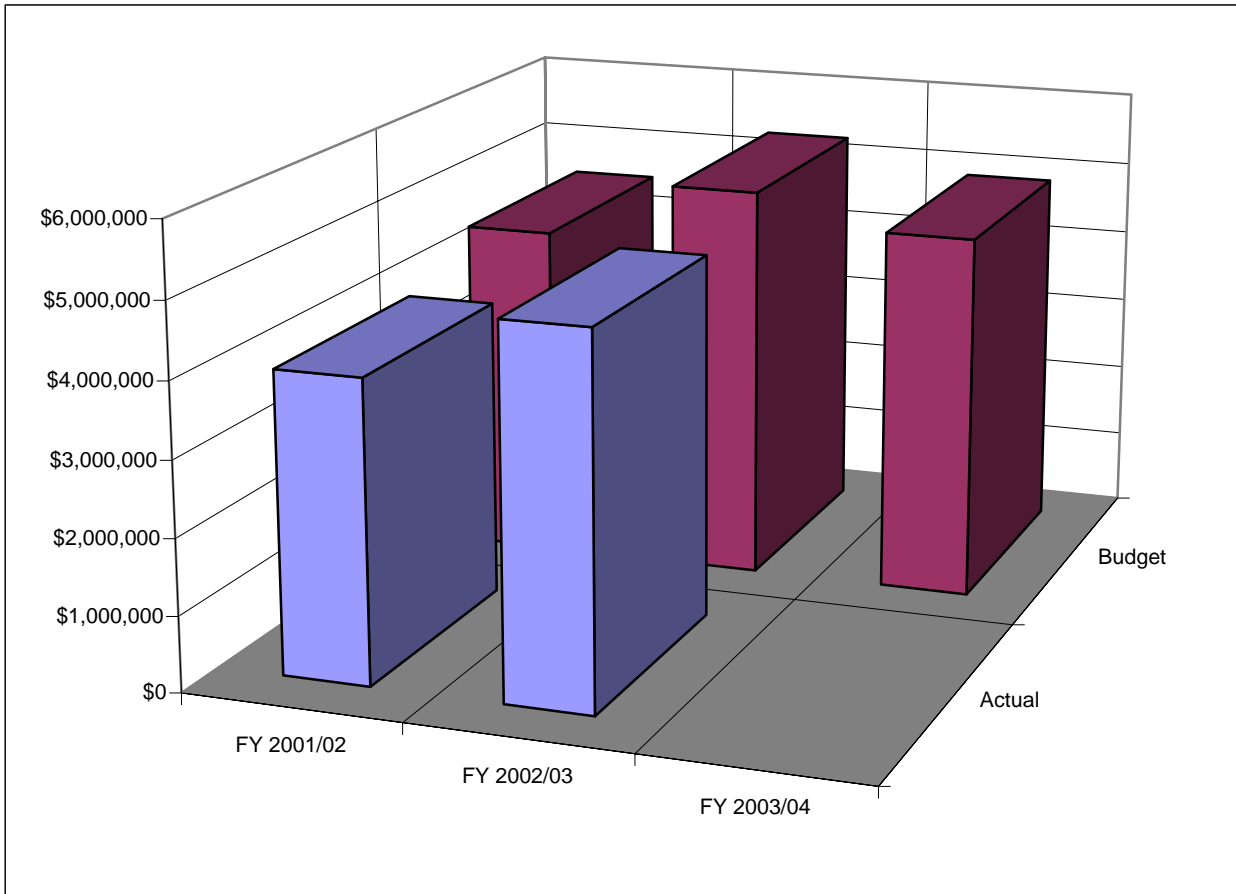
Central Coast Water Authority
Consolidated Department Operating Expenses
 Fiscal Year 2003/04 Budget

Item	FY 2003/04 Budget
Personnel	\$ 2,399,269
Office Expenses	19,500
Supplies and Equipment	633,925
Monitoring Expenses	73,000
Repairs and Maintenance	166,258
Professional Services	303,170
General and Administrative	190,806
Utilities	581,764
Other Expenses	452,976
Non-Annual Recurring	34,149
Turnouts	26,250
TOTAL:	\$ 4,881,067



Central Coast Water Authority
Consolidated Department Operating Expenses
 Fiscal Year 2003/04 Budget

Item	FY 2001/02 Budget	FY 2001/02 Actual	FY 2002/03 Budget	FY 2002/03 Estimated Actual	FY 2003/04 Budget
Personnel	\$ 2,142,097	\$ 1,874,827	\$ 2,157,736	\$ 2,101,078	\$ 2,399,269
Office Expenses	20,900	21,315	22,400	18,657	19,500
Supplies and Equipment	566,237	522,160	694,689	564,082	633,925
Monitoring Expenses	87,000	59,998	72,000	65,581	73,000
Repairs and Maintenance	163,998	186,174	170,188	199,027	166,258
Professional Services	434,047	454,271	378,552	404,639	303,170
General and Administrative	125,102	175,181	152,792	136,578	190,806
Utilities	627,482	429,528	588,725	419,297	581,764
Other Expenses	337,990	255,683	613,672	494,217	452,976
Turnouts	-	-	26,250	54,484	26,250
Subtotal	\$ 4,504,852	\$ 3,979,137	\$ 4,877,003	\$ 4,457,640	\$ 4,846,918
Non-Annual Recurring	\$ 202,115	\$ 202,115	\$ 413,321	\$ 413,321	\$ 34,149
TOTAL:	\$ 4,706,967	\$ 4,181,252	\$ 5,290,324	\$ 4,870,961	\$ 4,881,067



Central Coast Water Authority
Consolidated Department Operating Expenses
 Fiscal Year 2003/04 Administration/O&M Budget

Account Number	Account Name	FY 2001/02	FY 2001/02	FY 2002/03	FY 2002/03	FY 2003/04	Change from		Percent Change from
		Budget	Actual	Budget	Estimated Actual	Budget	Budget	Budget	
<u>PERSONNEL EXPENSES</u>									
5000.10	Full-Time Regular Wages	\$ 1,533,866	\$ 1,283,698	\$ 1,477,354	\$ 1,449,421	\$ 1,596,016	\$ 118,661		8.03%
5000.20	Overtime	74,521	69,211	73,996	101,245	79,808	5,812		7.85%
5000.40	Standby Pay	10,300	15,082	31,536	31,704	31,536	-		0.00%
5000.50	Shift Differential Pay	11,000	12,057	11,500	11,116	11,500	-		0.00%
5100.10	PERS Retirement	190,366	166,034	177,545	161,090	241,317	63,773		35.92%
5100.15	Medicare Taxes	24,094	21,583	23,496	24,013	25,119	1,624		6.91%
5100.20	Health Insurance	146,542	126,236	171,273	151,621	241,223	69,950		40.84%
5100.25	Workers' Compensation	31,936	41,914	69,389	64,829	62,719	(6,670)		-9.61%
5100.30	Vehicle Expenses	4,320	2,605	6,000	4,008	6,000	-		0.00%
5100.35	IRC 457-Employer Paid	17,000	10,269	11,000	14,250	12,000	1,000		9.09%
5100.40	Cafeteria Plan Benefits	11,639	14,995	16,854	14,330	13,081	(3,773)		-22.39%
5100.45	Dental/Vision Plan	30,000	36,167	36,000	31,020	40,500	4,500		12.50%
5100.50	Long-Term Disability	9,061	8,018	8,437	9,436	8,835	397		4.71%
5100.55	Life Insurance	6,771	5,282	5,957	5,777	6,216	259		4.34%
5100.60	Employee Physicals	2,850	1,928	2,850	1,505	2,850	-		0.00%
5000.30	Temporary Services	33,380	57,739	27,500	19,562	13,500	(14,000)		-50.91%
5100.70	Employee Incentive Programs	2,700	1,605	4,800	2,849	4,800	-		0.00%
5100.65	Employee Education Reimbursement	1,750	405	2,250	3,303	2,250	-		0.00%
Total Personnel Expenses:		2,142,097	1,874,827	2,157,736	2,101,078	2,399,269	241,533		11.19%

Central Coast Water Authority
Consolidated Department Operating Expenses
 Fiscal Year 2003/04 Administration/O&M Budget

Account Number	Account Name	FY 2001/02 Budget	FY 2001/02 Actual	FY 2002/03 Budget	FY 2002/03 Estimated Actual	FY 2003/04 Budget	Change from FY 2002/03 Budget	Percent Change from FY 2002/03 Budget
<u>OFFICE EXPENSES</u>								
5200.10	Administrative Costs	-	-	-	-	-	-	N/A
5200.20	Office Supplies	15,600	13,197	15,600	12,118	13,200	(2,400)	-15.38%
5200.30	Misc. Office Expenses	5,300	8,118	6,800	6,539	6,300	(500)	-7.35%
Total Office Expenses:		20,900	21,315	22,400	18,657	19,500	(2,900)	-12.95%
<u>SUPPLIES AND EQUIPMENT</u>								
5500.10	Uniform Expenses	15,317	16,806	15,317	9,066	12,205	(3,112)	-20.32%
5500.15	Minor Tools and Equipment	16,000	22,213	20,000	9,185	14,000	(6,000)	-30.00%
5500.20	Spare Parts	10,000	632	-	-	-	-	N/A
5500.25	Landscape Equipment and Supplies	3,500	573	3,000	48	2,000	(1,000)	-33.33%
5500.30	Chemicals-Fixed	-	2,753	-	-	-	-	N/A
5500.31	Chemicals-Variable	440,670	416,422	573,122	493,432	530,470	(42,652)	-7.44%
5500.35	Maintenance Supplies/Hardware	28,000	30,332	33,000	14,074	25,000	(8,000)	-24.24%
5500.40	Safety Supplies	8,000	3,430	8,000	3,398	8,000	-	0.00%
5500.45	Fuel and Lubricants	35,250	24,788	33,250	31,718	33,250	-	0.00%
5500.50	Seed/Erosion Control Supplies	9,000	3,952	8,500	3,161	8,500	-	0.00%
5500.55	Backflow Prevention Supplies	500	259	500	-	500	-	0.00%
Total Supplies and Equipment:		566,237	522,160	694,689	564,082	633,925	(60,764)	-8.75%
<u>MONITORING EXPENSES</u>								
5600.10	Lab Supplies	27,000	33,713	35,000	32,741	35,000	-	0.00%
5600.20	Lab Tools and Equipment	5,000	8,721	12,000	6,668	10,000	(2,000)	-16.67%
5600.30	Lab Testing	55,000	17,564	25,000	26,172	28,000	3,000	12.00%
Total Monitoring Expenses:		87,000	59,998	72,000	65,581	73,000	1,000	1.39%

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Central Coast Water Authority
Consolidated Department Operating Expenses
 Fiscal Year 2003/04 Administration/O&M Budget

Account Number	Account Name	FY 2001/02 Budget	FY 2001/02 Actual	FY 2002/03 Budget	FY 2002/03 Estimated Actual	FY 2003/04 Budget	Change from FY 2002/03 Budget	Percent Change from FY 2002/03 Budget
<u>REPAIRS AND MAINTENANCE</u>								
5700.10	Equipment Repairs and Maintenance	114,750	135,450	119,960	140,085	106,550	(13,410)	-11.18%
5700.20	Vehicle Repairs and Maintenance	13,000	9,634	13,000	16,389	13,000	-	0.00%
5700.30	Building Maintenance	29,100	34,676	29,880	33,400	36,560	6,680	22.36%
5700.40	Landscape Maintenance	7,148	6,413	7,348	9,153	10,148	2,800	38.11%
Total Repairs and Maintenance:		163,998	186,174	170,188	199,027	166,258	(3,930)	-2.31%
<u>PROFESSIONAL SERVICES</u>								
5400.10	Professional Services	186,800	216,272	214,720	227,852	178,270	(36,450)	-16.98%
5400.20	Legal Services	140,000	117,179	50,000	90,182	50,000	-	0.00%
5400.30	Engineering Services	30,000	54,009	36,000	31,888	26,000	(10,000)	-27.78%
5400.40	Permits	9,500	8,130	10,000	15,853	10,500	500	5.00%
5400.50	Non-Contractual Services	42,900	39,220	38,900	9,932	15,400	(23,500)	-60.41%
5400.60	Accounting Services	24,847	19,462	28,932	28,932	23,000	(5,932)	-20.50%
5400.70	Payroll Service	-	-	-	-	-	-	N/A
Total Professional Services:		434,047	454,271	378,552	404,639	303,170	(75,382)	-19.91%

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Central Coast Water Authority
Consolidated Department Operating Expenses
 Fiscal Year 2003/04 Administration/O&M Budget

Account Number	Account Name	FY 2001/02 Budget	FY 2001/02 Actual	FY 2002/03 Budget	FY 2002/03 Estimated Actual	FY 2003/04 Budget	Change from FY 2002/03 Budget	Percent Change from FY 2002/03 Budget
<u>GENERAL AND ADMINISTRATIVE</u>								
5300.10	Meeting and Travel	28,500	33,879	39,000	52,390	44,500	5,500	14.10%
5300.20	Mileage Reimbursement	850	373	700	1,449	1,500	800	114.29%
5300.30	Dues and Memberships	54,582	108,481	71,522	64,708	105,386	33,864	47.35%
5300.40	Publications	6,670	6,589	6,920	4,139	6,270	(650)	-9.39%
5300.50	Training	22,000	11,596	22,000	7,776	20,500	(1,500)	-6.82%
5300.60	Advertising	1,200	5,087	2,250	334	2,250	-	0.00%
5300.70	Printing and Binding	4,000	3,698	4,000	1,698	4,000	-	0.00%
5300.80	Postage	7,300	5,477	6,400	4,084	6,400	-	0.00%
Total General and Administrative:		125,102	175,181	152,792	136,578	190,806	38,014	24.88%
<u>UTILITIES</u>								
5800.10	Other Utilities	-	-	-	-	-	-	N/A
5800.20	Natural Gas	3,700	2,973	3,400	2,439	5,000	1,600	47.06%
5800.30	Electric-Fixed	101,976	164,784	115,900	136,090	120,640	4,740	4.09%
5800.35	Electric-Variable	472,886	214,482	420,001	240,351	410,824	(9,177)	-2.18%
5800.40	Water	3,420	2,232	2,700	2,271	2,400	(300)	-11.11%
5800.50	Telephone	39,440	40,946	40,424	32,966	36,300	(4,124)	-10.20%
5800.60	Waste Disposal	6,060	4,111	6,300	5,179	6,600	300	4.76%
Total Utilities:		627,482	429,528	588,725	419,297	581,764	(6,961)	-1.18%

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Central Coast Water Authority
Consolidated Department Operating Expenses
 Fiscal Year 2003/04 Administration/O&M Budget

Account Number	Account Name	FY 2001/02 Budget	FY 2001/02 Actual	FY 2002/03 Budget	FY 2002/03 Estimated Actual	FY 2003/04 Budget	Change from FY 2002/03 Budget	Percent Change from FY 2002/03 Budget
<u>OTHER EXPENSES</u>								
5900.10	Insurance	106,200	120,276	133,625	133,625	104,393	(29,232)	-21.88%
5900.20	Insurance Claim Deductibles	-	-	-	-	-	-	N/A
5900.30	Non-Capitalized Projects	-	-	199,038	199,038	96,445	(102,593)	-51.54%
5900.40	Equipment Rental	33,830	29,783	33,326	33,312	35,876	2,550	7.65%
5900.50	Non-Capitalized Equipment	50,000	26,279	50,000	22,506	32,000	(18,000)	-36.00%
5900.60	Computer Expenses	38,107	79,344	79,372	105,737	85,810	6,438	8.11%
5900.70	Appropriated Contingency	109,852	-	118,311	-	98,452	(19,859)	-16.79%
Total Other Expenses:		337,990	255,683	613,672	494,217	452,976	(160,696)	-26.19%
Turnout Expenses		-	-	26,250	54,484	26,250	-	0.00%
TOTAL OPERATING EXPENSES		\$ 4,504,852	\$ 3,979,137	\$ 4,877,003	\$ 4,457,640	\$ 4,846,918	\$ (30,086)	-0.62%

Central Coast Water Authority
Operating Expense and CIP Expense Allocation by Department
 FY 2003/04 Budget

Project Participant	<u>Administration Department</u>			<u>Water Treatment Plant Department Fixed Costs</u>						Turnout Costs
	Entitlement	Percentage	Administration Expenses	Entitlement	Percentage	WTP Fixed	WTP Fixed and Capital	Exchange Fixed and Capital	Total Fixed WTP	
						Fixed	Retreatment	Adjustments	Costs	
Shandon	-	-	\$ -	100	0.23%	\$ 3,770	-	-	3,770	\$ -
Chorro Valley	-	-	-	2,338	5.32%	88,152	-	-	88,152	8,000
Lopez	-	-	-	2,392	5.45%	90,188	-	-	90,188	3,250
Guadalupe	550	1.41%	11,563	550	1.25%	20,737	17,099	-	37,836	2,500
Santa Maria	16,200	41.46%	340,591	16,200	36.90%	610,803	503,654	-	1,114,456	2,500
Southern California Water Co.	500	1.28%	10,512	500	1.14%	18,852	15,545	-	34,397	2,000
VAFB	5,500	14.07%	115,633	5,500	12.53%	207,371	170,994	-	378,365	2,000
Buellton	578	1.48%	12,152	578	1.32%	21,793	17,970	-	39,763	2,000
Santa Ynez (Solvang)	1,500	3.84%	31,536	1,500	3.42%	56,556	46,635	-	103,190	9,920
Santa Ynez	500	1.28%	10,512	500	1.14%	18,852	101,197	304,422	424,471	9,920
Goleta	4,500	11.52%	94,609	4,500	10.25%	169,667	(278,580)	(109,592)	(218,504)	-
Morehart Land	200	0.51%	4,205	200	0.46%	7,541	(15,882)	-	(8,341)	-
La Cumbre	1,000	2.56%	21,024	1,000	2.28%	37,704	(79,408)	-	(41,704)	-
Raytheon (SBRC)	50	0.13%	1,051	50	0.11%	1,885	(3,970)	-	(2,085)	-
Santa Barbara	3,000	7.68%	63,072	3,000	6.83%	113,112	(185,720)	(73,061)	(145,670)	-
Montecito	3,000	7.68%	63,072	3,000	6.83%	113,112	(185,720)	(73,061)	(145,670)	-
Carpinteria	2,000	5.12%	42,048	2,000	4.55%	75,408	(123,813)	(48,708)	(97,113)	-
TOTAL:	39,078	100.00%	\$ 821,582	43,908	100.00%	\$ 1,655,501	\$ 0	-	\$ 1,655,501	\$ 42,090

Project Participant	<u>Distribution Department Fixed Costs</u>									Total Fixed Operating Costs
	Reach 33B	Reach 34	Reach 35	Reach 37	Reach 38	Mission Hills II	Santa Ynez I	Santa Ynez II	Total Fixed Distribution Costs	
Shandon	586	-	-	-	-	-	-	-	586	4,356
Chorro Valley	13,699	-	-	-	-	-	-	-	13,699	109,851
Lopez	14,016	8,603	-	-	-	-	-	-	22,618	116,056
Guadalupe	3,223	1,978	3,096	-	-	-	-	-	8,297	60,197
Santa Maria	94,922	58,262	91,203	50,990	-	-	-	-	295,377	1,752,924
Southern California Water Co.	2,930	1,798	2,815	1,574	-	-	-	-	9,117	56,025
VAFB	32,227	19,780	30,964	17,311	25,110	30,605	-	-	155,997	651,995
Buellton	3,387	2,079	3,254	1,819	2,639	3,216	10,977	-	27,371	81,285
Santa Ynez (Solvang)	8,789	5,395	8,445	4,721	6,848	8,347	28,486	-	71,031	215,678
Santa Ynez	2,930	1,798	2,815	1,574	2,283	2,782	9,495	-	23,677	468,580
Goleta	26,367	16,184	25,334	14,164	20,545	25,040	85,459	42,600	255,694	131,798
Morehart Land	1,172	719	1,126	630	913	1,113	3,798	1,893	11,364	7,228
La Cumbre	5,859	3,596	5,630	3,148	4,566	5,565	18,991	9,467	56,821	36,141
Raytheon (SBRC)	293	180	281	157	228	278	950	473	2,841	1,807
Santa Barbara	17,578	10,789	16,889	9,443	13,697	16,694	56,973	28,400	170,462	87,865
Montecito	17,578	10,789	16,889	9,443	13,697	16,694	56,973	28,400	170,462	87,865
Carpinteria	11,719	7,193	11,260	6,295	9,131	11,129	37,982	18,934	113,642	58,577
TOTAL:	257,273	149,144	220,002	121,267	99,657	121,462	310,083	130,168	1,409,056	\$ 3,928,229

Central Coast Water Authority
Operating Expense and CIP Expense Allocation by Department
 FY 2003/04 Budget

<u>Distribution Department Variable Costs</u>										Total Distribution Variable Costs
Project Participant	Reach 33B	Reach 34	Reach 35	Reach 37	Reach 38	Mission Hills II	Santa Ynez I	Santa Ynez II	Total Distribution Variable Costs	
Shandon	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Chorro Valley	0	-	-	-	-	-	-	-	-	0
Lopez	0	0	-	-	-	-	-	-	-	0
Guadalupe	0	0	0	-	-	-	-	-	-	0
Santa Maria	0	0	0	0	-	-	-	-	-	0
Southern California Water Co.	0	0	0	0	-	-	-	-	-	0
VAFB	0	0	0	0	0	0	-	-	-	0
Buellton	0	0	0	0	0	0	0	-	-	0
Santa Ynez (Solvang)	0	0	0	0	0	0	0	-	-	0
Santa Ynez	0	0	0	0	0	0	0	-	-	0
Goleta	0	0	0	0	0	0	0	243,373	-	243,373
Morehart Land	0	0	0	0	0	0	0	7,501	-	7,501
La Cumbre	0	0	0	0	0	0	0	67,634	-	67,634
S.B. Research	0	0	0	0	0	0	0	3,382	-	3,382
Santa Barbara	0	0	0	0	0	0	0	(12)	-	(12)
Montecito	0	0	0	0	0	0	0	55,448	-	55,448
Carpinteria	0	0	0	0	0	0	0	12,248	-	12,248
TOTAL:	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 389,574	\$ 389,574	\$ 389,574

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Project Participant	<u>Water Treatment Plant Variable Costs</u>			Total WTP Variable Costs	Total Variable Operating Costs	TOTAL FIXED AND VARIABLE OPERATING COSTS
	WTP Variable	WTP Variable Retreatment	WTP Variable Exchange Adjustments			
Shandon	\$ -			\$ -	\$ -	\$ 4,356
Chorro Valley	33,694			33,694	33,694	143,544
Lopez	27,093			27,093	27,093	143,149
Guadalupe	8,361	1,520		9,882	9,882	70,079
Santa Maria	226,526	40,289		266,816	266,816	2,019,740
Southern California Water Co.	7,601	1,394		8,995	8,995	65,021
VAFB	83,612	15,120		98,732	98,732	750,727
Buellton	8,790	1,597		10,387	10,387	91,672
Santa Ynez (Solvang)	20,730	3,763		24,493	24,493	240,171
Santa Ynez	9,674	7,035	38,075	54,784	54,784	523,364
Goleta	68,410	(44,104)	(13,707)	10,599	253,972	385,770
Morehart Land	1,686	(1,373)		313	7,814	15,042
La Cumbre	15,202	(12,451)		2,751	70,386	106,526
S.B. Research	760	(621)		139	3,521	5,328
Santa Barbara	9,135	2	(9,138)	(1)	(14)	87,852
Montecito	21,601	(9,875)	(9,138)	2,588	58,036	145,901
Carpinteria	8,845	(2,296)	(6,092)	457	12,705	71,282
TOTAL:	\$ 551,720	\$ 0	\$ -	551,720	941,294	\$ 4,869,523





Above: Access road to facilities at the Nine gates area in Reach 33b.

Administration Department

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

Highlights

Department Information

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

Budget Information

- Total FY 2003/04 O&M Budget \$821,582
- Non-Annual Recurring Expense deposits \$ 7,807
- **Total Administration Department FY 2003/04 Budgeted Expenses \$829,389**
- O&M Budget increase over FY 2002/03 \$ 66,170

Significant Accomplishments During FY 2002/03

- Obtained cost reimbursement from the Polonio Pass Water Treatment Plant (PPWTP) construction contractor and the electrical subcontractors for the PPWTP electrical modifications.
- Received full rate management credits from DWR for calendar year 2003 (\$3.6 million).
- Facilitated a 745 acre-feet exchange with Dudley Ridge Water District for the benefit of the City of Solvang and the Montecito Water District.

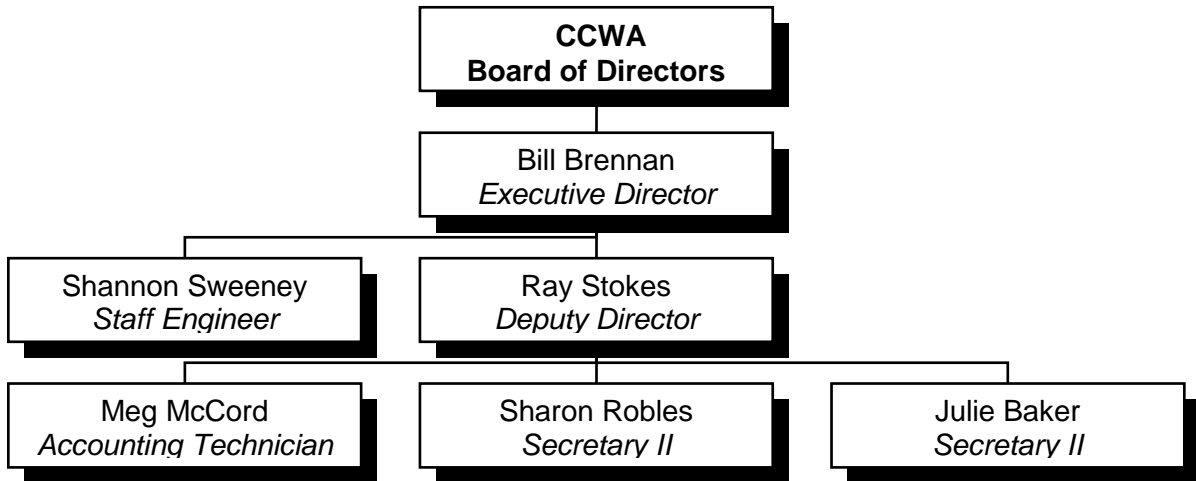
Significant Goals for FY 2003/04

- Identify and implement mechanisms to firm up water supply reliability as needed.
- Develop a five and twenty-year capital improvements program.
- Develop CCWA water transfer, sale and exchange policy with the assistance of the Ad Hoc Water Transfer Committee.

Central Coast Water Authority
Administration Department
Fiscal Year 2003/04 Budget

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

CCWA Administrative Staff



EXECUTIVE DIRECTOR

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

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

Central Coast Water Authority
Administration Department
Fiscal Year 2003/04 Budget

DEPUTY DIRECTOR

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

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

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

ENGINEERING

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



Central Coast Water Authority
Administration Department
 Fiscal Year 2003/04 Budget

2002 ACCOMPLISHMENTS AND 2003 GOALS

The following pages list all of the Authority's 2002 goals and their status (i.e., "Accomplishments") and the Authority's 2003 goals. The 2002 accomplishments and 2003 goals that are the responsibility of the Water Treatment Plant and Distribution Departments are repeated in the Water Treatment Plant and Distribution Department sections of this budget. Also included is a table of performance indicators ("Service Efforts and Accomplishments") for the Administration Department.

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

**2002 ACCOMPLISHMENTS
 AND 2003 GOALS**

Goal

Status

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

Administration

Update CCWA web site and include project "photo album" CD contents. [2/02]

Completed 9/02. Photo Album CD removed for security reasons.

Fill vacant Secretary II [1/02], Distribution Technician [2/02] and Staff Engineer [4/02] positions.

Secretary filled 1/02 and 4/02.
 Distribution Technician filled 3/02.
 Staff Engineer filled 4/02.
 Water Plant Operator filled 5/02.

Participate and represent CCWA's interests in State Water Contractors Association. [Ongoing]

Hired Jim Stubchaer as a consultant to represent CCWA's interests with the State Water Contractors 4/02.

Environmental and Safety

Provide First Responder Training to all required personnel. [6/02]

Completed 8/02.

Treat and deliver water through the Coastal Aqueduct to San Luis Obispo and Santa Barbara Counties.

Engineering

Complete update of instrumentation documentation to reflect installed configurations. [8/02]

Revised Control Strategies under development. Draft documentation for SYPF completed. Other sites are in development.

Central Coast Water Authority
Administration Department
Fiscal Year 2003/04 Budget

Goal

Update CCWA as-built drawings to reflect project start-up and subsequent modifications. [8/02]

Status

Drawings redlined to reflect actual field conditions.

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

Engineering

Determine nature of and implement cover restoration of two exposed sections of pipeline in the Santa Ynez River near Bradbury Dam. [10/02]

Postponed until 6/03 due to regulatory delays.

Environmental and Safety

Complete HCP (Habitat Conservation Plan) and Section 10 permitting for red-legged frogs and other endangered species [7/02] and obtain project operating permits from U.S. Army Corps of Engineers. [12/02]

Fish and Wildlife Service completing final comments on HCP. Final acceptance anticipated 1/03. U.S. Army Corps of Engineers approval anticipated taking a minimum of six months.

Continue five-year monitoring program for DWR Reaches 1-6 and CCWA Schedules A, B and C. [Ongoing]

Ongoing.

Cost effectively operate and maintain our facilities.

Administration

Prepare and submit annual report of continuing disclosure to Bond Trustee. [Every year]

FY 2001/02 Completed 3/02.
FY 2002/03 due 3/02.

Develop Accounting Department policies and procedures manual (including risk management policies and procedures). [6/02]

Postponed.

Prepare the CCWA fiscal year Budget in conformance with Government Finance Officers Association (GFOA) and California Society of Municipal Finance Officers (CSMFO) standards and submit it to GFOA for the "Distinguished Budget Presentation" award and to CSMFO for the "Excellence in Operational Budgeting" award. [Every year]

FY 2002/03 reports completed (8/02).

Prepare a Comprehensive Annual Financial Report for each fiscal year in conformance with GFOA and CSMFO standards and submit it to GFOA for the "Excellence in Financial Reporting" award and to CSMFO for the "Outstanding Financial Reporting" award. [Every year]

FY 2001/02 report completed 11/02.

Central Coast Water Authority
Administration Department
 Fiscal Year 2003/04 Budget

<u>Goal</u>	<u>Status</u>
Protect CCWA's interest with regard to the following lawsuits:	
<ul style="list-style-type: none"> • Adam v. City of Santa Maria, et al. and related cases (Santa Maria groundwater basin litigation). 	Ongoing.
<ul style="list-style-type: none"> • Planning and Conservation League, et al. vs. Department of Water Resources, et al. (Monterey Amendments litigation). 	In mediation.
<ul style="list-style-type: none"> • Central Coast Water Authority vs. Hensel Phelps Construction Company and Howe Electric, Inc. 	Settled 11/02.
Competitively bid and execute new bulk chemical contracts. [1/02]	Completed 2/02.
Preserve benefits of Monterey Amendment (Amendment No. 16 to the State Water Contract) to CCWA's project participants and its customers. [Ongoing]	Ongoing.
Consider Table A entitlement reduction and, if appropriate, implement a State Water Contract amendment in accordance with Amendment 19.	

<u>Engineering</u>	
Obtain cost reimbursement from Polonio Pass Water Treatment Plant (PPWTP) construction contractor and electrical subcontractor for PPWTP electrical modifications. [6/02]	Completed 11/02.

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

<u>Administration</u>	
Make CCWA financial presentation to the Santa Barbara County Board of Supervisors. [11/02]	Complete 12/02.
Continue to work with Department of Water Resources fiscal staff through the DWR/State Water Contractors Finance, Accounting and Invoice Review Group to implement full rate management credits for 2003. [4/02]	Completed 4/02.
Assist San Luis Obispo County as needed in transferring Shandon entitlement and ensure the transfer does not detrimentally impact existing project participants. [6/02]	Ongoing-Met with San Luis Obispo County to review procedures and discuss obstacles.

Central Coast Water Authority
Administration Department
 Fiscal Year 2003/04 Budget

Goal

Status

Coordinate pipeline and water treatment plant inspections with annual DWR shutdown for Coastal Branch Phase I maintenance. [11/02]

Completed 11/02.

Obtain approval of and implement Amendment 19 to the State Water Contract (Including "Phase 2" issues).

Consider San Luis Obispo County membership in CCWA if requested.

Timing dependent on SLO County request.

Engineering

Develop procedures and schedule for the five-year inspection of Coastal Branch Phase II pipeline and facilities downstream of PPWTP and CCWA pipeline and facilities including Tanks 1 (treated), 2, 5 and 7. [9/02]

On schedule.

Conduct internal inspection of Reach 1 pipeline and Tank 2. [11/02]

Completed 12/02.

Participate in technical advisory committee regarding Bradbury Dam outlet works. [Ongoing]

Ongoing.

Cooperate with Santa Barbara County et al. in Santa Rosa Creek restoration project. [Ongoing]

Ongoing.

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

Administration

Identify and implement mechanisms to firm up water supply reliability as needed.

Facilitated 745 acre-feet exchange with Dudley Ridge Water District for the benefit of the City of Solvang and the Montecito Water District (8/02).

Identify and implement mechanisms to offset shortages due to drought.

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

Central Coast Water Authority
Administration Department
Fiscal Year 2003/04 Budget

New Goals for Calendar Year 2003

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

- Fill vacant WTP Operator [1/03]

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

- Complete environmental mitigation requirements for Big Sandy Wildlife Area, San Luis Obispo Wildlife Area, El Chorro Regional Park and Burton Mesa Management Area [12/03]
- Perform comprehensive review of existing and potential erosion areas along right of way and implement procedures for effective control [9/03]

Cost effectively operate and maintain our facilities.

- Develop five and twenty year capital improvements program [9/03]
- Explore and implement various options regarding short-term financing/funding mechanisms for potential cost increases from DWR [3/03]
- Research and implement new purchase requisition, purchase order and maintenance/work order software program [10/03]
- Institute cost effective recommendations from vulnerability assessment [12/03]
- Explore PERS contract options and evaluate potential contract amendment with the CCWA Board of Directors [3/03]
- Complete the CCWA compensation and benefits analysis and implement approved revisions in the FY 2003/04 CCWA budget [4/03]

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

- Investigate and install laboratory management system [9/03]

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

- Continue to work with Department of Water Resources fiscal staff through the State Water Contractors Audit-Finance Committee to implement full rate management credits. [4/03]

Central Coast Water Authority
Administration Department
 Fiscal Year 2003/04 Budget

- Assist San Luis Obispo County as needed in transferring Shandon entitlement and ensure the transfer does not detrimentally impact existing project participants [6/03]
- Coordinate pipeline and water treatment plant inspections with annual DWR shutdown for Coastal Branch Phase I maintenance [11/03]
- Conduct internal inspection of Reach 2 pipeline and Tank 5 [11/03]

Assist project participants in their efforts to reduce groundwater overdraft.

- Implement 2002 SWP entitlement carry-over water sale program [1/03] and water transfers and sales as requested by project participants [ongoing]
- Develop CCWA water transfer, sale and exchange policy with assistance of Ad Hoc Water Transfer Committee [4/03]

Service Efforts and Accomplishments

	Actual	Estimated	
	FY 2001/02	Actual FY 2002/03	
Workload			
Public presentations on State Water	12	3	4
State Water Contractor meetings attended	20	30	35
Maximum investment portfolio (millions)	\$ 66	\$ 77	\$ 65
Efficiency			
Annual return on investment portfolio	4.00%	2.70%	2.70%
# of months investment policy not in compliance with investment policy	0	0	0
Operating cost per employee (thousands)	\$ 194	\$ 193	\$ 183
Total budget cost per employee (all departments in millions)	\$ 1.67	\$ 1.64	\$ 1.74
Consulting expense as a percent of O&M budget	11%	9%	6%
Effectiveness			
GFOA Certificate of Achievement Awarded	Yes	Yes	Yes
GFOA Distinguished Budget Presentation Awarded	Yes	Yes	Yes
CSMFO Excellence in Operational Budgeting Awarded	Yes	Yes	Yes

Central Coast Water Authority
Administration Department
Fiscal Year 2003/04 Budget

ADMINISTRATION DEPARTMENT OPERATING EXPENSE OVERVIEW

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

The Administration Department operating expense budget for Fiscal Year 2003/04 is increasing by \$66,170, or 8.76% when compared to the FY 2002/03 Budget. The total FY 2003/04 budget is \$821,582 compared to the FY 2002/03 budget of \$755,412. The following items represent the major changes in the Administration Department budget.

Personnel Expenses Total personnel expenses are increasing by approximately \$77,000 due to the following:

- Administration Department FY 2003/04 salary pool allocation of \$17,570.
- Additional part-time Secretary position at the Buellton administration office. Estimated total salary and benefits for this part-time position is approximately \$43,000.
- PERS cost increase of about \$15,000 for a change to 2% @ 55 coupled with a cost increase for a significantly higher employer rate due to decreased PERS investment income during the prior year.
- Health insurance expense increase of about \$15,000 due to premium increases effective January 1, 2003 and a projected 15% increase for 2004 and the new part-time Secretary position.

Professional Services The professional services budget is decreasing by about \$31,000 due to the following:

- Decrease in expenses for engineering services of \$10,000.
- Decrease in auditing services expenses for the State Water Contractors of about \$6,000.
- Decrease in consulting fees for the State Water Contractors board representative through the end of calendar year 2003.

General and Administrative The general and administrative expenses budget is increasing by about \$28,000 primarily due to the payment of Municipal Water Quality Investigations (MWQI) expenses paid to the State Water Contractors. MWQI expenses were excluded from the FY 2002/03 budget.

Other Expenses Other expenses are decreasing by about \$6,000 due to a decrease in insurance expenses, non-capitalized equipment purchases and a decrease in the appropriated contingency account from 2.50% to 2.00% of total operating expenses.

Central Coast Water Authority
Administration Department
 Fiscal Year 2003/04 Budget

Non-Annual Recurring Expenses

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

FY 2003/04 Non-Annual Recurring Expenses

The FY 2003/04 Administration Department non-annual recurring expenses total \$7,807 for the replacement of vehicles based on the Authority's ten-year vehicle replacement schedule (\$3,807) and future computer replacements (\$4,000).

The following table shows the allocation of the FY 2003/04 non-annual recurring expenses for the Administration Department.

**Administration Department
 FY 2003/04 Non-Annual Recurring Expenses**

Financing Participant	Entitlement	Percentage	FY 2003/04 Non-Annual Recurring Expenses
Guadalupe	550	1.41%	\$ 110
Santa Maria	16,200	41.46%	3,236
SCWC	500	1.28%	100
VAFB	5,500	14.07%	1,099
Buellton	578	1.48%	115
Santa Ynez (Solvang)	1,500	3.84%	300
Santa Ynez	500	1.28%	100
Goleta	4,500	11.52%	899
Morehart Land	200	0.51%	40
La Cumbre	1,000	2.56%	200
Raytheon (SBRC)	50	0.13%	10
Santa Barbara	3,000	7.68%	599
Montecito	3,000	7.68%	599
Carpinteria	2,000	5.12%	400
TOTAL:	39,078	100.00%	\$ 7,807

Central Coast Water Authority
Personnel Services Summary
Administration Department
Fiscal Year 2003/04 Budget

PERSONNEL COUNT SUMMARY					
Position Title	Number	Number	Number	Change	Change
	Auth.	Auth.	Requested	Over	Over
	FY 2001/02	FY 2002/03	FY 2003/04	FY 2001/02	FY 2002/03
Executive Director ⁽¹⁾	1	0.5	0.50	-0.50	0
Deputy Director	1	1	1	0	0
Staff Engineer ⁽¹⁾	0.25	0.25	0.25	0	0
Accounting Technician	0.75	1	1	0	0
Administrative Assistant	0	0	0	0	0
Secretary II	1	1	1	0	0
Secretary I	0	0	0.75	0.75	0.75
TOTAL:	4	3.75	4.50	0.50	0.75

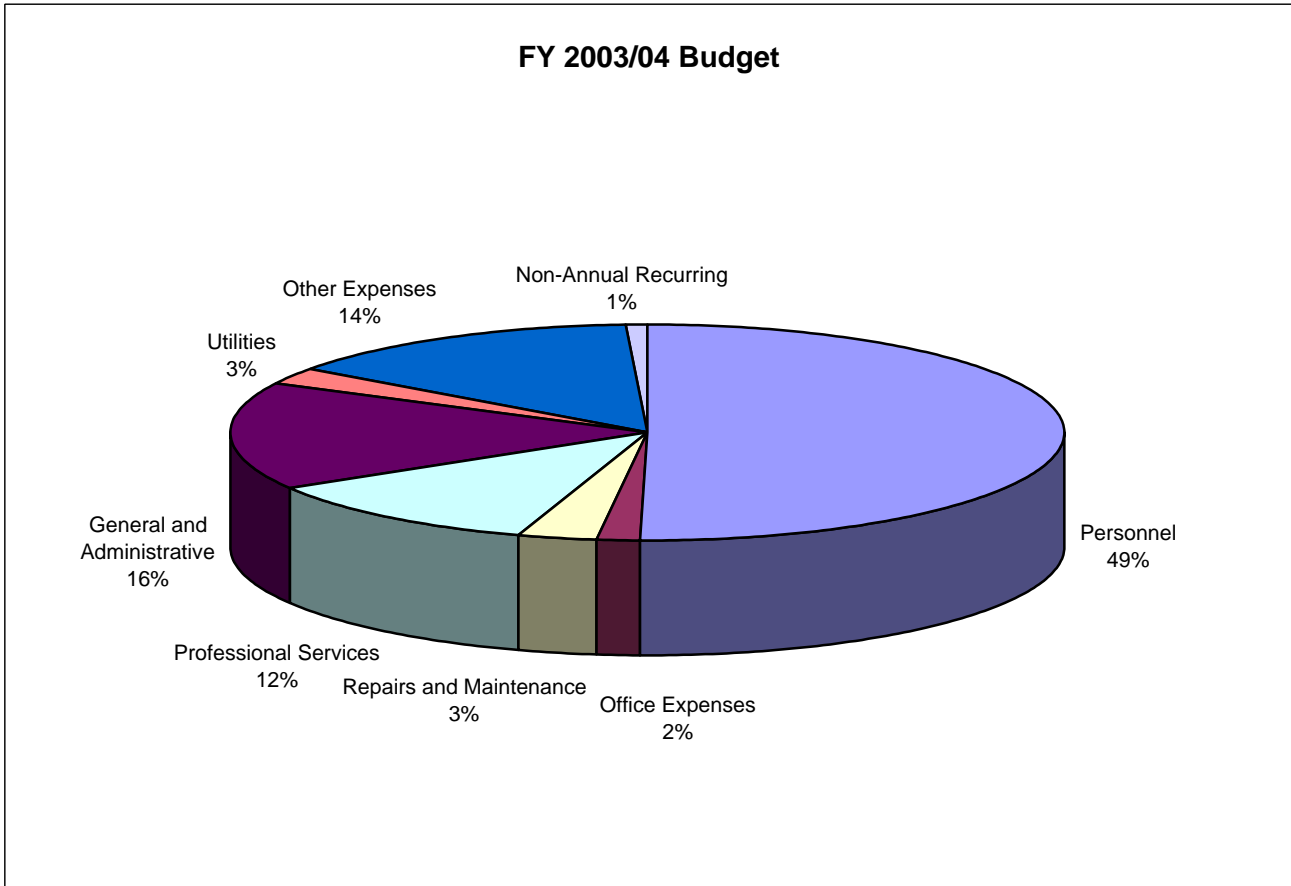
PERSONNEL WAGE SUMMARY			
Position Title	Position Classification	Maximum	FY 2002/03
		Monthly Salary	Current Salary
Executive Director ⁽¹⁾	N/A	N/A	\$ 57,501
Deputy Director	N/A	N/A	\$ 100,000
Staff Engineer ⁽¹⁾	23	\$ 7,219	\$ 20,250
Accounting Technician	11	\$ 3,846	\$ 42,000
Secretary II	8	\$ 3,285	\$ 34,944
Secretary I	6	\$ 2,299	\$ 27,583
FY 2003/04 Salary Pool			\$ 17,570
TOTAL:			\$ 299,848

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

The Staff Engineer is allocated to Administration (25%), Water Treatment Plan (20%) and Distribution (55%).

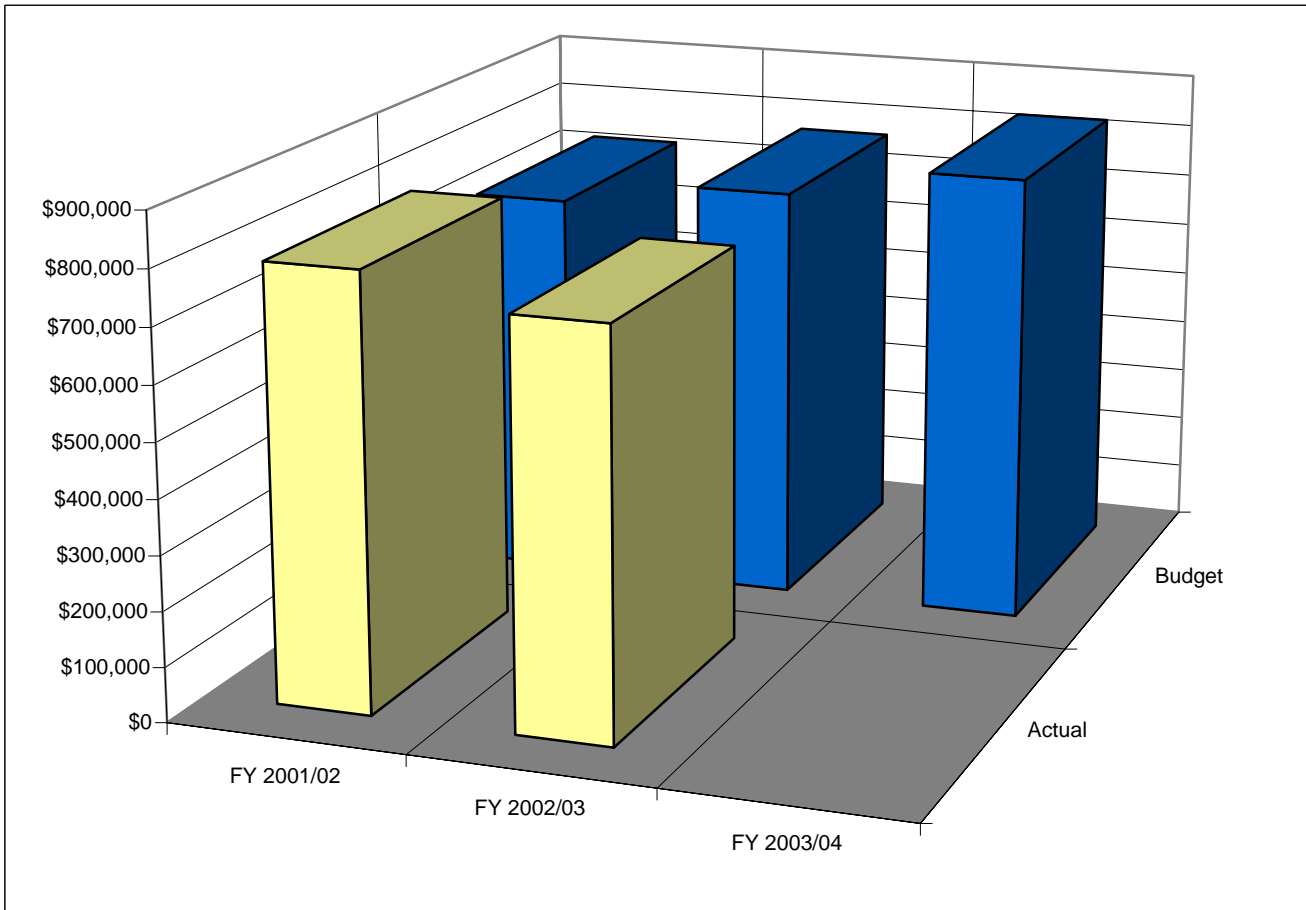
Central Coast Water Authority
Administration Department Operating Expenses
 Fiscal Year 2003/04 Budget

Item	FY 2003/04 Budget
Personnel	\$ 418,052
Office Expenses	12,500
Repairs and Maintenance	25,510
Professional Services	95,520
General and Administrative	132,506
Utilities	21,800
Other Expenses	115,694
Non-Annual Recurring	7,807
TOTAL:	\$ 829,389



Central Coast Water Authority
Administration Department Operating Expenses
 Fiscal Year 2003/04 Budget

Item	FY 2001/02 Budget	FY 2001/02 Actual	FY 2002/03 Budget	FY 2002/03 Est. Actual	FY 2003/04 Budget
Personnel	\$ 396,304	\$ 387,642	\$ 340,851	\$ 336,802	\$ 418,052
Office Expenses	14,500	15,349	15,500	10,451	12,500
Supplies and Equipment	-	-	-	-	-
Repairs and Maintenance	22,650	23,051	23,840	27,217	25,510
Professional Services	83,247	117,785	126,452	130,492	95,520
General and Administration	84,602	133,113	103,992	93,106	132,506
Utilities	27,420	21,243	22,524	19,911	21,800
Other Expenses	79,302	77,824	122,253	105,129	115,694
Subtotal	\$ 708,025	\$ 776,007	\$ 755,412	\$ 723,107	\$ 821,582
Non-Annual Recurring	\$ 15,243	\$ 15,243	\$ 14,400	\$ 14,400	\$ 7,807
TOTAL:	\$ 723,268	\$ 791,250	\$ 769,812	\$ 737,507	\$ 829,389



Central Coast Water Authority
Administration Department Operating Expenses
 Fiscal Year 2003/04 Administration/O&M Budget

Account Number	Account Name	FY 2001/02 Budget	FY 2001/02 Actual	FY 2002/03 Budget	FY 2002/03 Estimated Actual	FY 2003/04 Budget	Change From FY 2002/03 Budget	Percent Change from FY 2002/03 Budget
<u>PERSONNEL EXPENSES</u>								
5000.10	Full-Time Regular Wages	\$ 303,455	\$ 274,904	\$ 257,429	\$ 256,004	\$ 299,848	\$ 42,419	16.48%
5000.20	Overtime	1,000	1,315	1,000	3,165	3,000	2,000	200.00%
5000.40	Standby Pay	-	-	-	-	-	-	N/A
5000.50	Shift Differential Pay	-	-	-	-	-	-	N/A
5100.10	PERS Retirement	38,150	34,401	31,602	29,013	46,269	14,667	46.41%
5100.15	Medicare Taxes	4,538	4,597	3,867	4,789	4,522	655	16.94%
5100.20	Health Insurance	21,357	14,338	15,798	14,075	30,842	15,043	95.22%
5100.25	Workers' Compensation	1,015	2,122	1,839	5,022	2,217	378	20.57%
5100.30	Vehicle Expenses	4,320	2,605	6,000	4,008	6,000	-	0.00%
5100.35	IRC 457-Employer Paid	8,500	10,269	8,250	11,500	9,000	750	9.09%
5100.40	Cafeteria Plan Benefits	59	3,108	1,009	1,026	621	(389)	-38.50%
5100.45	Dental/Vision Plan	5,313	7,168	5,625	3,423	7,125	1,500	26.67%
5100.50	Long-Term Disability	1,676	1,691	1,326	1,515	1,405	78	5.90%
5100.55	Life Insurance	972	851	855	759	954	99	11.53%
5100.60	Employee Physicals	-	-	-	-	-	-	N/A
5000.30	Temporary Services	5,000	29,866	5,000	1,171	5,000	-	0.00%
5100.70	Employee Incentive Programs	700	-	1,000	1,330	1,000	-	0.00%
5100.65	Employee Education Reimbursement	250	405	250	-	250	-	0.00%
Total Personnel Expenses:		396,304	387,642	340,851	336,802	418,052	77,201	22.65%

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Central Coast Water Authority
Administration Department Operating Expenses
 Fiscal Year 2003/04 Administration/O&M Budget

Account Number	Account Name	FY 2001/02 Budget	FY 2001/02 Actual	FY 2002/03 Budget	FY 2002/03 Estimated Actual	FY 2003/04 Budget	Change From FY 2002/03 Budget	Percent Change from FY 2002/03 Budget
<u>OFFICE EXPENSES</u>								
5200.10	Administrative Costs	-	-	-	-	-	-	N/A
5200.20	Office Supplies	12,000	9,494	12,000	7,545	9,000	(3,000)	-25.00%
5200.30	Miscellaneous Office Expenses	2,500	5,855	3,500	2,906	3,500	-	0.00%
Total Office Expenses:		14,500	15,349	15,500	10,451	12,500	(3,000)	-19.35%
<u>SUPPLIES AND EQUIPMENT</u>								
5500.10	Uniform Expenses	-	-	-	-	-	-	N/A
5500.15	Minor Tools and Equipment	-	-	-	-	-	-	N/A
5500.20	Spare Parts	-	-	-	-	-	-	N/A
5500.25	Landscape Equipment and Supplies	-	-	-	-	-	-	N/A
5500.30	Chemicals-Fixed	-	-	-	-	-	-	N/A
5500.31	Chemicals-Variable	-	-	-	-	-	-	N/A
5500.35	Maintenance Supplies/Hardware	-	-	-	-	-	-	N/A
5500.40	Safety Supplies	-	-	-	-	-	-	N/A
5500.45	Fuel and Lubricants	-	-	-	-	-	-	N/A
5500.50	Seed/Erosion Control Supplies	-	-	-	-	-	-	N/A
5500.55	Backflow Prevention Supplies	-	-	-	-	-	-	N/A
Total Supplies and Equipment:		-	-	-	-	-	-	N/A
<u>MONITORING EXPENSES</u>								
5600.10	Lab Supplies	-	-	-	-	-	-	N/A
5600.20	Lab Tools and Equipment	-	-	-	-	-	-	N/A
5600.30	Lab Testing	-	-	-	-	-	-	N/A
Total Monitoring Expenses:		-	-	-	-	-	-	-

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Central Coast Water Authority
Administration Department Operating Expenses
 Fiscal Year 2003/04 Administration/O&M Budget

Account Number	Account Name	FY 2001/02 Budget	FY 2001/02 Actual	FY 2002/03 Budget	FY 2002/03 Estimated Actual	FY 2003/04 Budget	Change From FY 2002/03 Budget	Percent Change from FY 2002/03 Budget
<u>REPAIRS AND MAINTENANCE</u>								
5700.10	Equipment Repairs and Maintenance	4,750	4,563	4,960	6,205	4,150	(810)	-16.33%
5700.20	Vehicle Repairs and Maintenance	-	-	-	104	-	-	N/A
5700.30	Building Maintenance	14,900	16,304	15,680	19,213	18,360	2,680	17.09%
5700.40	Landscape Maintenance	3,000	2,184	3,200	1,694	3,000	(200)	-6.25%
Total Repairs and Maintenance:		22,650	23,051	23,840	27,217	25,510	1,670	7.01%
<u>PROFESSIONAL SERVICES</u>								
5400.10	Professional Services	5,000	32,396	34,120	40,650	19,120	(15,000)	-43.96%
5400.20	Legal Services	40,000	56,451	50,000	57,910	50,000	-	0.00%
5400.30	Engineering Services	10,000	-	10,000	-	-	(10,000)	-100.00%
5400.40	Permits	-	-	-	-	-	-	N/A
5400.50	Non-Contractual Services	3,400	9,475	3,400	3,000	3,400	-	0.00%
5400.60	Accounting Services	24,847	19,462	28,932	28,932	23,000	(5,932)	-20.50%
5400.70	Payroll Service	-	-	-	-	-	-	N/A
Total Professional Services:		83,247	117,785	126,452	130,492	95,520	(30,932)	-24.46%

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Central Coast Water Authority
Administration Department Operating Expenses
 Fiscal Year 2003/04 Administration/O&M Budget

Account Number	Account Name	FY 2001/02 Budget	FY 2001/02 Actual	FY 2002/03 Budget	FY 2002/03 Estimated Actual	FY 2003/04 Budget	Change From FY 2002/03 Budget	Percent Change from FY 2002/03 Budget
<u>GENERAL AND ADMINISTRATIVE</u>								
5300.10	Meeting and Travel	16,000	25,985	27,500	22,892	22,500	(5,000)	-18.18%
5300.20	Mileage Reimbursement	350	329	200	1,140	1,000	800	400.00%
5300.30	Dues and Memberships	51,582	90,660	60,022	60,022	94,386	34,364	57.25%
5300.40	Publications	4,370	5,196	4,620	3,460	4,470	(150)	-3.25%
5300.50	Training	3,000	844	3,000	1,500	1,500	(1,500)	-50.00%
5300.60	Advertising	500	1,612	750	304	750	-	0.00%
5300.70	Printing and Binding	4,000	3,698	4,000	1,698	4,000	-	0.00%
5300.80	Postage	4,800	4,790	3,900	2,089	3,900	-	0.00%
Total General and Administrative:		84,602	133,113	103,992	93,106	132,506	28,514	27.42%
<u>UTILITIES</u>								
5800.10	Other Utilities	-	-	-	-	-	-	N/A
5800.20	Natural Gas	900	329	600	222	600	-	0.00%
5800.30	Electric-Fixed	6,300	4,596	4,200	5,116	5,100	900	21.43%
5800.35	Electric-Variable	-	-	-	-	-	-	N/A
5800.40	Water	2,220	1,028	1,500	821	1,200	(300)	-20.00%
5800.50	Telephone	16,440	13,441	14,424	11,867	12,800	(1,624)	-11.26%
5800.60	Waste Disposal	1,560	1,848	1,800	1,886	2,100	300	16.67%
Total Utilities:		27,420	21,243	22,524	19,911	21,800	(724)	-3.21%

Central Coast Water Authority
Administration Department Operating Expenses
 Fiscal Year 2003/04 Administration/O&M Budget

Account Number	Account Name	FY 2001/02 Budget	FY 2001/02 Actual	FY 2002/03 Budget	FY 2002/03 Estimated Actual	FY 2003/04 Budget	Change From FY 2002/03 Budget	Percent Change from FY 2002/03 Budget
<u>OTHER EXPENSES</u>								
5900.10	Insurance	14,928	18,041	18,131	18,131	13,969	(4,161)	-22.95%
5900.20	Insurance Claim Deductibles	-	-	-	-	-	-	N/A
5900.30	Non-Capitalized Projects	-	-	-	-	-	-	N/A
5900.40	Equipment Rental	9,830	8,139	9,326	8,676	8,876	(450)	-4.83%
5900.50	Non-Capitalized Equipment	15,000	2,745	15,000	2,610	10,000	(5,000)	-33.33%
5900.60	Computer Expenses	22,275	48,899	61,372	75,713	62,810	1,438	2.34%
5900.70	Appropriated Contingency	17,269	-	18,425	-	20,039	1,614	8.76%
Total Other Expenses:		79,302	77,824	122,253	105,129	115,694	(6,559)	-5.37%
TOTAL OPERATING EXPENSES		\$ 708,025	\$ 776,007	\$ 755,412	\$ 723,107	\$ 821,582	\$ 66,170	8.76%

**CENTRAL COAST WATER AUTHORITY
ADMINISTRATION FY 2003/04 BUDGET**

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

Description: Funds for the Administration Department
regular employees. Includes \$17,570 for the FY 2003/04
salary pool.

FY 03/04 Requested Budget	299,848
FY 02/03 Estimated Actual	256,004
Increase (Decrease)	43,844

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

Description: Overtime expenses for non-exempt
Administration employees.

FY 03/04 Requested Budget	3,000
FY 02/03 Estimated Actual	3,165
Increase (Decrease)	(165)

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

Description: Funds for temporary employee services.

FY 03/04 Requested Budget	5,000
FY 02/03 Estimated Actual	1,171
Increase (Decrease)	3,829

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

Description: Funds for the employer and employee
portion of PERS retirement system contributions.

FY 03/04 Requested Budget	46,269
FY 02/03 Estimated Actual	29,013
Increase (Decrease)	17,256

Based on a 15.431% contribution rate for FY 2003/04.
Increase is attributed to the PERS benefit change to 2% at 55
and an increase in the employer rate for FY 2003/04.

**CENTRAL COAST WATER AUTHORITY
ADMINISTRATION FY 2003/04 BUDGET**

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

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

FY 03/04 Requested Budget	4,522
FY 02/03 Estimated Actual	4,789
Increase (Decrease)	(267)

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

Description: Funds for the employer provided portion of medical insurance coverage for Administration employees. Budget amount is based on actual medical insurance election for the Administration Department. Includes increase authorized by CCWA Board of Directors in January 2003.

FY 03/04 Requested Budget	30,842
FY 02/03 Estimated Actual	14,075
Increase (Decrease)	16,766

Family: \$9,612
Emp+1: \$8,301
Emp: \$3,540

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

Description: Funds for Workers' Compensation insurance for the WTP department. Based on \$1.86 per \$100 of covered wages with and X-Mod rate of 75%. Includes an estimated 30% increase over the FY 2002/03 rates.

FY 03/04 Requested Budget	2,217
FY 02/03 Estimated Actual	5,022
Increase (Decrease)	(2,805)

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

Description: Vehicle expenses for the Executive Director in the amount of \$250 per month, Deputy Director auto allowance of \$200 per month and Administration Department pool car fuel expenses of \$50 per month.

FY 03/04 Requested Budget	6,000
FY 02/03 Estimated Actual	4,008
Increase (Decrease)	1,992

**CENTRAL COAST WATER AUTHORITY
ADMINISTRATION FY 2003/04 BUDGET**

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

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

FY 03/04 Requested Budget	9,000
FY 02/03 Estimated Actual	11,500
Increase (Decrease)	(2,500)

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

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

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

FY 03/04 Requested Budget	621
FY 02/03 Estimated Actual	1,026
Increase (Decrease)	(405)

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

Description: Funds for the self-funded dental/vision plan. The plan provides \$2,500 per year per family for dental and vision expenses. Budgeted amount is \$1,500 per year per employee.

FY 03/04 Requested Budget	7,125
FY 02/03 Estimated Actual	3,423
Increase (Decrease)	3,702

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

Description: Funds for premiums paid for long-term disability insurance. Based on a rate of \$0.61 per \$100 of salary.

FY 03/04 Requested Budget	1,405
FY 02/03 Estimated Actual	1,515
Increase (Decrease)	(110)

**CENTRAL COAST WATER AUTHORITY
ADMINISTRATION FY 2003/04 BUDGET**

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

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

FY 03/04 Requested Budget	954
FY 02/03 Estimated Actual	759
Increase (Decrease)	195

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

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

FY 03/04 Requested Budget	250
FY 02/03 Estimated Actual	-
Increase (Decrease)	250

ACCOUNT NUMBER: 5100.70 **ACCOUNT TITLE:** Employee Incentive Programs

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

FY 03/04 Requested Budget	1,000
FY 02/03 Estimated Actual	-
Increase (Decrease)	1,000

Safety Program	\$	500
EAAP	\$	500
TOTAL:	\$	1,000

ACCOUNT NUMBER: 5200.10 **ACCOUNT TITLE:** Administrative Costs

Description: _____

FY 03/04 Requested Budget	-
FY 02/03 Estimated Actual	-
Increase (Decrease)	-

**CENTRAL COAST WATER AUTHORITY
ADMINISTRATION FY 2003/04 BUDGET**

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

Description: Funds for Office supplies for the Administration Department. Based on \$750 per month in office supply expenses.

FY 03/04 Requested Budget	9,000
FY 02/03 Estimated Actual	7,545
Increase (Decrease)	1,455

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

Description: Funds for miscellaneous expenses such as picture developing, awards, business cards water system, kitchen supplies, etc.

FY 03/04 Requested Budget	3,500
FY 02/03 Estimated Actual	2,906
Increase (Decrease)	594

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

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

FY 03/04 Requested Budget	22,500
FY 02/03 Estimated Actual	22,892
Increase (Decrease)	(392)

\$	2,500	ACWA Conferences
	12,000	SWC Meetings (\$1,000 per month)
	3,000	Other miscellaneous meetings
	5,000	SWC Board Representative
\$	22,500	TOTAL

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

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

FY 03/04 Requested Budget	1,000
FY 02/03 Estimated Actual	1,140
Increase (Decrease)	2,140

**CENTRAL COAST WATER AUTHORITY
ADMINISTRATION FY 2003/04 BUDGET**

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

Description: Funds for professional dues.
 \$ 24,428 SWC Bay Delta Charges/Urban Account
 \$ 25,358 State Water Contractors Dues
 \$ 31,897 MWQI Charges
 \$ 7,953 ACWA
 \$ 400 California Water Awareness
 \$ 350 Water Education Foundation
 \$ 4,000 Employee Professional Dues and Misc.
 \$ 94,386 TOTAL

FY 03/04 Requested Budget	94,386
FY 02/03 Estimated Actual	60,022
Increase (Decrease)	34,364

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

Description: Funds for publications received by CCWA
 \$ 720 News clipping service (\$180 quarterly)
 \$ 2,000 Personnel related subscriptions
 \$ 1,000 Employee professional publications
 \$ 750 Other Publications - General
 \$ 4,470 TOTAL

FY 03/04 Requested Budget	4,470
FY 02/03 Estimated Actual	3,460
Increase (Decrease)	1,010

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

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

FY 03/04 Requested Budget	1,500
FY 02/03 Estimated Actual	1,500
Increase (Decrease)	-

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

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

FY 03/04 Requested Budget	750
FY 02/03 Estimated Actual	304
Increase (Decrease)	446

**CENTRAL COAST WATER AUTHORITY
ADMINISTRATION FY 2003/04 BUDGET**

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

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

FY 03/04 Requested Budget	4,000
FY 02/03 Estimated Actual	1,698
Increase (Decrease)	2,302

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

Description: Funds for all postal and mail expenses.

FY 03/04 Requested Budget	3,900
FY 02/03 Estimated Actual	2,089
Increase (Decrease)	1,811

\$	3,000	Postage meter expenses (\$250 per month)
\$	900	Overnight and shipping svcs (\$75 per month)
\$	3,900	TOTAL

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

Description: Funds for miscellaneous consultants and other services.

FY 03/04 Requested Budget	19,120
FY 02/03 Estimated Actual	40,650
Increase (Decrease)	(21,530)

Arbitrage/Rebate Calculations-1996 bonds:	\$	2,500
Administration office alarm system		1,620
SWC Board Representative (\$2,500 per month)		15,000
TOTAL:	\$	19,120
Prior year amount included recruitment expenses for the Staff Engineer position.		

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

Description: Funds for CCWA legal services.

FY 03/04 Requested Budget	50,000
FY 02/03 Estimated Actual	57,910
Increase (Decrease)	(7,910)

\$	50,000	Hatch & Parent Gen Counsel (\$4,167 per mo)
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**CENTRAL COAST WATER AUTHORITY
ADMINISTRATION FY 2003/04 BUDGET**

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

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

FY 03/04 Requested Budget	-
FY 02/03 Estimated Actual	-
Increase (Decrease)	-

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

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

FY 03/04 Requested Budget	3,400
FY 02/03 Estimated Actual	3,000
Increase (Decrease)	400

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

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

Description: Funds for the annual audit of the FY 2001/02 Financial Statements and the State Water Contractors audit fees.

FY 03/04 Requested Budget	23,000
FY 02/03 Estimated Actual	28,932
Increase (Decrease)	(5,932)

<u>Includes an estimated 7.5% increase in State Water Contractor audit fees.</u>		
\$	13,000	State Water Contractor audit fees
\$	10,000	Auditing FY 2002/03 financial statements
\$	23,000	TOTAL

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

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

FY 03/04 Requested Budget	4,150
FY 02/03 Estimated Actual	6,205
Increase (Decrease)	(2,055)

\$	2,300	Copier maint. agreement (\$575 quarterly)
\$	1,500	Other misc. repairs and maintenance
\$	350	Fax maintenance agreement (annual)
\$	4,150	TOTAL

**CENTRAL COAST WATER AUTHORITY
ADMINISTRATION FY 2003/04 BUDGET**

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

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

FY 03/04 Requested Budget	18,360
FY 02/03 Estimated Actual	19,213
Increase (Decrease)	(853)

\$	860	Monthly Pest Control
\$	11,500	Janitorial services
\$	3,000	Building repairs
\$	3,000	HVAC quarterly maintenance
\$	18,360	TOTAL

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

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

FY 03/04 Requested Budget	3,000
FY 02/03 Estimated Actual	1,694
Increase (Decrease)	1,306

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

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

Description: Funds for natural gas service to the
Administration building (\$50 per month).

FY 03/04 Requested Budget	600
FY 02/03 Estimated Actual	552
Increase (Decrease)	48

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

Description: Funds for electrical service to the
Administration building (\$425 per month).

FY 03/04 Requested Budget	5,100
FY 02/03 Estimated Actual	5,116
Increase (Decrease)	(16)

**CENTRAL COAST WATER AUTHORITY
ADMINISTRATION FY 2003/04 BUDGET**

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

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

FY 03/04 Requested Budget	1,200
FY 02/03 Estimated Actual	821
Increase (Decrease)	379

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

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

FY 03/04 Requested Budget	12,800
FY 02/03 Estimated Actual	11,867
Increase (Decrease)	933

\$	4,500	Long distance (\$375 per month)
\$	6,900	Local long distance (\$575 per month)
\$	1,400	Cell phone airtime (\$140 per month)
\$	12,800	TOTAL

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

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

FY 03/04 Requested Budget	2,100
FY 02/03 Estimated Actual	1,886
Increase (Decrease)	214

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

Description: Funds for insurance related expenses.

FY 03/04 Requested Budget	13,969
FY 02/03 Estimated Actual	18,131
Increase (Decrease)	(4,161)

\$	1,104	Property and auto insurance based on allocation provided by JPIA
\$	9,365	General Liability and E&O apportioned by payroll percentages.
\$	3,500	Employee fidelity bond
\$	13,969	TOTAL

**CENTRAL COAST WATER AUTHORITY
ADMINISTRATION FY 2003/04 BUDGET**

ACCOUNT NUMBER: 5900.20 **ACCOUNT TITLE:** Insurance Claim Deductibles

Description: Funds for deductibles on insurance claims.

FY 03/04 Requested Budget	-
FY 02/03 Estimated Actual	-
Increase (Decrease)	-

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

Description: Funds for rental of equipment.

FY 03/04 Requested Budget	8,876
FY 02/03 Estimated Actual	8,676
Increase (Decrease)	200

\$	3,600	Postage meter (\$300 per month)
\$	4,776	Copier lease (\$398 per month)
\$	500	Other
\$	8,876	TOTAL

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

Description: Funds for the purchase of non-capitalized equipment purchases. These equipment purchases are generally under \$2,500 in cost with an estimated useful life under 5 years.

FY 03/04 Requested Budget	10,000
FY 02/03 Estimated Actual	2,610
Increase (Decrease)	7,390

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

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

FY 03/04 Requested Budget	62,810
FY 02/03 Estimated Actual	75,713
Increase (Decrease)	(12,903)

\$	2,160	Silicon Beach (Internet \$540 quarterly)
\$	18,250	Annual service agreements
\$	42,400	Compuvision and other computer expenses
\$	62,810	TOTAL

**CENTRAL COAST WATER AUTHORITY
ADMINISTRATION FY 2003/04 BUDGET**

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

Description: 2.0% of operating expenses

FY 03/04 Requested Budget	16,031
FY 02/03 Estimated Actual	-
Increase (Decrease)	16,031



Above: Snowfall at the Polonio Pass Water Treatment Plant.

Water Treatment Plant Department

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

Highlights

Department Information

- Number of employees 12.70
- Polonio Pass Water Treatment Plant design capacity 43 million gallons per day
- FY 2003/04 requested water deliveries 39,921 acre-feet

Budget Information

- Total FY 2003/04 O&M Budget \$2,207,221
- Non-Annual Recurring Expense deposits \$ 12,633
- **Total WTP FY 2002/03 Budgeted Expenses \$2,219,855**

- O&M Budget decrease over FY 2002/03 \$ (36,946)

- Fixed O&M Expenses \$1,655,501
- Variable O&M Expenses \$ 551,720

- FY 2003/04 budgeted chemical cost \$13.28 per acre-foot

Significant Accomplishments During FY 2002/03

- Replaced the granular activated carbon media in the Polonio Pass Water Treatment Plant filters.
- Developed “early warning” system for water treatment plant taste and odor episodes and other water quality issues using State Water Project “real time” data.
- Conducted a system vulnerability assessment and prepared a response plan.

Significant Goals for FY 2003/04

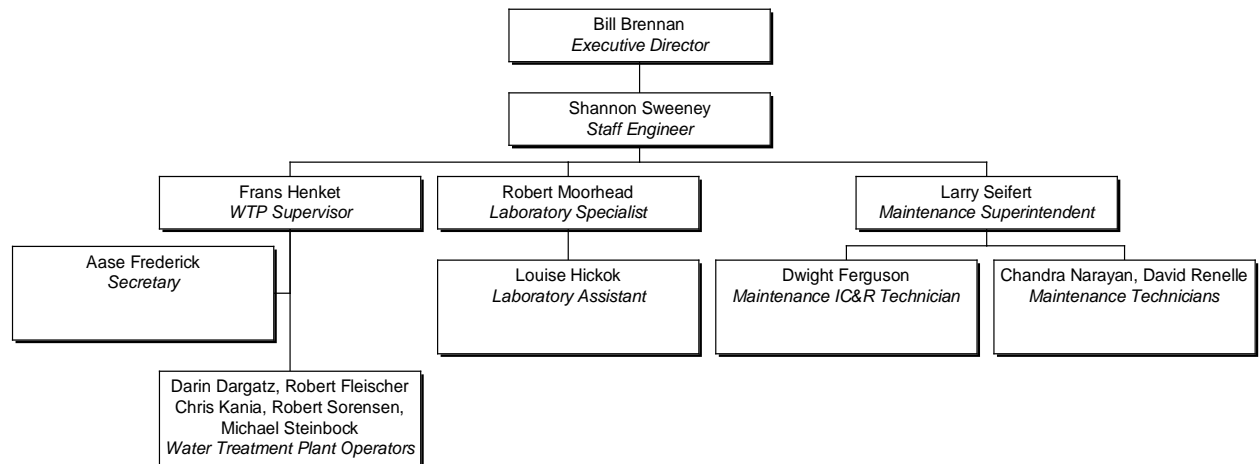
- Develop a taste and odor monitoring and control strategy.
- Evaluate the use of alternative coagulation strategies to improve water treatment plant performance.

Central Coast Water Authority
Water Treatment Plant Department
 Fiscal Year 2003/04 Budget

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

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

CCWA Water Treatment Plant Staff



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

The Maintenance Control Specialist is responsible for plant maintenance and supervises the Maintenance/IC&R Technician and two (2) Maintenance Technicians. Together with available operations staff, they keep the treatment plant in full operation.

The Laboratory Specialist and Laboratory Assistant operate the plant laboratory. All analyses required by the Environmental Protection Agency and Department of Health Services or needed for plant process control are either performed in-house or sent to a contract laboratory by the Laboratory Specialist. The Laboratory Specialist also submits all federal and state mandated reports, provides laboratory data to project participants, oversees the water sampling program, maintains all laboratory equipment and trains Operations and Maintenance staff in laboratory safety and procedures.

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

Central Coast Water Authority
Water Treatment Plant Department
 Fiscal Year 2003/04 Budget

The following pages list the 2002 accomplishments, performance indicators (“Service Efforts and Accomplishments”) and 2003 goals for the Water Treatment Plant Department.

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

2002 ACCOMPLISHMENTS

<u>Goal</u>	<u>Status</u>
<i>To provide San Luis Obispo and Santa Barbara Counties with reliable, high quality supplemental water.</i>	
Replace granular activated carbon media in water treatment plant filters. [8/02]	Completed 8/02.
Identify and pursue approaches to maximize and maintain high water quality consistent with project participants’ needs. [Ongoing]	Carbon replaced in all filters at the WTP (8/02).
Develop “early warning” system for water treatment plant taste and odor episodes and other water quality issues using State Water Project “real time” data. [6/02]	DWR/CCWA analysis and reporting procedures complete 4/02. Taste and odor analysis training conducted at WTP 5/02. Carbon replaced in filters. 8/02.
<i>Treat and deliver water through the Coastal Aqueduct to San Luis Obispo and Santa Barbara Counties.</i>	
Meet project participants’ delivery needs as requested. [Ongoing]	Ongoing.
<i>Cost effectively operate and maintain our facilities.</i>	
Conduct in-depth analysis of preventative maintenance program data collection and report functions and evaluate maintenance schedules based on repair history. [Ongoing]	Ongoing.
Identify and pursue all possible cost saving and quality enhancing opportunities with initial concentration on bulk chemicals [1/02], communications, electricity, overtime requirements and revegetation and erosion control. [Ongoing]	Bulk chemicals bid 2/02 for a cost savings of \$19,000. CCWA Distribution Technicians changed their workweeks from 10-hour days to 9-hour days to increase support coverage and reduce overtime.

Central Coast Water Authority
Water Treatment Plant Department
 Fiscal Year 2003/04 Budget

Goal

Status

Ensure our water supply meets or exceeds health and safety standards

Meet new Enhanced Surface Water Treatment Rules and develop analysis procedures and trigger points for the new organic carbon removal requirements. [2/02]

Procedures in place to meet new regulations 2/02.
 Certified to conduct organic carbon analysis 5/02.
 Review of most cost effective alternatives for treatment ongoing.

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

Conduct a system vulnerability assessment and prepare response plan. [12/02]

EPA grant funding approved 7/02. Consultant hired 10/02. Scheduled completion 3/03.

Assist project participants in preparing to meet new federal and state water quality regulations. [Ongoing]

Ongoing.

Service Efforts and Accomplishments

	Estimated		
	Actual FY 2001/02	Actual FY 2002/03	Projected FY 2003/04
	<i>Workload</i>		
Lab analyses completed	70,310	72,240	73,000
Work orders completed - Water Treatment Plant	N/A	451	520
	<i>Efficiency</i>		
Days out of Service - Water Treatment Plant	22	14	10
Number of lab analyses not meeting state/federal standards	0	0	0
Operating cost per employee (thousands)	\$ 151	\$ 176	\$ 174
Overtime expense as a percent of the O&M budget	2.25%	2.50%	1.67%

Central Coast Water Authority
Water Treatment Plant Department
Fiscal Year 2003/04 Budget

2003 GOALS

Operations and Maintenance

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

- Evaluate the use of alternative coagulation strategies to improve water treatment plant performance. [8/03]
- Develop a taste and odor monitoring and control strategy [8/03]
- Develop a schedule for the replacement of granular activated carbon media in water treatment plant filters [8/03].

Treat and deliver water through the Coastal Aqueduct to San Luis Obispo and Santa Barbara Counties.

- Meet project participants' delivery needs as requested [Ongoing]

Cost effectively operate and maintain our facilities.

- Replace SCADA servers [7/03]
- Review preventative maintenance program data collection and report functions and evaluate alternative software programs [8/03]
- Identify and pursue all possible cost saving and quality enhancing opportunities with initial taste and odor control, communications, electricity, overtime requirements and revegetation and erosion control [ongoing]
- Identify and pursue approaches to maximize and maintain high water quality consistent with project participants' needs [Ongoing]

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

- Develop strategies to meet the requirements of new water quality regulations such as the Filter Backwash Recycling Rule and the Stage Two Disinfection/Disinfection Byproducts Rules [12/03]
- Assist project participants in preparing to meet new federal and state water quality regulations [Ongoing]

Central Coast Water Authority
Water Treatment Plant Department
 Fiscal Year 2003/04 Budget

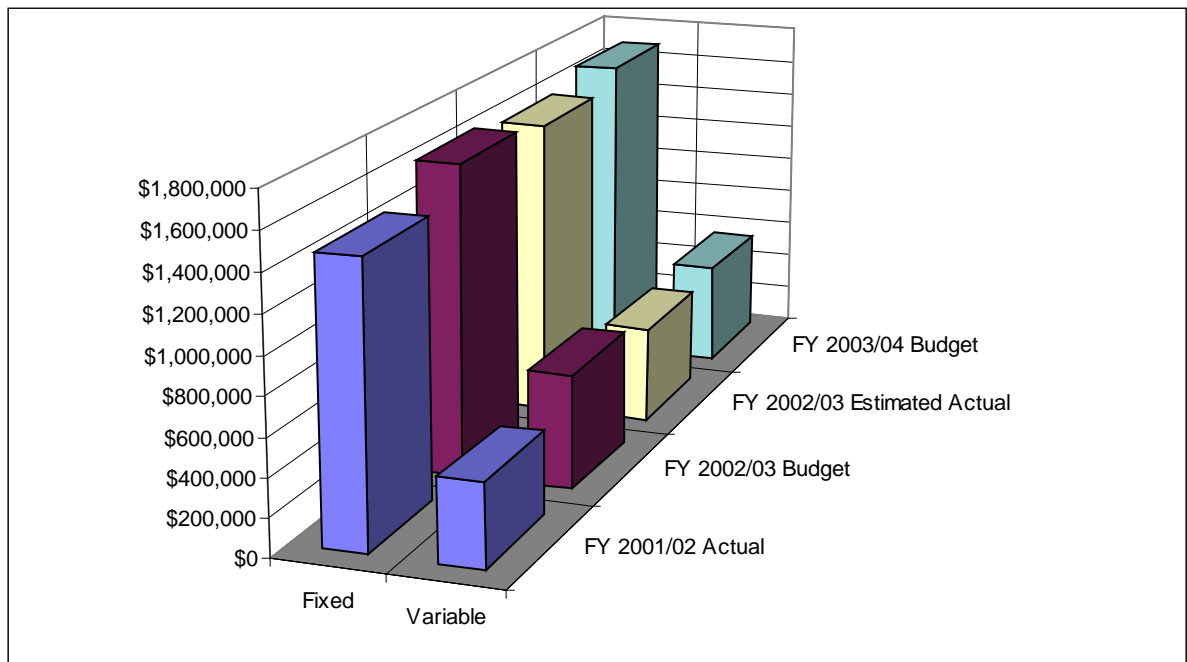
WATER TREATMENT PLANT DEPARTMENT OPERATING EXPENSE OVERVIEW

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

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

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

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



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

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

Central Coast Water Authority
Water Treatment Plant Department
Fiscal Year 2003/04 Budget

Fiscal Year 2003/04 Operating Expense Budget

The FY 2003/04 water treatment plant operating expense budget is \$2,207,221, which is \$36,946 lower than the previous year's budget of \$2,244,167, a 1.65% decrease.

The personnel expense section of the Water Treatment Plant budget represents approximately 50% of the budget. Supplies and equipment comprise 25% with other expenses making up the balance of the budget. The variable O&M expenses are included in the supplies and equipment and utilities section of the budget. The chart on page 123 shows the allocation of the various components of the water treatment plant operating expense budget.

Personnel Expenses Total personnel expenses are increasing by about \$90,000 when compared to the FY 2002/03 budget for the following reasons.

- An increase in full-time regular wages for the FY 2003/04 salary pool allocation of \$45,064 and a new part-time Lab Technician position which was previously funded from the temporary services account (see the discussion below). These increases were partially offset by lower salaries for new employees hired within the last year.
- PERS cost increase of about \$27,000 for a change to 2% @ 55 coupled with a cost increase for a significantly higher employer rate due to decreased PERS investment income during the prior year.
- Health insurance expense increase of approximately \$39,000 due to premium increases effective January 1, 2003, a projected 15% increase for 2004 and changes in employee cafeteria plan elections.
- The increases listed above are partially offset by a decrease in temporary services of \$13,000 for the inclusion of the Lab Technician in the full-time regular wages account (see discussion above).

Supplies and Equipment Supplies and equipment expenses are decreasing by about \$54,000 when compared to the FY 2002/03 budget due to a decrease in the chemical unit cost from \$19.75 an acre foot to \$17.00 an acre foot. Chemical expenses are based on 75% of requested deliveries for the second half of calendar year 2003 and 100% of requested deliveries for the first half of calendar year 2004.

Central Coast Water Authority
Water Treatment Plant Department
Fiscal Year 2003/04 Budget

Other Expenses Other expenses are decreasing by approximately \$70,000 due to a reduction in insurance expenses, non-capitalized projects, non-capitalized equipment and a reduction in the appropriated contingency account from 2.50% to 2.00% of total operating expenses.

Non-Annual Recurring Expenses

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

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

FY 2003/04 Non-Annual Recurring Expenses

The FY 2003/04 water treatment plant non-annual recurring expenses total \$12,633 and are comprised of the following expenses.

- \$8,633 for the replacement of vehicles at the water treatment plant based on the ten-year vehicle replacement schedule.

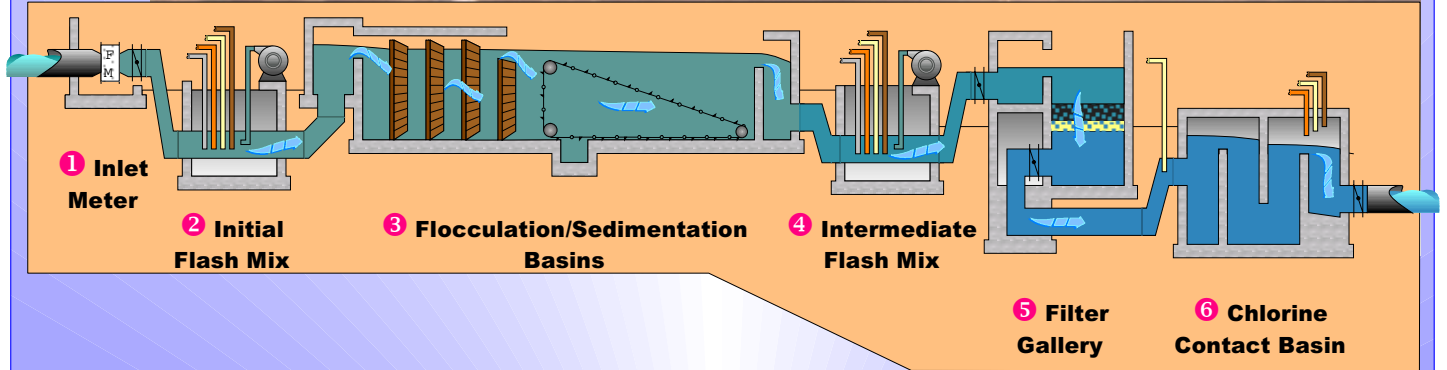
- \$4,000 for the future replacement of water treatment plant computers.

Central Coast Water Authority
Water Treatment Plant Department
 Fiscal Year 2003/04 Budget

The following table shows the allocation of the FY 2003/04 non-annual recurring expenses for the water treatment plant.

Water Treatment Plant
FY 2003/04 Non-Annual Recurring Expenses

Financing Participant	Entitlement	Percentage	FY 2003/04 Non-Annual Recurring Expenses
Shandon	100	0.23%	\$ 29
Chorro Valley	2,338	5.32%	673
Lopez	2,392	5.45%	688
Guadalupe	550	1.25%	158
Santa Maria	16,200	36.90%	4,661
So Cal Water Co.	500	1.14%	144
VAFB	5,500	12.53%	1,582
Buellton	578	1.32%	166
Santa Ynez (Solvang)	1,500	3.42%	432
Santa Ynez	500	1.14%	144
Goleta	4,500	10.25%	1,295
Morehart Land	200	0.46%	58
La Cumbre	1,000	2.28%	288
Raytheon (SBRC)	50	0.11%	14
Santa Barbara	3,000	6.83%	863
Montecito	3,000	6.83%	863
Carpinteria	2,000	4.55%	575
TOTAL:	43,908	100.00%	\$ 12,633



Polonio Pass Water Treatment Plant

Central Coast Water Authority

Central Coast Water Authority
Personnel Services Summary
Water Treatment Plant Department
Fiscal Year 2003/04 Budget

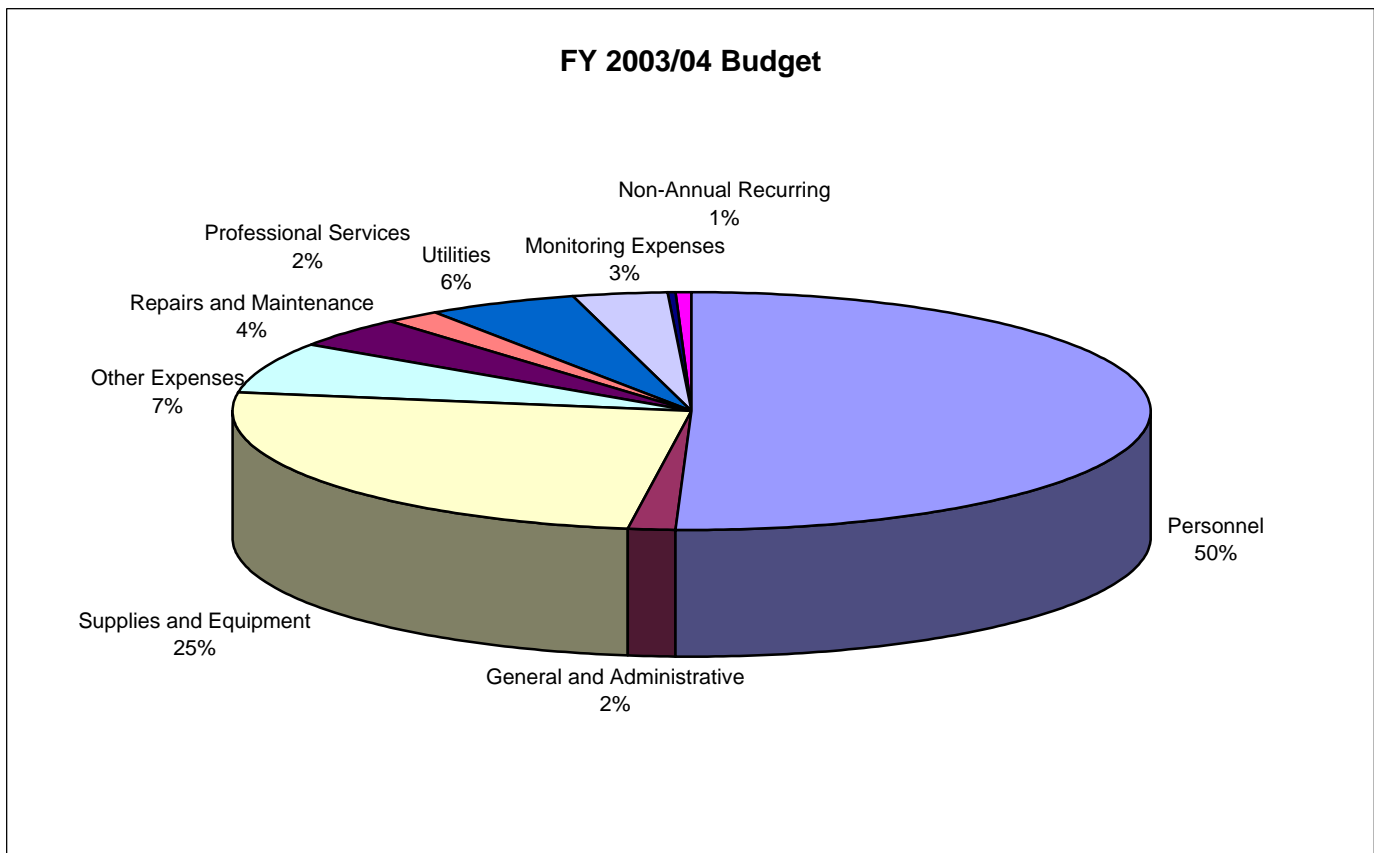
PERSONNEL COUNT SUMMARY					
Position Title	Number	Number	Number	Change	Change
	Auth.	Auth.	Requested	Over	Over
	FY 2001/02	FY 2002/03	FY 2003/04	FY 2001/02	FY 2002/03
Executive Director ⁽¹⁾	0	0.25	0.25	0.25	0
Operations Manager	0.75	0	0	-0.75	0
Staff Engineer ⁽²⁾	0.20	0.20	0.20	0	0
WTP Supervisor	1	1	1	0	0
Maintenance Control Specialist ⁽³⁾	1	0.8	0.80	-0.20	0
Regulatory Specialist ⁽⁴⁾	0.25	0.25	0.25	0	0
Laboratory Specialist	1	1	1	0	0
Maintenance Technician	2	2	2	0	0
Maintenance IC&R Technician	0.70	0.70	0.70	0	0
WTP Operators	5	5	5	0	0
Lab Technician	0	0	0.75	0.75	0.75
Secretary II	0.75	0.75	0.75	0	0
TOTAL:	12.65	11.95	12.70	0.05	0.75

PERSONNEL WAGE SUMMARY			
Position Title	Position Classification	Maximum Monthly Salary	FY 2002/03 Current Salary
Executive Director ⁽¹⁾	N/A	\$ 8,450	\$ 28,750
Staff Engineer ⁽²⁾	23	\$ 7,219	\$ 16,200
WTP Supervisor	20	\$ 6,168	\$ 74,016
Maintenance Control Specialist ⁽³⁾	17	\$ 5,270	\$ 50,592
Regulatory Specialist ⁽⁴⁾	17	\$ 5,270	\$ 14,250
Laboratory Specialist	17	\$ 5,270	\$ 63,240
Maintenance Technicians	14	\$ 4,501	\$ 90,762
Maintenance IC&R Technician	14	\$ 4,501	\$ 48,100
WTP Operators	14	\$ 4,501	\$ 262,036
Lab Technician	5	\$ 2,105	\$ 20,842
Secretary II	8	\$ 3,285	\$ 25,120
FY 2003/04 Salary Pool			\$ 45,064
TOTAL:			\$ 738,971

- (1) The Executive Director is allocated to Administration (50%), Water Treatment Plant (25%) and Distribution (25%).
(2) The Staff Engineer is allocated to Administration (25%), Water Treatment Plant (20%) and Distribution (55%).
(3) The Maintenance Control Specialist is allocated to Water Treatment Plant (80%) and Distribution (20%).
(4) The Regulatory Specialist is allocated to Water Treatment Plant (25%) and Distribution (75%).

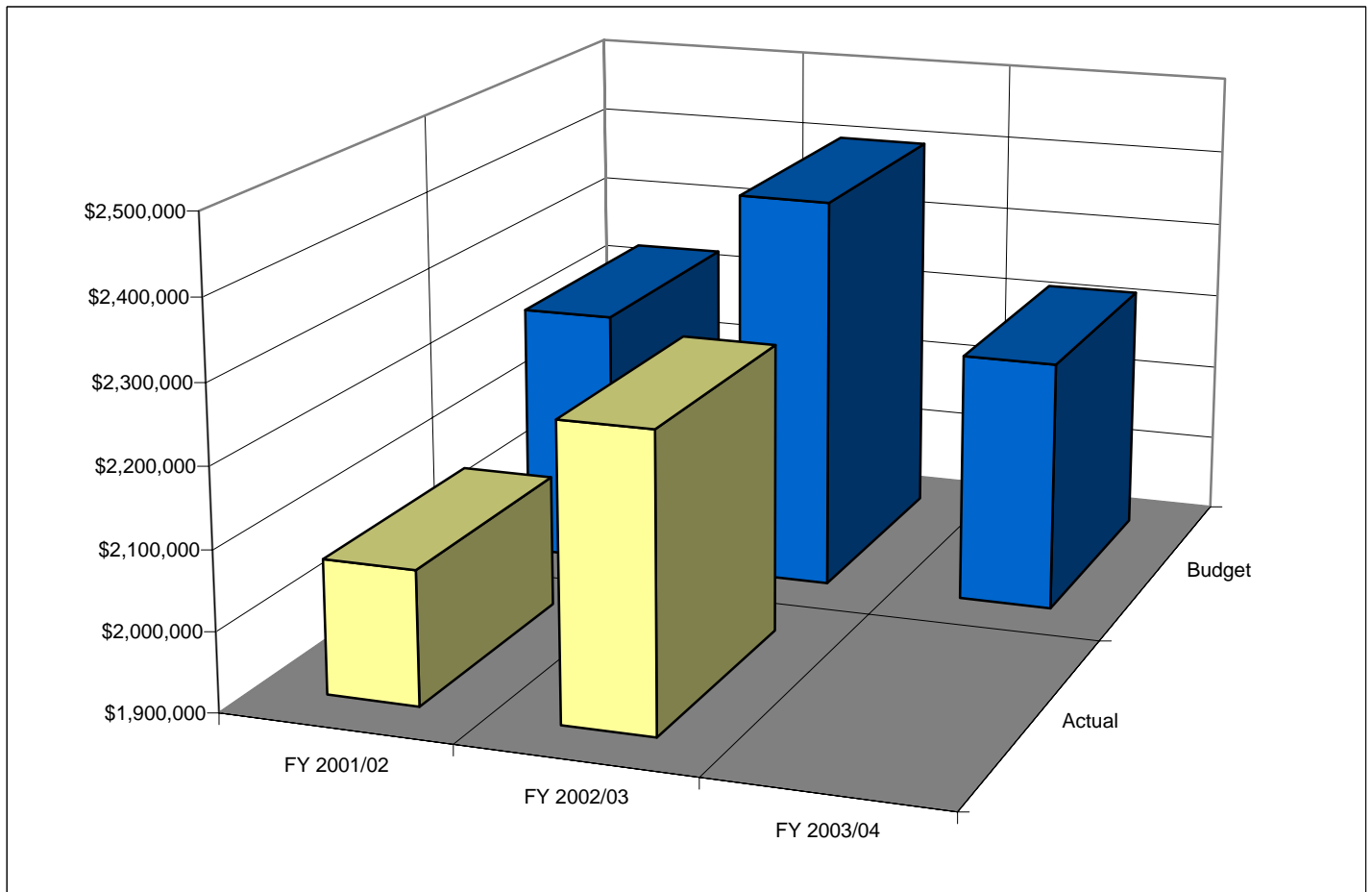
Central Coast Water Authority
Water Treatment Plant Department Operating Expenses
 Fiscal Year 2003/04 Budget

Item	FY 2003/04 Budget
Personnel	\$ 1,123,272
Office Expenses	4,800
Supplies and Equipment	565,179
Monitoring Expenses	73,000
Repairs and Maintenance	92,200
Professional Services	40,000
General and Administrative	35,000
Utilities	122,250
Other Expenses	151,520
Non-Annual Recurring	12,633
TOTAL:	\$ 2,219,855



Central Coast Water Authority
Water Treatment Plant Department Operating Expenses
 Fiscal Year 2003/04 Budget

Item	FY 2001/02 Budget	FY 2001/02 Actual	FY 2002/03 Budget	FY 2002/03 Estimated Actual	FY 2003/04 Budget
Personnel	\$ 1,032,460	\$ 959,106	\$ 1,033,405	\$ 1,073,112	\$ 1,123,272
Office Expenses	4,200	3,771	4,200	6,453	4,800
Supplies and Equipment	489,095	457,107	619,547	507,769	565,179
Monitoring Expenses	87,000	59,998	72,000	65,581	73,000
Repairs and Maintenance	80,200	93,607	85,200	100,704	92,200
Professional Services	100,260	56,061	57,500	67,924	40,000
General and Administrative	24,700	27,024	32,000	18,653	35,000
Utilities	95,900	145,352	119,150	109,833	122,250
Other Expenses	151,631	102,546	221,166	157,689	151,520
Subtotal	\$ 2,065,446	\$ 1,904,572	\$ 2,244,167	\$ 2,107,719	\$ 2,207,221
Non-Annual Recurring	\$ 163,546	\$ 163,546	\$ 159,426	\$ 159,426	\$ 12,633
TOTAL:	\$ 2,228,992	\$ 2,068,118	\$ 2,403,593	\$ 2,267,145	\$ 2,219,855



Central Coast Water Authority
Water Treatment Plant Department Operating Expenses
 Fiscal Year 2003/04 Administration/O&M Budget

Account Number	Account Name	FY 2001/02 Budget	FY 2001/02 Actual	FY 2002/03 Budget	FY 2002/03 Estimated Actual	FY 2003/04 Budget	Increase Over FY 2002/03 Budget	% Increase (Decrease) FY 2002/03 Budget
<u>PERSONNEL EXPENSES</u>								
5000.10	Full-Time Regular Wages	732,553	647,935	700,015	723,330	738,971	38,956	5.57%
5000.20	Overtime	36,628	42,818	35,001	52,720	36,949	1,948	5.57%
5000.40	Standby Pay	4,800	7,218	10,512	15,930	10,512	-	0.00%
5000.50	Shift Differential Pay	11,000	12,057	11,500	11,116	11,500	-	0.00%
5000.10	PERS Retirement	90,861	86,055	84,645	78,614	112,329	27,685	32.71%
5100.15	Medicare Taxes	11,692	11,080	11,214	11,439	11,614	399	3.56%
5100.20	Health Insurance	68,181	67,129	82,230	83,217	121,191	38,961	47.38%
5100.25	Workers' Compensation	18,293	25,600	38,969	35,688	33,822	(5,148)	-13.21%
5100.30	Vehicle Expenses	-	-	-	-	-	-	N/A
5100.35	IRC 457-Employer Paid	6,375	-	1,375	1,375	1,500	125	9.09%
5100.40	Cafeteria Plan Benefits	10,015	9,937	12,608	9,816	9,367	(3,241)	-25.71%
5100.45	Dental/Vision Plan	13,938	15,538	16,800	19,106	19,800	3,000	17.86%
5100.50	Long-Term Disability	4,409	4,165	4,065	4,887	4,160	95	2.34%
5100.55	Life Insurance	3,366	2,849	2,920	3,003	3,008	88	3.00%
5100.60	Employee Physicals	1,650	1,375	1,650	1,179	1,650	-	0.00%
5000.30	Temporary Services	16,500	24,299	16,500	18,391	3,500	(13,000)	-78.79%
5100.70	Employee Incentive Programs	1,200	1,053	2,400	-	2,400	-	0.00%
5100.65	Employee Education Reimbursement	1,000	-	1,000	3,303	1,000	-	0.00%
Total Personnel Expenses:		1,032,460	959,106	1,033,405	1,073,112	1,123,272	89,867	8.70%

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Central Coast Water Authority
Water Treatment Plant Department Operating Expenses
 Fiscal Year 2003/04 Administration/O&M Budget

Account Number	Account Name	FY 2001/02 Budget	FY 2001/02 Actual	FY 2002/03 Budget	FY 2002/03 Estimated Actual	FY 2003/04 Budget	Increase Over FY 2002/03 Budget	% Increase (Decrease) FY 2002/03 Budget
<u>OFFICE EXPENSES</u>								
5200.10	Administrative Costs	-	-	-	-	-	-	N/A
5200.20	Office Supplies	2,400	2,765	2,400	3,363	3,000	600	25.00%
5200.30	Miscellaneous Office Expenses	1,800	1,005	1,800	3,090	1,800	-	0.00%
Total Office Expenses:		4,200	3,771	4,200	6,453	4,800	600	14.29%

<u>SUPPLIES AND EQUIPMENT</u>								
5500.10	Uniform Expenses	9,425	9,065	9,425	5,101	6,709	(2,716)	-28.82%
5500.15	Minor Tools and Equipment	8,000	11,814	8,000	3,015	4,000	(4,000)	-50.00%
5500.20	Spare Parts	-	-	-	-	-	-	N/A
5500.25	Landscape Equipment and Supplies	1,000	139	1,000	48	1,000	-	0.00%
5500.30	Chemicals-Fixed	-	2,684	-	-	-	-	N/A
5500.31	Chemicals-Variable	440,670	411,724	573,122	484,054	530,470	(42,652)	-7.44%
5500.35	Maintenance Supplies/Hardware	15,000	14,067	15,000	6,130	10,000	(5,000)	-33.33%
5500.40	Safety Supplies	3,000	1,241	3,000	576	3,000	-	0.00%
5500.45	Fuel and Lubricants	12,000	6,373	10,000	8,846	10,000	-	0.00%
5500.50	Seed/Erosion Control Supplies	-	-	-	-	-	-	N/A
5500.55	Backflow Prevention Supplies	-	-	-	-	-	-	N/A
Total Supplies and Equipment:		489,095	457,107	619,547	507,769	565,179	(54,368)	-8.78%

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Central Coast Water Authority
Water Treatment Plant Department Operating Expenses
 Fiscal Year 2003/04 Administration/O&M Budget

Account Number	Account Name	FY 2001/02 Budget	FY 2001/02 Actual	FY 2002/03 Budget	FY 2002/03 Estimated Actual	FY 2003/04 Budget	Increase Over FY 2002/03 Budget	% Increase (Decrease) FY 2002/03 Budget
<u>MONITORING EXPENSES</u>								
5600.10	Lab Supplies	27,000	33,713	35,000	32,741	35,000	-	0.00%
5600.20	Lab Tools and Equipment	5,000	8,721	12,000	6,668	10,000	(2,000)	-16.67%
5600.30	Lab Testing	55,000	17,564	25,000	26,172	28,000	3,000	12.00%
Total Monitoring Expenses:		87,000	59,998	72,000	65,581	73,000	1,000	1.39%
<u>REPAIRS AND MAINTENANCE</u>								
5700.10	Equipment Repairs and Maintenance	65,000	79,396	70,000	82,906	70,000	-	0.00%
5700.20	Vehicle Repairs and Maintenance	4,000	3,556	4,000	3,974	4,000	-	0.00%
5700.30	Building Maintenance	10,200	10,207	10,200	9,881	14,200	4,000	39.22%
5700.40	Landscape Maintenance	1,000	449	1,000	3,942	4,000	3,000	300.00%
Total Repairs and Maintenance:		80,200	93,607	85,200	100,704	92,200	7,000	8.22%
<u>PROFESSIONAL SERVICES</u>								
5400.10	Professional Services	15,200	13,787	14,000	13,050	12,000	(2,000)	-14.29%
5400.20	Legal Services	41,560	15,802	-	23,552	-	-	N/A
5400.30	Engineering Services	10,000	6,696	10,000	16,296	10,000	-	0.00%
5400.40	Permits	8,500	7,266	8,500	13,700	8,500	-	0.00%
5400.50	Non-Contractual Services	25,000	12,510	25,000	1,326	9,500	(15,500)	-62.00%
5400.60	Accounting Services	-	-	-	-	-	-	N/A
5400.70	Payroll Service	-	-	-	-	-	-	N/A
Total Professional Services:		100,260	56,061	57,500	67,924	40,000	(17,500)	-30.43%

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Central Coast Water Authority
Water Treatment Plant Department Operating Expenses
 Fiscal Year 2003/04 Administration/O&M Budget

Account Number	Account Name	FY 2001/02 Budget	FY 2001/02 Actual	FY 2002/03 Budget	FY 2002/03 Estimated Actual	FY 2003/04 Budget	Increase Over FY 2002/03 Budget	% Increase (Decrease) FY 2002/03 Budget
<u>GENERAL AND ADMINISTRATIVE</u>								
5300.10	Meeting and Travel	7,500	5,786	6,500	10,240	10,000	3,500	53.85%
5300.20	Mileage Reimbursement	500	44	500	308	500	-	0.00%
5300.30	Dues and Memberships	2,000	15,974	10,000	3,977	10,000	-	0.00%
5300.40	Publications	1,500	665	1,500	578	1,000	(500)	-33.33%
5300.50	Training	11,000	3,723	11,000	1,667	11,000	-	0.00%
5300.60	Advertising	200	-	500	30	500	-	0.00%
5300.70	Printing and Binding	-	-	-	-	-	-	N/A
5300.80	Postage	2,000	831	2,000	1,853	2,000	-	0.00%
Total General and Administrative:		24,700	27,024	32,000	18,653	35,000	3,000	9.38%
<u>UTILITIES</u>								
5800.10	Other Utilities	-	-	-	-	-	-	N/A
5800.20	Natural Gas	2,400	2,303	2,400	1,977	4,000	1,600	66.67%
5800.30	Electric-Fixed	66,000	105,456	85,000	76,981	85,000	-	0.00%
5800.35	Electric-Variable	17,000	26,267	21,250	19,245	21,250	-	0.00%
5800.40	Water	-	-	-	-	-	-	N/A
5800.50	Telephone	8,000	9,428	8,000	9,702	9,500	1,500	18.75%
5800.60	Waste Disposal	2,500	1,898	2,500	1,928	2,500	-	0.00%
Total Utilities:		95,900	145,352	119,150	109,833	122,250	3,100	2.60%

Central Coast Water Authority
Water Treatment Plant Department Operating Expenses
 Fiscal Year 2003/04 Administration/O&M Budget

Account Number	Account Name	FY 2001/02 Budget	FY 2001/02 Actual	FY 2002/03 Budget	FY 2002/03 Estimated Actual	FY 2003/04 Budget	Increase Over FY 2002/03 Budget	% Increase (Decrease) FY 2002/03 Budget
<u>OTHER EXPENSES</u>								
5900.10	Insurance	56,254	62,129	66,620	66,620	52,091	(14,529)	-21.81%
5900.20	Insurance Claim Deductibles	-	-	-	-	-	-	N/A
5900.30	Non-Capitalized Projects	-	-	54,810	54,810	24,150	(30,660)	-55.94%
5900.40	Equipment Rental	12,000	13,702	12,000	12,595	12,000	-	0.00%
5900.50	Non-Capitalized Equipment	25,000	12,091	25,000	14,182	12,000	(13,000)	-52.00%
5900.60	Computer Expenses	8,000	14,624	8,000	9,482	8,000	-	0.00%
5900.70	Appropriated Contingency	50,377	-	54,736	-	43,279	(11,457)	-20.93%
Total Other Expenses:		151,631	102,546	221,166	157,689	151,520	(69,646)	-31.49%
TOTAL OPERATING EXPENSES		\$ 2,065,446	\$ 1,904,572	\$ 2,244,167	\$ 2,107,719	\$ 2,207,221	\$ (36,946)	-1.65%

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2003/04 BUDGET**

ACCOUNT NUMBER: 5000.10

ACCOUNT TITLE: Full-Time Regular Salaries

Description: Funds for the WTP for 11 full time regular employees and two part time employees. Includes \$45,064 for the FY 2003/04 salary pool.

FY 03/04 Requested Budget	738,971
FY 02/03 Estimated Actual	723,330
Increase (Decrease)	15,642

ACCOUNT NUMBER: 5000.20

ACCOUNT TITLE: Overtime

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

FY 03/04 Requested Budget	36,949
FY 02/03 Estimated Actual	52,720
Increase (Decrease)	(15,771)

ACCOUNT NUMBER: 5000.30

ACCOUNT TITLE: Temporary Services

Description: Temporary services for the Water Treatment Plant Department.

FY 03/04 Requested Budget	3,500
FY 02/03 Estimated Actual	18,391
Increase (Decrease)	(14,891)

\$	1,500	Lab assistant (jar test studies)
\$	2,000	Maintenance support
\$	3,500	TOTAL

ACCOUNT NUMBER: 5000.40

ACCOUNT TITLE: Stand-by Pay

Description: Funds for stand-by pay for one employee assigned to stand-by duty on a 24-hour basis. Based on \$1.20 per hour (5% of average hourly rate) for 8,760 hours during the fiscal year.

FY 03/04 Requested Budget	10,512
FY 02/03 Estimated Actual	15,930
Increase (Decrease)	(5,418)

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2003/04 BUDGET**

ACCOUNT NUMBER: 5000.50

ACCOUNT TITLE: Shift Differential Pay

Description: Funds for shift employee pay.

FY 03/04 Requested Budget	11,500
FY 02/03 Estimated Actual	11,116
Increase (Decrease)	384

ACCOUNT NUMBER: 5100.10

ACCOUNT TITLE: PERS Retirement

Description: Funds for the employer and employee portion of PERS retirement system contributions.

Based on a 15.431% contribution rate for FY 2003/04.

Increase is attributed to the PERS benefit change to 2% at 55 and by an increase in the employer rate for FY 2003/04.

FY 03/04 Requested Budget	112,329
FY 02/03 Estimated Actual	78,614
Increase (Decrease)	33,715

ACCOUNT NUMBER: 5100.15

ACCOUNT TITLE: Medicare

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

FY 03/04 Requested Budget	11,614
FY 02/03 Estimated Actual	11,439
Increase (Decrease)	175

ACCOUNT NUMBER: 5100.20

ACCOUNT TITLE: Health Insurance

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

Family: \$9,612
Emp+1: \$8,301
Emp: \$3,540

FY 03/04 Requested Budget	121,191
FY 02/03 Estimated Actual	83,217
Increase (Decrease)	37,974

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2003/04 BUDGET**

ACCOUNT NUMBER: 5100.25

ACCOUNT TITLE: Workers' Compensation Insurance

Description: Funds for Workers' Compensation insurance for the WTP department. Based on \$12.60 per \$100 of covered wages with an X-Mod rate of 75%. Includes an estimated 30% increase over the FY 2002/03 rates.

FY 03/04 Requested Budget	33,822
FY 02/03 Estimated Actual	35,688
Increase (Decrease)	(1,866)

ACCOUNT NUMBER: 5100.35

ACCOUNT TITLE: Employer Paid Deferred Compensation

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

FY 03/04 Requested Budget	1,500
FY 02/03 Estimated Actual	1,375
Increase (Decrease)	125

ACCOUNT NUMBER: 5100.40

ACCOUNT TITLE: Cafeteria Plan Benefits

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

FY 03/04 Requested Budget	9,367
FY 02/03 Estimated Actual	9,816
Increase (Decrease)	(449)

ACCOUNT NUMBER: 5100.45

ACCOUNT TITLE: Dental/Vision Plan

Description: Funds for the self-funded dental/vision plan. The plan provides \$2,500 per year per family for dental and vision expenses. Budgeted amount is \$1,500 per year anticipating that the expenses will average this amount.

FY 03/04 Requested Budget	19,800
FY 02/03 Estimated Actual	19,106
Increase (Decrease)	694

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2003/04 BUDGET**

ACCOUNT NUMBER: 5100.50

ACCOUNT TITLE: Long-Term Disability

Description: Funds for premiums paid for long-term disability insurance. Based on a rate of \$0.61 per \$100 of salary.

FY 03/04 Requested Budget	4,160
FY 02/03 Estimated Actual	4,887
Increase (Decrease)	<u>(727)</u>

ACCOUNT NUMBER: 5100.55

ACCOUNT TITLE: Life Insurance

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

FY 03/04 Requested Budget	3,008
FY 02/03 Estimated Actual	3,003
Increase (Decrease)	<u>5</u>

ACCOUNT NUMBER: 5100.60

ACCOUNT TITLE: Employee Physicals

Description: Funds for employee physicals paid by CCWA. Employees using self contained breathing apparatus are required to have a yearly physical.

FY 03/04 Requested Budget	1,650
FY 02/03 Estimated Actual	1,179
Increase (Decrease)	<u>471</u>

\$ 1,650 11 employees @ \$150

ACCOUNT NUMBER: 5100.65

ACCOUNT TITLE: Employee Education Reimbursement

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

FY 03/04 Requested Budget	1,000
FY 02/03 Estimated Actual	3,303
Increase (Decrease)	<u>(2,303)</u>

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2003/04 BUDGET**

ACCOUNT NUMBER: 5100.70

ACCOUNT TITLE: Employee Incentive Programs

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

FY 03/04 Requested Budget	2,400
FY 02/03 Estimated Actual	-
Increase (Decrease)	2,400

Safety Program	\$	1,200
EAAP		1,200
TOTAL:	\$	2,400

ACCOUNT NUMBER: 5200.20

ACCOUNT TITLE: Office Supplies

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

FY 03/04 Requested Budget	3,000
FY 02/03 Estimated Actual	3,363
Increase (Decrease)	(363)

ACCOUNT NUMBER: 5200.30

ACCOUNT TITLE: Miscellaneous Office Expenses

Description: Funds for miscellaneous expenses associated with CCWA. This includes picture developing, awards, business cards, water system, kitchen supplies, etc.

FY 03/04 Requested Budget	1,800
FY 02/03 Estimated Actual	3,090
Increase (Decrease)	(1,290)

ACCOUNT NUMBER: 5300.10

ACCOUNT TITLE: Meeting and Travel

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

FY 03/04 Requested Budget	10,000
FY 02/03 Estimated Actual	10,240
Increase (Decrease)	(240)

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2003/04 BUDGET**

ACCOUNT NUMBER: 5300.20

ACCOUNT TITLE: Mileage Reimbursement

Description: Funds for reimbursement to employees for mileage expenses.

FY 03/04 Requested Budget	500
FY 02/03 Estimated Actual	308
Increase (Decrease)	192

ACCOUNT NUMBER: 5300.30

ACCOUNT TITLE: Dues and Memberships

Description: Funds for professional dues.

FY 03/04 Requested Budget	10,000
FY 02/03 Estimated Actual	3,977
Increase (Decrease)	6,023

Includes AWWA Research Foundation dues for \$6,000

ACCOUNT NUMBER: 5300.40

ACCOUNT TITLE: Publications

Description: Funds for publications received by the WTP.

FY 03/04 Requested Budget	1,000
FY 02/03 Estimated Actual	578
Increase (Decrease)	422

ACCOUNT NUMBER: 5300.50

ACCOUNT TITLE: Training

Description: Funds for training of WTP personnel.

Does not include educational reimbursement.

FY 03/04 Requested Budget	11,000
FY 02/03 Estimated Actual	1,667
Increase (Decrease)	9,333

\$ 11,000 \$1,000 per employee

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2003/04 BUDGET**

ACCOUNT NUMBER: 5300.60

ACCOUNT TITLE: Advertising

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

FY 03/04 Requested Budget	500
FY 02/03 Estimated Actual	30
Increase (Decrease)	470

ACCOUNT NUMBER: 5300.80

ACCOUNT TITLE: Postage

Description: Funds for all postal and mail expenses for the WTP.

FY 03/04 Requested Budget	2,000
FY 02/03 Estimated Actual	1,853
Increase (Decrease)	147

ACCOUNT NUMBER: 5400.10

ACCOUNT TITLE: Professional Services

Description: Outside professional services including:

\$	3,000	Cathodic protection
	2,000	Fire system/extinguisher inspection
	3,000	Security
	1,500	Crane inspection
	700	Road and lot cleaning
	800	Oil analysis
	1,000	Miscellaneous
\$	12,000	TOTAL

FY 03/04 Requested Budget	12,000
FY 02/03 Estimated Actual	13,050
Increase (Decrease)	(1,050)

ACCOUNT NUMBER: 5400.20

ACCOUNT TITLE: Legal Services

Description: Not funded for this fiscal year.

FY 03/04 Requested Budget	-
FY 02/03 Estimated Actual	23,552
Increase (Decrease)	(23,552)

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2003/04 BUDGET**

ACCOUNT NUMBER: 5400.30

ACCOUNT TITLE: Engineering Services

Description: Funds for all non-capitalized engineering services and small projects.

FY 03/04 Requested Budget	10,000
FY 02/03 Estimated Actual	16,296
Increase (Decrease)	(6,296)

ACCOUNT NUMBER: 5400.40

ACCOUNT TITLE: Permits

Description: Funds for all required permits for the WTP including the California Department of Health.

FY 03/04 Requested Budget	8,500
FY 02/03 Estimated Actual	13,700
Increase (Decrease)	(5,200)

ACCOUNT NUMBER: 5400.50

ACCOUNT TITLE: Non-Contractual Services

Description: All non contractual services including emergency generator or other equipment service.

FY 03/04 Requested Budget	9,500
FY 02/03 Estimated Actual	1,326
Increase (Decrease)	8,174

ACCOUNT NUMBER: 5500.10

ACCOUNT TITLE: Uniform Expenses

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

FY 03/04 Requested Budget	6,709
FY 02/03 Estimated Actual	5,101
Increase (Decrease)	1,608

\$	3,384	Uniform Service (\$282 per month)
	1,350	Blue jean pants (\$150/year for 9 employees)
	1,575	Boots (\$175/year for 9 employees)
	400	Misc. uniform requirements (jackets, etc.)
\$	6,709	TOTAL

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2003/04 BUDGET**

ACCOUNT NUMBER: 5500.15

ACCOUNT TITLE: Minor Tools and Equipment

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

FY 03/04 Requested Budget	4,000
FY 02/03 Estimated Actual	3,015
Increase (Decrease)	985

ACCOUNT NUMBER: 5500.20

ACCOUNT TITLE: Spare Parts

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

FY 03/04 Requested Budget	-
FY 02/03 Estimated Actual	-
Increase (Decrease)	-

ACCOUNT NUMBER: 5500.25

ACCOUNT TITLE: Landscape Equipment and Supplies

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

FY 03/04 Requested Budget	1,000
FY 02/03 Estimated Actual	48
Increase (Decrease)	953

ACCOUNT NUMBER: 5500.31

ACCOUNT TITLE: Chemicals-Variable

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

FY 03/04 Requested Budget	530,470
FY 02/03 Estimated Actual	484,054
Increase (Decrease)	46,416

Based on \$17.00 per acre foot and 30,910 acre feet of requests in FY 2003/04 (75% of 2003 requests and 100% of 2004 requests) and \$5,000 for taste and odor reduction chemicals

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2003/04 BUDGET**

ACCOUNT NUMBER: 5500.35

ACCOUNT TITLE: Maintenance Supplies/Hardware

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

FY 03/04 Requested Budget	10,000
FY 02/03 Estimated Actual	6,130
Increase (Decrease)	3,870

ACCOUNT NUMBER: 5500.40

ACCOUNT TITLE: Safety Supplies

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

FY 03/04 Requested Budget	3,000
FY 02/03 Estimated Actual	576
Increase (Decrease)	2,424

ACCOUNT NUMBER: 5500.45

ACCOUNT TITLE: Fuel and Lubricants

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

FY 03/04 Requested Budget	10,000
FY 02/03 Estimated Actual	8,846
Increase (Decrease)	1,154

ACCOUNT NUMBER: 5600.10

ACCOUNT TITLE: Laboratory Supplies

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

FY 03/04 Requested Budget	35,000
FY 02/03 Estimated Actual	32,741
Increase (Decrease)	2,259

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2003/04 BUDGET**

ACCOUNT NUMBER: 5600.20

ACCOUNT TITLE: Laboratory Tools and Equipment

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

FY 03/04 Requested Budget	10,000
FY 02/03 Estimated Actual	6,668
Increase (Decrease)	3,332

ACCOUNT NUMBER: 5600.30

ACCOUNT TITLE: Lab Testing

Description: Funds for outside lab services.

FY 03/04 Requested Budget	28,000
FY 02/03 Estimated Actual	26,172
Increase (Decrease)	1,828

\$	3,000	Federal UCMR testing
\$	25,000	Outside lab testing
\$	28,000	TOTAL

ACCOUNT NUMBER: 5700.10

ACCOUNT TITLE: Equipment Repairs and Maintenance

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

FY 03/04 Requested Budget	70,000
FY 02/03 Estimated Actual	82,906
Increase (Decrease)	(12,906)

ACCOUNT NUMBER: 5700.20

ACCOUNT TITLE: Vehicle Repairs and Maintenance

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

FY 03/04 Requested Budget	4,000
FY 02/03 Estimated Actual	3,974
Increase (Decrease)	26

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2003/04 BUDGET**

ACCOUNT NUMBER: 5700.30

ACCOUNT TITLE: Building Maintenance

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

FY 03/04 Requested Budget	14,200
FY 02/03 Estimated Actual	9,881
Increase (Decrease)	4,319

\$	1,000	Miscellaneous repairs
	1,000	Site improvements
	10,200	Janitorial service
	2,000	HVAC
\$	14,200	TOTAL

ACCOUNT NUMBER: 5700.40

ACCOUNT TITLE: Landscape Maintenance

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

FY 03/04 Requested Budget	4,000
FY 02/03 Estimated Actual	3,942
Increase (Decrease)	58

ACCOUNT NUMBER: 5800.20

ACCOUNT TITLE: Natural Gas Service

Description: Funds for natural gas service to the WTP.

FY 03/04 Requested Budget	4,000
FY 02/03 Estimated Actual	1,977
Increase (Decrease)	2,023

ACCOUNT NUMBER: 5800.30

ACCOUNT TITLE: Electric Service-Fixed

Description: Funds for electrical service to the WTP.

FY 03/04 Requested Budget	85,000
FY 02/03 Estimated Actual	76,981
Increase (Decrease)	8,019

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2003/04 BUDGET**

ACCOUNT NUMBER: 5800.31

ACCOUNT TITLE: Electric Service-Variable

Description: Funds for electrical service to the WTP.

FY 03/04 Requested Budget	21,250
FY 02/03 Estimated Actual	19,245
Increase (Decrease)	2,005

ACCOUNT NUMBER: 5800.40

ACCOUNT TITLE: Water/Sewer

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

FY 03/04 Requested Budget	-
FY 02/03 Estimated Actual	-
Increase (Decrease)	-

ACCOUNT NUMBER: 5800.50

ACCOUNT TITLE: Telephone

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

FY 03/04 Requested Budget	9,500
FY 02/03 Estimated Actual	9,702
Increase (Decrease)	(202)

ACCOUNT NUMBER: 5800.60

ACCOUNT TITLE: Waste Disposal

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

FY 03/04 Requested Budget	2,500
FY 02/03 Estimated Actual	1,928
Increase (Decrease)	572

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2003/04 BUDGET**

ACCOUNT NUMBER: 5900.10

ACCOUNT TITLE: Insurance

Description: Funds for insurance coverage.

FY 03/04 Requested Budget	52,091
FY 02/03 Estimated Actual	66,620
Increase (Decrease)	<u>(14,529)</u>

\$	29,011	Property and auto coverage based on the apportionment provided by JPIA.
\$	23,080	General liability and E&O based on salary proportions.
\$	52,091	TOTAL

ACCOUNT NUMBER: 5900.30

ACCOUNT TITLE: Non-Capitalized Projects

Description: Funds for projects around the WTP which are not eligible for capitalization because the facilities are owned by DWR and not CCWA.
FY 2003/04 WTP projects include the taste and odor control and monitoring program. The account provides funding for sample analysis and taste and odor control.

FY 03/04 Requested Budget	24,150
FY 02/03 Estimated Actual	54,810
Increase (Decrease)	<u>(30,660)</u>

ACCOUNT NUMBER: 5900.40

ACCOUNT TITLE: Equipment Rental

Description: Funds for rental of equipment for the WTP.

FY 03/04 Requested Budget	12,000
FY 02/03 Estimated Actual	12,595
Increase (Decrease)	<u>(595)</u>

ACCOUNT NUMBER: 5900.50

ACCOUNT TITLE: Non-Capitalized Fixed Assets

Description: Funds for the purchase of non-capitalized equipment purchases. These equipment purchases are generally under \$2,500 in cost with an estimated useful life under 5 years.

FY 03/04 Requested Budget	12,000
FY 02/03 Estimated Actual	14,182
Increase (Decrease)	<u>(2,182)</u>

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2003/04 BUDGET**

ACCOUNT NUMBER: 5900.60

ACCOUNT TITLE: Computer Expenses

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

FY 03/04 Requested Budget	8,000
FY 02/03 Estimated Actual	9,482
Increase (Decrease)	(1,482)

ACCOUNT NUMBER: 5900.70

ACCOUNT TITLE: Appropriated Contingency

Description: 2.0% of requested budget.

FY 03/04 Requested Budget	43,279
FY 02/03 Estimated Actual	-
Increase (Decrease)	43,279



Above: Eric Kieding (left) and Woody Woodard (right) repair a broken section of the CCWA fiber optic cable downstream of the Southern California Water Company turnout.

Distribution Department

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

Highlights

Department Information

- Number of employees 9.05
- Authority pipeline (in miles) 42
- Coastal Branch Phase II pipeline (in miles) 101
- Total pipeline operated
 By the Authority (in miles) 130
- Number of water storage tanks 7
- Number of turnouts 10

Budget Information

- Total FY 2003/04 O&M Budget \$1,818,115
- Non-Annual Recurring Expense deposits \$ 29,023
- **Total Distribution Department FY 2003/04
Budgeted Expenses \$1,847,138**
- O&M Budget decrease over FY 2002/03 \$ (59,309)
- Fixed O&M expenses \$1,428,541
- Variable O&M expenses \$ 389,574
- FY 2003/04 budgeted electrical cost \$69 per acre-foot

Significant Accomplishments During FY 2002/03

- Replaced the granular activated carbon media in the Polonio Pass Water Treatment Plant filters.
- All Distribution Technicians were fully certified in accordance with the most recent Department of Health Services requirements.

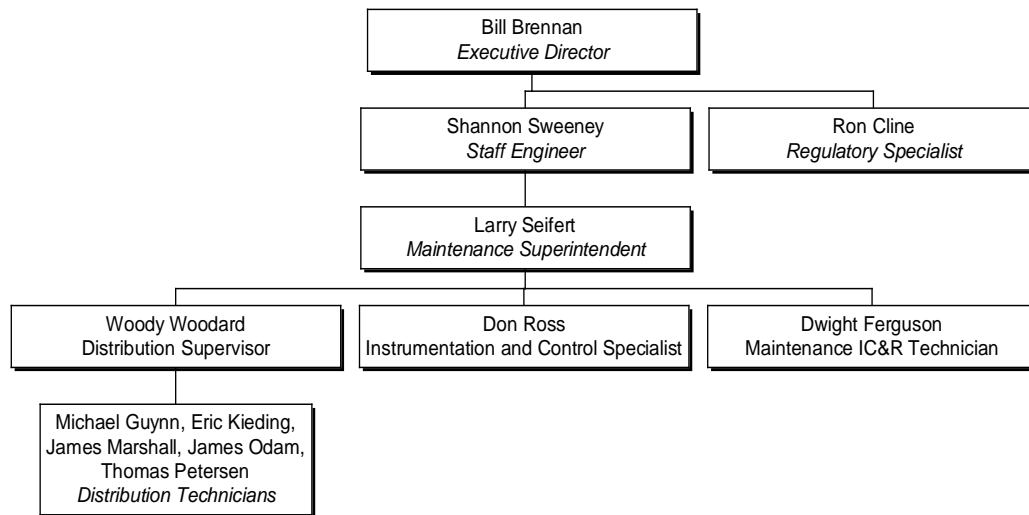
Significant Goals for FY 2003/04

- Replace galvanized piping on Reach 5B/6 AVAR's.

Central Coast Water Authority
Distribution Department
 Fiscal Year 2003/04 Budget

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

CCWA Distribution Staff



The Distribution Department is comprised of the field Distribution Technicians and Instrumentation and Control Specialist and Technicians.

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



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

Central Coast Water Authority
Distribution Department
 Fiscal Year 2003/04 Budget

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

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

The following pages list the 2002 accomplishments, performance indicators (“Service Efforts and Accomplishments”) and 2003 goals for the Distribution Department.

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

**2002 ACCOMPLISHMENTS
 AND 2003 GOALS**

<i>Goal</i>	<i>Status</i>
<i>Treat and deliver water through the Coastal Aqueduct to San Luis Obispo and Santa Barbara Counties.</i>	
Meet project participants’ delivery needs as requested. [Ongoing]	Ongoing.
<i>Cost effectively operate and maintain our facilities.</i>	
Conduct in-depth analysis of preventative maintenance program data collection and report functions and evaluate maintenance schedules based on repair history. [Ongoing]	Ongoing.
Identify and pursue all possible cost saving and quality enhancing opportunities with initial concentration on bulk chemicals [1/02], communications, electricity, overtime requirements and revegetation and erosion control. [Ongoing]	Bulk chemicals bid 2/02 for a cost savings of \$19,000. CCWA Distribution Technicians changed their workweeks from 10-hour days to 9-hour days to increase support coverage and reduce overtime.
<i>Ensure our water supply meets or exceeds health and safety standards.</i>	
Ensure Distribution Technicians are fully certified in accordance with most recent Department of Health Services requirements. [2/02]	All Distribution Technicians either met certification requirements or were given interim certifications by DHS 2/02.
Replace granular activated carbon media in water treatment plant filters. [8/02]	Completed 8/02.

Central Coast Water Authority
Distribution Department
 Fiscal Year 2003/04 Budget

<u>Goal</u>	<u>Status</u>
<i>Work with the Department of Water Resources and other state, federal and local agencies to achieve our mutual objectives.</i>	
Replace galvanized piping on Reach 5B/6 AVAR's. [10/02]	Delayed until 6/03.
Conduct a system vulnerability assessment and prepare response plan. [12/02]	EPA grant funding approved 7/02. Consultant hired 10/02. Scheduled completion 3/03.
Assist project participants in preparing to meet new federal and state water quality regulations.	Ongoing.

2003 GOALS

Operations and Maintenance

Treat and deliver water through the Coastal Aqueduct to San Luis Obispo and Santa Barbara Counties

- Meet project participants' delivery needs as requested [Ongoing]

Cost effectively operate and maintain our facilities

- Replace SCADA servers [3/03]
- Review preventative maintenance program data collection and report functions and evaluate alternative software programs [8/03]
- Identify and pursue all possible cost saving and quality enhancing opportunities with initial taste and odor control, communications, electricity, overtime requirements and revegetation and erosion control [ongoing]

Ensure our water supply meets or exceeds health and safety standards

- Identify and pursue approaches to maximize and maintain high water quality consistent with project participants' needs [Ongoing]

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

- Replace galvanized piping on Reach 5B/6 AVAR's [10/03]
- Assist project participants in preparing to meet new federal and state water quality regulations [Ongoing]

Central Coast Water Authority
Distribution Department
 Fiscal Year 2003/04 Budget

Service Efforts and Accomplishments

	Actual FY 2001/02	Estimated Actual FY 2002/03	Projected FY 2003/04
	Workload		
Work orders completed - Distribution ⁽¹⁾	N/A	N/A	N/A
	Efficiency		
Days out of Service SCADA/communications	0	0	0
Operating cost per employee (thousands)	\$ 147	\$ 174	\$ 201
Overtime expense as a percent of the O&M budget	1.93%	2.88%	2.19%

(1) Work orders are not available for the Distribution Department.

DISTRIBUTION DEPARTMENT OPERATING EXPENSE OVERVIEW

The distribution system for the State water facilities is divided into segments called “Financial Reaches.” These financial reaches are the portions of the pipeline through which the project participants receive and pay for water in accordance with their Water Supply Agreements.



CCWA Distribution Technician, James Marshall

Participation in each financial reach is based on the location of a particular project participant’s turnout. Each participant pays for its share of the Coastal Branch and Authority financial reaches down to the financial reach from which that participant takes delivery of water. For example, South Coast project participants pay for their share of all financial reaches since they take delivery from the terminus of the Authority pipeline.

The financial reaches for the distribution system include Authority reaches and DWR reaches. The facilities owned by the Authority are considered Authority reaches and those owned by DWR are considered DWR reaches.

The Distribution Department is responsible for maintaining both the Authority and the DWR reaches downstream of the Polonio Pass Water Treatment Plant.

Central Coast Water Authority
Distribution Department
Fiscal Year 2003/04 Budget

The following is a list of the various financial reaches including the facilities and/or landmarks located in each reach.

DWR REACHES

- Reach 33B Tank 1 through the Chorro Valley turnout
- Reach 34 Chorro Valley turnout through the Lopez turnout
- Reach 35 Lopez turnout through the Guadalupe turnout
- Reach 36 Deleted
- Reach 37 Guadalupe turnout to Southern Pacific Railroad crossing near Casmalia
- Reach 38 Southern Pacific Railroad crossing near Casmalia through Tank 5

CCWA (Authority) REACHES

- Mission Hills Tank 5 to La Purisima Road
- Santa Ynez I La Purisima Road to the Santa Ynez Pumping Facility
- Santa Ynez II Santa Ynez Pumping Facility to Lake Cachuma

The table and map on page 158 shows the participation by project participant, by financial reach and the corresponding percentage share of the operating costs for each project participant in each reach.

Distribution Allocation of Operating Expenses by Financial Reach

The Distribution Department operating expenses are allocated among the financial reaches listed above based on allocation percentages established by the Authority. These percentages are based on the FY 2001/02 actual operating expenses for each reach. The financial reach allocation percentages are adjusted each year based on the year-end budget status report actual operating expenses from the preceding fiscal year. The following table provides the allocation percentages for the Distribution Department operating expenses.

Central Coast Water Authority
Distribution Department
 Fiscal Year 2003/04 Budget

<i>Distribution Department Financial Reach Allocation</i>			
Financial Reach	FY 2003/04 Allocation Percentage	FY 2002/03 Allocation Percentage	Increase (Decrease)
Reach 33B	16.00%	20.42%	-4.42%
Reach 34	9.67%	8.11%	1.56%
Reach 35	16.54%	9.88%	6.66%
Reach 37	9.12%	5.99%	3.13%
Reach 38	7.49%	5.69%	1.80%
Mission Hills II	8.86%	11.86%	-3.01%
Santa Ynez I	22.53%	20.87%	1.66%
Santa Ynez II	9.79%	17.17%	-7.39%
TOTAL:	100.00%	100.00%	0.00%

The expenses associated with the Distribution Department are divided into fixed and variable O&M costs.

Fixed O&M Costs are all costs of the distribution system that do not vary with the amount of water processed. Examples of these expenses include personnel costs, professional services and repair and maintenance costs.

Variable O&M Costs are all costs that vary with the amount of water processed. These costs include all chemical and electrical costs for the Distribution department including electrical costs at the Santa Ynez Pumping Facility.

Fiscal Year 2003/04 Operating Expense Budget

The Fiscal Year 2003/04 Distribution Department operating expense budget is \$1,818,115, which is \$59,309 lower than the previous year's budget of \$1,864,299 (net of Santa Ynez Exchange Agreement Modifications), a decrease of 3.18%.

The personnel expense section of the Distribution Department budget represents approximately 46% of the budget. Utilities comprise 24%, with other expenses making up the balance of the budget. The chart on page 159 shows percentage of the various components of the Distribution Department operating expense budget. Variable O&M costs are included in the supplies and equipment and utilities categories.

Personnel Expenses Personnel expenses are increasing by about \$74,000 attributed to the following:

- Salary increases for FY 2003/04 of \$36,348.
- PERS cost increase of \$21,421 for a contract change to 2% @ 55 coupled with a significantly higher employer rate due to decreased PERS investment income during the prior year.
- Health insurance expense increase of approximately \$16,000 based on the actual increases effective January 1, 2003 and a 15% projected increase as of January 1, 2004.

Central Coast Water Authority
Distribution Department
 Fiscal Year 2003/04 Budget

Professional Services Professional services are decreasing by approximately \$27,000 attributed to a decrease in funds for environmental services and an \$8,000 reduction for non-contractual services.

Utilities The utilities expense budget is decreasing by approximately \$9,000 due to a decrease in the variable electrical expenses for the Santa Ynez II financial reach. Electrical expenses are budgeted at \$69 per acre-foot and based on 75% of requested water deliveries for the second half of 2003 and 100% of requested deliveries for the first half of 2004.

Other Expenses Other expenses are decreasing by about \$84,000 primarily due to a decrease in "Non-Capitalized Projects" (see the discussion beginning on page 154 regarding Non-Capitalized Projects). Additional reductions include a decrease in insurance expense and a decrease in the appropriated contingency account from 2.50% to 2.00% of total expenses.

Turnout Expenses Turnout expenses includes funds for utility expenses at each turnout, equipment repairs and maintenance and capital expenditures.

The following table shows the FY 2003/04 O&M budget for the various CCWA turnouts.

TURNOUT EXPENSES								
Turnout	Electric Expense	Equipment Repairs and Maintenance	Phone Expenses	Other Expenses	Subtotal Operating Expenses	Capital Improvements	TOTAL	
Guadalupe	\$ 1,000	\$ 1,000	\$ -	\$ 500	\$ 2,500	\$ -	\$ 2,500	
Santa Maria	1,000	1,000	-	500	2,500	-	2500	
Southern California Water Co.	-	1,500	-	500	2,000	-	2000	
Vandenberg Air Force Base	-	1,500	-	500	2,000	-	2000	
Buellton	500	1,000	-	500	2,000	-	2000	
Santa Ynez (Solvang)	500	1,000	-	500	2,000	7,920	9920	
Santa Ynez	-	1,500	-	500	2,000	7,920	9920	
Chorro Valley	-	2,500	5,000	500	8,000	-	8000	
Lopez	750	2,000	-	500	3,250	-	3250	
TOTAL:	\$ 3,750	\$ 13,000	\$ 5,000	\$ 4,500	\$ 26,250	\$ 15,840	\$ 42,090	

Non-Annual Recurring Expenses

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

Central Coast Water Authority
Distribution Department
Fiscal Year 2003/04 Budget

FY 2003/04 Non-Annual Recurring Expenses

The FY 2003/04 Distribution Department non-annual recurring expenses total \$29,023 for the replacement of vehicles based on the Authority's ten-year vehicle replacement schedule (\$25,023) and future computer replacements (\$4,000).

The table on page 157 shows the allocation of the FY 2003/04 non-annual recurring expenses for the Distribution Department.

Non-Capitalized Projects

CCWA operates the Coastal Branch Extension for DWR through an Operations and Maintenance Agreement. Therefore, all expenses associated with the repairs and maintenance of the DWR portion of the Coastal Branch Extension are funded through the CCWA O&M assessments. Additionally, since CCWA does not own the DWR portion of the Coastal Branch Extension, capital related expenditures may not be capitalized as an asset on its books. The account also includes funding for projects on CCWA owned portions of the distribution system which are considered extraordinary expenses, but which are not eligible for capitalization.

A brief description of each project follows.

- Reach 2 Inspection **\$28,875** (*Reach 33B*). Inspect the condition of the interior of the transmission main through Reach 2. The inspection helps to uncover and repair minor defects before they become more serious and costly.
- Trailer Removal at the North Portal **\$7,700** (*Reach 33B*). During Project construction, DWR utilized a construction trailer for storing materials and as an office for certain inspection personnel. After construction, the trailer was abandoned off the right-of-way, and, over the last few years, has been badly vandalized. It must be removed since it is both a liability and an attractive nuisance.
- Tank 2 Hatch Replacement **\$7,895** (*Reach 33B*). Replace the hatches on the roof of each tank at Tank Site 2. The hatches and hinges have deteriorated due to rust, which may also be a safety hazard.
- Tank 5 and Tank 7 Inspection **\$7,350** (*Mission Hills II and Santa Ynez I*). Inspection of the interior condition of the tanks which is required to ensure the structural integrity of the tanks and to inspect for possible water quality problems.
- Sacrificial Anodes at the Railroad Tracks **\$7,875** (*Reach 34*) Addition of sacrificial anodes near the pipe in the vicinity of the railroad tracks. This is necessary due to the insufficient corrosion protection on the pipeline in the area.
- Hydraulic Oil Replacement at EDV **\$12,600** (*Reach 34*) Oil in the hydraulic system no longer meets specifications and must be replaced. Poor oil quality can cause undue wear on mechanical parts.

Central Coast Water Authority
Distribution Department
 Fiscal Year 2003/04 Budget

The following table provides a summary of the Distribution Department Non-Capitalized Projects for FY 2003/04.

<i>Non-Capitalized Projects-Reach Specific</i>		
Project Description	Financial Reach	Amount
Reach 2 Inspection	33B	\$ 28,875
Trailer Removal at North Portal	33B	7,700
Tank 2 Hatch Replacement	33B	7,895
Tank 5 Inspection	MHII	3,675
Tank 7 Inspection	SYI	3,675
Sacrificial Anodes at Railroad Tracks	34	7,875
Hydraulic Oil Replacement at EDV	34	12,600
TOTAL:		\$ 72,295

Central Coast Water Authority
Personnel Services Summary
Distribution Department
Fiscal Year 2003/04 Budget

PERSONNEL COUNT SUMMARY					
Position Title	Number Auth. FY 2001/02	Number Auth. FY 2002/03	Number Requested FY 2003/04	Change Over FY 2001/02	Change Over FY 2002/03
Executive Director ⁽¹⁾	0	0.25	0.25	0.25	0
Operations Manager	0.25	0	0	-0.25	0
Staff Engineer ⁽²⁾	0.55	0.55	0.55	0	0
Regulatory Specialist ⁽³⁾	0.75	0.75	0.75	0	0
Distribution Supervisor	1	1	1	0	0
Instrumentation Technician	1	1	1	0	0
Maintenance Superintendent ⁽⁴⁾	0	0.2	0.20	0.20	0
Maintenance/IC&R Technician	0.30	0.30	0.30	0	0
Distribution Technician	5	5	5	0	0
TOTAL:	8.85	9.05	9.05	0.20	0

PERSONNEL WAGE SUMMARY			
Position Title	Position Classification	Maximum Monthly Salary	FY 2002/03 Current Salary
Executive Director ⁽¹⁾	N/A	\$ 8,450	\$ 28,750
Staff Engineer ⁽²⁾	23	\$ 7,219	\$ 44,550
Regulatory Specialist ⁽³⁾	17	\$ 5,270	\$ 42,750
Distribution Supervisor	19	\$ 5,853	\$ 68,000
Instrumentation Specialist	17	\$ 5,270	\$ 63,100
Maintenance Superintendent ⁽⁴⁾	17	\$ 5,270	\$ 12,648
Maintenance/IC&R Technician	14	\$ 4,501	\$ 15,750
Distribution Technicians	14	\$ 4,501	\$ 245,300
FY 2003/04 Salary Pool			\$ 36,348
TOTAL:			\$ 557,196

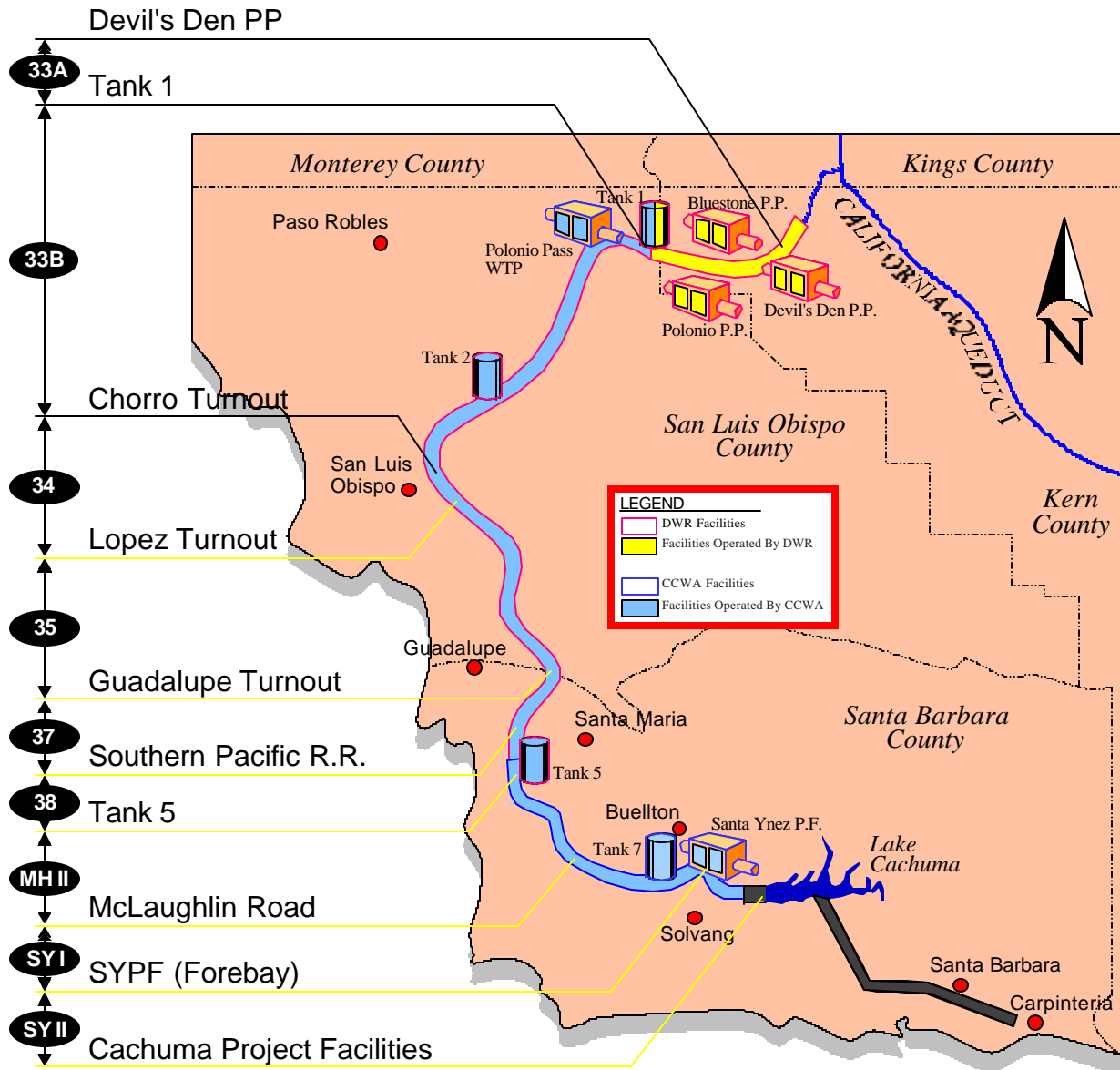
- (1) The Executive Director is allocated to Administration (50%), Water Treatment Plant (25%) and Distribution (25%).
(2) The Staff Engineer is allocated to Administration (25%), Water Treatment Plant (20%) and Distribution (55%).
(3) The Regulatory Specialist is allocated to Water Treatment Plant (25%) and Distribution (75%).
(4) The Maintenance Control Specialist is allocated to Water Treatment Plant (80%) and Distribution (20%).

Central Coast Water Authority
Distribution Department Non-Annual Recurring Expenses
 Fiscal Year 2003/04 Budget

Project Participant	WEIGHTED TABLE A AMOUNTS									Total	Melded Percentage	FY 2003/04 Non-Annual Recurring Expenses
	Reach 33B Table A	Reach 34 Table A	Reach 35 Table A	Reach 37 Table A	Reach 38 Table A	Mission Hills II Table A	Santa Ynez I Table A	Santa Ynez II Table A	Table A All Reaches			
Allocation Percentage	16.00%	9.67%	16.54%	9.12%	7.49%	8.86%	22.53%	9.79%	100.00%			
Shandon	86	-	-	-	-	-	-	-	86	0.04%	\$	11
Chorro Valley	2,017	-	-	-	-	-	-	-	2,017	0.85%		247
Lopez	2,063	1,321	-	-	-	-	-	-	3,384	1.43%		415
Guadalupe	474	304	551	-	-	-	-	-	1,329	0.56%		163
Santa Maria	13,974	8,946	16,233	9,075	-	-	-	-	48,228	20.37%		5,913
SCWC	431	276	501	280	-	-	-	-	1,489	0.63%		183
VAFB	4,744	3,037	5,511	3,081	4,469	5,282	-	-	26,125	11.04%		3,203
Buellton	499	319	579	324	470	555	1,888	-	4,633	1.96%		568
Santa Ynez (Solvang)	1,294	828	1,503	840	1,219	1,441	4,899	-	12,025	5.08%		1,474
Santa Ynez	431	276	501	280	406	480	1,633	-	4,008	1.69%		491
Goleta	3,882	2,485	4,509	2,521	3,657	4,322	14,698	7,582	43,656	18.44%		5,352
Morehart Land	173	110	200	112	163	192	653	337	1,940	0.82%		238
La Cumbre	863	552	1,002	560	813	960	3,266	1,685	9,701	4.10%		1,189
Raytheon	43	28	50	28	41	48	163	84	485	0.20%		59
Santa Barbara	2,588	1,657	3,006	1,681	2,438	2,881	9,799	5,055	29,104	12.29%		3,568
Montecito	2,588	1,657	3,006	1,681	2,438	2,881	9,799	5,055	29,104	12.29%		3,568
Carpinteria	1,725	1,104	2,004	1,120	1,625	1,921	6,533	3,370	19,403	8.20%		2,379
TOTAL:	37,876	22,901	39,157	21,584	17,737	20,964	53,332	23,168	236,718	100.00%	\$	29,023

The Table A amounts for each financial reach is adjusted for the weighted allocation percentage. (i.e., actual FY 2001/02 operating expense percentages). Includes funding for vehicle replacements (\$25,023), computer replacements (\$4,000).

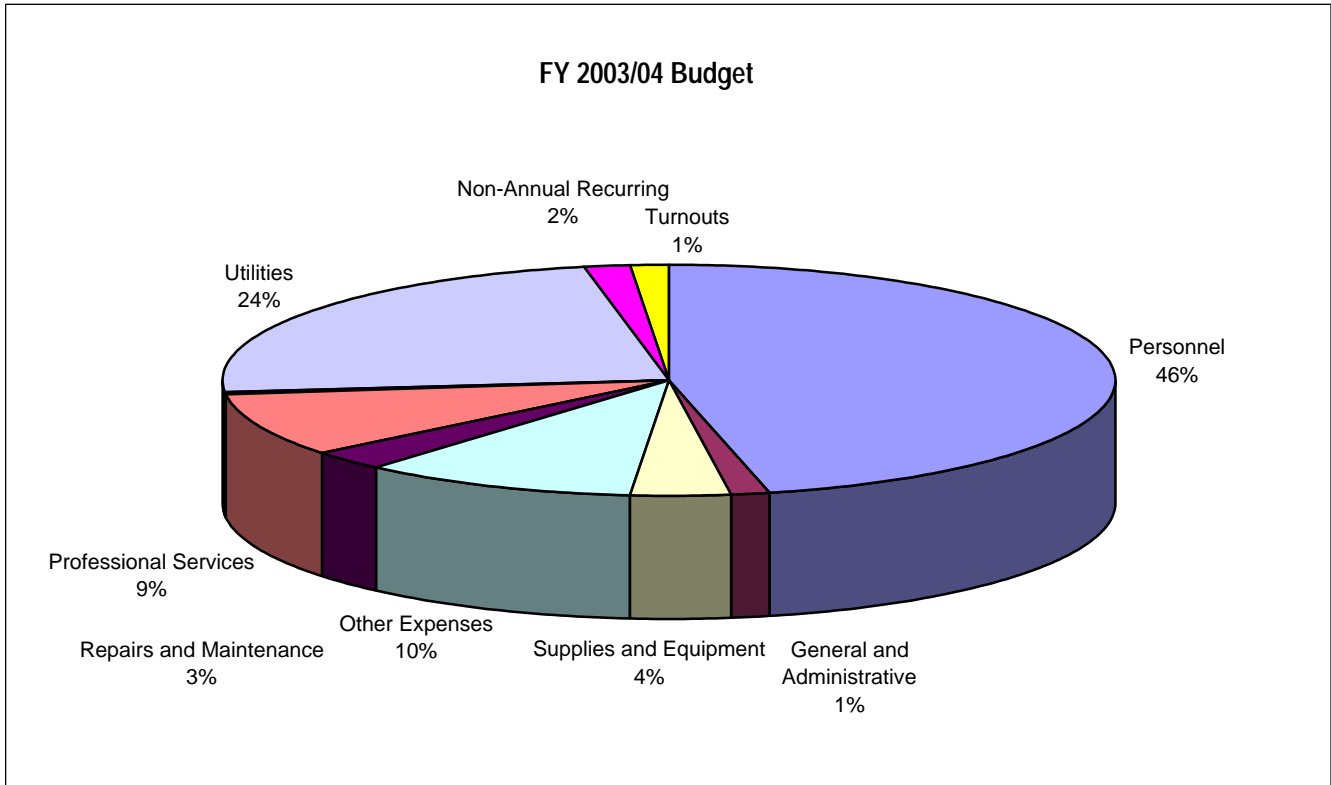
COASTAL BRANCH FINANCIAL REACHES



Purveyor	CONTRACT ENTITLEMENT IN FINANCIAL REACHES							
	WTP / 33B	34	35	37	38	MH II	SY I	SY II
Shandon	100							
Chorro Valley	2,338							
Lopez	2,392	2,392						
Guadalupe	550	550	550					
Santa Maria	16,200	16,200	16,200	16,200				
SCWC	500	500	500	500				
Vandenberg AFB	5,500	5,500	5,500	5,500	5,500	5,500		
Buellton	578	578	578	578	578	578	578	
Santa Ynez (Solvang)	1,500	1,500	1,500	1,500	1,500	1,500	1,500	
Santa Ynez	500	500	500	500	500	500	500	
Goleta	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Morehart Land	200	200	200	200	200	200	200	200
LaCumbre	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
SB Research	50	50	50	50	50	50	50	50
Santa Barbara	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Montecito	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700
Summerland	300	300	300	300	300	300	300	300
Carpinteria	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
TOTAL	43,908 AF	41,470 AF	39,078 AF	38,528 AF	21,828 AF	21,828 AF	16,328 AF	13,750 AF

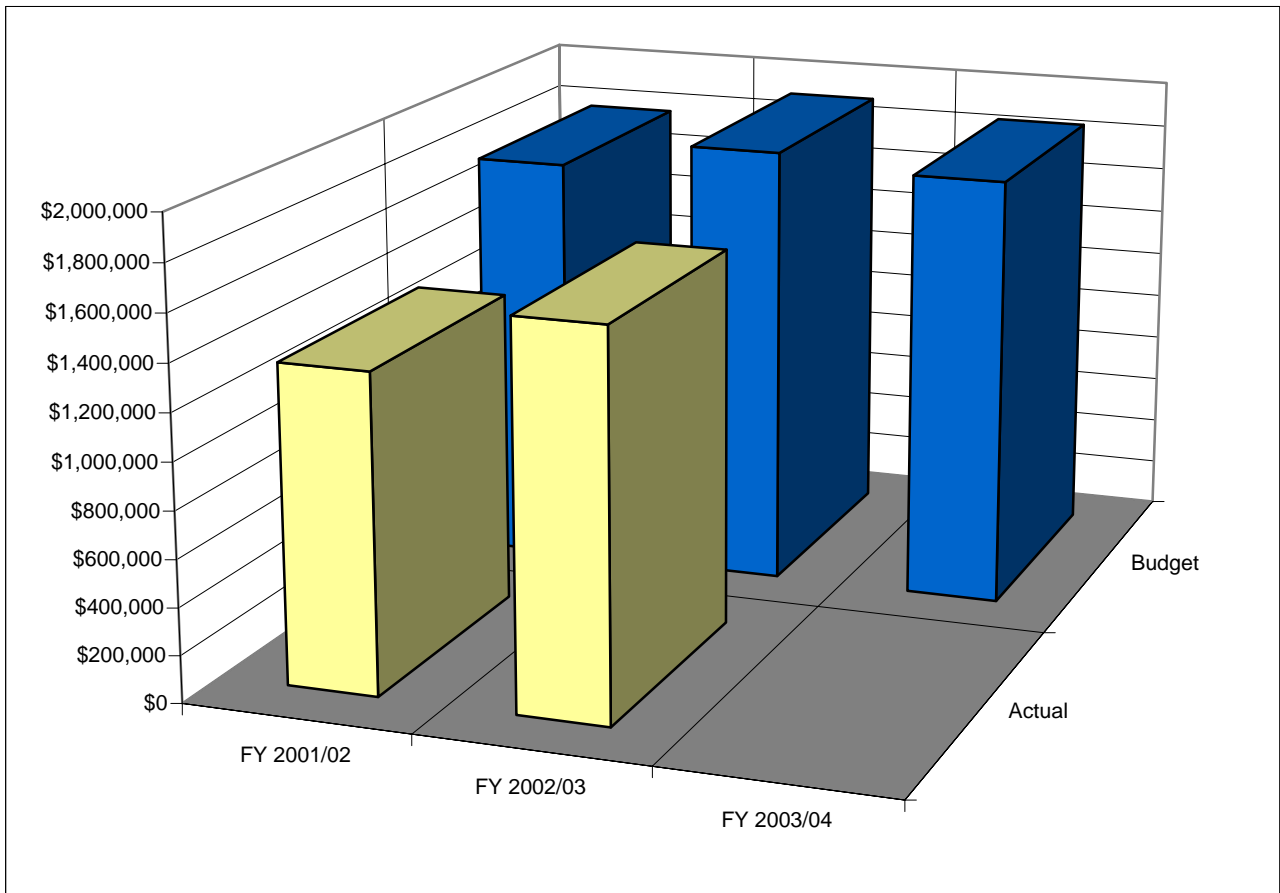
Central Coast Water Authority
Distribution Department Operating Expenses
 Fiscal Year 2003/04 Budget

Item	FY 2003/04 Budget
Personnel	\$ 857,945
Office Expenses	2,200
Supplies and Equipment	68,746
Monitoring Expenses	-
Repairs and Maintenance	48,548
Professional Services	167,650
General and Administrative	23,300
Utilities	437,714
Other Expenses	185,762
Non-Annual Recurring	29,023
Turnouts	26,250
TOTAL:	\$ 1,847,138



Central Coast Water Authority
Distribution Department Operating Expenses
 Fiscal Year 2003/04 Budget

Item	FY 2001/02 Budget	FY 2001/02 Actual	FY 2002/03 Budget	FY 2002/03 Est. Actual	FY 2003/04 Budget
Personnel	\$ 713,333	\$ 528,079	\$ 783,480	\$ 691,164	\$ 857,945
Office Expenses	2,200	2,195	2,700	1,753	2,200
Supplies and Equipment	77,142	65,053	75,142	56,313	68,746
Monitoring Expenses	-	-	-	-	-
Repairs and Maintenance	61,148	69,515	61,148	71,106	48,548
Professional Services	250,540	280,426	194,600	206,223	167,650
General and Administrative	15,800	15,045	16,800	24,819	23,300
Utilities	503,262	262,933	447,051	289,553	437,714
Other Expenses	107,056	75,313	270,253	231,400	185,762
Turnouts	-	-	-	-	26,250
Subtotal	\$ 1,730,481	\$ 1,298,558	\$ 1,851,174	\$ 1,572,330	\$ 1,818,115
Non-Annual Recurring	\$ 48,292	\$ 48,292	\$ 50,301	\$ 50,301	\$ 29,023
TOTAL:	\$ 1,778,773	\$ 1,346,850	\$ 1,901,475	\$ 1,622,631	\$ 1,847,138



Central Coast Water Authority
Distribution Department Operating Expenses
 Fiscal Year 2003/04 Administration/O&M Budget

Account Number	Account Name	FY 2001/02 Budget	FY 2001/02 Actual	FY 2002/03 Budget	FY 2002/03 Estimated Actual	FY 2003/04 Budget	Change From FY 2002/03 Budget	Percent Change from FY 2002/03 Budget
<u>PERSONNEL EXPENSES</u>								
5000.10	Full-Time Regular Wages	\$ 497,858	\$ 360,858	\$ 519,910	\$ 470,087	\$ 557,196	\$ 37,286	7.17%
5000.20	Overtime	36,893	25,078	37,996	45,360	39,860	1,864	4.91%
5000.40	Standby Pay	5,500	7,864	21,024	15,774	21,024	-	0.00%
5000.50	Shift Differential Pay	-	-	-	-	-	-	N/A
5100.10	PERS Retirement	61,355	45,577	61,298	53,462	82,718	21,421	34.95%
5100.15	Medicare Taxes	7,864	5,907	8,414	7,785	8,984	569	6.77%
5100.20	Health Insurance	57,005	44,769	73,245	54,329	89,191	15,946	21.77%
5100.25	Workers' Compensation	12,628	14,191	28,580	24,119	26,680	(1,901)	-6.65%
5100.30	Vehicle Expenses	-	-	-	-	-	-	N/A
5100.35	IRC 457-Employer Paid	2,125	-	1,375	1,375	1,500	125	9.09%
5100.40	Cafeteria Plan Benefits	1,565	1,950	3,236	3,488	3,093	(143)	-4.42%
5100.45	Dental/Vision Plan	10,750	13,461	13,575	8,491	13,575	-	0.00%
5100.50	Long-Term Disability	2,977	2,161	3,046	3,034	3,270	224	7.35%
5100.55	Life Insurance	2,433	1,582	2,182	2,015	2,254	72	3.32%
5100.60	Employee Physicals	1,200	553	1,200	326	1,200	-	0.00%
5000.30	Temporary Services	11,880	3,574	6,000	-	5,000	(1,000)	-16.67%
5100.70	Employee Incentive Programs	800	553	1,400	1,519	1,400	-	0.00%
5100.65	Employee Education Reimbursement	500	-	1,000	-	1,000	-	0.00%
Total Personnel Expenses:		713,333	528,079	783,480	691,164	857,945	74,465	9.50%

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Central Coast Water Authority
Distribution Department Operating Expenses
 Fiscal Year 2003/04 Administration/O&M Budget

Account Number	Account Name	FY 2001/02 Budget	FY 2001/02 Actual	FY 2002/03 Budget	FY 2002/03 Estimated Actual	FY 2003/04 Budget	Change From FY 2002/03 Budget	Percent Change from FY 2002/03 Budget
<u>OFFICE EXPENSES</u>								
5200.10	Administrative Costs	-	-	-	-	-	-	N/A
5200.20	Office Supplies	1,200	938	1,200	1,210	1,200	-	0.00%
5200.30	Miscellaneous Office Expenses	1,000	1,257	1,500	543	1,000	(500)	-33.33%
Total Office Expenses:		2,200	2,195	2,700	1,753	2,200	(500)	-18.52%
<u>SUPPLIES AND EQUIPMENT</u>								
5500.10	Uniform Expenses	5,892	7,741	5,892	3,965	5,496	(396)	-6.72%
5500.15	Minor Tools and Equipment	8,000	10,399	12,000	6,169	10,000	(2,000)	-16.67%
5500.20	Spare Parts	10,000	632	-	-	-	-	N/A
5500.25	Landscape Equipment and Supplies	2,500	434	2,000	-	1,000	(1,000)	-50.00%
5500.30	Chemicals-Fixed	-	69	-	-	-	-	N/A
5500.31	Chemicals-Variable	-	4,698	-	9,379	-	-	N/A
5500.35	Maintenance Supplies/Hardware	13,000	16,264	18,000	7,944	15,000	(3,000)	-16.67%
5500.40	Safety Supplies	5,000	2,189	5,000	2,822	5,000	-	0.00%
5500.45	Fuel and Lubricants	23,250	18,416	23,250	22,872	23,250	-	0.00%
5500.50	Seed/Erosion Control Supplies	9,000	3,952	8,500	3,161	8,500	-	0.00%
5500.55	Backflow Prevention Supplies	500	259	500	-	500	-	0.00%
Total Supplies and Equipment:		77,142	65,053	75,142	56,313	68,746	(6,396)	-8.51%
<u>MONITORING EXPENSES</u>								
5600.10	Lab Supplies	-	-	-	-	-	-	N/A
5600.20	Lab Tools and Equipment	-	-	-	-	-	-	N/A
5600.30	Lab Testing	-	-	-	-	-	-	N/A
Total Monitoring Expenses:		-	-	-	-	-	-	N/A

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Central Coast Water Authority
Distribution Department Operating Expenses
 Fiscal Year 2003/04 Administration/O&M Budget

Account Number	Account Name	FY 2001/02 Budget	FY 2001/02 Actual	FY 2002/03 Budget	FY 2002/03 Estimated Actual	FY 2003/04 Budget	Change From FY 2002/03 Budget	Percent Change from FY 2002/03 Budget
<u>REPAIRS AND MAINTENANCE</u>								
5700.10	Equipment Repairs and Maintenance	45,000	51,492	45,000	50,974	32,400	(12,600)	-28.00%
5700.20	Vehicle Repairs and Maintenance	9,000	6,079	9,000	12,311	9,000	-	0.00%
5700.30	Building Maintenance	4,000	8,165	4,000	4,306	4,000	-	0.00%
5700.40	Landscape Maintenance	3,148	3,780	3,148	3,516	3,148	-	0.00%
Total Repairs and Maintenance:		61,148	69,515	61,148	71,106	48,548	(12,600)	-20.61%
<u>PROFESSIONAL SERVICES</u>								
5400.10	Professional Services	166,600	170,088	166,600	174,153	147,150	(19,450)	-11.67%
5400.20	Legal Services	58,440	44,927	-	8,720	-	-	N/A
5400.30	Engineering Services	10,000	47,313	16,000	15,592	16,000	-	0.00%
5400.40	Permits	1,000	865	1,500	2,153	2,000	500	33.33%
5400.50	Non-Contractual Services	14,500	17,234	10,500	5,606	2,500	(8,000)	-76.19%
5400.60	Accounting Services	-	-	-	-	-	-	N/A
5400.70	Payroll Service	-	-	-	-	-	-	N/A
Total Professional Services:		250,540	280,426	194,600	206,223	167,650	(26,950)	-13.85%

Central Coast Water Authority
Distribution Department Operating Expenses
 Fiscal Year 2003/04 Administration/O&M Budget

Account Number	Account Name	FY 2001/02 Budget	FY 2001/02 Actual	FY 2002/03 Budget	FY 2002/03 Estimated Actual	FY 2003/04 Budget	Change From FY 2002/03 Budget	Percent Change from FY 2002/03 Budget
<u>GENERAL AND ADMINISTRATIVE</u>								
5300.10	Meeting and Travel	5,000	2,109	5,000	19,258	12,000	7,000	140.00%
5300.20	Mileage Reimbursement	-	-	-	-	-	-	N/A
5300.30	Dues and Memberships	1,000	1,847	1,500	709	1,000	(500)	-33.33%
5300.40	Publications	800	729	800	101	800	-	0.00%
5300.50	Training	8,000	7,029	8,000	4,609	8,000	-	0.00%
5300.60	Advertising	500	3,476	1,000	-	1,000	-	0.00%
5300.70	Printing and Binding	-	-	-	-	-	-	N/A
5300.80	Postage	500	(144)	500	142	500	-	0.00%
Total General and Administrative:		15,800	15,045	16,800	24,819	23,300	6,500	38.69%
<u>UTILITIES</u>								
5800.10	Other Utilities	-	-	-	-	-	-	N/A
5800.20	Natural Gas	400	341	400	240	400	-	0.00%
5800.30	Electric Fixed	29,676	54,732	26,700	53,993	30,540	3,840	14.38%
5800.35	Electric-Variable	454,986	188,215	398,751	221,106	389,574	(9,177)	-2.30%
5800.40	Water	1,200	1,203	1,200	1,451	1,200	-	0.00%
5800.50	Telephone	15,000	18,077	18,000	11,397	14,000	(4,000)	-22.22%
5800.60	Waste Disposal	2,000	364	2,000	1,366	2,000	-	0.00%
Total Utilities:		503,262	262,933	447,051	289,553	437,714	(9,337)	-2.09%

Central Coast Water Authority
Distribution Department Operating Expenses
 Fiscal Year 2003/04 Administration/O&M Budget

Account Number	Account Name	FY 2001/02 Budget	FY 2001/02 Actual	FY 2002/03 Budget	FY 2002/03 Estimated Actual	FY 2003/04 Budget	Change From FY 2002/03 Budget	Percent Change from FY 2002/03 Budget
<u>OTHER EXPENSES</u>								
5900.10	Insurance	35,017	40,106	48,874	48,874	38,332	(10,542)	-21.57%
5900.20	Insurance Claim Deductibles	-	-	-	-	-	-	N/A
5900.30	Non-Capitalized Projects	-	-	144,228	144,228	72,295	(71,933)	-49.87%
5900.40	Equipment Rental	12,000	7,943	12,000	12,041	15,000	3,000	25.00%
5900.50	Non-Capitalized Equipment	10,000	11,442	10,000	5,714	10,000	-	0.00%
5900.60	Computer Expenses	7,832	15,822	10,000	20,543	15,000	5,000	50.00%
5900.70	Appropriated Contingency	42,207	-	45,151	-	35,135	(10,016)	-22.18%
Total Other Expenses:		107,056	75,313	270,253	231,400	185,762	(84,491)	-31.26%
	Turnouts	-	-	26,250	54,484	26,250	-	0.00%
TOTAL OPERATING EXPENSES		\$ 1,730,481	\$ 1,298,558	\$ 1,864,299	\$ 1,599,572	\$ 1,818,115	(59,309)	-3.18%

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION DEPARTMENT FY 2003/04 BUDGET**

ACCOUNT NUMBER: 5000.10

ACCOUNT TITLE: Full-Time Regular Salaries

Description: Funds for the Distribution regular full-time employees. Includes \$36,348 for FY 2003/04 salary pool.

FY 03/04 Requested Budget	557,196
FY 02/03 Estimated Actual	470,087
Increase (Decrease)	87,109

Increase is due to prior year position vacancies and capitalized salaries for CCWA projects.

ACCOUNT NUMBER: 5000.20

ACCOUNT TITLE: Overtime

Description: Funds for overtime expenses for non-exempt Distribution employees.

FY 03/04 Requested Budget	39,860
FY 02/03 Estimated Actual	45,360
Increase (Decrease)	(5,500)

Overtime is set at 5.0% of salaries plus one hour per day to monitor SCADA system.

ACCOUNT NUMBER: 5000.30

ACCOUNT TITLE: Temporary Services

Description: Temporary services for the Distribution Department.

FY 03/04 Requested Budget	5,000
FY 02/03 Estimated Actual	-
Increase (Decrease)	5,000

\$	2,000	Right of way watering
\$	2,000	Right of way planting and maintenance
\$	1,000	Other
\$	5,000	TOTAL

ACCOUNT NUMBER: 5000.40

ACCOUNT TITLE: Standby Pay

Description: Funds for stand-by pay for one Distribution Technician and one Instrumentation and Control employee assigned to stand-by pay on a 24-hour basis. Based on \$1.20 per hour (5% of average hourly rate) for 17,520 hours (two employees) during the fiscal year.

FY 03/04 Requested Budget	21,024
FY 02/03 Estimated Actual	15,774
Increase (Decrease)	5,250

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION DEPARTMENT FY 2003/04 BUDGET**

ACCOUNT NUMBER: 5000.50

ACCOUNT TITLE: Shift Differential Pay

Description: Not anticipated.

FY 03/04 Requested Budget	-
FY 02/03 Estimated Actual	-
Increase (Decrease)	-

ACCOUNT NUMBER: 5100.10

ACCOUNT TITLE: PERS Retirement

Description: Funds for the employer and employee portion of PERS retirement system contributions.

Based on a 15.431% contribution rate for FY 2003/04 based on the 2% @ 55 formula.

FY 03/04 Requested Budget	82,718
FY 02/03 Estimated Actual	53,462
Increase (Decrease)	29,256

ACCOUNT NUMBER: 5100.15

ACCOUNT TITLE: Medicare

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

FY 03/04 Requested Budget	8,984
FY 02/03 Estimated Actual	7,785
Increase (Decrease)	1,199

ACCOUNT NUMBER: 5100.20

ACCOUNT TITLE: Health Insurance

Description: Funds for the employer provided portion of medical insurance coverage for Distribution employees. Amount is based on the Cafeteria plan limits for each employee based on their dependent status as follows:

Family: \$9,612
Emp+1: \$8,301
Emp: \$3,540

FY 03/04 Requested Budget	89,191
FY 02/03 Estimated Actual	54,329
Increase (Decrease)	34,862

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION DEPARTMENT FY 2003/04 BUDGET**

ACCOUNT NUMBER: 5100.25

ACCOUNT TITLE: Workers' Compensation Insurance

Description: Funds for Workers' Compensation insurance for the WTP department. Based on \$12.60 per \$100 of covered wages with and X-Mod rate of 75%. Includes an estimated 30% increase over the FY 2002/03 rates.

FY 03/04 Requested Budget	26,680
FY 02/03 Estimated Actual	24,119
Increase (Decrease)	2,561

ACCOUNT NUMBER: 5100.35

ACCOUNT TITLE: Employer Paid Deferred Compensation

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

FY 03/04 Requested Budget	1,500
FY 02/03 Estimated Actual	1,375
Increase (Decrease)	125

ACCOUNT NUMBER: 5100.40

ACCOUNT TITLE: Cafeteria Plan Benefits

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

FY 03/04 Requested Budget	3,093
FY 02/03 Estimated Actual	3,488
Increase (Decrease)	(395)

ACCOUNT NUMBER: 5100.45

ACCOUNT TITLE: Dental/Vision Plan

Description: Funds for the self-funded dental/vision plan. The plan provides \$2,500 per year per family for dental and vision expenses. Budgeted amount is \$1,500 per year anticipating that the expenses will average this amount.

FY 03/04 Requested Budget	13,575
FY 02/03 Estimated Actual	8,491
Increase (Decrease)	5,084

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION DEPARTMENT FY 2003/04 BUDGET**

ACCOUNT NUMBER: 5100.50

ACCOUNT TITLE: Long-Term Disability

Description: Funds for premiums paid for long-term disability insurance. Based on a rate of \$0.61 per \$100 of salary.

FY 03/04 Requested Budget	3,270
FY 02/03 Estimated Actual	3,034
Increase (Decrease)	235

ACCOUNT NUMBER: 5100.55

ACCOUNT TITLE: Life Insurance

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

FY 03/04 Requested Budget	2,254
FY 02/03 Estimated Actual	2,015
Increase (Decrease)	239

ACCOUNT NUMBER: 5100.60

ACCOUNT TITLE: Employee Physicals

Description: Funds for employee physicals paid by CCWA. Employees using self contained breathing apparatus are required to have a yearly physical.

FY 03/04 Requested Budget	1,200
FY 02/03 Estimated Actual	326
Increase (Decrease)	875

\$ 1,200 - 8 employees @ \$150

ACCOUNT NUMBER: 5100.65

ACCOUNT TITLE: Employee Education Reimbursement

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

FY 03/04 Requested Budget	1,000
FY 02/03 Estimated Actual	-
Increase (Decrease)	1,000

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION DEPARTMENT FY 2003/04 BUDGET**

ACCOUNT NUMBER: 5100.70

ACCOUNT TITLE: Employee Incentive Programs

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

FY 03/04 Requested Budget	1,400
FY 02/03 Estimated Actual	1,519
Increase (Decrease)	(119)

Safety Program	\$	700
EAAP	\$	700
TOTAL:	\$	1,400

ACCOUNT NUMBER: 5200.20

ACCOUNT TITLE: Office Supplies

Description: Funds for office supplies for the Distribution Department. Based on \$100 per month in office supply expenses.

FY 03/04 Requested Budget	1,200
FY 02/03 Estimated Actual	1,210
Increase (Decrease)	(10)

ACCOUNT NUMBER: 5200.30

ACCOUNT TITLE: Miscellaneous Office Expenses

Description: Funds for miscellaneous expenses such as picture developing, awards, business cards, kitchen supplies, etc.

FY 03/04 Requested Budget	1,000
FY 02/03 Estimated Actual	543
Increase (Decrease)	457

ACCOUNT NUMBER: 5300.10

ACCOUNT TITLE: Meeting and Travel

Description: Funds for Distribution Department employee meetings and travel expenses. Includes State Water Contractor travel for Executive Director and Staff Engineer as well as travel expenses for Reach 2 inspection and WTP winter maintenance.

FY 03/04 Requested Budget	12,000
FY 02/03 Estimated Actual	19,258
Increase (Decrease)	(7,258)

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION DEPARTMENT FY 2003/04 BUDGET**

ACCOUNT NUMBER: 5300.20

ACCOUNT TITLE: Mileage Reimbursement

Description: Funds for reimbursement to employees for mileage expenses.

FY 03/04 Requested Budget	-
FY 02/03 Estimated Actual	-
Increase (Decrease)	-

ACCOUNT NUMBER: 5300.30

ACCOUNT TITLE: Dues and Memberships

Description: Funds for professional dues and memberships in required areas.

FY 03/04 Requested Budget	1,000
FY 02/03 Estimated Actual	709
Increase (Decrease)	291

ACCOUNT NUMBER: 5300.40

ACCOUNT TITLE: Publications

Description: Funds for publications received by the Distribution Department.

FY 03/04 Requested Budget	800
FY 02/03 Estimated Actual	101
Increase (Decrease)	699

ACCOUNT NUMBER: 5300.50

ACCOUNT TITLE: Training

Description: Funds for training Distribution Department staff. Does not include educational reimbursement.

\$ 8,000 - \$1,000 per employee

FY 03/04 Requested Budget	8,000
FY 02/03 Estimated Actual	4,609
Increase (Decrease)	3,391

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION DEPARTMENT FY 2003/04 BUDGET**

ACCOUNT NUMBER: 5300.60

ACCOUNT TITLE: Advertising

Description: Funds for public relations materials
for the Distribution Department including open position advertising.

FY 03/04 Requested Budget	1,000
FY 02/03 Estimated Actual	-
Increase (Decrease)	1,000

ACCOUNT NUMBER: 5300.70

ACCOUNT TITLE: Printing and Binding

Description: _____

FY 03/04 Requested Budget	-
FY 02/03 Estimated Actual	-
Increase (Decrease)	-

ACCOUNT NUMBER: 5300.80

ACCOUNT TITLE: Postage

Description: Funds for all postal and mail expenses
for the Distribution Department.

FY 03/04 Requested Budget	500
FY 02/03 Estimated Actual	142
Increase (Decrease)	358

ACCOUNT NUMBER: 5400.10

ACCOUNT TITLE: Professional Services

Description:

\$	95,000	Environmental Services
	25,250	Cathodic protection
	17,000	Miscellaneous (vault repairs, flow meter repairs, etc.)
	1,600	Aerial survey
	7,500	Annode wells in Reaches 5A1
	800	Oil analysis
\$	147,150	TOTAL

FY 03/04 Requested Budget	147,150
FY 02/03 Estimated Actual	174,153
Increase (Decrease)	(27,003)

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION DEPARTMENT FY 2003/04 BUDGET**

ACCOUNT NUMBER: 5400.20

ACCOUNT TITLE: Legal Services

Description: Not funded for current fiscal year.

FY 03/04 Requested Budget	-
FY 02/03 Estimated Actual	8,720
Increase (Decrease)	(8,720)

ACCOUNT NUMBER: 5400.30

ACCOUNT TITLE: Engineering Services

Description: Funds for all non-capitalized engineering services.

FY 03/04 Requested Budget	16,000
FY 02/03 Estimated Actual	15,592
Increase (Decrease)	408

ACCOUNT NUMBER: 5400.40

ACCOUNT TITLE: Permits

Description: Funds for all required permits for the Distribution Department.

FY 03/04 Requested Budget	2,000
FY 02/03 Estimated Actual	2,153
Increase (Decrease)	(153)

ACCOUNT NUMBER: 5400.50

ACCOUNT TITLE: Non-Contractual Services

Description: All non contractual services including: emergency generator or other equipment service.

FY 03/04 Requested Budget	2,500
FY 02/03 Estimated Actual	5,606
Increase (Decrease)	(3,106)

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION DEPARTMENT FY 2003/04 BUDGET**

ACCOUNT NUMBER: 5500.10

ACCOUNT TITLE: Uniform Expenses

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

FY 03/04 Requested Budget	5,496
FY 02/03 Estimated Actual	3,965
Increase (Decrease)	1,531

\$	2,496	Uniform Service (\$208 month))
\$	1,200	Blue jean pants (\$150/year for 8 employees)
\$	1,400	Boots (\$175/year for 8 employees)
\$	400	Misc. uniform requirements (jackets, etc.)
\$	5,496	TOTAL

ACCOUNT NUMBER: 5500.15

ACCOUNT TITLE: Minor Tools and Equipment

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

FY 03/04 Requested Budget	10,000
FY 02/03 Estimated Actual	6,169
Increase (Decrease)	3,831

ACCOUNT NUMBER: 5500.20

ACCOUNT TITLE: Spare Parts

Description: _____

FY 03/04 Requested Budget	-
FY 02/03 Estimated Actual	-
Increase (Decrease)	-

ACCOUNT NUMBER: 5500.25

ACCOUNT TITLE: Landscape Equipment and Supplies

Description: Funds for the purchase of equipment and supplies for landscape maintenance at the pump station and the Buellton office.

FY 03/04 Requested Budget	1,000
FY 02/03 Estimated Actual	-
Increase (Decrease)	1,000

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION DEPARTMENT FY 2003/04 BUDGET**

ACCOUNT NUMBER: 5500.30

ACCOUNT TITLE: Chemicals-Fixed

Description: Not funded for FY 2003/04.

FY 03/04 Requested Budget	-
FY 02/03 Estimated Actual	-
Increase (Decrease)	-

ACCOUNT NUMBER: 5500.35

ACCOUNT TITLE: Maintenance Supplies/Hardware

Description: Funds for the purchase of disposable tools, pipe and pipefittings, wood, steel and other metals, hardware, nuts and bolts, and other hardware materials. (Includes UPS and SCADA battery replacement and bridge repairs)

FY 03/04 Requested Budget	15,000
FY 02/03 Estimated Actual	7,944
Increase (Decrease)	7,056

ACCOUNT NUMBER: 5500.40

ACCOUNT TITLE: Safety Supplies

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

FY 03/04 Requested Budget	5,000
FY 02/03 Estimated Actual	2,822
Increase (Decrease)	2,178

ACCOUNT NUMBER: 5500.45

ACCOUNT TITLE: Fuel and Lubricants

Description: Funds for the purchase of fuel and lubricants for Distribution Department vehicles. Does not include mileage reimbursement expenses.

FY 03/04 Requested Budget	23,250
FY 02/03 Estimated Actual	22,872
Increase (Decrease)	378

\$	20,000	Vehicles
\$	1,000	Emergency Generator Sets
\$	1,500	Lubricants
\$	750	Miscellaneous
\$	23,250	TOTAL

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION DEPARTMENT FY 2003/04 BUDGET**

ACCOUNT NUMBER: 5500.50

ACCOUNT TITLE: Seed/Plants/Erosion Control Supplies

Description: Funds for reseeding, replanting and erosion control supplies.

FY 03/04 Requested Budget	8,500
FY 02/03 Estimated Actual	3,161
Increase (Decrease)	5,339

\$	1,000	Seed
	2,500	Plants and materials
	5,000	Erosion control
\$	8,500	TOTAL

ACCOUNT NUMBER: 5500.55

ACCOUNT TITLE: Backflow Prevention Supplies

Description: Funds for backflow prevention.

FY 03/04 Requested Budget	500
FY 02/03 Estimated Actual	-
Increase (Decrease)	500

ACCOUNT NUMBER: 5600.10

ACCOUNT TITLE: Laboratory Supplies

Description: Lab supplies for field testing are purchased under the WTP laboratory supplies line item.

FY 03/04 Requested Budget	-
FY 02/03 Estimated Actual	-
Increase (Decrease)	-

ACCOUNT NUMBER: 5600.20

ACCOUNT TITLE: Laboratory Tools and Equipment

Description: Lab equipment for field testing is purchased under the WTP laboratory tools and equipment line item.

FY 03/04 Requested Budget	-
FY 02/03 Estimated Actual	-
Increase (Decrease)	-

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION DEPARTMENT FY 2003/04 BUDGET**

ACCOUNT NUMBER: 5700.10

ACCOUNT TITLE: Equipment Repairs and Maintenance

Description: Funds for repairs and maintenance of
Distribution Department equipment.

FY 03/04 Requested Budget	32,400
FY 02/03 Estimated Actual	50,974
Increase (Decrease)	(18,574)

ACCOUNT NUMBER: 5700.20

ACCOUNT TITLE: Vehicle Repairs and Maintenance

Description: Funds for the repair and maintenance
of Distribution Department vehicles.

FY 03/04 Requested Budget	9,000
FY 02/03 Estimated Actual	12,311
Increase (Decrease)	(3,311)

ACCOUNT NUMBER: 5700.30

ACCOUNT TITLE: Building Maintenance

Description: Funds for the repair and maintenance
of the Santa Ynez Pumping Facility.

FY 03/04 Requested Budget	4,000
FY 02/03 Estimated Actual	4,306
Increase (Decrease)	(306)

\$	2,000	Janitorial service
	2,000	Miscellaneous Repairs
\$	4,000	TOTAL

ACCOUNT NUMBER: 5700.40

ACCOUNT TITLE: Landscape Maintenance

Description: Funds for the maintenance of the
Santa Ynez Pumping Facility (SYPF).

FY 03/04 Requested Budget	3,148
FY 02/03 Estimated Actual	3,516
Increase (Decrease)	(368)

\$	2,448	SYPF (\$204 month)
\$	700	SYPF spring mowing
\$	3,148	TOTAL

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION DEPARTMENT FY 2003/04 BUDGET**

ACCOUNT NUMBER: 5800.20

ACCOUNT TITLE: Natural Gas Service

Description: Funds for natural gas service for the
Distribution Department.

FY 03/04 Requested Budget	400
FY 02/03 Estimated Actual	240
Increase (Decrease)	160

ACCOUNT NUMBER: 5800.30

ACCOUNT TITLE: Electric Service-Fixed

Description: Funds for electrical service for the Distribution Dept.

FY 03/04 Requested Budget	30,540
FY 02/03 Estimated Actual	53,993
Increase (Decrease)	(23,453)

\$	7,800	Suite B & C	\$650 month
	1,200	2 Iso vaults	\$100 month
	5,040	2 Tanks	\$420 month
	2,220	11 Rectifiers	\$185 month
	3,000	EDV	\$250 month
	8,280	SYPF	\$690 month
	3,000	Turnouts	\$250 month
\$	30,540	TOTAL	

ACCOUNT NUMBER: 5800.31

ACCOUNT TITLE: Electric Service-Variable

Description: Funds for electrical service for the
Distribution Department.

FY 03/04 Requested Budget	389,574
FY 02/03 Estimated Actual	221,106
Increase (Decrease)	168,468

Acre feet pumped	5,646
Cost per acre foot	\$69
TOTAL	\$389,574
<i>(Based on 75% of 2003 requests and 100% of 2004 requests)</i>	

ACCOUNT NUMBER: 5800.40

ACCOUNT TITLE: Water/Sewer

Description: Funds for water and sewer service to
the Distribution Department.

FY 03/04 Requested Budget	1,200
FY 02/03 Estimated Actual	1,451
Increase (Decrease)	(251)

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION DEPARTMENT FY 2003/04 BUDGET**

ACCOUNT NUMBER: 5800.50

ACCOUNT TITLE: Telephone

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

FY 03/04 Requested Budget	14,000
FY 02/03 Estimated Actual	11,397
Increase (Decrease)	2,603

ACCOUNT NUMBER: 5800.60

ACCOUNT TITLE: Waste Disposal

Description: Funds for trash service and removal of hazardous waste (waste oil) for the Distribution Department.

FY 03/04 Requested Budget	2,000
FY 02/03 Estimated Actual	1,366
Increase (Decrease)	634

\$	1,000	Trash service
	1,000	Hazardous waste removal
\$	2,000	TOTAL

ACCOUNT NUMBER: 5900.10

ACCOUNT TITLE: Insurance

Description: Funds for insurance coverage.

FY 03/04 Requested Budget	38,332
FY 02/03 Estimated Actual	48,874
Increase (Decrease)	(10,542)

\$	20,929	Property and Auto Insurance as apportioned by JPIA.
\$	17,403	General liability and E&O insurance pro rated by salary percentages.
\$	38,332	TOTAL

ACCOUNT NUMBER: 5900.30

ACCOUNT TITLE: Non-Capitalized Projects

Description: Funds for projects along the pipeline on facilities which are not owned by CCWA or do not qualify for capitalization under the CCWA capitalization policy (see detailed breakout in this section of the budget).

FY 03/04 Requested Budget	72,295
FY 02/03 Estimated Actual	144,228
Increase (Decrease)	(71,933)

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION DEPARTMENT FY 2003/04 BUDGET**

ACCOUNT NUMBER: 5900.40

ACCOUNT TITLE: Equipment Rental

Description: Funds for rental of equipment for the
Distribution Department.

FY 03/04 Requested Budget	15,000
FY 02/03 Estimated Actual	12,041
Increase (Decrease)	2,959

ACCOUNT NUMBER: 5900.50

ACCOUNT TITLE: Non-Capitalized Fixed Assets

Description: Funds for the purchase of non-capitalized
equipment purchases. These equipment purchases are generally
under \$2,500 in cost with an estimated useful life under 5 years.

FY 03/04 Requested Budget	10,000
FY 02/03 Estimated Actual	5,714
Increase (Decrease)	4,286

ACCOUNT NUMBER: 5900.60

ACCOUNT TITLE: Computer Expenses

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

FY 03/04 Requested Budget	15,000
FY 02/03 Estimated Actual	20,543
Increase (Decrease)	(5,543)

Includes \$5,000 for one additional site license for Pro Works NXT
ladder logic software.

ACCOUNT NUMBER: 5900.70

ACCOUNT TITLE: Appropriated Contingency

Description: 2.0% of requested budget.

FY 03/04 Requested Budget	35,135
FY 02/03 Estimated Actual	-
Increase (Decrease)	35,135



Above: Repairs to the CCWA pipeline which was exposed on the south side of the Santa Ynez River due to excessive rainfall and spill releases from Lake Cachuma in March 2001.

Capital Improvements

The Capital Improvements Projects (CIP) section is a component of the non-operating expense section of the budget. The CIP budget includes expenses for fixed asset and equipment purchases as well as the accumulation of expenditures for construction projects undertaken by the Authority.

Highlights

Total FY 2003/04 CIP Budget **\$415,815**

- New Facilities and Equipment \$127,857
- Equipment Replacement and Repair \$287,958

CIP Funding Sources

- **Total FY 2003/04 CIP Budget** **\$415,815**
- Assessment Funded CIP \$ 22,605
- Non-Annual Recurring Expenses \$ 91,687
- Revenue Bond and Capital Deposits \$ 301,523

Central Coast Water Authority
Capital Improvements
 Fiscal Year 2003/04 Budget

The Capital Improvements Projects (CIP) section is a component of the non-operating expense section of the budget. The CIP budget includes expenditures for fixed asset/equipment purchases as well as the accumulation of expenditures associated with construction projects undertaken by the Authority. The total CIP budget for FY 2003/04 is \$415,815.

There are two (2) components of the CIP budget: (1) **New Facilities and Equipment** and (2) **Equipment Replacement and Repair**.

New Facilities and Equipment (NFE)

This section of the CIP budget provides funding for new purchases of facilities and equipment needed by the Authority. These purchases are generally for items which the Authority does not already own.

For FY 2003/04 the NFE budget is \$127,857. The budgeted expenditures for NFE are listed below.

New Facilities and Equipment	
Chlorine Analyzer at Tank 7	\$ 6,765
Flail Mower	4,257
Hydraulic Impact Wrench	6,765
Outdoor Storage Container	6,205
Sludge Pond A Relining	22,050
Vulnerability Assessment Upgrades	52,500
Lab Information Management System	29,315
TOTAL NEW FACILITIES AND EQUIPMENT	\$ 127,857

Central Coast Water Authority
Capital Improvements
 Fiscal Year 2003/04 Budget

Equipment Replacement and Repair (ERR)

This section of the CIP budget provides funding for the repair and replacement of existing facilities and equipment.

For FY 2003/04 the ERR budget is \$287,958. The budgeted expenditures for ERR are listed below.

Equipment Replacement and Repair	
PLC Replacements	\$ 31,680
Four Vehicle Replacements	68,687
Citrix Server	13,000
Purchase Order Software	10,000
Gas Detection Monitor	4,961
SYPF Pump 5 Rehabilitation	12,600
Preventative Maintenance Software	18,800
Filter Valve Actuator	54,120
Online Ammonia Analyzer	12,400
WTP Road Slurry Seal	12,600
WTP Telephone System	22,050
Flowmeter Repair at Isolation Vaults	27,060
TOTAL EQUIPMENT REPLACEMENT AND REPAIR	\$ 287,958

Carry-Over

During the previous fiscal year, certain capital improvement projects were either not completed or started during the year. However, the Authority intends to complete these projects and expend the funds in the next fiscal year. Therefore, the items are treated as a “carry-over.” This means that the project is being carried forward from the previous fiscal year to the new fiscal year capital improvement budget. Additionally, the unused funds are moved from the previous fiscal year to the new fiscal year. There are no carry-over capital improvement projects for FY 2003/04.

Funding of Capital Improvements Expenditures

The FY 2003/04 CIP expenditures are being funded from three funding sources – FY 2003/04 O&M Assessments (\$22,605), Non-Annual Recurring Expense Deposits (\$91,687) and Revenue Bond funds and Capital Deposits (\$301,523).

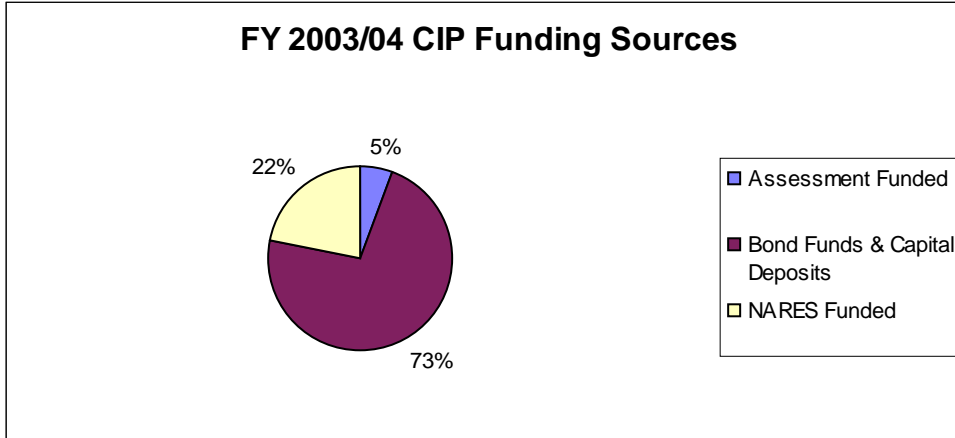
The table on the following page shows the allocation of the FY 2003/04 capital improvements by department, financial reach and funding source.

Central Coast Water Authority
Capital Improvements
 Fiscal Year 2003/04 Budget

FY 2003/04 Capital Improvements					
Capital Improvements	Specific	Water Treatment			Total
Assessment Funded CIP	Financial Reach	Administration	Plant	Distribution	
Chlorine Analyzer at Tank 7	Santa Ynez I	-	-	6,765	6,765
PLC Replacement-Solvang Turnout	Solvang TO	-	-	7,920	7,920
PLC Replacement-Santa Ynez Turnout	Santa Ynez TO	-	-	7,920	7,920
Subtotal:		-	\$ -	\$ 22,605	\$ 22,605
Non-Annual Recurring Expense Funded CIP					
Small Four-Wheel Drive Pickup		-	-	17,389	17,389
Small Four-Wheel Drive Pickup		-	17,389	-	17,389
Full Sized Four-Wheel Drive Pickup		-	19,128	-	19,128
Sedan		-	14,781	-	14,781
Citrix Server Replacement		4,000	5,000	4,000	13,000
Purchase Order Software		3,000	4,000	3,000	10,000
Subtotal:		7,000	60,298	24,389	91,687
Revenue Bond and Capital Deposit Funded CIP					
Flail Mower		-	-	4,257	4,257
Gas Detection Monitors		-	-	4,961	4,961
Hydraulic Impact Wrench		-	-	6,765	6,765
Preventative Maintenance Software Replacement		-	-	18,800	18,800
SYPF Pump 5 Rehabilitation		-	-	12,600	12,600
Filter Valve Actuator Replacement		-	54,120	-	54,120
Online Ammonia Analyzer		-	12,400	-	12,400
Outdoor Storage Container		-	6,205	-	6,205
Sludge Pond A Relining		-	22,050	-	22,050
Road Slurry Seal		-	12,600	-	12,600
Telephone System Replacement		-	22,050	-	22,050
Vulnerability Assessment Upgrades		-	52,500	-	52,500
Lab Information Management System		-	29,315	-	29,315
Subtotal:		-	211,240	47,383	258,623
Distribution Reach Specific					
Flowmeter Repair at Isolation Vaults 1&3	Mission Hills II	-	-	27,060	27,060
PLC Replacement-Bradbury Facilities	SYII	-	-	7,920	7,920
PLC Replacement-Iso Vault #1	MHII	-	-	7,920	7,920
Subtotal Distribution Reach Specific:		-	-	42,900	42,900
Subtotal Revenue Bond and Capital Deposits:					
		-	211,240	90,283	301,523
TOTAL CIP		\$ 7,000	\$ 271,538	\$ 137,277	\$ 415,815

Central Coast Water Authority
Capital Improvements
 Fiscal Year 2003/04 Budget

The following graph shows the funding sources for the FY 2003/04 capital improvements.



The following table shows the CCWA 1996 revenue bond and capital deposit proceeds available for capital improvements, the FY 2003/04 budgeted expenditures by financial reach and the projected ending balance.

Financial Reach	<i>As of April 30, 2003</i>		
	Revenue Bond and Capital Deposits Available	FY 2003/04 Budgeted Expenditures	Projected June 30, 2004 Balance
Water Treatment Plant	\$ 568,799	\$ (211,240)	\$ 357,559
Mission Hills II	253,177	(34,980)	218,197
Santa Ynez I	273,540	-	273,540
Santa Ynez II	30,847	(20,520)	10,327
All CCWA Distribution Reaches	78,656	(34,783)	43,873
TOTAL:	\$ 1,205,019	\$ (301,523)	\$ 903,496

Central Coast Water Authority
Capital Improvements
Fiscal Year 2003/04 Budget

State Water Project Construction Project

The facilities constructed by the Authority generally include a water treatment plant located at Polonio Pass in northeastern San Luis Obispo County to serve Santa Barbara County project participants and San Luis Obispo County water purchasers and a transmission system to serve Santa Barbara County project participants consisting of: (1) the Mission Hills II Extension, a buried pipeline approximately 12.3 miles long running from the terminus of the Coastal Branch Phase II on Vandenberg Air Force Base in Santa Barbara County southerly to the vicinity of the Lompoc Valley and (2) the Santa Ynez Extension, a buried pipeline approximately 29.3 miles long running from the terminus of the Mission Hills Extension easterly through the Santa Ynez Valley to a terminus at Cachuma Lake and which includes a pumping plant near Santa Ynez and a storage tank west of Buellton. Water is conveyed from that point to the South Coast of Santa Barbara County through existing Cachuma Project facilities which traverse the Santa Ynez Mountains.

Central Coast Water Authority
Capital Improvements
Fiscal Year 2003/04 Budget

Description: ***Polonio Pass Water Treatment Plant Filter Valve Actuator Replacement***

Department: WTP

Financial Reach: WTP

Project Type: Capital Project

Expanded Description: Replace actuators on the Master Backwash Valve, Filter Effluent Valves, and Filter-to-Waste Valve

Estimated Charge \$ 48,000
Sales Tax \$ 3,720
Contingency (5%) \$ 2,400

Total Cost: \$ 54,120

Funding Source: Revenue bond proceeds and capital deposits

Operating Budget Impact: High maintenance costs for existing actuators warrants replacing them with a more robust design.

Description: ***Isolation Vault Flowmeter Replacement***

Department: Distribution

Financial Reach: Mission Hills II

Project Type: Capital Project

Expanded Description: Replace poorly designed flowmeters with ones that are more suited for the particular location

Estimated Charge \$ 24,000
Sales Tax \$ 1,860
Contingency (5%) \$ 1,200

Total Cost: \$ 27,060

Funding Source: Revenue bond proceeds and capital deposits.

Operating Budget Impact: Properly functioning flowmeters can prevent large, uncontrolled releases into environmentally sensitive habitats, thereby avoiding regulatory fines.

Central Coast Water Authority
Capital Improvements
Fiscal Year 2003/04 Budget

Description: ***Laboratory Information Management System Software***

Department: WTP

Financial Reach: WTP

Project Type: Capital Project

Expanded Description: Software used to organize laboratory analyses and track samples from collection through analysis

Estimated Charge \$ 26,000

Sales Tax \$ 2,015

Contingency (5%) \$ 1,300

Total Cost: \$ 29,315

Funding Source: Revenue bond proceeds and capital deposits.

Operating Budget Impact: More organized data leads to more efficient use of staff time in retrieving and evaluating lab data.

Description: ***PLC Replacement at SYID# 1 and Solvang Turnouts and Isolation Vault 1 and Bradbury Dam Outlet Works***

Department: Distribution

Financial Reach: Santa Ynez Turnout, Solvang Turnout, Santa Ynez II and Mission Hills II

Project Type: Capital Project

Expanded Description: Replace existing 984 system with Quantum system.

Estimated Charge \$ 28,000

Sales Tax \$ 2,170

Contingency (5%) \$ 1,510

Total Cost: \$ 31,680

Funding Source: FY 2002/03 assessments and bond funds and capital deposits.

Operating Budget Impact: Existing equipment is obsolete and replacement equipment is not available.

Central Coast Water Authority
Capital Improvements
Fiscal Year 2003/04 Budget

Description: ***WTP Telephone System Replacement***

Department: WTP

Financial Reach: WTP

Project Type: Capital Project

Expanded Description: Replace the existing telephone system with a new system

Estimated Charge \$ 21,000
Sales Tax \$
Contingency (5%) \$ 1,050

Total Cost: \$ 22,050

Funding Source: Revenue bond proceeds and capital deposits.

Operating Budget Impact: The existing phone system has reached the end of its useful life, and replacement parts are not available.

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

Department: WTP

Financial Reach: WTP

Project Type: Capital Project

Expanded Description: Slurry-seal the water treatment plant roads.

Estimated Charge \$ 12,000
Sales Tax \$
Contingency (5%) \$ 600

Total Cost: \$ 12,600

Funding Source: Revenue bond proceeds and capital deposits.

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

Central Coast Water Authority
Capital Improvements
Fiscal Year 2003/04 Budget

Description: ***Sludge Pond A Relining***

Department: WTP

Financial Reach: WTP

Expanded Description: Reline Sludge Pond A with bentonite to prevent leakage

Project Type: Capital Project

Estimated Charge \$ 21,000
Sales Tax \$
Contingency (5%) \$ 1,050

Total Cost: \$ 22,050

Funding Source: Revenue bond proceeds and capital deposits

Operating Budget Impact: Lining the basin will reduce leakage and maintain structural integrity of the banks of the basin.

Description: ***Outdoor Storage Container for WTP***

Department: WTP

Financial Reach: WTP

Project Type: Capital Project

Expanded Description: Container for storing supplies and equipment at the Water Treatment Plant

Estimated Charge \$ 5,500
Sales Tax \$ 430
Contingency (5%) \$ 275

Total Cost: \$ 6,205

Funding Source: Revenue bond proceeds and capital deposits.

Operating Budget Impact: Protects equipment and supplies from damage while maintaining safe working space inside the Operations Building.

Central Coast Water Authority
Capital Improvements
Fiscal Year 2003/04 Budget

Description: ***WTP Online Ammonia Analyzer***

Department: WTP

Financial Reach: WTP

Project Type: Capital Project

Expanded Description: Replace ammonia analyzer at WTP

Estimated Charge \$ 11,000

Sales Tax \$ 850

Contingency (5%) \$ 550

Total Cost: \$ 12,400

Funding Source: Revenue bond proceeds and capital deposits.

Operating Budget Impact: Existing analyzer repair costs warrant a new analyzer.

Description: ***Vulnerability Assessment Upgrades***

Department: ALL

Financial Reach: WTP

Expanded Description: Upgrades to security systems associated with the vulnerability assessment

Estimated Charge \$ 50,000

Sales Tax \$ 2,500

Contingency (5%) \$ _____

Total Cost: \$ 52,500

Funding Source: Revenue bond proceeds and capital deposits.

Operating Budget Impact: Security Upgrades may preclude expensive repairs associated with damage caused by a malevolent intrusion.

Central Coast Water Authority
Capital Improvements
Fiscal Year 2003/04 Budget

Description: ***Chlorine Analyzer at Tank 7***

Department: Distribution

Financial Reach: Santa Ynez I

Project Type: Capital Project

Expanded Description: Install Chlorine Analyzer at Tank 7

Estimated Charge \$ 6,000
Sales Tax \$ 465
Contingency (5%) \$ 300

Total Cost: \$ 6,765

Funding Source: Reach Specific Assessments

Operating Budget Impact: A chlorine analyzer at Tank 7 will provide monitoring data otherwise not available when the Santa Ynez Pumping Facility is not running.

Description: ***Preventive Maintenance Software Replacement***

Department: Distribution

Financial Reach: All Financial Reaches

Project Type: Capital Project

Expanded Description: Replace the existing preventive maintenance software package with a program that is more cost-effective and user friendly. Cost includes three days of computer consultant time for setup.

Estimated Charge \$ 16,000
Sales Tax \$ 1,800
Contingency (5%) \$ 1,000

Total Cost: \$ 18,800

Funding Source: Revenue bond proceeds and capital deposits.

Operating Budget Impact: New program is likely to save staff time in the long term, and yearly maintenance costs in the short term.

Central Coast Water Authority
Capital Improvements
Fiscal Year 2003/04 Budget

Description: ***Hydraulic Impact Wrench***

Department: Distribution

Financial Reach: All Distribution Financial Reaches

Project Type: Capital Project

Expanded Description: This equipment will assist and expedite in the lifting of 300 pound class man-way lids.

Estimated Charge \$ 6,427
Sales Tax \$
Contingency (5%) \$ 338

Total Cost: \$ 6,765

Funding Source: Revenue bond proceeds and capital deposits.

Operating Budget Impact: Equipment will increase efficiencies in the removal and installation of pipeline man-ways during the annual pipeline inspection.

Description: ***Flail Mower***

Department: Distribution

Financial Reach: All Distribution Financial Reaches

Project Type: Capital Project

Expanded Description: Six-foot flail mower to be used in the annual mowing of the right-of-way.

Estimated Charge \$ 4,044
Sales Tax \$
Contingency (5%) \$ 213

Total Cost: \$ 4,257

Funding Source: Revenue bond proceeds and capital deposits.

Operating Budget Impact: Equipment purchase will reduce rental expense.

Central Coast Water Authority
Capital Improvements
Fiscal Year 2003/04 Budget

Description: ***Gas Detection Monitors***

Department: Distribution

Financial Reach: All Distribution Financial Reaches

Project Type: Capital Project

Expanded Description: Two Multi-Gas (4 gas) detection monitors required for confined space entry.

Estimated Charge \$ 4,713
Sales Tax \$
Contingency (5%) \$ 248

Total Cost: \$ 4,961

Funding Source: Revenue bond proceeds and capital deposits.

Operating Budget Impact: Current gas monitors will be 7 years old and are out-dated and difficult to maintain calibration. Monitors are an OSHA requirement to enter confined spaces. Distribution will receive one unit and the other will go to the WTP.

Description: ***SYPF Pump 5 Rehabilitation***

Department: Distribution

Financial Reach: Santa Ynez II

Project Type: Capital Project

Expanded Description: Refurbish pump 5 at the Santa Ynez Pumping Facility, which is experiencing vibration problems.

Estimated Charge \$ 12,000
Sales Tax \$
Contingency (5%) \$ 600

Total Cost: \$ 12,600

Funding Source: Revenue bond proceeds and capital deposits.

Operating Budget Impact: Pump vibration can cause undue wear on equipment.

Central Coast Water Authority
Capital Improvements
Fiscal Year 2003/04 Budget

Description: ***Vehicle Replacements***

Department: WTP and Distribution

Financial Reach: WTP and All Distribution Reaches

Project Type: Capital Project

Expanded Description: Replacement of certain WTP and Distribution department vehicles.

Estimated Charge \$ 68,687
Sales Tax \$
Contingency (5%) \$ _____

Total Cost: \$ 68,687

Funding Source: Non-Annual Recurring Expense Deposits.

Operating Budget Impact: Existing vehicles have exceeded their useful life.

Description: ***Citrix Server Replacement***

Department: All Departments

Financial Reach: All Financial Reaches

Project Type: Capital Project

Expanded Description: Replacement of the Citrix server. This server will provide redundancy to the Citrix server because of the high need for continuous access to the CCWA and SCADA servers for operational purposes.

Estimated Charge \$ 12,000
Sales Tax \$
Contingency (5%) \$ 1,000

Total Cost: \$ 13,000

Funding Source: Non-Annual Recurring Expense Deposits.

Operating Budget Impact: None.

Central Coast Water Authority
Capital Improvements
Fiscal Year 2003/04 Budget

Description: ***Purchase Order Software***

Department: All Departments

Financial Reach: All Financial Reaches

Project Type: Capital Project

Expanded Description: Replacement of the existing purchase requisition and purchase order software (MP2) with a software package that is integrated with the existing accounting software.

Estimated Charge \$ 9,000
Sales Tax \$
Contingency (5%) \$ 1,000

Total Cost: \$ 10,000

Funding Source: Non-Annual Recurring Expense Deposits.

Operating Budget Impact: None.





Above: Arroyo Grande bridge at the Arroyo Grande mitigation site during repairs completed in FY 2002/03.

Debt Management

The Debt Management section of the FY 2003/04 Budget contains information on the Authority's outstanding revenue bonds including the Authority's authorization to issue debt, security for the bonds, bond coverage covenant, arbitrage rebate liability and the project participant debt payment schedule.

Highlights

1996 Revenue Bond Principal and Interest Due **\$11,710,278**

- FY 2003/04 Principal Payment \$ 3,830,000
- FY 2003/04 Interest Payments \$ 7,875,778
- FY 2003/04 Bond Trustee Payments \$ 4,500

Bond Payment Funding Sources **\$11,578,405**

- Fixed Assessments from Project Participants \$10,922,938
- Guaranteed Investment Contract Interest \$ 697,904
- Debt Service Account Interest Income \$ 89,436

1996 Revenue Bond Information

- Principal Payment Date October 1st
- Interest Payment Dates October 1st and April 1st
- Outstanding Principal Balance (6-30-03) \$155,465,000
- True Interest Cost (TIC) 5.55%
- Restricted Arbitrage Rate 5.47%
- Arbitrage Rebate Liability (6-30-03) \$0

Central Coast Water Authority
Debt Management
Fiscal Year 2003/04 Budget

Authorization to Issue Debt

The Authority is authorized pursuant to state law including, but not limited to, Section 6588(c) of the Government Code of the State of California, pursuant to ordinances approved by the voters in the service areas of certain of the Project Members and pursuant to Section 5(j) of the Authority Joint Exercise of Powers Agreement, to incur indebtedness to finance Authority facilities and is authorized pursuant to state law including, but not limited to, Section 6588(m) of the Government Code, Section 24 of the Water Supply Agreements and Section 18 of the Master Water Treatment Agreement, to assign and pledge to the repayment of such indebtedness amounts payable by the financing participants to the Authority.

The Authority is also authorized pursuant to Section 6586 of the California Government Code to issue refunding bonds in that the Authority has determined that there is a demonstrable net present value savings.

CCWA Debt Limit

There is no specific provision within the California Government Code that limits the amount of debt that may be issued by the Authority as a Joint Powers Authority within the State of California. However, there are certain limitations contained in each financing participant's Water Supply Agreement that limit the amount of debt that may be issued by CCWA on behalf of the financing participant.

General Discussion

In October 1992, the Authority sold \$177,120,000 in revenue bonds at a true interest cost of 6.64% to enable the Authority to finance a portion of the costs of constructing a water treatment plant to treat State water for use by various participating water purveyors and users within Santa Barbara and San Luis Obispo Counties, a transmission system to deliver such water to the participating water purveyors and users within Santa Barbara County, and certain local improvements to the water systems of some of the participating purveyors.

In November 1996, the Authority sold \$198,015,000 of revenue bonds at a true interest cost of 5.55% to defease the Authority's \$177,120,000 1992 revenue bonds and to pay certain costs of issuing the bonds. The 1996 bonds were issued in two series: Series A of \$173,015,000 and Series B of \$25,000,000. All outstanding Series B bonds were redeemed on October 1, 1998 pursuant to the call provisions in the Indenture of Trust. The Series B bonds were called with amounts transferred from the Construction Fund and the Reserve Fund.

Central Coast Water Authority
Debt Management
Fiscal Year 2003/04 Budget

Security for the Bonds

Each Santa Barbara County project participant has entered into a Water Supply Agreement with the Authority pursuant to which the Santa Barbara County project participant is obligated to make certain payments to the Authority with respect to the project. Such payments, when received by or on behalf of the Authority, will constitute revenues pledged to secure the payment of the principal of and interest on the bonds.

The San Luis Obispo County Flood Control and Water Conservation District (SLOCFCWCD) has entered into a Master Water Treatment Agreement with the Authority pursuant to which SLOCFCWCD is obligated to make certain payments with respect to the water treatment plant and local projects for certain San Luis Obispo County project participants.

The bonds are not debts of the financing participants of the Authority, the State of California or any political subdivision of the State of California. The bonds are strictly a liability of the Authority.

The Bonds

The bonds are dated November 1, 1996 with interest payable on April 1 and principal and interest payable on October 1 of each year (*see the "1996 Revenue Bond Debt Service Schedule" in this section*).

Bond Coverage Covenant

Each Santa Barbara County project participant and each San Luis Obispo County water purchaser has agreed in its Water Supply Agreement or Local Water Treatment Agreement to comply with the bond coverage covenant. This covenant requires each project participant to fix, prescribe and collect rates and charges for its water system which will be at least sufficient to yield net water system revenues equal to 125% of the sum of the contract payments required to be made by each participant and purchaser in such fiscal year pursuant to its Water Supply Agreement or Local Water Treatment Agreement plus debt service.

Arbitrage Rebate Liability

During FY 2001/02, the five-year rebate liability on the 1996 refunding revenue bonds was paid to the Internal Revenue Service in the amount of \$26,963.

The five-year rebate calculation for the 1992 Revenues Bonds indicate a negative rebate liability of (\$5,546,174) completed on June 10, 1998. No additional rebate calculations will be performed on the 1992 bonds as a result of this negative rebate liability.

Central Coast Water Authority
Debt Management
Fiscal Year 2003/04 Budget

Construction Project Close Out and Final Reconciliation

On June 25, 1998, the Authority declared the construction project complete. In conjunction with declaring the project complete, a reconciliation of all construction expenditures and the corresponding allocation of costs to each financial reach was performed and the Project Closeout Report was prepared. Additionally, funds were retained from the construction fund and the local project fund based on estimates of future project expenditures to fully complete the remaining construction items.

Amended debt service amortization schedules were prepared for each financing participant based on the actual construction expenditures, financed local facilities and capitalized interest elections by the financing participants. The "1996 Revenue Bond Distribution Schedule, Series A" found on page 206 from the Project Closeout Report, provides a summary of the Series A principal and interest allocation to each financing participant.

A final reconciliation of total actual project expenditures will be prepared after all project funds are completely expended. Amended debt service amortization schedules will be prepared for each financing participant. These changes are estimated to result in minor adjustments to the debt service amortization schedules.

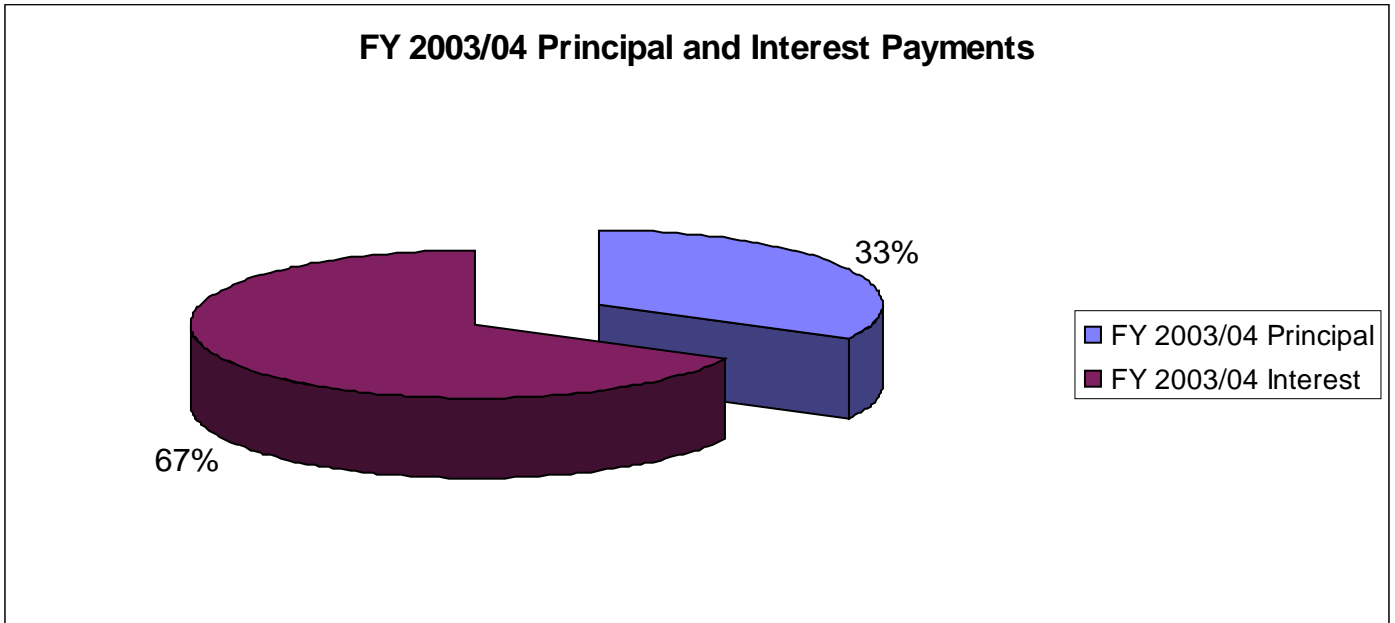
Fiscal Year 2003/04 Debt Service Budget

For FY 2003/04, total Series A principal payments is \$3,830,000 and total interest due is \$7,875,778, totaling \$11,705,778. Additionally, Bond Trustee fees in the amount of \$4,500 are included in the debt service assessment. These amounts are partially offset by the following:

- Reserve Fund Interest Income This is interest income on the collateralized guaranteed investment contract in the principal amount of \$12,758,750 at an interest rate of 5.47%, which exactly equals the restricted rate on the CCWA bonds. The guaranteed investment contract pays interest semi-annually on April 1st and October 1st, each in the amount of \$348,952. Total reserve fund interest income for FY 2003/04 is \$697,904.
- Debt Service Account Interest Income Payments from the financing participants are invested in accordance with the CCWA Investment Policy. Investments are purchased which correspond to the debt service payment dates on the bonds. Estimated investment income on the debt service account is \$89,436 earned during FY 2002/03.

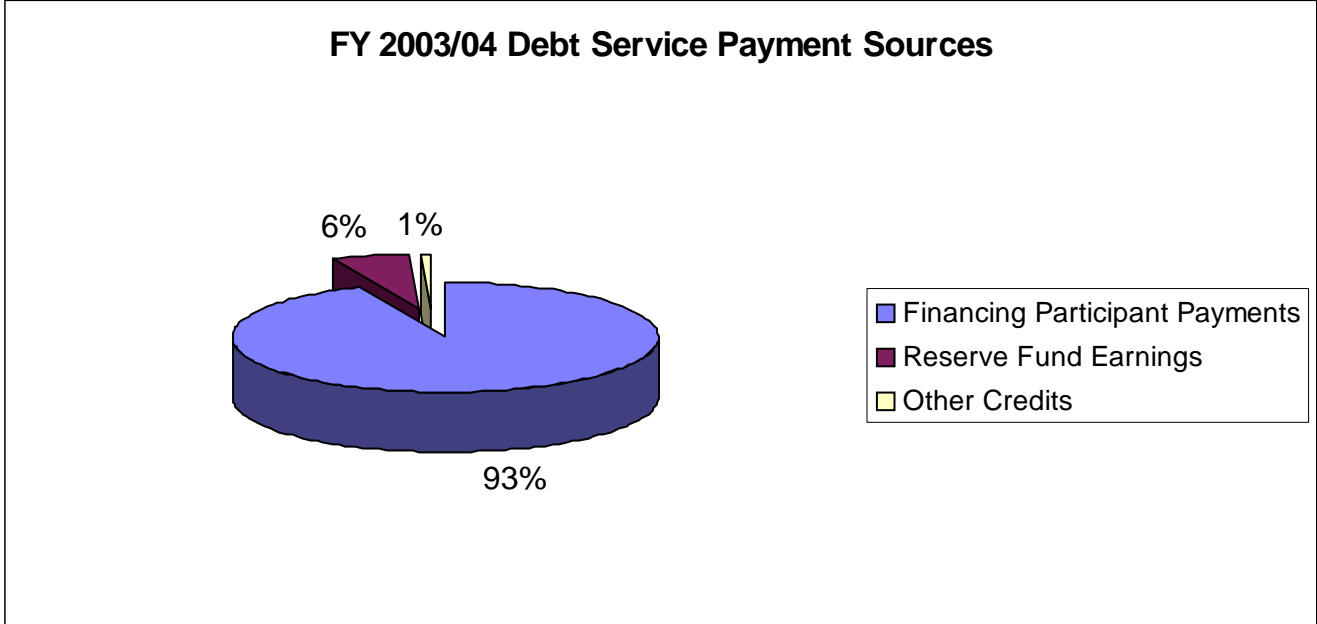
Central Coast Water Authority
Debt Management
Fiscal Year 2003/04 Budget

The following chart shows the total principal and interest payments for the 1996 revenue bonds for FY 2003/04.



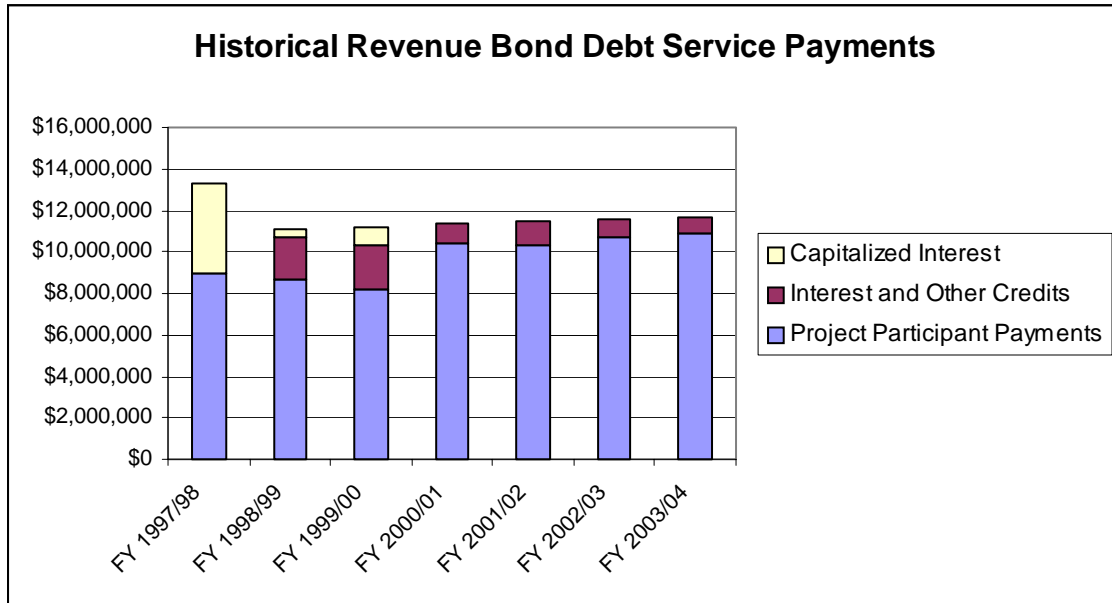
Central Coast Water Authority
Debt Management
 Fiscal Year 2003/04 Budget

The following chart shows the sources of cash for the FY 2003/04 debt service payments.



Historical CCWA Revenue Bond Debt Service Payments

The following graph shows the composition of the source of funds for payment of the CCWA revenue bond debt service payments.



Central Coast Water Authority
1996 Revenue Bond Series A Debt Service Payments
 Fiscal Year 2003/04 Budget

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Financing Participant	FY 2003/04 Series A (10/1/03) Principal Payment	FY 2003/04 Series A (10/1/03) Interest Payment	FY 2003/04 Series A (4/1/04) Interest Payment	Trustee Expenses	Debt Service Account Interest Income ⁽¹⁾	Reserve Fund Interest Earnings ⁽²⁾	FY 2003/04 Total Payments
Avila Beach	\$ 5,650	\$ 4,942	\$ 4,812	\$ 6	\$ (120)	\$ (887)	\$ 14,403
California Men's Colony	47,830	41,834	40,734	48	(1,018)	(7,506)	121,923
County of SLO	50,947	44,560	43,388	52	(1,085)	(7,995)	129,868
Cuesta College	23,917	20,919	20,369	24	(509)	(3,753)	60,967
Morro Bay	297,310	260,035	253,197	301	(6,328)	(46,654)	757,862
Oceano	41,386	36,197	35,245	42	(881)	(6,494)	105,495
Pismo Beach	68,402	59,826	58,253	69	(1,456)	(10,734)	174,360
Shandon	5,369	4,696	4,572	5	(115)	(842)	13,685
Guadalupe	65,768	57,522	56,010	67	(1,413)	(10,320)	167,633
Buellton	116,478	101,875	99,196	118	(2,344)	(18,278)	297,045
Santa Ynez (Solvang)	105,093	289,478	287,061	312	(5,814)	(48,434)	627,697
Santa Ynez	39,349	108,387	107,482	117	(2,180)	(18,135)	235,021
Goleta	1,125,539	984,425	958,538	1,139	(22,658)	(176,620)	2,870,362
Morehart Land	31,078	43,938	43,223	47	(872)	(7,340)	110,075
La Cumbre	148,837	210,425	207,002	227	(4,616)	(35,150)	526,724
Raytheon (SBRC)	10,830	9,472	9,223	11	(189)	(1,699)	27,648
Santa Barbara	692,200	605,416	589,495	700	(13,927)	(108,620)	1,765,264
Montecito	488,866	691,154	679,910	744	(14,550)	(115,453)	1,730,671
Carpinteria	465,150	406,832	396,134	471	(9,361)	(72,991)	1,186,234
TOTAL:	\$ 3,830,000	\$ 3,981,934	\$ 3,893,844	\$ 4,500	\$ (89,436)	\$ (697,904)	\$ 10,922,938

Notes:

(1) Represents interest on the financing participant debt service payments for FY 2002/03.

(2) Represents interest on the reserve fund guaranteed investment contract (GIC). Calculated using a par amount of \$12,758,750 at an interest rate of 5.47% for one year. Payments made semi-annually on April 1st and October 1st.

Source: CCWA Project Closeout Report, October 1998.

Central Coast Water Authority
1996 Revenue Bond Distribution Schedule
Series A
Project Closeout Report

Financing Participant	Series A Principal	Series A Interest	TOTAL
<u>LEVEL DEBT SERVICE</u>			
Avila Beach CSD	\$ 219,286	\$ 180,794	\$ 400,080
California Men's Colony	1,856,355	1,530,503	3,386,858
County of SLO	1,977,305	1,630,222	3,607,527
Cuesta College	928,246	765,308	1,693,555
City of Morro Bay	11,538,823	9,513,375	21,052,197
Oceano CSD	1,606,208	1,324,265	2,930,472
City of Pismo Beach	2,654,727	2,188,734	4,843,461
Shandon	208,367	171,792	380,159
City of Buellton	4,520,603	3,727,086	8,247,690
Carpinteria Valley Water District	18,052,797	14,883,929	32,936,727
City of Guadalupe	2,552,497	2,104,449	4,656,946
Goleta Water District	43,682,936	36,015,123	79,698,059
Raytheon (SBRC)	420,333	346,550	766,883
City of Santa Barbara	26,864,766	22,149,104	49,013,870
Total Level Debt Service:	<u>\$ 117,083,250</u>	<u>\$ 96,531,234</u>	<u>\$ 213,614,484</u>
<u>ESCALATING DEBT SERVICE</u>			
La Cumbre Mutual Water Co.	\$ 8,737,771	\$ 7,725,642	\$ 16,463,414
Montecito Water District	28,699,777	25,375,372	54,075,149
Morehart Land Co.	1,824,502	1,613,163	3,437,665
Total Escalating Debt Service:	<u>\$ 39,262,050</u>	<u>\$ 34,714,178</u>	<u>\$ 73,976,228</u>
<u>STEP-UP DEBT SERVICE</u>			
City of Solvang	\$ 12,128,507	\$ 11,031,811	\$ 23,160,318
Santa Ynez ID #1	4,541,193	4,130,565	8,671,758
Total Step-Up Debt Service:	<u>\$ 16,669,700</u>	<u>\$ 15,162,376</u>	<u>\$ 31,832,076</u>
TOTAL DEBT SERVICE:	<u><u>\$ 173,015,000</u></u>	<u><u>\$ 146,407,788</u></u>	<u><u>\$ 319,422,788</u></u>

Central Coast Water Authority
1996 Revenue Bond Debt Service Schedule
Series A

Debt Service Date	Interest Rate	Sinking Fund Payment	Serial Maturity	Interest Due	Principal Outstanding	Fiscal Yr Debt Service (Cash)
4/1/1997				3,625,760	173,015,000	3,625,760
10/1/1997	4.000%		2,420,000	4,350,913	170,595,000	
4/1/1998				4,302,513	170,595,000	11,073,425
10/1/1998	4.000%		2,540,000	4,302,513	168,055,000	
4/1/1999				4,251,713	168,055,000	11,094,225
10/1/1999	4.000%		2,775,000	4,251,713	165,280,000	
4/1/2000				4,196,213	165,280,000	11,222,925
10/1/2000	4.200%		3,010,000	4,196,213	162,270,000	
4/1/2001				4,133,003	162,270,000	11,339,215
10/1/2001	4.375%		3,270,000	4,133,003	159,000,000	
4/1/2002				4,061,471	159,000,000	11,464,474
10/1/2002	4.500%		3,535,000	4,061,471	155,465,000	
4/1/2003				3,981,934	155,465,000	11,578,405
10/1/2003	4.600%		3,830,000	3,981,934	151,635,000	
4/1/2004				3,893,844	151,635,000	11,705,778
						FY 2003/04
10/1/2004	6.000%		4,135,000	3,893,844	147,500,000	
4/1/2005				3,769,794	147,500,000	11,798,638
10/1/2005	6.000%		4,515,000	3,769,794	142,985,000	
4/1/2006				3,634,344	142,985,000	11,919,138
10/1/2006	6.000%		4,915,000	3,634,344	138,070,000	
4/1/2007				3,486,894	138,070,000	12,036,238
10/1/2007	5.000%		5,775,000	3,486,894	132,295,000	
4/1/2008				3,342,519	132,295,000	12,604,413
10/1/2008	6.000%		6,065,000	3,342,519	126,230,000	
4/1/2009				3,160,569	126,230,000	12,568,088
10/1/2009	5.150%		6,425,000	3,160,569	119,805,000	
4/1/2010				2,995,125	119,805,000	12,580,694
10/1/2010	5.000%		6,760,000	2,995,125	113,045,000	
4/1/2011				2,826,125	113,045,000	12,581,250
10/1/2011	5.000%		7,095,000	2,826,125	105,950,000	
4/1/2012				2,648,750	105,950,000	12,569,875
10/1/2012	5.000%		7,455,000	2,648,750	98,495,000	
4/1/2013				2,462,375	98,495,000	12,566,125
10/1/2013	5.000%		7,830,000	2,462,375	90,665,000	
4/1/2014				2,266,625	90,665,000	12,559,000
10/1/2014	5.000%	8,225,000		2,266,625	82,440,000	
4/1/2015				2,061,000	82,440,000	12,552,625
10/1/2015	5.000%	8,630,000		2,061,000	73,810,000	
4/1/2016				1,845,250	73,810,000	12,536,250
10/1/2016	5.000%	9,065,000		1,845,250	64,745,000	
4/1/2017				1,618,625	64,745,000	12,528,875
10/1/2017	5.000%	9,515,000		1,618,625	55,230,000	
4/1/2018				1,380,750	55,230,000	12,514,375
10/1/2018	5.000%	9,995,000		1,380,750	45,235,000	
4/1/2019				1,130,875	45,235,000	12,506,625
10/1/2019	5.000%	10,495,000		1,130,875	34,740,000	
4/1/1920				868,500	34,740,000	12,494,375

Central Coast Water Authority
1996 Revenue Bond Debt Service Schedule
Series A

Debt Service Date	Interest Rate	Sinking Fund Payment	Serial Maturity	Interest Due	Principal Outstanding	Fiscal Yr Debt Service (Cash)
10/1/1920	5.000%	11,020,000		868,500	23,720,000	
4/1/1921				593,000	23,720,000	12,481,500
10/1/1921	5.000%	11,570,000		593,000	12,150,000	
4/1/1922				303,750	12,150,000	12,466,750
10/1/1922	5.000%	12,150,000		303,750	-	12,453,750
		90,665,000	82,350,000	146,407,788		319,422,788





Above: Exposed CCWA pipeline at the Santa Ynez River, repaired during FY 2002/03.

Reserves and Cash Management

The Reserves and Cash Management section of the FY 2003/04 Budget includes information regarding the Authority's O&M Reserve Fund, Rate Coverage Reserve Fund, Non-Annual Recurring Expenses (NARES) and cash management information.

Highlights

FY 2003/04 Total Reserve Balances **\$9,979,278**

- O&M Reserve Fund \$ 2,000,000
- Rate Coverage Reserve Fund \$ 7,391,998
- Non-Annual Recurring Expenses (6-30-04) \$ 587,280

Non-Annual Recurring Expenses

- FY 2003/04 Beginning Balance \$1,027,891
- Additional Deposits for FY 2003/04 \$ 34,149
- FY 2002/03 Expenditures \$ 75,687

Central Coast Water Authority
Reserves and Cash Management
Fiscal Year 2003/04 Budget

Operating Reserve Policy

During its December 18, 1997 regular meeting, the Board of Directors approved an "Operations and Maintenance Reserve Policy" as follows:

- Purpose:** The O&M Reserve Fund is intended to provide a mechanism for the Authority to immediately undertake unanticipated operation and maintenance activities, including emergency repairs, for which funds are not otherwise immediately available.
- Contributions:** Contributions to the O&M Reserve Fund are mandatory. Each Authority Contractor shall maintain on deposit with Authority in said Fund an amount of money equal to its pro-rata share of the Fund target size of \$2 million, which share is that Contractor's Water Supply Agreement Project Allotment divided by the Project Allotments held by all Authority Contractors. Each Contractor's initial contribution to the O&M Reserve Fund shall be drawn from cash held by Authority on behalf of the Contractor as of the date of the Fund's creation. If the Fund balance is reduced below \$2 million, Authority shall be authorized to (i) transfer into said Fund excess operating assessments and investment income from the Fund, and (ii) notify the participating Contractor if an additional contribution is necessary, in which event the contractor shall deposit an additional contribution within sixty (60) days of the Authority notice.
- Administration:** The Treasurer shall invest funds held in the O&M Reserve Fund in liquid money market accounts (for example, LAIF) so that the funds shall be immediately available. O&M Reserve Fund investment earnings shall be considered to credit to each Authority Contractor with respect to that Contractor's June 1 payment to Authority, except to the extent said earnings are needed to be retained to ensure that the Contractor's share of the Fund is fully funded, or as otherwise directed by the Contractor. The Treasurer shall prepare and disseminate to all Contractors a quarterly statement concerning the O&M Reserve Fund.

Central Coast Water Authority
Reserves and Cash Management
 Fiscal Year 2003/04 Budget

Use of Fund: Monies held in the O&M Reserve Fund may be expended only upon authorization of the Board of Directors for unanticipated operating and maintenance activities, including by way of example only: repair of earthquake-caused damage to Authority facilities; unanticipated need to purchase chemicals; major emergency repair or replacement of equipment; reserve for legal judgements. In the event that monies from the O&M Reserve Fund are expended for an activity which is to be funded by certain Contractors and not other Contractors (for example, repair of a certain reach of the pipeline), then (i) it is permissible to expend from the Fund an amount which exceeds the monies on deposit by those Contractors who are obligated to fund the activity under the WSA, and (ii) said Contractors shall replenish said Fund as quickly as possible, and in no event later than one year, including payment of interest on monies expended which exceeded the amount on deposit by said Contractors.

The following table shows the allocation of the Operations and Maintenance Reserve Fund by project participant.

Operations and Maintenance Reserve Fund

Project Participant	Entitlement	% of Entitlement	Operating Reserve
City of Buellton	578	1.48%	\$ 29,582
Carpinteria Valley Water District	2,000	5.12%	102,359
Goleta Water District	4,500	11.52%	230,309
City of Guadalupe	550	1.41%	28,149
La Cumbre Mutual Water Company	1,000	2.56%	51,180
Montecito Water District	3,000	7.68%	153,539
Morehart Land Company	200	0.51%	10,236
City of Santa Barbara	3,000	7.68%	153,539
Raytheon Systems Company	50	0.13%	2,559
City of Santa Maria	16,200	41.46%	829,111
Santa Ynez RWCD, I.D. #1	2,000	5.12%	102,359
Southern California Water Company	500	1.28%	25,590
Vandenberg Air Force Base	5,500	14.07%	281,488
TOTAL	39,078	100.00%	2,000,000

Central Coast Water Authority
Reserves and Cash Management
Fiscal Year 2003/04 Budget

Rate Coverage Reserve Fund

During its December 18, 1997 regular meeting, the Board of Directors also adopted the "Rate Coverage Reserve Fund" policy as follows:

- Purpose:** The Rate Fund is intended to provide a mechanism to allow the Authority Contractors to satisfy a portion of their obligation under Section 20(a) of the Water Supply Agreement (WSAs) to impose rates and charges sufficient to collect 125% of their Contract Payments (as therein defined).
- Contributions:** Contributions to the Rate Fund are voluntary. During each year of participation, an Authority Contractor which has elected to participate in the Rate Fund shall maintain on deposit with the Authority in said Fund an amount of money, when combined with the moneys on deposit in the O&M Reserve Fund, sufficient to constitute all or a portion of 25% of that Contractor's Contract Payments with respect to that year. A participating Contractor's initial contribution to the Rate Fund may be drawn from cash held by the Authority on behalf of the Contractor as of the date of the Fund's creation. In each subsequent year, the Authority shall notify the participating Contractor if an additional contribution is desired and the Contractor shall deposit said additional contribution within sixty (60) days of the Authority notice. Voluntary contributions to the Fund by a Contractor may be made at any time, but shall not be considered with regard to satisfying the Contractor's obligations until the subsequent July 1. For example: to act as a credit for Fiscal Year 1998/99, a deposit must be received by the Authority prior to July 1, 1998. However, in the first year of the Fund's creation, each Authority Contractor may elect to deposit additional funds into the Rate Fund within the first 30 days after adoption of this policy by the Authority Board of Directors. These balances will be counted toward the coverage calculations for FY 1997/98.
- Withdrawal:** A Contractor may withdraw from the Rate Fund effective 180 days after it submits written documentation to the Authority that is in compliance with its WSA rate coverage obligations without considering the Fund.

Central Coast Water Authority
Reserves and Cash Management
 Fiscal Year 2003/04 Budget

Administration: Investments of deposits in the Rate Coverage Reserve Fund will be in Permitted Investments described in clause (A) of the definition thereof contained in the Indenture of Trust, dated as of November 1, 1996, with maturities of one year or less or in the Local Agency Investment Fund or in other investments approved in writing by AMBAC. Rate Fund investment earnings shall be credited to the Contractors account within the Fund except to the extent the Contractor directs the Authority to credit said earnings to the Contractor's payments obligations or as otherwise directed by the Contractor. Deposits and related earnings on deposits for each project participant will be accounted for on an individual project participant basis even if commingled for investment purposes. The Treasurer shall prepare and disseminate to all Contractors a quarterly statement concerning the Rate Fund.

Use of Funds: Monies in the Rate Fund shall not be expended for any purpose, except upon approval of the Board of Directors (i) for emergency expenses, and (ii) to the extent necessary to supplement funds available from the O&M Reserve Fund provided that the Contractor submits written documentation to the Authority that it is in compliance with its WSA rate coverage obligations without considering the proposed expenditure from the fund.

The following table shows the Rate Coverage Reserve Fund balances, including interest income as of April 30, 2003. Participation in the fund for FY 2003/04 is not yet known. Prior to June 30, 2003, each project participant will be notified of the allowable deposit in the Rate Coverage Reserve Fund for FY 2003/04.

FY 2002/03 Rate Coverage Reserve Fund

Project Participant	FY 2002/03 Deposit
City of Buellton	\$ 238,232
Carpinteria Valley Water District	768,774
City of Guadalupe	158,070
La Cumbre Mutual Water Company	352,472
Montecito Water District	980,259
City of Santa Maria	3,731,453
Santa Ynez, RWCD, I.D. #1 (Solvang)	546,154
Santa Ynez, RWCD, I.D. #1	393,715
County of San Luis Obispo (Shandon)	14,830
Avila Beach Community Services District	28,195
Oceano Community Services District	179,844
TOTAL:	\$ 7,391,998

Central Coast Water Authority
Reserves and Cash Management
 Fiscal Year 2003/04 Budget

Non-Annual Recurring Expense Cash Deposits

As part of the budget process, certain expenses which occur periodically are identified and charged to the project participants over a number of years to minimize fluctuations in the annual assessments. The following table shows anticipated activity in the non-annual recurring expense cash deposits for FY 2002/03 and FY 2003/04.

Non-Annual Recurring Expense Cash Deposits

Financing Participant	FY 2002/03 Beginning Balance	FY 2002/03 Interest Income	FY 2002/03 NARES Expenditures	FY 2003/04 Additional Deposits	FY 2003/04 NARES Expenditures	FY 2003/04 Ending Balance
Shandon	\$ 1,961	\$ 39	\$ (12)	\$ 1	\$ (123)	\$ 1,865
Chorro Valley	74,690	986	(37,070)	-	(2,880)	35,726
Lopez	53,710	773	(25,418)	330	(3,043)	26,353
Guadalupe	11,729	166	(6,720)	266	(839)	4,601
Santa Maria	349,341	4,872	(202,348)	8,938	(25,371)	135,432
SCWC	8,559	147	(2,935)	279	(783)	5,267
VAFB	120,948	1,818	(62,706)	4,067	(9,330)	54,797
Buellton	18,462	251	(9,973)	599	(1,119)	8,220
Santa Ynez (Solvang)	31,793	629	(917)	1,576	(2,904)	30,178
Santa Ynez	102,982	1,187	(54,082)	-	(968)	49,119
Goleta	82,878	1,620	(4,484)	5,927	(9,270)	76,670
Morehart Land Co.	3,698	72	(163)	263	(412)	3,459
La Cumbre	18,238	354	(1,437)	1,323	(2,060)	16,418
Raytheon Systems Co.	924	18	(74)	66	(103)	831
Santa Barbara	55,482	1,088	(2,426)	3,943	(6,180)	51,906
Montecito	55,479	1,087	(2,525)	3,944	(6,180)	51,804
Carpinteria	37,015	726	(1,617)	2,628	(4,120)	34,632
TOTAL:	\$ 1,027,891	\$ 15,832	\$ (414,905)	\$ 34,149	\$ (75,687)	\$ 587,280

Cash Management

All cash balances presented in this document exclude cash balances held as deposits for project participants. Additionally, the effect of other accounts receivables and payables have been added or subtracted from the cash balance to show the cash balances as if all receivables and payables had been received or paid.

It is the Authority's policy to refund unexpended operating assessments and investment income on the general fund after the close of each fiscal year. Therefore, the general fund balance, defined as total cash minus reserves, is projected to be zero. However, since the Authority receives assessment income in advance of the anticipated payment date, the actual cash balance will be positive.

Central Coast Water Authority
Reserves and Cash Management
Fiscal Year 2003/04 Budget

Cash Components

The Authority's cash balances are comprised of the following:

- **Operating Expense Assessments** Cash amounts collected from the project participants for operating expense assessments. These cash balances are held in the Authority demand deposit bank accounts and the California Local Agency Investment Fund.
- **Pass-Through Expenses** Cash amounts collected from the project participants for payment to the DWR and Warren Act charges paid to the U.S. Bureau of Reclamation. These balances are held in a custodial account and invested in accordance with the Authority's investment policy with maturities corresponding to the anticipated payment date on the expenses.
- **Debt Service Payments** Cash amounts collected from the financing participants for payment on the 1996 revenue bonds. These balances are held in a custodial account and invested in accordance with the Authority's investment policy with maturities corresponding to the debt service payment dates on the 1996 revenue bonds.
- **Construction Fund** Bond proceeds from the 1996 revenue bond issue used to construct the Authority facilities. These funds are held in trust by the Trustee on the bond issue and invested by the Authority's Treasurer in accordance with the bond indenture and the Authority Investment Policy.



Above: Right-of-way Access gate to Newsome Spring Hill area overlooking Arroyo Grande.

Four Year Financial Plan

The Four Year Financial Plan contains pro-forma projections for each Santa Barbara and San Luis Obispo County project participant through FY 2006/07. Additionally, this section includes each project participants' requested water deliveries for five years on a fiscal year and calendar year basis.

Central Coast Water Authority
Four Year Financial Plan
Fiscal Year 2003/04 Budget

The four year financial plan is prepared in conjunction with the fiscal year budget and has four primary purposes as follows:

- Allocation of the CCWA fixed and variable O&M expenses to each of the project participants.
- Calculation and allocation of the Regional Water Treatment Plant Allocation (*see the Appendix for further information*).
- Calculation and allocation of the Santa Ynez Exchange Agreement modifications (*see the Appendix for further information*).
- Calculation of the four year pro forma State water cost projections for all project participants.

The following formulas show the method used in calculating the CCWA operating expense allocation by project participant.

CCWA Fixed Charges

	Gross (unadjusted) CCWA operating expenses allocated on an entitlement basis within financial reach.
Plus:	Regional WTP fixed allocation to all Santa Barbara County project participants.
Minus:	Regional WTP fixed credit back to the Santa Barbara County South Coast project participants.
Plus:	Santa Ynez Exchange Agreement capital modifications (South Coast project participants and Santa Ynez only).
Plus:	Santa Ynez Exchange Agreement fixed O&M modifications (South Coast project participants and Santa Ynez only).
Equals:	Net CCWA Fixed charges.

CCWA Variable O&M Charges

	Gross (unadjusted CCWA chemical and power costs allocated in proportion to deliveries within financial reach.
Plus:	Gross (unadjusted) Warren Act and Trust Fund charges (South Coast project participants only).
Plus:	Regional WTP Variable O&M Allocation (all Santa Barbara County project participants requesting State water).
Minus:	Regional WTP Variable O&M credit back to the Santa Barbara County South Coast project participants requesting State water.
Plus:	Santa Ynez Exchange Agreement WTP modifications (Santa Barbara County South Coast project participants and Santa Ynez only).
Minus:	Santa Ynez Exchange Agreement Warren Act and Trust Fund modifications (Santa Barbara County South Coast project participants and Santa Ynez only).
Plus/Minus:	Santa Ynez Exchange Agreement Santa Ynez Pumping Facility electrical cost modifications (Santa Barbara County South Coast project participants and Santa Ynez only).
Equals:	Net CCWA Variable O&M Charges.



Central Coast Water Authority
Water Request Projections
 Four Year Financial Plan

Project Participant	Fiscal Year Water Deliveries (acre feet) <i>Excluding Exchange Deliveries</i>				Calendar Year Deliveries (acre feet) <i>Excluding Exchange Deliveries</i>				
	FY 2003/04	FY 2004/05	FY 2005/06	FY 2006/07	2003	2004	2005	2006	2007
Shandon	-	-	-	-	-	-	-	-	-
Chorro Valley	2,438	5,794	5,794	5,794	2,450	2,450	2,450	2,450	2,450
Lopez	1,960	2,187	2,216	2,243	1,927	1,954	1,966	1,990	2,002
Guadalupe	605	605	605	605	605	605	605	605	605
Santa Maria	16,391	16,537	16,676	16,818	16,689	17,058	17,405	17,756	17,820
SCWC	550	550	550	550	550	550	550	550	550
VAFB	6,050	6,050	6,050	6,050	6,050	6,050	6,050	6,050	6,050
Buellton	636	636	636	636	578	578	578	578	578
Santa Ynez (Solvang)	1,500	1,500	1,500	1,500	1,000	1,500	1,500	1,500	1,500
Santa Ynez	700	700	700	700	700	700	700	700	700
Goleta	4,950	4,950	4,950	4,950	4,950	4,950	4,950	4,950	4,950
Morehart Land	122	139	159	175	100	115	130	150	170
La Cumbre	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Raytheon	55	55	55	55	55	55	55	55	55
Santa Barbara	661	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030
Montecito	1,563	1,280	1,320	1,375	1,200	1,250	1,300	1,350	1,400
Carpinteria	640	600	600	600	600	600	600	600	600
TOTAL:	39,921	43,713	43,941	44,181	39,584	40,545	40,969	41,414	41,560



Central Coast Water Authority
Total Charges-All Participants
 Four Year Financial Plan Charges

Entitlement				43,908
Fiscal Year	Requested Deliveries	Exchange Deliveries	Actual Deliveries	
FY 2003/04	39,921	-	39,921	
FY 2004/05	43,713	429	44,143	
FY 2005/06	43,941	424	44,365	
FY 2006/07	44,181	417	44,598	

CCWA Fixed Charges

Fiscal Year	Fixed O&M Expenses ⁽¹⁾	<i>Regional WTP Modifications</i>			<i>Exchange Agreement Modifications</i>			Revenue Bond Debt Service ⁽²⁾	Fixed CCWA Charges
		Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	Capital Modifications	Fixed O&M Modifications	Total Exchange Modifications		
FY 2003/04	\$ 3,962,378	\$ 1,214,925	\$ (1,214,925)	\$ -	\$ -	\$ -	\$ -	\$ 7,499,723	\$ 11,462,101
FY 2004/05	4,271,636	1,127,608	(1,317,991)	(190,384)	31,252	16,673	47,925	11,100,734	15,229,912
FY 2005/06	4,374,942	1,140,592	(1,330,599)	(190,008)	30,861	16,958	47,819	11,221,234	15,453,987
FY 2006/07	4,489,599	1,154,311	(1,343,261)	(188,950)	30,356	17,181	47,538	11,338,334	15,686,521

(1) Includes capital improvement projects and non-annual recurring expenses.

(2) Net of CCWA credits

CCWA Variable O&M Charges

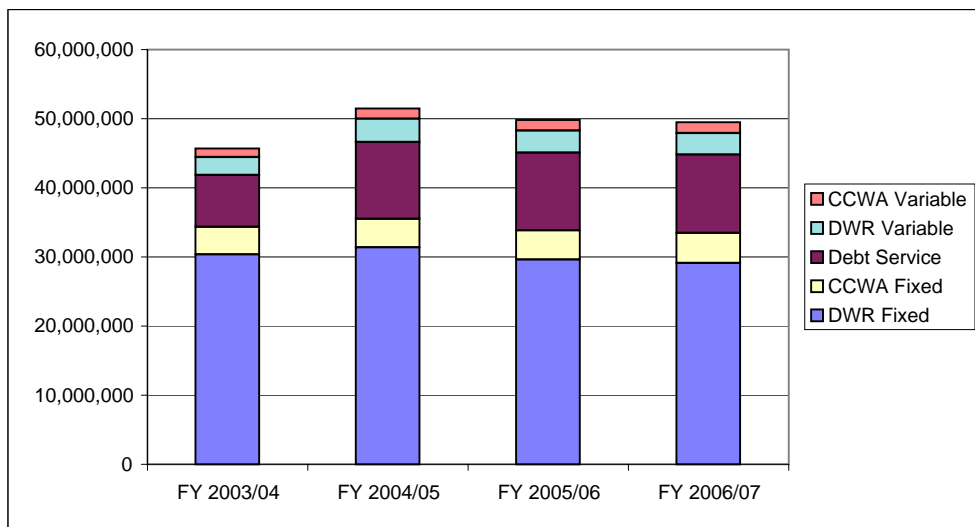
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	<i>Regional WTP Modifications</i>			<i>Exchange Agreement Modifications</i>			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2003/04	\$ 1,110,687	\$ 487,041	\$ 87,565	\$ (87,565)	\$ 0	\$ -	\$ (159,790)	\$ (169,393)	\$ 1,268,545
FY 2004/05	1,250,791	530,932	117,499	(117,499)	0	6,111	(134,889)	(159,688)	1,493,258
FY 2005/06	1,293,218	534,412	121,976	(121,976)	0	6,216	(135,201)	(164,180)	1,534,465
FY 2006/07	1,321,819	538,530	126,777	(126,777)	0	6,298	(135,603)	(168,678)	1,562,366

DWR Charges

Total State Water Charges

Fiscal Year	DWR Fixed Costs ⁽³⁾	DWR Variable Costs	Total DWR Costs	CCWA		Debt Service	DWR Fixed	DWR Variable O&M	Total SWP Charges
				Fixed	Variable O&M				
FY 2003/04	\$ 30,366,881	\$ 2,596,688	\$ 32,963,569	\$ 3,962,378	\$ 1,268,545	\$ 7,499,723	\$ 30,366,881	\$ 2,596,688	\$ 45,694,048
FY 2004/05	31,369,915	3,401,919	34,771,834	4,129,178	1,493,258	11,100,734	31,369,915	3,401,919	51,495,003
FY 2005/06	29,615,767	3,207,886	32,823,654	4,232,753	1,534,465	11,221,234	29,615,767	3,207,886	49,812,106
FY 2006/07	29,122,639	3,127,896	32,250,535	4,348,187	1,562,366	11,338,334	29,122,639	3,127,896	49,499,421

(3) Net of DWR account interest income.



Central Coast Water Authority
Total Charges - Santa Barbara County Project Participants
 Four Year Financial Plan Charges

Entitlement			39,078
Fiscal Year	Requested Deliveries	Exchange Deliveries	Actual Deliveries
FY 2003/04	35,523	-	35,523
FY 2004/05	35,732	429	36,161
FY 2005/06	35,931	424	36,355
FY 2006/07	36,144	417	36,561

CCWA Fixed Charges

Fiscal Year	Fixed O&M Expenses ⁽¹⁾	Regional WTP Modifications			Exchange Agreement Modifications			Revenue Bond Debt Service ⁽²⁾	Fixed CCWA Charges
		Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	Capital Modifications	Fixed O&M Modifications	Total Exchange Modifications		
FY 2003/04	\$ 3,568,261	\$ 1,214,925	\$ (1,214,925)	\$ -	\$ -	\$ -	\$ -	\$ 6,288,616	\$ 9,856,877
FY 2004/05	4,015,681	1,127,608	(1,317,991)	(190,384)	31,252	16,673	47,925	9,715,739	13,588,962
FY 2005/06	4,112,390	1,140,592	(1,330,599)	(190,008)	30,861	16,958	47,819	9,837,257	13,807,459
FY 2006/07	4,221,361	1,154,311	(1,343,261)	(188,950)	30,356	17,181	47,538	9,955,437	14,035,385

(1) Includes capital improvement projects and non-annual recurring expenses.
 (2) Net of CCWA credits.

CCWA Variable O&M Charges

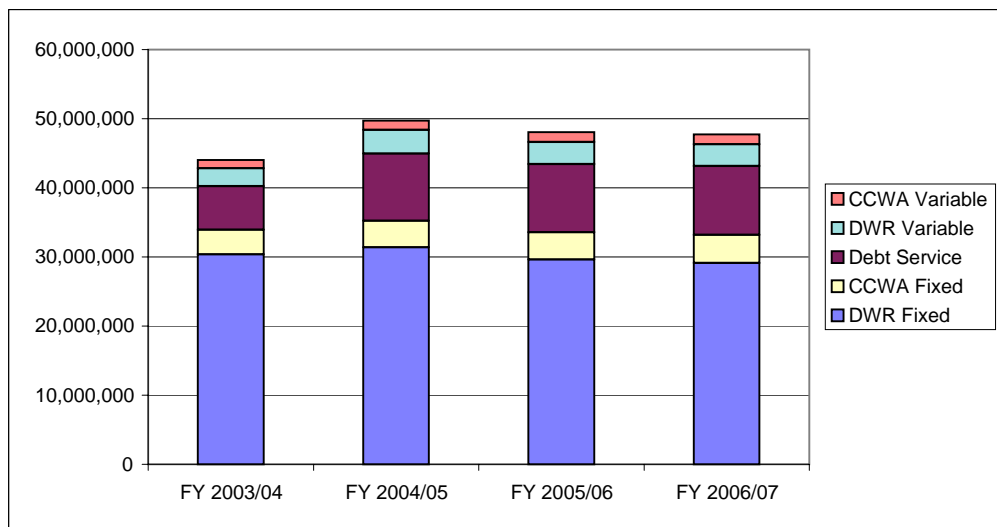
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	Regional WTP Modifications			Exchange Agreement Modifications			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2003/04	\$ 1,049,901	\$ 487,041	\$ 87,565	\$ (87,565)	\$ 0	\$ -	\$ (159,790)	\$ (169,393)	\$ 1,207,758
FY 2004/05	1,137,179	530,932	117,499	(117,499)	0	6,111	(134,889)	(159,688)	1,379,645
FY 2005/06	1,175,770	534,412	121,976	(121,976)	0	6,216	(135,201)	(164,180)	1,417,017
FY 2006/07	1,200,449	538,530	126,777	(126,777)	0	6,298	(135,603)	(168,678)	1,440,996

DWR Charges

Total State Water Charges

Fiscal Year	DWR Fixed Costs ⁽³⁾	DWR Variable Costs	Total DWR Costs	CCWA		Debt Service	DWR Fixed	DWR Variable O&M	Total SWP Charges
				Fixed	Variable O&M				
FY 2003/04	\$ 30,366,881	\$ 2,596,688	\$ 32,963,569	\$ 3,568,261	\$ 1,207,758	\$ 6,288,616	\$ 30,366,881	\$ 2,596,688	\$ 44,028,204
FY 2004/05	31,369,915	3,401,919	34,771,834	3,873,222	1,379,645	9,715,739	31,369,915	3,401,919	49,740,440
FY 2005/06	29,615,767	3,207,886	32,823,654	3,970,201	1,417,017	9,837,257	29,615,767	3,207,886	48,048,130
FY 2006/07	29,122,639	3,127,896	32,250,535	4,079,948	1,440,996	9,955,437	29,122,639	3,127,896	47,726,916

(3) Net of DWR account interest income.



Central Coast Water Authority
Shandon
 Four Year Financial Plan Charges

Entitlement				100
Fiscal Year	Requested Deliveries	Exchange Deliveries	Actual Deliveries	
FY 2003/04	-	-	-	
FY 2004/05	-	-	-	
FY 2005/06	-	-	-	
FY 2006/07	-	-	-	

CCWA Fixed Charges

Fiscal Year	Fixed O&M Expenses ⁽¹⁾	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Revenue Bond Debt Service ⁽²⁾	Fixed CCWA Charges
		Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	Capital Modifications	Fixed O&M Modifications	Total Exchange Modifications		
FY 2003/04	\$ 4,357							\$ 13,399	\$ 17,756
FY 2004/05	4,683							13,749	18,432
FY 2005/06	4,818							13,739	18,557
FY 2006/07	4,929							13,728	18,657

(1) Includes capital improvement projects and non-annual recurring expenses.

(2) Net of CCWA credits.

CCWA Variable O&M Charges

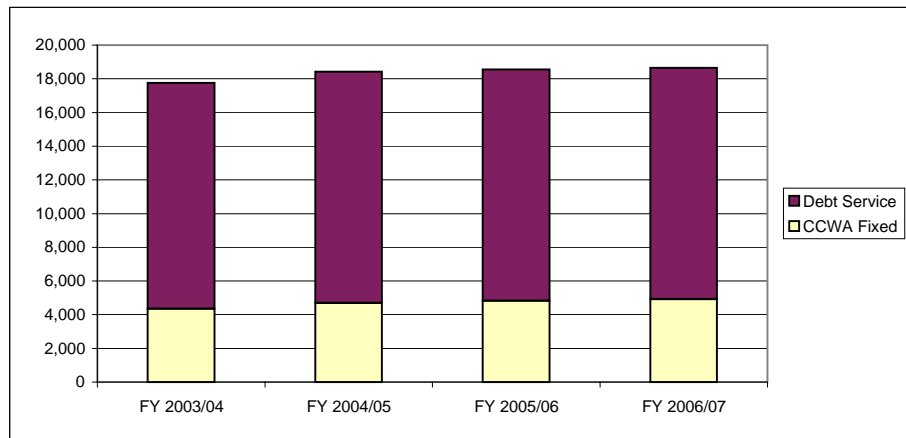
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2003/04	\$0								\$ -
FY 2004/05	-								-
FY 2005/06	-								-
FY 2006/07	-								-

DWR Charges

Total State Water Charges

Fiscal Year	DWR Fixed Costs ⁽²⁾	DWR Variable Costs	Total DWR Costs	CCWA		Debt Service	DWR Fixed	DWR Variable O&M	Total SWP Charges
				Fixed	Variable O&M				
FY 2003/04			\$ -	\$ 4,357	\$ -	\$ 13,399	\$ -	\$ -	\$ 17,756
FY 2004/05			-	4,683	-	13,749	-	-	18,432
FY 2005/06			-	4,818	-	13,739	-	-	18,557
FY 2006/07			-	4,929	-	13,728	-	-	18,657

(2) Net of DWR account interest income.



Central Coast Water Authority
FY 2003/04 Four Year Financial Plan
 Project Participant Payment Summary

Shandon

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)
April 1, 2003	\$ -	0
June 1, 2003	\$ 17,756	n/a
July 1, 2003	\$ -	0
October 1, 2003	\$ -	0
January 1, 2004	\$ -	0
April 1, 2004	\$ -	0
June 1, 2004	\$ 18,432	n/a
July 1, 2004	\$ -	0
October 1, 2004	\$ -	0
January 1, 2005	\$ -	0
April 1, 2005	\$ -	0
June 1, 2005	\$ 18,557	n/a
July 1, 2005	\$ -	0
October 1, 2005	\$ -	0
January 1, 2006	\$ -	0
April 1, 2006	\$ -	0
June 1, 2006	\$ 18,657	n/a
July 1, 2006	\$ -	0
October 1, 2006	\$ -	0
January 1, 2007	\$ -	0

Central Coast Water Authority
Chorro Valley Turnout
 Four Year Financial Plan Charges

Entitlement				2,338
Fiscal Year	Requested Deliveries	Exchange Deliveries	Actual Deliveries	
FY 2003/04	2,438	-	2,438	
FY 2004/05	5,794	-	5,794	
FY 2005/06	5,794	-	5,794	
FY 2006/07	5,794	-	5,794	

CCWA Fixed Charges

Fiscal Year	Fixed O&M Expenses ⁽¹⁾	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Revenue Bond Debt Service ⁽²⁾	Fixed CCWA Charges
		Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	Capital Modifications	Fixed O&M Modifications	Total Exchange Modifications		
FY 2003/04	\$ 109,851							\$ 1,070,619	\$ 1,180,470
FY 2004/05	122,519							1,075,615	1,198,134
FY 2005/06	125,673							1,074,824	1,200,497
FY 2006/07	128,261							1,073,986	1,202,247

(1) Includes capital improvement projects and non-annual recurring expenses.

(2) Net of CCWA credits.

CCWA Variable O&M Charges

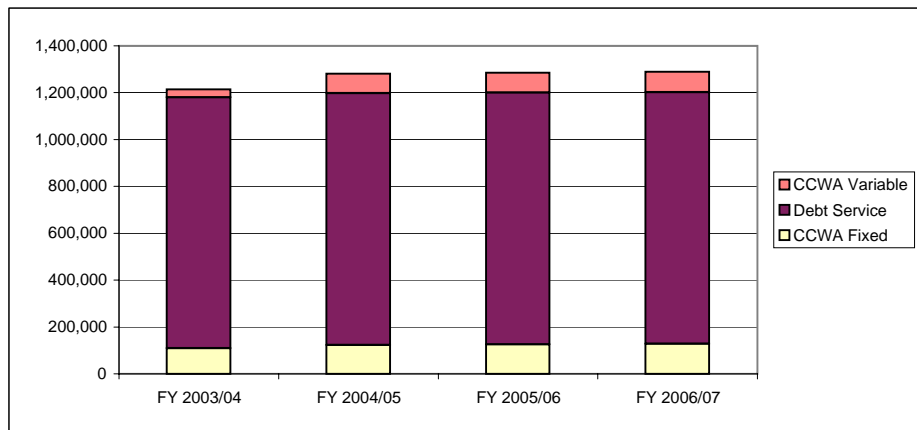
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2003/04	\$ 33,694								\$ 33,694
FY 2004/05	82,476								82,476
FY 2005/06	84,951								84,951
FY 2006/07	87,499								87,499

DWR Charges

Total State Water Charges

Fiscal Year	DWR Fixed Costs ⁽²⁾	DWR Variable Costs	Total DWR Costs	CCWA		Debt Service	DWR Fixed	DWR Variable O&M	Total SWP Charges
				Fixed	Variable O&M				
FY 2003/04			\$ -	\$ 109,851	\$ 33,694	\$ 1,070,619	\$ -	\$ -	\$ 1,214,163
FY 2004/05			-	122,519	82,476	1,075,615	-	-	1,280,610
FY 2005/06			-	125,673	84,951	1,074,824	-	-	1,285,447
FY 2006/07			-	128,261	87,499	1,073,986	-	-	1,289,746

(2) Net of DWR account interest income.



Central Coast Water Authority
FY 2003/04 Four Year Financial Plan
 Project Participant Payment Summary

Chorro Valley

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)
April 1, 2003	\$ 8,989	650
June 1, 2003	\$ 1,180,470	n/a
July 1, 2003	\$ 8,186	592
October 1, 2003	\$ 7,838	567
January 1, 2004	\$ 8,682	628
April 1, 2004	\$ 21,783	1,530
June 1, 2004	\$ 1,198,134	n/a
July 1, 2004	\$ 20,129	1,414
October 1, 2004	\$ 19,413	1,364
January 1, 2005	\$ 21,151	1,486
April 1, 2005	\$ 22,437	1,530
June 1, 2005	\$ 1,200,497	n/a
July 1, 2005	\$ 20,733	1,414
October 1, 2005	\$ 19,995	1,364
January 1, 2006	\$ 21,785	1,486
April 1, 2006	\$ 23,110	1,530
June 1, 2006	\$ 1,202,247	n/a
July 1, 2006	\$ 21,355	1,414
October 1, 2006	\$ 20,595	1,364
January 1, 2007	\$ 22,439	1,486

Central Coast Water Authority
Lopez Turnout
 Four Year Financial Plan Charges

Entitlement				2,392
Fiscal Year	Requested Deliveries	Exchange Deliveries	Actual Deliveries	
FY 2003/04	1,960	-	1,960	
FY 2004/05	2,187	-	2,187	
FY 2005/06	2,216	-	2,216	
FY 2006/07	2,243	-	2,243	

CCWA Fixed Charges

Fiscal Year	Fixed O&M Expenses ⁽¹⁾	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Revenue Bond Debt Service ⁽²⁾	Fixed CCWA Charges
		Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	Capital Modifications	Fixed O&M Modifications	Total Exchange Modifications		
FY 2003/04	\$ 116,386							\$ 290,613	\$ 406,998
FY 2004/05	128,753							295,630	424,384
FY 2005/06	132,061							295,413	427,474
FY 2006/07	135,049							295,183	430,231

(1) Includes capital improvement projects and non-annual recurring expenses.

(2) Net of CCWA credits.

CCWA Variable O&M Charges

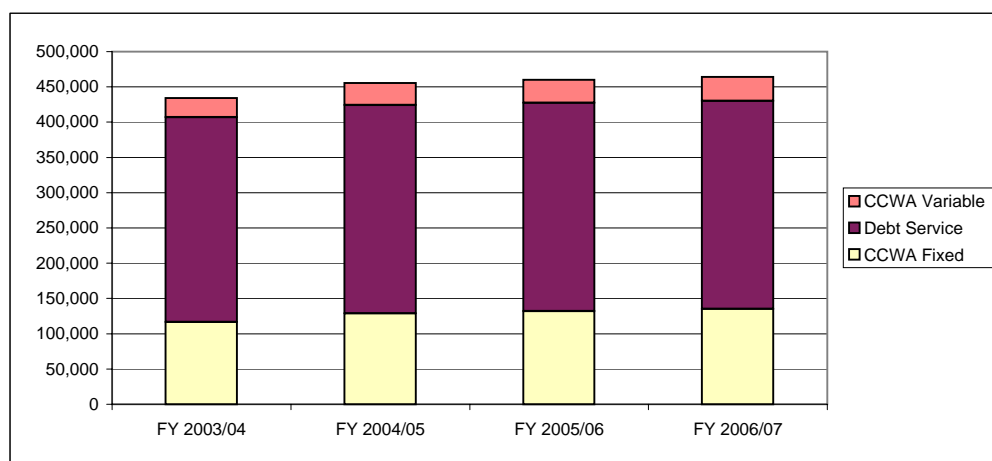
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2003/04	\$ 27,093								\$ 27,093
FY 2004/05	31,136								31,136
FY 2005/06	32,497								32,497
FY 2006/07	33,871								33,871

DWR Charges

Total State Water Charges

Fiscal Year	DWR Fixed Costs ⁽²⁾	DWR Variable Costs	Total DWR Costs	Total State Water Charges					
				CCWA Fixed	CCWA Variable O&M	Debt Service	DWR Fixed	DWR Variable O&M	Total SWP Charges
FY 2003/04			-	\$ 116,386	\$ 27,093	\$ 290,613	-	-	\$ 434,091
FY 2004/05			-	128,753	31,136	295,630	-	-	455,520
FY 2005/06			-	132,061	32,497	295,413	-	-	459,971
FY 2006/07			-	135,049	33,871	295,183	-	-	464,102

(2) Net of DWR account interest income.



Central Coast Water Authority
FY 2003/04 Four Year Financial Plan
 Project Participant Payment Summary

Lopez

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)
April 1, 2003	\$ 8,705	630
June 1, 2003	\$ 406,998	n/a
July 1, 2003	\$ 5,998	434
October 1, 2003	\$ 4,998	362
January 1, 2004	\$ 7,393	535
April 1, 2004	\$ 10,015	704
June 1, 2004	\$ 424,384	n/a
July 1, 2004	\$ 6,724	472
October 1, 2004	\$ 5,714	401
January 1, 2005	\$ 8,683	610
April 1, 2005	\$ 10,498	716
June 1, 2005	\$ 427,474	n/a
July 1, 2005	\$ 7,011	478
October 1, 2005	\$ 5,943	405
January 1, 2006	\$ 9,045	617
April 1, 2006	\$ 10,932	724
June 1, 2006	\$ 430,231	n/a
July 1, 2006	\$ 7,278	482
October 1, 2006	\$ 6,195	410
January 1, 2007	\$ 9,466	627

Central Coast Water Authority
City of Guadalupe
 Four Year Financial Plan Charges

Entitlement Including Drought Buffer				605
Fiscal Year	Requested Deliveries	Exchange Deliveries	Actual Deliveries	
FY 2003/04	605	-	605	
FY 2004/05	605	-	605	
FY 2005/06	605	-	605	
FY 2006/07	605	-	605	

CCWA Fixed Charges

Fiscal Year	Fixed O&M Expenses ⁽¹⁾	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Revenue Bond Debt Service ⁽²⁾	Fixed CCWA Charges
		Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	Capital Modifications	Fixed O&M Modifications	Total Exchange Modifications		
FY 2003/04	\$ 43,363	\$ 17,099	\$ -	\$ 17,099	\$ -	\$ -	\$ -	\$ 160,330	\$ 220,792
FY 2004/05	43,618	15,698	-	15,698	-	-	-	168,428	227,745
FY 2005/06	44,770	15,881	-	15,881	-	-	-	168,304	228,955
FY 2006/07	45,715	16,075	-	16,075	-	-	-	168,173	229,963

(1) Includes capital improvement projects and non-annual recurring expenses.

(2) Net of CCWA credits.

CCWA Variable O&M Charges

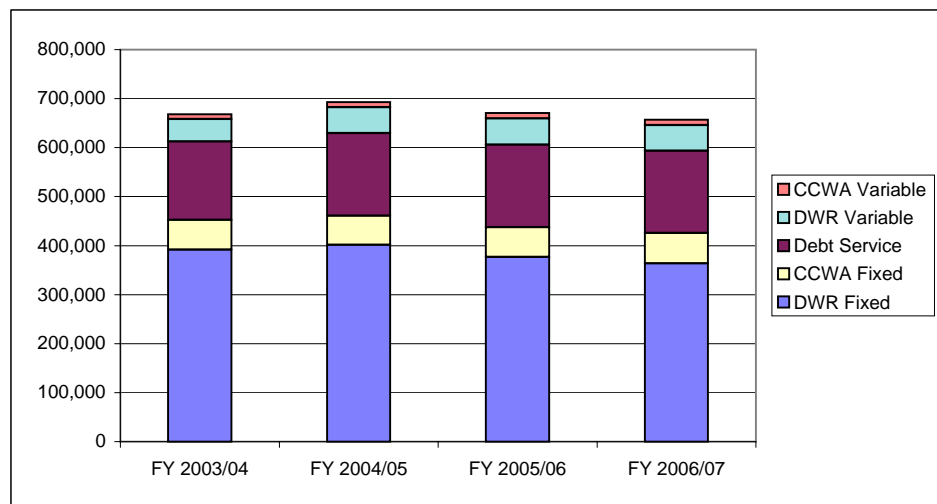
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2003/04	\$ 8,361	\$ -	\$ 1,520	\$ -	\$ 1,520	\$ -	\$ -	\$ -	\$ 9,882
FY 2004/05	8,612	-	1,998	-	1,998	-	-	-	10,610
FY 2005/06	8,870	-	2,061	-	2,061	-	-	-	10,931
FY 2006/07	9,137	-	2,127	-	2,127	-	-	-	11,263

DWR Charges

Total State Water Charges

Fiscal Year	<u>DWR Charges</u>			<u>Total State Water Charges</u>						
	DWR Fixed Costs ⁽³⁾	DWR Variable Costs	Total DWR Costs	CCWA Fixed	CCWA Variable O&M	Debt Service	DWR Fixed	DWR Variable O&M	Total SWP Charges	
FY 2003/04	\$ 392,018	\$ 45,283	\$ 437,300	\$ 60,462	\$ 9,882	\$ 160,330	\$ 392,018	\$ 45,283	\$ 667,974	
FY 2004/05	401,672	52,875	454,547	59,316	10,610	168,428	401,672	52,875	692,901	
FY 2005/06	377,003	53,615	430,618	60,651	10,931	168,304	377,003	53,615	670,504	
FY 2006/07	363,748	52,238	415,985	61,790	11,263	168,173	363,748	52,238	657,212	

(3) Net of DWR account interest income.



Central Coast Water Authority
FY 2003/04 Four Year Financial Plan
 Project Participant Payment Summary

City of Guadalupe

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)
April 1, 2003	\$ 13,967	162
June 1, 2003	\$ 612,810	n/a
July 1, 2003	\$ 13,689	145
October 1, 2003	\$ 13,542	136
January 1, 2004	\$ 13,967	162
April 1, 2004	\$ 16,791	162
June 1, 2004	\$ 629,416	n/a
July 1, 2004	\$ 15,482	145
October 1, 2004	\$ 14,621	136
January 1, 2005	\$ 16,591	162
April 1, 2005	\$ 16,849	162
June 1, 2005	\$ 605,958	n/a
July 1, 2005	\$ 15,552	145
October 1, 2005	\$ 15,062	136
January 1, 2006	\$ 17,083	162
April 1, 2006	\$ 17,012	162
June 1, 2006	\$ 593,710	n/a
July 1, 2006	\$ 15,682	145
October 1, 2006	\$ 14,438	136
January 1, 2007	\$ 16,370	162

Central Coast Water Authority
City of Santa Maria
 Four Year Financial Plan Charges

Entitlement Including Drought Buffer				17,820
Fiscal Year	Requested Deliveries	Exchange Deliveries	Actual Deliveries	
FY 2003/04	16,391	-	16,391	
FY 2004/05	16,537	-	16,537	
FY 2005/06	16,676	-	16,676	
FY 2006/07	16,818	-	16,818	

CCWA Fixed Charges

Fiscal Year	Fixed O&M Expenses ⁽¹⁾	Regional WTP Modifications			Exchange Agreement Modifications			Prepayments and Credits	Fixed CCWA Charges
		Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	Capital Modifications	Fixed O&M Modifications	Total Exchange Modifications		
FY 2003/04	\$ 1,258,209	\$ 503,654	\$ -	\$ 503,654	\$ -	\$ -	\$ -	\$ (2,217,191)	\$ (455,329)
FY 2004/05	1,315,480	462,376	-	462,376	-	-	-	-	1,777,856
FY 2005/06	1,348,882	467,764	-	467,764	-	-	-	-	1,816,646
FY 2006/07	1,377,948	473,473	-	473,473	-	-	-	-	1,851,421

(1) Includes capital improvement projects and non-annual recurring expenses.

CCWA Variable O&M Charges

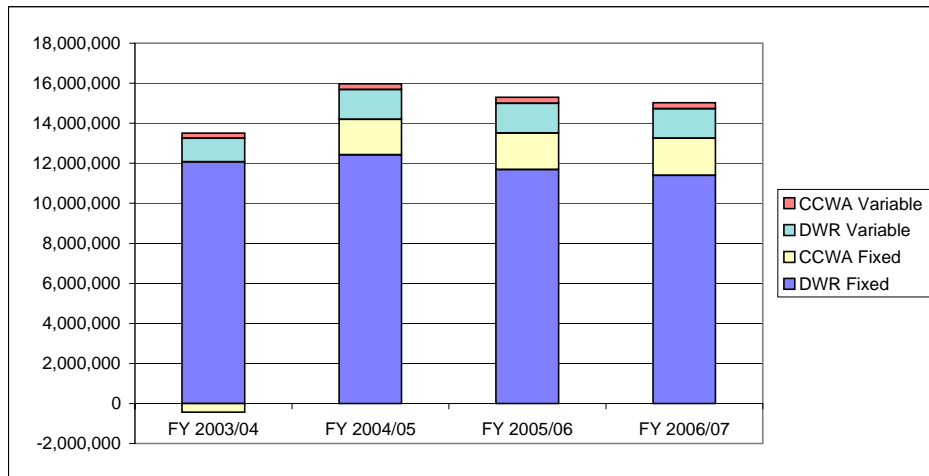
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	Regional WTP Modifications			Exchange Agreement Modifications			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2003/04	\$ 226,526	\$ -	\$ 40,289	\$ -	\$ 40,289	\$ -	\$ -	\$ -	\$ 266,816
FY 2004/05	235,400	-	53,798	-	53,798	-	-	-	289,198
FY 2005/06	244,500	-	56,055	-	56,055	-	-	-	300,555
FY 2006/07	253,980	-	58,473	-	58,473	-	-	-	312,453

DWR Charges

Total State Water Charges

Fiscal Year	DWR Charges			Total State Water Charges					
	DWR Fixed Costs ⁽²⁾	DWR Variable Costs	Total DWR Costs	CCWA Fixed	CCWA Variable O&M	Credits	DWR Fixed	DWR Variable O&M	Total SWP Charges
FY 2003/04	\$ 12,070,092	\$ 1,176,940	\$ 13,247,031	\$ 1,761,863	\$ 266,816	\$ (2,217,191)	\$ 12,070,092	\$ 1,176,940	\$ 13,058,518
FY 2004/05	12,417,348	1,482,151	13,899,499	1,777,856	289,198	0	12,417,348	1,482,151	15,966,554
FY 2005/06	11,690,949	1,490,351	13,181,301	1,816,646	300,555	0	11,690,949	1,490,351	15,298,502
FY 2006/07	11,395,827	1,469,355	12,865,182	1,851,421	312,453	0	11,395,827	1,469,355	15,029,056

(2) Net of DWR account interest income.



Central Coast Water Authority
FY 2003/04 Four Year Financial Plan
 Project Participant Payment Summary

City of Santa Maria

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)
April 1, 2003	\$ 371,784	4,764
June 1, 2003	\$ 11,614,763	n/a
July 1, 2003	\$ 355,278	3,750
October 1, 2003	\$ 344,941	3,115
January 1, 2004	\$ 371,752	4,762
April 1, 2004	\$ 493,972	4,767
June 1, 2004	\$ 14,195,204	n/a
July 1, 2004	\$ 421,185	3,821
October 1, 2004	\$ 368,097	3,182
January 1, 2005	\$ 488,095	4,767
April 1, 2005	\$ 490,809	4,772
June 1, 2005	\$ 13,507,595	n/a
July 1, 2005	\$ 423,562	3,890
October 1, 2005	\$ 378,836	3,242
January 1, 2006	\$ 497,699	4,772
April 1, 2006	\$ 498,044	4,774
June 1, 2006	\$ 13,247,248	n/a
July 1, 2006	\$ 432,946	3,942
October 1, 2006	\$ 371,483	3,325
January 1, 2007	\$ 479,334	4,777

Central Coast Water Authority
Southern California Water Company
 Four Year Financial Plan Charges

Entitlement Including Drought Buffer				550
Fiscal Year	Requested Deliveries	Exchange Deliveries	Actual Deliveries	
FY 2003/04	550	-	550	
FY 2004/05	550	-	550	
FY 2005/06	550	-	550	
FY 2006/07	550	-	550	

CCWA Fixed Charges

Fiscal Year	Fixed O&M Expenses ⁽¹⁾	Regional WTP Modifications			Exchange Agreement Modifications			CCWA Credits	Fixed CCWA Charges
		Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	Capital Modifications	Fixed O&M Modifications	Total Exchange Modifications		
FY 2003/04	\$ 40,760	\$ 15,545	\$ -	\$ 15,545	\$ -	\$ -	\$ -	\$ (18)	\$ 56,287
FY 2004/05	39,429	14,271	-	14,271	-	-	-	-	53,700
FY 2005/06	40,460	14,437	-	14,437	-	-	-	-	54,897
FY 2006/07	41,357	14,613	-	14,613	-	-	-	-	55,970

(1) Includes capital improvement projects and non-annual recurring expenses.

CCWA Variable O&M Charges

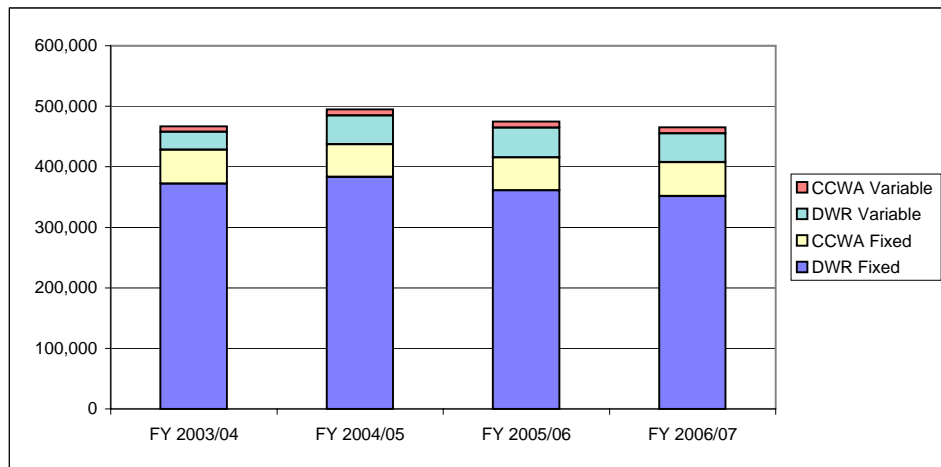
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	Regional WTP Modifications			Exchange Agreement Modifications			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2003/04	\$ 7,601	\$ -	\$ 1,394	\$ -	\$ 1,394	\$ -	\$ -	\$ -	\$ 8,995
FY 2004/05	7,829	-	1,831	-	1,831	-	-	-	9,660
FY 2005/06	8,064	-	1,888	-	1,888	-	-	-	9,952
FY 2006/07	8,306	-	1,948	-	1,948	-	-	-	10,254

DWR Charges

Total State Water Charges

Fiscal Year	DWR Charges			Total State Water Charges					
	DWR Fixed Costs ⁽²⁾	DWR Variable Costs	Total DWR Costs	CCWA Fixed	CCWA Variable O&M	CCWA Credits	DWR Fixed	DWR Variable O&M	Total SWP Charges
FY 2003/04	\$ 372,135	\$ 29,237	\$ 401,372	\$ 56,305	\$ 8,995	\$ (18)	\$ 372,135	\$ 29,237	\$ 466,654
FY 2004/05	383,251	48,040	431,291	53,700	9,660	0	383,251	48,040	494,651
FY 2005/06	360,832	48,774	409,606	54,897	9,952	0	360,832	48,774	474,455
FY 2006/07	351,723	47,397	399,120	55,970	10,254	0	351,723	47,397	465,345

(2) Net of DWR account interest income.



Central Coast Water Authority
FY 2003/04 Four Year Financial Plan
 Project Participant Payment Summary

Southern California Water Company

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)
April 1, 2003	\$ 9,713	147
June 1, 2003	\$ 428,422	n/a
July 1, 2003	\$ 9,092	109
October 1, 2003	\$ 9,713	147
January 1, 2004	\$ 9,713	147
April 1, 2004	\$ 15,247	147
June 1, 2004	\$ 436,951	n/a
July 1, 2004	\$ 12,321	109
October 1, 2004	\$ 15,066	147
January 1, 2005	\$ 15,066	147
April 1, 2005	\$ 15,300	147
June 1, 2005	\$ 415,729	n/a
July 1, 2005	\$ 12,400	109
October 1, 2005	\$ 15,513	147
January 1, 2006	\$ 15,513	147
April 1, 2006	\$ 15,448	147
June 1, 2006	\$ 407,693	n/a
July 1, 2006	\$ 12,473	109
October 1, 2006	\$ 14,865	147
January 1, 2007	\$ 14,865	147

Central Coast Water Authority
Vandenberg Air Force Base
 Four Year Financial Plan Charges

Entitlement Including Drought Buffer			6,050
Fiscal Year	Requested Deliveries	Exchange Deliveries	Actual Deliveries
FY 2003/04	6,050	-	6,050
FY 2004/05	6,050	-	6,050
FY 2005/06	6,050	-	6,050
FY 2006/07	6,050	-	6,050

CCWA Fixed Charges

Fiscal Year	Fixed O&M Expenses ⁽¹⁾	Regional WTP Modifications			Exchange Agreement Modifications			CCWA Credits	Fixed CCWA Charges
		Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	Capital Modifications	Fixed O&M Modifications	Total Exchange Modifications		
FY 2003/04	\$ 485,068	\$ 170,994	\$ -	\$ 170,994	\$ -	\$ -	\$ -	\$ (660)	\$ 655,402
FY 2004/05	526,887	156,980	-	156,980	-	-	-	-	683,866
FY 2005/06	539,891	158,809	-	158,809	-	-	-	-	698,700
FY 2006/07	553,360	160,747	-	160,747	-	-	-	-	714,107

(1) Includes capital improvement projects and non-annual recurring expenses.

CCWA Variable O&M Charges

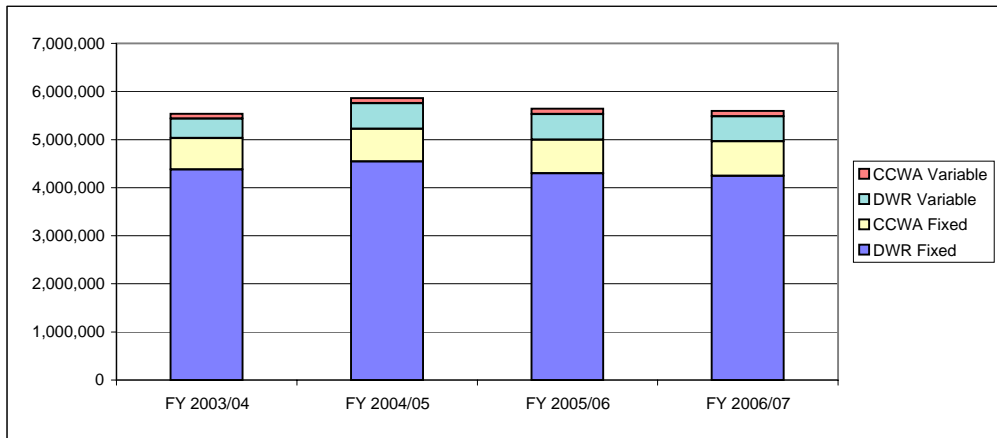
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	Regional WTP Modifications			Exchange Agreement Modifications			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2003/04	\$ 83,612	\$ -	\$ 15,120	\$ -	\$ 15,120	\$ -	\$ -	\$ -	\$ 98,732
FY 2004/05	86,120	-	19,873	-	19,873	-	-	-	105,993
FY 2005/06	88,704	-	20,502	-	20,502	-	-	-	109,206
FY 2006/07	91,365	-	21,169	-	21,169	-	-	-	112,534

DWR Charges

Total State Water Charges

Fiscal Year	DWR Charges			Total State Water Charges						
	DWR Fixed Costs ⁽²⁾	DWR Variable Costs	Total DWR Costs	CCWA Fixed	CCWA Variable O&M	CCWA Credits	DWR Fixed	DWR Variable O&M	Total SWP Charges	
FY 2003/04	\$ 4,375,990	\$ 403,049	\$ 4,779,039	\$ 656,062	\$ 98,732	\$ (660)	\$ 4,375,990	\$ 403,049	\$ 5,533,172	
FY 2004/05	4,542,164	528,932	5,071,096	683,866	105,993	0	4,542,164	528,932	5,860,956	
FY 2005/06	4,295,661	535,935	4,831,595	698,700	109,206	0	4,295,661	535,935	5,639,501	
FY 2006/07	4,248,525	522,966	4,771,491	714,107	112,534	0	4,248,525	522,966	5,598,132	

(2) Net of DWR account interest income.



Central Coast Water Authority
FY 2003/04 Four Year Financial Plan
 Project Participant Payment Summary

Vandenberg Air Force Base

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)
April 1, 2003	\$ 127,297	1,626
June 1, 2003	\$ 5,031,392	n/a
July 1, 2003	\$ 126,743	1,592
October 1, 2003	\$ 120,443	1,206
January 1, 2004	\$ 127,297	1,626
April 1, 2004	\$ 168,341	1,626
June 1, 2004	\$ 5,226,030	n/a
July 1, 2004	\$ 165,724	1,592
October 1, 2004	\$ 134,525	1,206
January 1, 2005	\$ 166,336	1,626
April 1, 2005	\$ 168,920	1,626
June 1, 2005	\$ 4,994,360	n/a
July 1, 2005	\$ 166,326	1,592
October 1, 2005	\$ 138,627	1,206
January 1, 2006	\$ 171,267	1,626
April 1, 2006	\$ 170,566	1,626
June 1, 2006	\$ 4,962,632	n/a
July 1, 2006	\$ 167,905	1,592
October 1, 2006	\$ 132,912	1,206
January 1, 2007	\$ 164,117	1,626

Central Coast Water Authority
City of Buellton
 Four Year Financial Plan Charges

Entitlement Including Drought Buffer				636
Fiscal Year	Requested Deliveries	Exchange Deliveries	Actual Deliveries	
FY 2003/04	636	-	636	
FY 2004/05	636	-	636	
FY 2005/06	636	-	636	
FY 2006/07	636	-	636	

CCWA Fixed Charges

Fiscal Year	Fixed O&M Expenses ⁽¹⁾	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Revenue Bond Debt Service ⁽²⁾	Fixed CCWA Charges
		Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	Capital Modifications	Fixed O&M Modifications	Total Exchange Modifications		
FY 2003/04	\$ 63,915	\$ 17,970	\$ -	\$ 17,970	\$ -	\$ -	\$ -	\$ 297,129	\$ 379,013
FY 2004/05	68,553	16,497	-	16,497	-	-	-	298,295	383,345
FY 2005/06	70,069	16,689	-	16,689	-	-	-	298,076	384,835
FY 2006/07	72,005	16,893	-	16,893	-	-	-	297,843	386,741

(1) Includes capital improvement projects and non-annual recurring expenses.

(2) Net of CCWA credits.

CCWA Variable O&M Charges

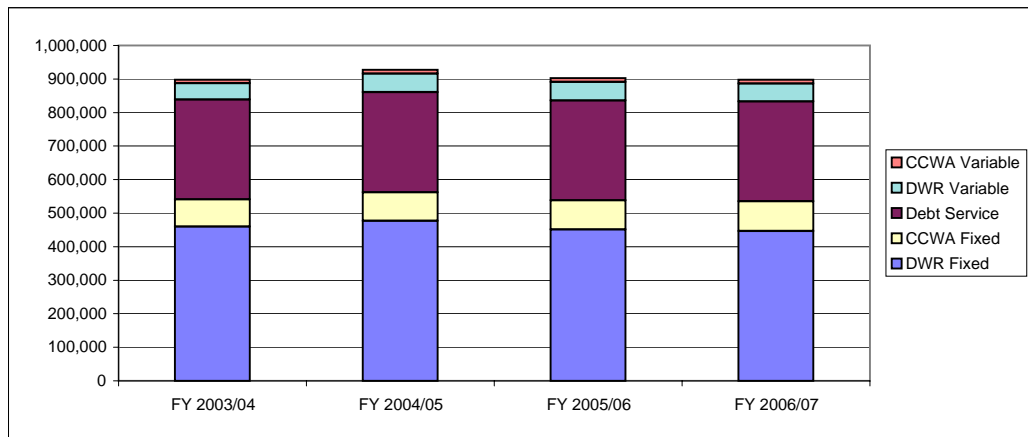
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2003/04	\$ 8,790	\$ -	\$ 1,597	\$ -	\$ 1,597	\$ -	\$ -	\$ -	\$ 10,387
FY 2004/05	9,053	-	2,099	-	2,099	-	-	-	11,152
FY 2005/06	9,325	-	2,165	-	2,165	-	-	-	11,490
FY 2006/07	9,605	-	2,235	-	2,235	-	-	-	11,840

DWR Charges

Total State Water Charges

Fiscal Year	DWR Fixed Costs ⁽³⁾	DWR Variable Costs	Total DWR Costs	CCWA		Debt Service	DWR Fixed	DWR Variable O&M	Total SWP Charges
				Fixed	Variable O&M				
FY 2003/04	\$ 459,457	\$ 48,741	\$ 508,198	\$ 81,884	\$ 10,387	\$ 297,129	\$ 459,457	\$ 48,741	\$ 897,598
FY 2004/05	477,345	55,583	532,928	85,050	11,152	298,295	477,345	55,583	927,426
FY 2005/06	451,440	54,754	506,193	86,759	11,490	298,076	451,440	54,754	902,518
FY 2006/07	446,486	53,209	499,695	88,898	11,840	297,843	446,486	53,209	898,276

(3) Net of DWR account interest income.



Central Coast Water Authority
FY 2003/04 Four Year Financial Plan
 Project Participant Payment Summary

City of Buellton

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)
April 1, 2003	\$ 14,978	171
June 1, 2003	\$ 838,470	n/a
July 1, 2003	\$ 14,651	151
October 1, 2003	\$ 14,521	143
January 1, 2004	\$ 14,978	171
April 1, 2004	\$ 17,705	171
June 1, 2004	\$ 860,690	n/a
July 1, 2004	\$ 16,165	151
October 1, 2004	\$ 15,373	143
January 1, 2005	\$ 17,494	171
April 1, 2005	\$ 17,363	171
June 1, 2005	\$ 836,274	n/a
July 1, 2005	\$ 15,837	151
October 1, 2005	\$ 15,434	143
January 1, 2006	\$ 17,610	171
April 1, 2006	\$ 17,513	171
June 1, 2006	\$ 833,227	n/a
July 1, 2006	\$ 15,947	151
October 1, 2006	\$ 14,754	143
January 1, 2007	\$ 16,835	171

Central Coast Water Authority
Santa Ynez Improvement District No. 1 (City of Solvang)
 Four Year Financial Plan Charges

Entitlement Including Drought Buffer				1,500
Fiscal Year	Requested Deliveries	Exchange Deliveries	Actual Deliveries	
FY 2003/04	1,500	-	1,500	
FY 2004/05	1,500	-	1,500	
FY 2005/06	1,500	-	1,500	
FY 2006/07	1,500	-	1,500	

CCWA Fixed Charges

Fiscal Year	Fixed O&M Expenses ⁽¹⁾	Regional WTP Modifications			Exchange Agreement Modifications			Revenue Bond Debt Service ⁽²⁾	Fixed CCWA Charges
		Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	Capital Modifications	Fixed O&M Modifications	Total Exchange Modifications		
FY 2003/04	\$ 170,619	\$ 46,635	\$ -	\$ 46,635	\$ -	\$ -	\$ -	\$ 615,196	\$ 832,450
FY 2004/05	169,064	42,813	-	42,813	-	-	-	632,318	844,195
FY 2005/06	173,000	43,311	-	43,311	-	-	-	632,120	848,432
FY 2006/07	178,022	43,840	-	43,840	-	-	-	631,911	853,773

(1) Includes capital improvement projects and non-annual recurring expenses.

(2) Net of CCWA credits.

CCWA Variable O&M Charges

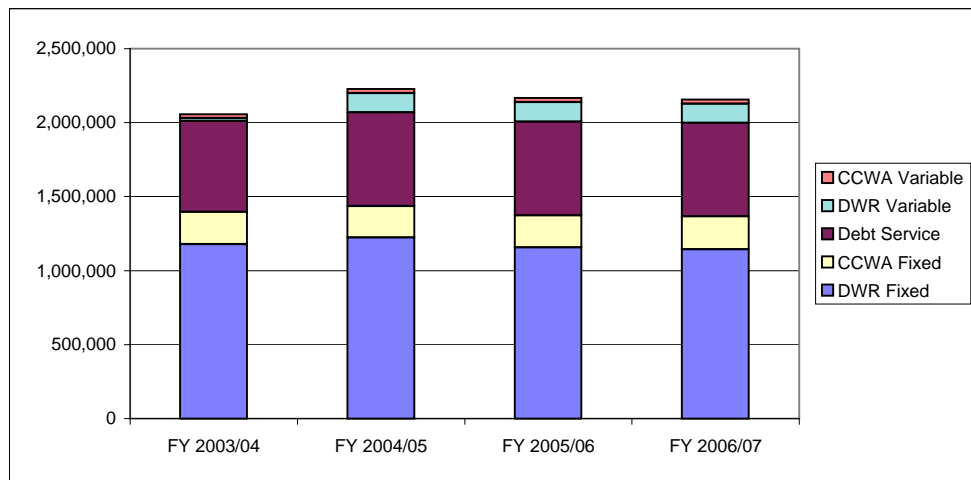
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	Regional WTP Modifications			Exchange Agreement Modifications			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2003/04	\$ 20,730	\$ -	\$ 3,763	\$ -	\$ 3,763	\$ -	\$ -	\$ -	\$ 24,493
FY 2004/05	21,352	-	4,947	-	4,947	-	-	-	26,299
FY 2005/06	21,993	-	5,103	-	5,103	-	-	-	27,095
FY 2006/07	22,652	-	5,268	-	5,268	-	-	-	27,920

DWR Charges

Total State Water Charges

Fiscal Year	DWR Fixed Costs ⁽³⁾	DWR Variable Costs	Total DWR Costs	CCWA		Debt Service	DWR Fixed	DWR Variable O&M	Total SWP Charges
				Fixed	Variable O&M				
FY 2003/04	\$ 1,178,967	\$ 19,817	\$ 1,198,783	\$ 217,254	\$24,493	\$615,196	\$ 1,178,967	\$ 19,817	\$ 2,055,726
FY 2004/05	1,224,843	131,094	1,355,936	211,877	26,299	632,318	1,224,843	131,094	2,226,430
FY 2005/06	1,157,876	132,931	1,290,807	216,311	27,095	632,120	1,157,876	132,931	2,166,334
FY 2006/07	1,144,344	129,511	1,273,855	221,863	27,920	631,911	1,144,344	129,511	2,155,548

(3) Net of DWR account interest income.



Central Coast Water Authority
FY 2003/04 Four Year Financial Plan
 Project Participant Payment Summary
 Santa Ynez River Water Conservation District, ID#1
(City of Solvang)

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)
April 1, 2003	\$ 11,567	405
June 1, 2003	\$ 2,011,417	n/a
July 1, 2003	\$ 10,751	355
October 1, 2003	\$ 10,424	335
January 1, 2004	\$ 11,567	405
April 1, 2004	\$ 41,886	405
June 1, 2004	\$ 2,069,037	n/a
July 1, 2004	\$ 38,036	355
October 1, 2004	\$ 36,084	335
January 1, 2005	\$ 41,386	405
April 1, 2005	\$ 42,028	405
June 1, 2005	\$ 2,006,308	n/a
July 1, 2005	\$ 38,214	355
October 1, 2005	\$ 37,172	335
January 1, 2006	\$ 42,613	405
April 1, 2006	\$ 42,440	405
June 1, 2006	\$ 1,998,117	n/a
July 1, 2006	\$ 38,526	355
October 1, 2006	\$ 35,632	335
January 1, 2007	\$ 40,834	405

Central Coast Water Authority
Santa Ynez Improvement District No. 1
 Four Year Financial Plan Charges

Entitlement Including Drought Buffer				700
Fiscal Year	Requested Deliveries	Exchange Deliveries	Actual Deliveries	
FY 2003/04	700	2,755	3,455	
FY 2004/05	700	2,755	3,455	
FY 2005/06	700	2,755	3,455	
FY 2006/07	700	2,755	3,455	

CCWA Fixed Charges

Fiscal Year	Fixed O&M Expenses ⁽¹⁾	Regional WTP Modifications			Exchange Agreement Modifications			Revenue Bond Debt Service ⁽²⁾	Fixed CCWA Charges
		Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	Capital Modifications	Fixed O&M Modifications	Total Exchange Modifications		
FY 2003/04	\$ 62,961	\$ 101,197	\$ -	\$ 101,197	\$ 200,548	\$ 103,874	\$ 304,422	\$ 165,239	\$ 633,819
FY 2004/05	75,399	92,903	-	92,903	200,548	106,990	307,538	236,755	712,595
FY 2005/06	76,711	93,986	-	93,986	200,548	110,200	310,748	236,680	718,125
FY 2006/07	78,386	95,133	-	95,133	200,548	113,506	314,054	236,602	724,174

(1) Includes capital improvement projects and non-annual recurring expenses.

(2) Net of CCWA credits

CCWA Variable O&M Charges

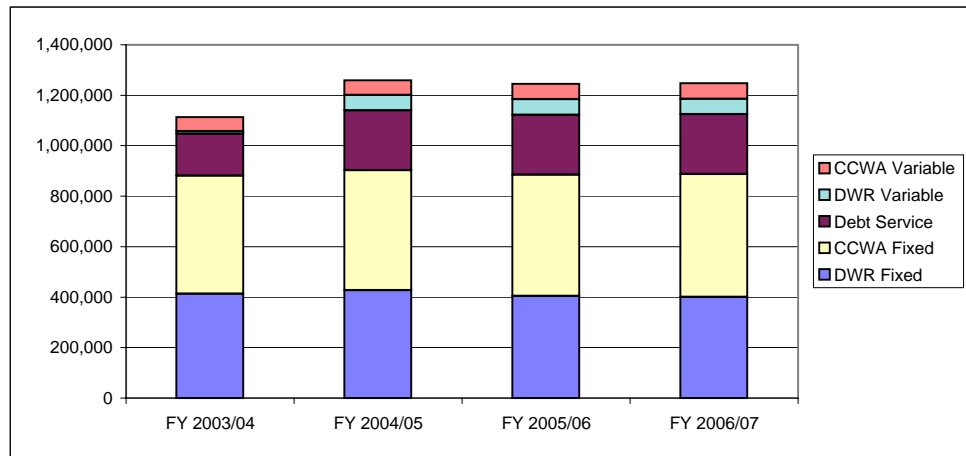
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	Regional WTP Modifications			Exchange Agreement Modifications			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2003/04	\$ 9,674	\$ -	\$ 7,035	\$ -	\$ 7,035	\$ 38,075	\$ -	\$ -	\$ 54,784
FY 2004/05	9,964	-	9,909	-	9,909	39,217	-	-	59,090
FY 2005/06	10,263	-	10,251	-	10,251	40,393	-	-	60,908
FY 2006/07	10,571	-	10,625	-	10,625	41,605	-	-	62,801

DWR Charges

Total State Water Charges

Fiscal Year	DWR Charges			Total State Water Charges					
	DWR Fixed Costs ⁽³⁾	DWR Variable Costs	Total DWR Costs	CCWA Fixed	CCWA Variable O&M	Debt Service	DWR Fixed	DWR Variable O&M	Total SWP Charges
FY 2003/04	\$ 413,111	\$ 11,209	\$ 424,320	\$ 468,580	\$ 54,784	\$ 165,239	\$ 413,111	\$ 11,209	\$ 1,112,923
FY 2004/05	426,853	61,186	488,039	475,841	59,090	236,755	426,853	61,186	1,259,725
FY 2005/06	404,182	62,024	466,206	481,445	60,908	236,680	404,182	62,024	1,245,239
FY 2006/07	400,575	60,467	461,042	487,572	62,801	236,602	400,575	60,467	1,248,018

(3) Net of DWR account interest income.



Central Coast Water Authority
FY 2003/04 Four Year Financial Plan
 Project Participant Payment Summary

Santa Ynez River Water Conservation District, ID#1

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)	Actual SWP Delivery (acre-feet)
April 1, 2003	\$ 33,342	186	1,926
June 1, 2003	\$ 1,046,930	n/a	n/a
July 1, 2003	\$ 8,764	176	376
October 1, 2003	\$ 6,560	152	237
January 1, 2004	\$ 17,327	186	916
April 1, 2004	\$ 48,995	186	1,926
June 1, 2004	\$ 1,139,449	n/a	n/a
July 1, 2004	\$ 21,891	176	376
October 1, 2004	\$ 17,899	152	237
January 1, 2005	\$ 31,492	186	916
April 1, 2005	\$ 49,978	186	1,926
June 1, 2005	\$ 1,122,307	n/a	n/a
July 1, 2005	\$ 22,071	176	376
October 1, 2005	\$ 18,442	152	237
January 1, 2006	\$ 32,441	186	916
April 1, 2006	\$ 51,117	186	1,926
June 1, 2006	\$ 1,124,749	n/a	n/a
July 1, 2006	\$ 22,346	176	376
October 1, 2006	\$ 17,785	152	237
January 1, 2007	\$ 32,021	186	916

Central Coast Water Authority
Goleta Water District
 Four Year Financial Plan Charges

Entitlement Including Drought Buffer				4,950
Fiscal Year	Requested Deliveries	Exchange Deliveries	Actual Deliveries	
FY 2003/04	4,950	(992)	3,958	
FY 2004/05	4,950	(992)	3,958	
FY 2005/06	4,950	(992)	3,958	
FY 2006/07	4,950	(992)	3,958	

CCWA Fixed Charges

Fiscal Year	Fixed O&M Expenses ⁽¹⁾	Regional WTP Modifications			Exchange Agreement Modifications			Revenue Bond Debt Service ⁽²⁾	Fixed CCWA Charges
		Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	Capital Modifications	Fixed O&M Modifications	Total Exchange Modifications		
FY 2003/04	\$ 525,896	\$ 109,069	\$ (387,649)	\$ (278,580)	\$ (72,197)	\$ (37,395)	\$ (109,592)	\$ 2,797,446	\$ 2,935,170
FY 2004/05	581,759	100,130	(404,731)	(304,601)	(72,197)	(38,517)	(110,714)	2,882,449	3,048,893
FY 2005/06	595,293	101,297	(408,795)	(307,498)	(72,197)	(39,672)	(111,869)	2,880,330	3,056,256
FY 2006/07	613,608	102,533	(412,935)	(310,402)	(72,197)	(40,862)	(113,059)	2,878,083	3,068,230

(1) Includes capital improvement projects and non-annual recurring expenses.

(2) Net of CCWA credits.

CCWA Variable O&M Charges

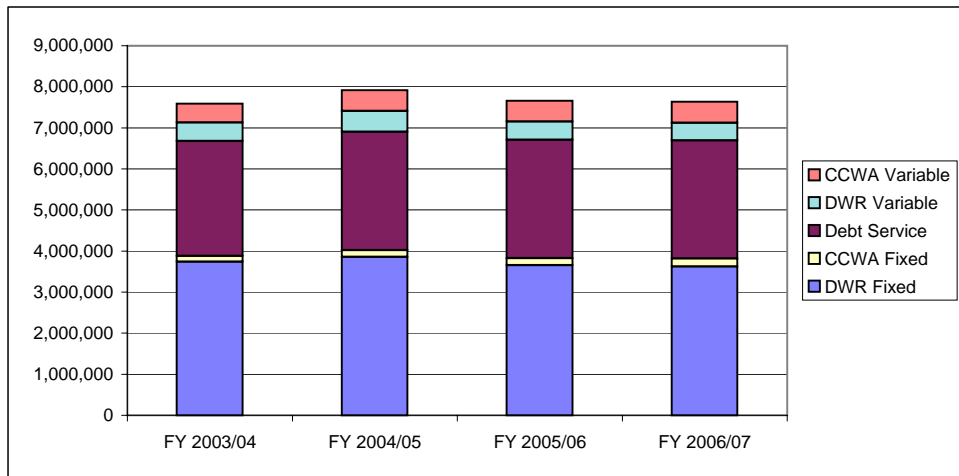
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	Regional WTP Modifications			Exchange Agreement Modifications			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2003/04	\$ 372,764	\$ 260,672	\$ 10,599	\$ (54,703)	\$ (44,104)	\$ (13,707)	\$ (57,524)	\$ (60,982)	\$ 457,120
FY 2004/05	410,344	287,100	13,672	(68,111)	(54,439)	(14,118)	(57,524)	(68,100)	503,263
FY 2005/06	421,212	287,100	14,089	(70,145)	(56,056)	(14,542)	(57,524)	(69,854)	510,336
FY 2006/07	431,880	287,100	14,524	(72,233)	(57,710)	(14,978)	(57,524)	(71,555)	517,213

DWR Charges

Total State Water Charges

Fiscal Year	DWR Charges		Total DWR Costs	Total State Water Charges					
	DWR Fixed Costs ⁽³⁾	DWR Variable Costs		CCWA Fixed	CCWA Variable O&M	Debt Service	DWR Fixed	DWR Variable O&M	Total SWP Charges
FY 2003/04	\$ 3,743,953	\$ 453,351	\$ 4,197,304	\$ 137,725	\$ 457,120	\$ 2,797,446	\$ 3,743,953	\$ 453,351	\$ 7,589,594
FY 2004/05	3,857,345	504,000	4,361,345	166,444	503,263	2,882,449	3,857,345	504,000	7,913,501
FY 2005/06	3,653,304	443,510	4,096,814	175,926	510,336	2,880,330	3,653,304	443,510	7,663,406
FY 2006/07	3,626,165	425,630	4,051,795	190,147	517,213	2,878,083	3,626,165	425,630	7,637,237

(3) Net of DWR account interest income. Includes DWR fixed costs for the Goleta additional 2500 AF.



Central Coast Water Authority
FY 2003/04 Four Year Financial Plan
 Project Participant Payment Summary

Goleta Water District

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)	Actual SWP Delivery (acre-feet)
April 1, 2003	\$ 194,479	1,329	703
June 1, 2003	\$ 6,679,124	n/a	n/a
July 1, 2003	\$ 242,683	1,192	1,120
October 1, 2003	\$ 247,349	1,191	1,160
January 1, 2004	\$ 225,960	1,238	975
April 1, 2004	\$ 221,520	1,329	703
June 1, 2004	\$ 6,906,238	n/a	n/a
July 1, 2004	\$ 266,445	1,192	1,120
October 1, 2004	\$ 270,054	1,191	1,160
January 1, 2005	\$ 249,243	1,238	975
April 1, 2005	\$ 205,915	1,329	703
June 1, 2005	\$ 6,709,560	n/a	n/a
July 1, 2005	\$ 251,755	1,192	1,120
October 1, 2005	\$ 258,625	1,191	1,160
January 1, 2006	\$ 237,551	1,238	975
April 1, 2006	\$ 206,083	1,329	703
June 1, 2006	\$ 6,694,395	n/a	n/a
July 1, 2006	\$ 252,450	1,192	1,120
October 1, 2006	\$ 252,946	1,191	1,160
January 1, 2007	\$ 231,364	1,238	975

Central Coast Water Authority
Morehart Land Company
 Four Year Financial Plan Charges

Entitlement Including Drought Buffer				220
Fiscal Year	Requested Deliveries	Exchange Deliveries	Actual Deliveries	
FY 2003/04	122	-	122	
FY 2004/05	139	-	139	
FY 2005/06	159	-	159	
FY 2006/07	175	-	175	

CCWA Fixed Charges

Fiscal Year	Fixed O&M Expenses ⁽¹⁾	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Revenue Bond Debt Service ⁽²⁾	Fixed CCWA Charges
		Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	Capital Modifications	Fixed O&M Modifications	Total Exchange Modifications		
FY 2003/04	\$ 23,373	\$ 6,218	\$ (22,100)	\$ (15,882)	-	-	-	\$ 106,519	\$ 114,010
FY 2004/05	25,843	5,708	(23,073)	(17,365)	-	-	-	116,446	124,924
FY 2005/06	26,445	5,775	(23,305)	(17,530)	-	-	-	122,322	131,237
FY 2006/07	27,259	5,845	(23,541)	(17,696)	-	-	-	128,057	137,620

(1) Includes capital improvement projects and non-annual recurring expenses.

(2) Net of CCWA credits.

CCWA Variable O&M Charges

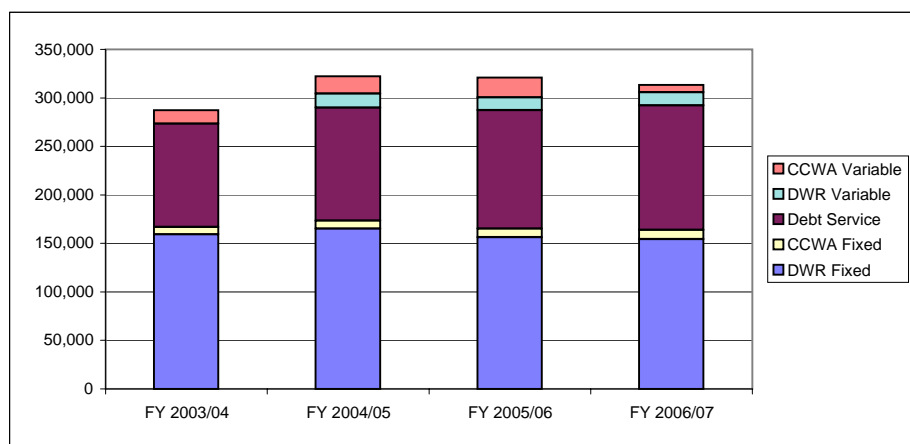
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2003/04	\$ 9,187	\$ 6,250	\$ 313	\$ (1,686)	\$ (1,373)	-	-	-	\$ 14,064
FY 2004/05	11,523	8,062	465	(2,392)	(1,927)	-	-	-	17,658
FY 2005/06	13,530	9,222	547	(2,818)	(2,270)	-	-	-	20,482
FY 2006/07	-	10,150	615	(3,194)	(2,579)	-	-	-	7,571

DWR Charges

Total State Water Charges

Fiscal Year	DWR Fixed Costs ⁽³⁾	DWR Variable Costs	Total DWR Costs	CCWA Fixed	CCWA Variable O&M	Debt Service	DWR Fixed	DWR Variable O&M	Total SWP Charges
	FY 2003/04	\$ 159,393	-	\$ 159,393	\$ 7,491	\$ 14,064	\$ 106,519	\$ 159,393	-
FY 2004/05	165,170	14,454	179,623	8,478	17,658	116,446	165,170	14,454	322,205
FY 2005/06	156,206	12,995	169,201	8,914	20,482	122,322	156,206	12,995	320,919
FY 2006/07	154,492	13,749	168,241	9,563	7,571	128,057	154,492	13,749	313,432

(3) Net of DWR account interest income.



Central Coast Water Authority
FY 2003/04 Four Year Financial Plan
 Project Participant Payment Summary

Morehart Land Company

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)
April 1, 2003	\$ 3,343	29
June 1, 2003	\$ 273,403	n/a
July 1, 2003	\$ 3,228	28
October 1, 2003	\$ 3,574	31
January 1, 2004	\$ 3,919	34
April 1, 2004	\$ 7,911	34
June 1, 2004	\$ 290,094	n/a
July 1, 2004	\$ 7,351	31
October 1, 2004	\$ 8,054	35
January 1, 2005	\$ 8,795	39
April 1, 2005	\$ 8,199	39
June 1, 2005	\$ 287,442	n/a
July 1, 2005	\$ 7,825	37
October 1, 2005	\$ 8,255	39
January 1, 2006	\$ 9,198	44
April 1, 2006	\$ 5,855	48
June 1, 2006	\$ 292,112	n/a
July 1, 2006	\$ 4,929	39
October 1, 2006	\$ 4,972	41
January 1, 2007	\$ 5,566	47

Central Coast Water Authority
La Cumbre Mutual Water Company
 Four Year Financial Plan Charges

Entitlement Including Drought Buffer				1,100
Fiscal Year	Requested Deliveries	Exchange Deliveries	Actual Deliveries	
FY 2003/04	1,100	-	1,100	
FY 2004/05	1,100	-	1,100	
FY 2005/06	1,100	-	1,100	
FY 2006/07	1,100	-	1,100	

CCWA Fixed Charges

Fiscal Year	Fixed O&M Expenses ⁽¹⁾	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Revenue Bond Debt Service ⁽²⁾	Fixed CCWA Charges
		Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	Capital Modifications	Fixed O&M Modifications	Total Exchange Modifications		
FY 2003/04	\$ 116,872	\$ 31,090	\$ (110,498)	\$ (79,408)	-	-	-	\$ (401,981)	\$ (364,517)
FY 2004/05	129,436	28,542	(115,367)	(86,825)	-	-	-	557,675	600,286
FY 2005/06	132,443	28,874	(116,526)	(87,651)	-	-	-	585,817	630,609
FY 2006/07	136,513	29,227	(117,706)	(88,479)	-	-	-	613,282	661,316

(1) Includes capital improvement projects and non-annual recurring expenses.

(2) Net of CCWA credits.

CCWA Variable O&M Charges

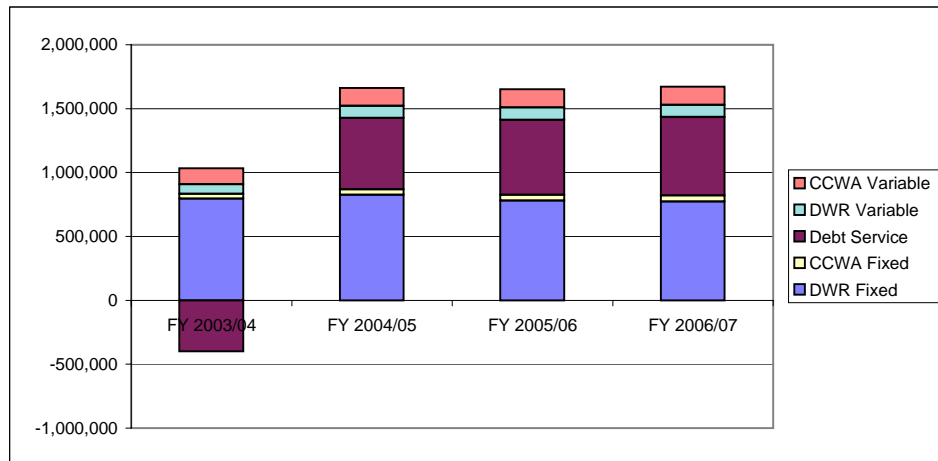
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2003/04	\$ 82,837	\$ 55,274	\$ 2,751	\$ (15,202)	\$ (12,451)	-	-	-	\$ 125,660
FY 2004/05	91,188	63,800	3,615	(18,928)	(15,314)	-	-	-	139,674
FY 2005/06	93,603	63,800	3,729	(19,494)	(15,764)	-	-	-	141,638
FY 2006/07	95,973	63,800	3,850	(20,074)	(16,224)	-	-	-	143,550

DWR Charges

Total State Water Charges

Fiscal Year	<u>DWR Charges</u>			<u>Total State Water Charges</u>						
	DWR Fixed Costs ⁽³⁾	DWR Variable Costs	Total DWR Costs	CCWA Fixed	CCWA Variable O&M	Debt Service	DWR Fixed	DWR Variable O&M	Total SWP Charges	
FY 2003/04	\$ 794,924	\$ 74,869	\$ 869,793	\$37,464	\$ 125,660	\$ (401,981)	\$ 794,924	\$ 74,869	\$ 630,936	
FY 2004/05	825,848	96,173	922,021	42,610	139,674	557,675	825,848	96,173	1,661,981	
FY 2005/06	781,029	97,438	878,468	44,792	141,638	585,817	781,029	97,438	1,650,715	
FY 2006/07	772,459	95,096	867,555	48,034	143,550	613,282	772,459	95,096	1,672,421	

(3) Net of DWR account interest income.



Central Coast Water Authority
FY 2003/04 Four Year Financial Plan
 Project Participant Payment Summary

La Cumbre Mutual Water Company

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)
April 1, 2003	\$ 52,303	294
June 1, 2003	\$ 430,407	n/a
July 1, 2003	\$ 52,303	294
October 1, 2003	\$ 43,621	218
January 1, 2004	\$ 52,303	294
April 1, 2004	\$ 62,662	294
June 1, 2004	\$ 1,426,134	n/a
July 1, 2004	\$ 62,662	294
October 1, 2004	\$ 48,224	218
January 1, 2005	\$ 62,299	294
April 1, 2005	\$ 63,137	294
June 1, 2005	\$ 1,411,638	n/a
July 1, 2005	\$ 63,137	294
October 1, 2005	\$ 49,241	218
January 1, 2006	\$ 63,562	294
April 1, 2006	\$ 63,782	294
June 1, 2006	\$ 1,433,775	n/a
July 1, 2006	\$ 63,782	294
October 1, 2006	\$ 48,465	218
January 1, 2007	\$ 62,616	294

Central Coast Water Authority
Raytheon Systems Company
 Four Year Financial Plan Charges

Entitlement Including Drought Buffer				55
Fiscal Year	Requested Deliveries	Exchange Deliveries	Actual Deliveries	
FY 2003/04	55	-	55	
FY 2004/05	55	-	55	
FY 2005/06	55	-	55	
FY 2006/07	55	-	55	

CCWA Fixed Charges

Fiscal Year	Fixed O&M Expenses ⁽¹⁾	Regional WTP Modifications			Exchange Agreement Modifications			Revenue Bond Debt Service ⁽²⁾	Fixed CCWA Charges
		Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	Capital Modifications	Fixed O&M Modifications	Total Exchange Modifications		
FY 2003/04	\$ 5,844	\$ 1,554	\$ (5,525)	\$ (3,970)	\$ -	\$ -	\$ -	\$ 27,108	\$ 28,982
FY 2004/05	6,473	1,427	(5,768)	(4,341)	-	-	-	27,736	29,867
FY 2005/06	6,623	1,444	(5,826)	(4,383)	-	-	-	27,716	29,956
FY 2006/07	6,827	1,461	(5,885)	(4,424)	-	-	-	27,694	30,097

(1) Includes capital improvement projects and non-annual recurring expenses.

(2) Net of CCWA credits.

CCWA Variable O&M Charges

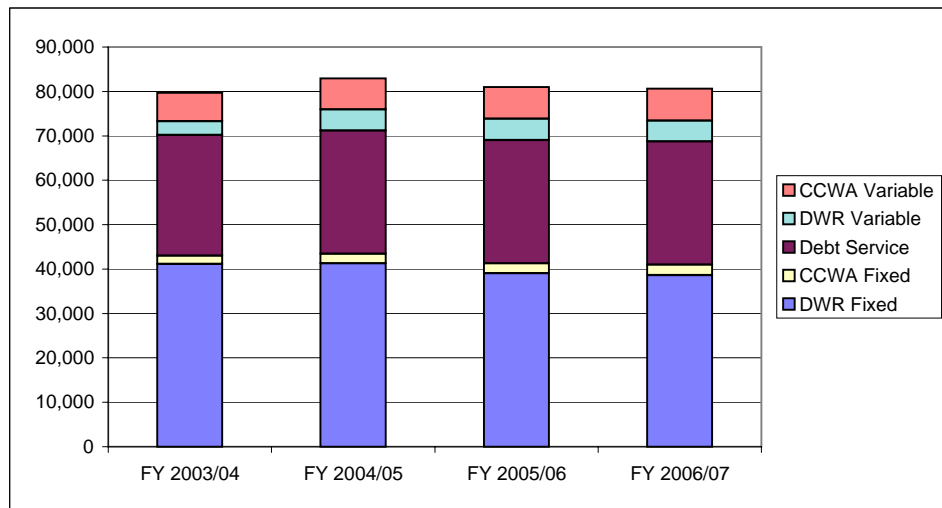
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	Regional WTP Modifications			Exchange Agreement Modifications			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2003/04	\$ 4,142	\$ 2,828	\$ 139	\$ (760)	\$ (621)	\$ -	\$ -	\$ -	\$ 6,348
FY 2004/05	4,559	3,190	183	(946)	(764)	-	-	-	6,986
FY 2005/06	4,680	3,190	189	(975)	(786)	-	-	-	7,084
FY 2006/07	4,799	3,190	195	(1,004)	(809)	-	-	-	7,180

DWR Charges

Total State Water Charges

Fiscal Year	DWR Charges			Total State Water Charges						
	DWR Fixed Costs ⁽³⁾	DWR Variable Costs	Total DWR Costs	CCWA Fixed	CCWA Variable O&M	Debt Service	DWR Fixed	DWR Variable O&M	Total SWP Charges	
FY 2003/04	\$ 41,177	\$ 3,155	\$ 44,333	\$ 1,873	\$ 6,348	\$ 27,108	\$ 41,177	\$ 3,155	\$ 79,663	
FY 2004/05	41,292	4,803	46,096	2,131	6,986	27,736	41,292	4,803	82,949	
FY 2005/06	39,051	4,878	43,930	2,240	7,084	27,716	39,051	4,878	80,970	
FY 2006/07	38,623	4,737	43,360	2,403	7,180	27,694	38,623	4,737	80,636	

(3) Net of DWR account interest income.



Central Coast Water Authority
FY 2003/04 Four Year Financial Plan
 Project Participant Payment Summary

Raytheon Systems Company

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)
April 1, 2003	\$ 2,520	15
June 1, 2003	\$ 70,159	n/a
July 1, 2003	\$ 1,943	10
October 1, 2003	\$ 2,520	15
January 1, 2004	\$ 2,520	15
April 1, 2004	\$ 3,190	15
June 1, 2004	\$ 71,160	n/a
July 1, 2004	\$ 2,257	10
October 1, 2004	\$ 3,171	15
January 1, 2005	\$ 3,171	15
April 1, 2005	\$ 3,214	15
June 1, 2005	\$ 69,008	n/a
July 1, 2005	\$ 2,278	10
October 1, 2005	\$ 3,235	15
January 1, 2006	\$ 3,235	15
April 1, 2006	\$ 3,247	15
June 1, 2006	\$ 68,719	n/a
July 1, 2006	\$ 2,296	10
October 1, 2006	\$ 3,187	15
January 1, 2007	\$ 3,187	15

Central Coast Water Authority
City of Santa Barbara
 Four Year Financial Plan Charges

Entitlement Including Drought Buffer				3,300
Fiscal Year	Requested Deliveries	Exchange Deliveries	Actual Deliveries	
FY 2003/04	661	(661)	(0)	
FY 2004/05	1,030	(607)	423	
FY 2005/06	1,030	(605)	425	
FY 2006/07	1,030	(601)	429	

CCWA Fixed Charges

Fiscal Year	Fixed O&M Expenses ⁽¹⁾	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Revenue Bond Debt Service ⁽²⁾	Fixed CCWA Charges
		Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	Capital Modifications	Fixed O&M Modifications	Total Exchange Modifications		
FY 2003/04	\$ 350,589	\$ 72,713	\$ (258,433)	\$ (185,720)	\$ (48,131)	\$ (24,930)	\$ (73,061)	\$ 1,698,752	\$ 1,790,560
FY 2004/05	387,640	68,294	(276,047)	(207,753)	(44,203)	(23,582)	(67,785)	1,772,690	1,884,792
FY 2005/06	396,663	69,167	(279,131)	(209,964)	(44,008)	(24,182)	(68,190)	1,771,387	1,889,896
FY 2006/07	408,873	70,112	(282,365)	(212,253)	(43,756)	(24,765)	(68,521)	1,770,005	1,898,104

(1) Includes capital improvement projects and non-annual recurring expenses.

(2) Net of CCWA credits.

CCWA Variable O&M Charges

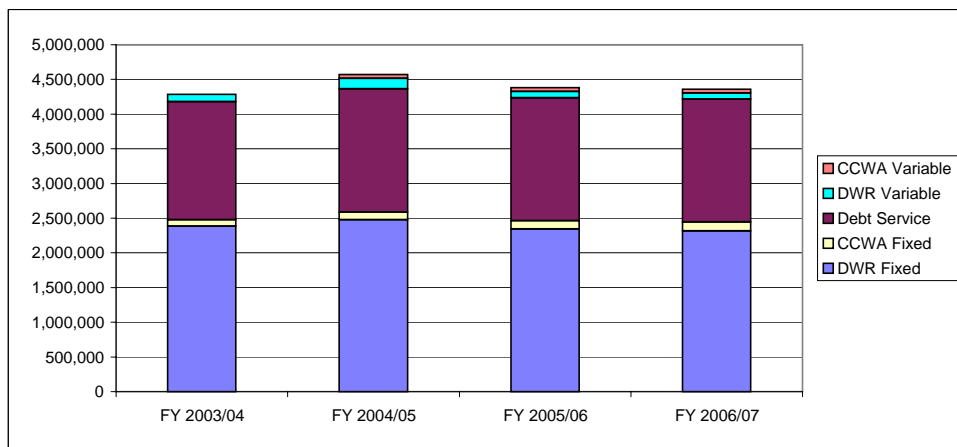
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2003/04	\$49,777	\$ 38,332	\$ (1)	\$ 3	\$ 2	\$ (9,138)	\$ (38,350)	\$ (40,654)	\$ (31)
FY 2004/05	85,385	59,740	1,216	(7,275)	(6,058)	(8,644)	(35,219)	(41,694)	53,509
FY 2005/06	87,646	59,740	1,269	(7,540)	(6,271)	(8,864)	(35,064)	(42,579)	54,608
FY 2006/07	89,866	59,740	1,327	(7,827)	(6,501)	(9,077)	(34,863)	(43,367)	55,798

DWR Charges

Total State Water Charges

Fiscal Year	<u>DWR Charges</u>			<u>Total State Water Charges</u>					
	DWR Fixed Costs ⁽³⁾	DWR Variable Costs	Total DWR Costs	CCWA Fixed	CCWA Variable O&M	Debt Service	DWR Fixed	DWR Variable O&M	Total SWP Charges
FY 2003/04	\$ 2,386,907	\$ 106,977	\$ 2,493,884	\$91,809	\$ (31)	\$ 1,698,752	\$ 2,386,907	\$ 106,977	\$ 4,284,414
FY 2004/05	2,477,544	154,945	2,632,489	112,102	53,508.67	1,772,690	2,477,544	154,944.70	4,570,789
FY 2005/06	2,343,088	95,550	2,438,638	118,509	54,608.36	1,771,387	2,343,088	95,549.85	4,383,142
FY 2006/07	2,317,377	87,671	2,405,048	128,099	55,797.77	1,770,005	2,317,377	87,670.69	4,358,950

(3) Net of DWR account interest income.



Central Coast Water Authority
FY 2003/04 Four Year Financial Plan
 Project Participant Payment Summary

City of Santa Barbara

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)	Actual SWP Delivery (acre-feet)
April 1, 2003	\$ 26,806	418	0
June 1, 2003	\$ 4,177,468	n/a	n/a
July 1, 2003	\$ 26,744	48	0
October 1, 2003	\$ 26,682	20	(0)
January 1, 2004	\$ 26,713	175	(0)
April 1, 2004	\$ 84,860	618	194
June 1, 2004	\$ 4,362,336	n/a	n/a
July 1, 2004	\$ 23,554	0	0
October 1, 2004	\$ 23,554	0	0
January 1, 2005	\$ 76,485	412	229
April 1, 2005	\$ 69,848	618	196
June 1, 2005	\$ 4,232,984	n/a	n/a
July 1, 2005	\$ 8,747	0	0
October 1, 2005	\$ 8,747	0	0
January 1, 2006	\$ 62,817	412	230
April 1, 2006	\$ 69,611	618	198
June 1, 2006	\$ 4,215,481	n/a	n/a
July 1, 2006	\$ 6,962	0	0
October 1, 2006	\$ 6,962	0	0
January 1, 2007	\$ 59,933	412	231

Central Coast Water Authority
Montecito Water District
 Four Year Financial Plan Charges

Entitlement Including Drought Buffer			3,300
Fiscal Year	Requested Deliveries	Exchange Deliveries	Actual Deliveries
FY 2003/04	1,563	(661)	902
FY 2004/05	1,280	(373)	907
FY 2005/06	1,320	(383)	937
FY 2006/07	1,375	(395)	980

CCWA Fixed Charges

Fiscal Year	Fixed O&M Expenses ⁽¹⁾	Regional WTP Modifications			Exchange Agreement Modifications			Revenue Bond Debt Service ⁽²⁾	Fixed CCWA Charges
		Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	Capital Modifications	Fixed O&M Modifications	Total Exchange Modifications		
FY 2003/04	\$ 350,590	\$ 72,713	\$ (258,433)	\$ (185,720)	\$ (48,131)	\$ (24,930)	\$ (73,061)	\$ 1,708,502	\$ 1,800,311
FY 2004/05	387,675	74,982	(303,079)	(228,098)	(27,146)	(14,482)	(41,628)	1,831,721	1,949,669
FY 2005/06	396,698	75,577	(305,001)	(229,424)	(27,847)	(15,302)	(43,148)	1,924,154	2,048,281
FY 2006/07	408,908	76,137	(306,631)	(230,493)	(28,749)	(16,272)	(45,021)	2,014,364	2,147,758

(1) Includes capital improvement projects and non-annual recurring expenses.

(2) Net of CCWA credits.

CCWA Variable O&M Charges

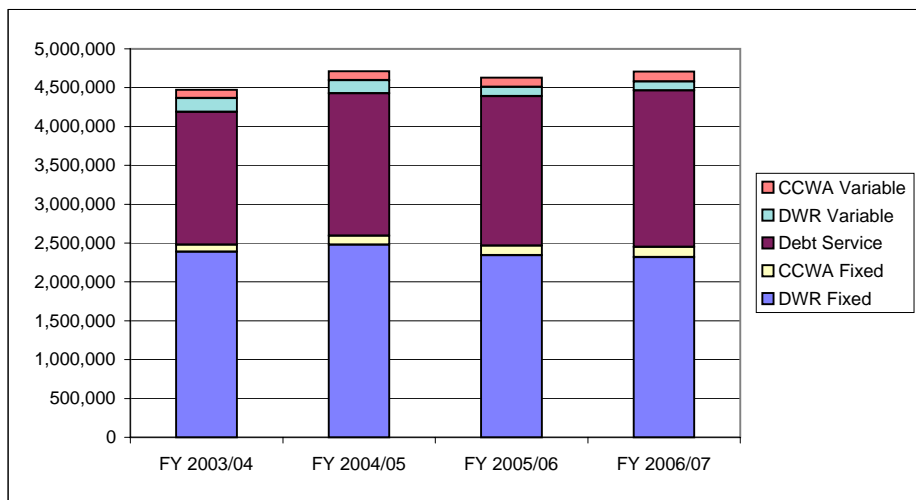
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	Regional WTP Modifications			Exchange Agreement Modifications			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2003/04	\$ 117,703	\$ 87,284	\$ 2,588	\$ (12,463)	\$ (9,875)	\$ (9,138)	\$ (38,350)	\$ (40,654)	\$ 106,970
FY 2004/05	106,109	74,240	3,186	(15,609)	(12,423)	(5,308)	(21,629)	(25,606)	115,384
FY 2005/06	112,323	76,560	3,389	(16,613)	(13,224)	(5,609)	(22,187)	(26,943)	120,921
FY 2006/07	119,967	79,750	3,649	(17,885)	(14,236)	(5,964)	(22,907)	(28,494)	128,116

DWR Charges

Total State Water Charges

Fiscal Year	DWR Fixed Costs ⁽³⁾	DWR Variable Costs	Total DWR Costs	CCWA		Debt Service	DWR Fixed	DWR Variable O&M	Total SWP Charges
				Fixed	Variable O&M				
FY 2003/04	\$ 2,386,907	\$ 176,670	\$ 2,563,577	\$ 91,809	\$ 106,970	\$ 1,708,502	\$ 2,386,907	\$ 176,670	\$ 4,470,859
FY 2004/05	2,477,544	169,496	2,647,040	117,949	115,384	1,831,721	2,477,544	169,496	4,712,093
FY 2005/06	2,343,088	118,932	2,462,020	124,126	120,921	1,924,154	2,343,088	118,932	4,631,221
FY 2006/07	2,317,377	114,999	2,432,377	133,394	128,116	2,014,364	2,317,377	114,999	4,708,251

(3) Net of DWR account interest income.



Central Coast Water Authority
FY 2003/04 Four Year Financial Plan
 Project Participant Payment Summary

Montecito Water District

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)	Requested SWP Delivery (acre-feet)
April 1, 2003	\$ 44,215	418	0
June 1, 2003	\$ 4,187,218	n/a	n/a
July 1, 2003	\$ 71,687	280	232
October 1, 2003	\$ 76,147	290	270
January 1, 2004	\$ 91,591	575	400
April 1, 2004	\$ 60,829	375	118
June 1, 2004	\$ 4,427,214	n/a	n/a
July 1, 2004	\$ 68,351	240	240
October 1, 2004	\$ 76,400	285	285
January 1, 2005	\$ 79,300	380	264
April 1, 2005	\$ 48,412	385	122
June 1, 2005	\$ 4,391,368	n/a	n/a
July 1, 2005	\$ 57,075	250	250
October 1, 2005	\$ 64,982	290	290
January 1, 2006	\$ 69,384	395	276
April 1, 2006	\$ 49,571	400	128
June 1, 2006	\$ 4,465,135	n/a	n/a
July 1, 2006	\$ 59,397	265	265
October 1, 2006	\$ 64,871	300	300
January 1, 2007	\$ 69,277	410	287

Central Coast Water Authority
Carpinteria Valley Water District
 Four Year Financial Plan Charges

Entitlement Including Drought Buffer				2,200
Fiscal Year	Requested Deliveries	Exchange Deliveries	Actual Deliveries	
FY 2003/04	640	(441)	199	
FY 2004/05	600	(354)	246	
FY 2005/06	600	(352)	248	
FY 2006/07	600	(350)	250	

CCWA Fixed Charges

Fiscal Year	Fixed O&M Expenses ⁽¹⁾	Regional WTP Modifications			Exchange Agreement Modifications			Revenue Bond Debt Service ⁽²⁾	Fixed CCWA Charges
		Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	Capital Modifications	Fixed O&M Modifications	Total Exchange Modifications		
FY 2003/04	\$ 233,726	\$ 48,475	\$ (172,288)	\$ (123,813)	\$ (32,088)	\$ (16,620)	\$ (48,708)	\$ 1,168,722	\$ 1,229,927
FY 2004/05	258,426	46,987	(189,926)	(142,938)	(25,749)	(13,737)	(39,486)	1,191,226	1,267,228
FY 2005/06	264,442	47,580	(192,015)	(144,435)	(25,635)	(14,087)	(39,722)	1,190,351	1,270,636
FY 2006/07	272,582	48,220	(194,197)	(145,977)	(25,489)	(14,426)	(39,915)	1,189,422	1,276,112

(1) Includes capital improvement projects and non-annual recurring expenses.

(2) Net of CCWA charges.

CCWA Variable O&M Charges

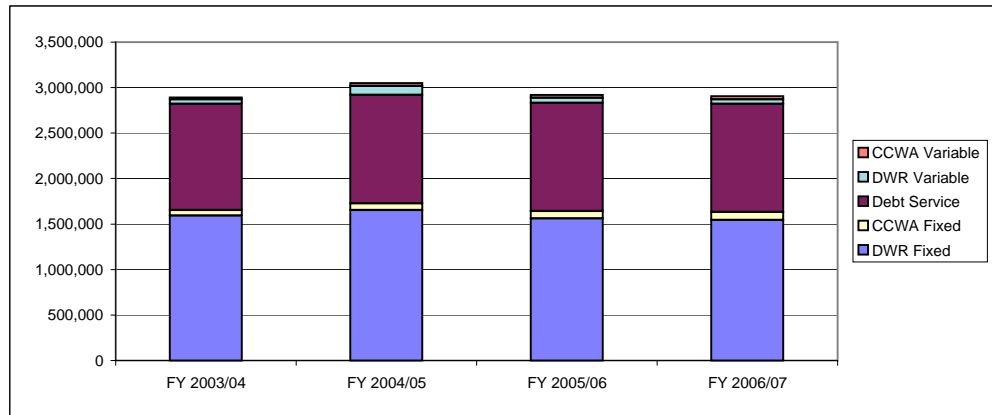
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	Regional WTP Modifications			Exchange Agreement Modifications			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2003/04	\$ 48,196	\$ 36,401	\$ 457	\$ (2,753)	\$ (2,296)	\$ (6,092)	\$ (25,566)	\$ (27,103)	\$ 23,539
FY 2004/05	49,739	34,800	709	(4,238)	(3,529)	(5,035)	(20,516)	(24,288)	31,170
FY 2005/06	51,056	34,800	739	(4,392)	(3,653)	(5,163)	(20,426)	(24,804)	31,811
FY 2006/07	52,349	34,800	773	(4,560)	(3,787)	(5,288)	(20,309)	(25,262)	32,504

DWR Charges

Total State Water Charges

Fiscal Year	DWR Fixed Costs ⁽³⁾	DWR Variable Costs	Total DWR Costs	CCWA		Debt Service	DWR Fixed	DWR Variable O&M	Total SWP Charges
				Fixed	Variable O&M				
FY 2003/04	\$ 1,591,849	\$ 47,391	\$ 1,639,241	\$ 61,205	\$ 23,539	\$ 1,168,722	\$ 1,591,849	\$ 47,391	\$ 2,892,707
FY 2004/05	1,651,696	98,187	1,749,883	76,002	31,170	1,191,226	1,651,696	98,187	3,048,281
FY 2005/06	1,562,058	56,199	1,618,258	80,285	31,811	1,190,351	1,562,058	56,199	2,920,704
FY 2006/07	1,544,918	50,870	1,595,788	86,690	32,504	1,189,422	1,544,918	50,870	2,904,403

(3) Net of DWR account interest income.



Central Coast Water Authority
FY 2003/04 Four Year Financial Plan
 Project Participant Payment Summary

Carpinteria Valley Water District

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)	Actual SWP Delivery (acre-feet)
April 1, 2003	\$ 17,709	328	50
June 1, 2003	\$ 2,821,777	n/a	n/a
July 1, 2003	\$ 11,848	32	0
October 1, 2003	\$ 11,895	14	0
January 1, 2004	\$ 29,479	266	149
April 1, 2004	\$ 51,415	360	113
June 1, 2004	\$ 2,918,924	n/a	n/a
July 1, 2004	\$ 15,703	0	0
October 1, 2004	\$ 15,703	0	0
January 1, 2005	\$ 46,537	240	133
April 1, 2005	\$ 40,823	360	114
June 1, 2005	\$ 2,832,694	n/a	n/a
July 1, 2005	\$ 5,230	0	0
October 1, 2005	\$ 5,230	0	0
January 1, 2006	\$ 36,727	240	134
April 1, 2006	\$ 40,500	360	115
June 1, 2006	\$ 2,821,030	n/a	n/a
July 1, 2006	\$ 4,006	0	0
October 1, 2006	\$ 4,006	0	0
January 1, 2007	\$ 34,862	240	134





Above: Guadalupe turnout major blowoff structure used to drain the pipeline into the Santa Maria River.

Appendix

The Appendix to the FY 2003/04 Budget contains narrative explanations of the Santa Ynez Exchange Agreement, Regional Water Treatment Plant Allocation, CCWA Investment Policy and a glossary of terms.



Central Coast Water Authority
Santa Ynez Exchange Agreement

On January 1, 1995 the Authority purchased a five-mile long pipeline from Santa Ynez River Water Conservation District, Improvement District #1 (SYID#1) to convey State water into Lake Cachuma for delivery to certain Santa Barbara County South Coast project participants who are also Cachuma Project members.

SYID#1 has a contract with the U.S. Bureau of Reclamation for water from the Cachuma Project and, until January 1, 1995, owned a pipeline which extends from Lake Cachuma to the Santa Ynez area. This pipeline was used to deliver water from Lake Cachuma to SYID#1.

The Authority acquired the Cachuma pipeline from SYID#1 under the Santa Ynez River/State Water Project Exchange Agreement (the "Santa Ynez Exchange Agreement"). Also, water stored at Lake Cachuma which would normally be delivered to SYID#1 is exchanged for an equal amount of State water delivered to the Santa Ynez turnout. This State water originally ordered by the South Coast project participants is exchanged with SYID#1 Cachuma Lake water.

SYID#1 pays the variable and fixed costs to treat exchanged water as well as regional water treatment plant allocations (see "*Regional Water Treatment Plant Allocation*" narrative included in this Appendix).

The benefits of exchange are:

- SYID#1 does not have to build a treatment plant to treat its Cachuma water because it will instead receive State water.
- The South Coast project participants obtain water at a reduced cost because they are purchasing less expensive Cachuma water from SYID#1. The South Coast project participants are also reimbursed for fixed capital and variable treatment costs for the State water that is delivered to and paid for by SYID#1. Additionally the South Coast project participants do not pay for power and Warren Act charges for the exchanged State water that would otherwise be delivered to the lake.
- All the South Coast project participants' Santa Ynez II reach capital costs are reduced because an existing pipeline was acquired to convey State water from the Santa Ynez area to the lake. Otherwise, the Authority would have had to construct an additional five miles of new pipeline at much greater expense.

Under the Santa Ynez Exchange Agreement, the South Coast project participants are required to take delivery of an amount of water that equals or exceeds SYID#1's annual allocation of Cachuma water.

Central Coast Water Authority
Regional Water Treatment Plant Allocation

Instead of building a pipeline around or through Lake Cachuma to the South Coast to convey State water to the South Coast project participants, the Authority is conveying State water using the lake and existing conveyance facilities. The water is dechloraminated (de-treated) at the Santa Ynez Pumping Facility before it is discharged into the lake.

Since the South Coast project participants must “retreat” the State water that is delivered from Lake Cachuma, they would effectively be paying twice to treat the water if the Regional Water Treatment Plant Allocation agreement was not in place. Initial treatment occurs at the Polonio Pass Water Treatment Plant and retreatment occurs at the various South Coast project participants’ treatment plants.

The Regional Water Treatment Plant Allocation is a credit financed by Santa Barbara County project participants which directly receive treated State water from the Coastal Branch Extension or CCWA pipeline. The credit is applied to the South Coast project participants to cover their costs to retreat State water. In short, the purpose of this credit is to ensure that all Authority project participants pay the same cost to treat State water. The treatment plant capital and fixed and variable operating and maintenance costs are included in the Regional Water Treatment Plant Allocation calculation.

In order to properly allocate the capital cost component of the water treatment plant for those project participants that did not participate in the bond financing (Santa Maria, Southern California Water Company and Vandenberg Air Force Base), an imputed debt service schedule has been prepared which allocates treatment plant debt service as though all Santa Barbara County participants shared in the financing in proportion to their entitlement allocation.

The Regional Water Treatment Plant Allocation computations also take into account the effect of the Santa Ynez Exchange Agreement on certain project participants (see “*Santa Ynez Exchange Agreement*” narrative included in this Appendix).

Central Coast Water Authority
Miscellaneous Statistical Information
 Fiscal Year 2003/04 Budget

Form of government	Joint Powers Authority
Date of organization	August 1, 1991
Number of full-time equivalent positions	26.25
Polonio Pass Water Treatment Plant design capacity	43 million gallons per day
Authority pipeline (in miles)	42.5
Coastal Branch pipeline (in miles)	100.6
State water Table A amount	(acre-feet per year)
CCWA contract Table A amount	39,078
CCWA drought buffer	3,908
Goleta Water District additional Table A	<u>2,500</u>
TOTAL	45,486
FY 2003/04 Santa Barbara County estimated deliveries	35,523 acre-feet
San Luis Obispo State water Table A	4,830 acre-feet
FY 2003/04 estimated San Luis Obispo estimated deliveries	4,398 acre-feet
Amount of treated water storage in tanks	23.7 million gallons
Number of turnouts	10
Number of project participants	
Santa Barbara County	13
San Luis Obispo County	<u>11</u>
TOTAL	24
Estimated total population served by State water	
Santa Barbara County	340,000
San Luis Obispo County	<u>41,000</u>
TOTAL	381,000

CENTRAL COAST WATER AUTHORITY
STATEMENT OF INVESTMENT POLICY

I. PURPOSE:

This statement is intended to provide guidelines for the prudent investment of the Authority's cash balances, and outline the policies for maximizing the efficiency of the Authority's cash management system. The ultimate goal is to enhance the economic status of the Authority while protecting its assets.

II. SCOPE

It is intended that this policy cover all funds and investment activities under the direct authority of the Authority Board of Directors.

III. OBJECTIVES

- A. Safety. Safety of principal is the foremost objective of the Authority. Each investment transaction shall seek to first ensure that capital losses are avoided, whether they be from securities defaults or erosion of market value.

- B. Liquidity. An adequate percentage of the portfolio should be maintained in liquid short-term securities which can be converted to cash if necessary to meet cash requirements.

- C. Yield. Yield shall become a consideration only after the basic requirements of safety and liquidity have been met.

- D. Market-Average Rate of Return. The investment portfolio shall be designed to attain a market-average rate of return throughout budgetary and economic cycles, taking into account the Authority's risk constraints, the cash flow characteristics of the portfolio, and State and local laws, ordinances or resolutions that restrict investments.
- E. Diversification. The investment portfolio will be diversified to avoid incurring unreasonable and avoidable risks regarding specific security types or individual financial institutions.
- F. Prudence (Civil Code #2261). The standard of prudence to be used by investment officials shall be the "prudent investor" per Government Code section 53600.3 which states: "care, skill, prudence and diligence under the circumstances then prevailing, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency". This "Prudent Investor Standard" shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided that deviations from expectation are reported in a timely fashion, and appropriate action is taken to control adverse developments.
- G. Public Trust. All participants in the investment process shall act as custodians of the public trust. Investment officials shall recognize that the investment portfolio is subject to public review and evaluation. The overall program shall be designed and managed with a degree of professionalism that is worthy of the public trust. In a diversified portfolio it must be recognized that occasional measured losses are inevitable, and must be considered within the context of the overall portfolio's investment return, provided that adequate diversification has been implemented.

IV. DELEGATION OF AUTHORITY:

- A. Investment Officer. Management responsibility for the investment program is hereby delegated to the Treasurer, who shall establish written procedures for the operation of the investment program, consistent with this policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Treasurer. The Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.
- B. Investment Oversight Committee. The Authority Finance Committee shall serve as the Investment Oversight Committee. The purpose of the Committee is to: (1) review the investment practices used by the Investment Officer for compliance with the investment policy and written procedures, (2) analysis of the quarterly Treasurer's report for adherence to established guidelines, and (3) advise Authority Board of Directors of any deviations from guidelines or any practices which are deemed to be imprudent for a public agency.

V. INTERNAL CONTROLS:

The Investment Officer shall establish a system of internal controls which shall be documented in writing. The internal controls shall be reviewed with the independent auditor. The controls shall be designed to prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent action by employees and officers of the Authority.

VI. REPORTING:

The Investment Officer shall submit monthly to the Board an investment report that summarizes all securities. For those securities with a maturity of more than 12 months, the type of investment, institution, date of maturity, investment amount, market value, and yield will also be provided. The Investment Officer shall also provide, on a quarterly basis, a statement of compliance of the portfolio with the Statement of Investment Policy and a statement of the Authority's ability to meet the expenditure requirements for the next six months.

VII. APPROVED INSTRUMENTS:

The Authority shall be governed by the California Government Code, Sections 53600 et seq. Where this policy specifies a percentage limitation for a particular category of investment, that percentage is applicable only at the date of purchase. Within the context of these limitations, the following investments are authorized, provided, however, that where there is no limitation on the term of the investment, no investment shall be made in any security which, at the time of the investment, has a term remaining to maturity in excess of 5 years, unless specifically exempted in Section X of this Investment Policy or the Board has granted express authority to make that investment no less than 3 months prior to the investment:

- (a) United States notes, bonds, bills, or certificates of indebtedness, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest.
- (b) Obligations issued by government sponsored corporations such as the Federal Farm Credit Bank System (FFCB), the Federal Home Loan Bank Board (FHLB), and the Federal National Mortgage Association (FNMA).

- (c) Commercial paper of prime quality of the highest ranking or of the highest letter and numerical rating as provided by Moody's Investors Service, Inc. or Standard and Poor's Corporation. Eligible paper is further limited to issuing corporations that are organized and operating within the United States and having total assets in excess of five hundred million dollars and have a rating of A-1+ by Standard & Poor's Corporation and P-1 by Moody's Investors Service and which matures not more than 270 days after the date of purchase. Purchases of commercial paper may not exceed 25 percent of the Authority's surplus money invested.

Commercial paper investments with one company may not exceed one third (33 1/3%) of total commercial paper investments.

- (d) Time deposits. The Authority may invest in non-negotiable Certificates of Deposit at commercial banks and savings and loan associations that are collateralized in accordance with the California Government Code.
- (e) Local Agency Investment Fund. The Authority may invest in the Local Agency Investment Fund (LAIF) established by the State Treasurer up to the maximum permitted by State law.
- (f) Money market funds rated "AAAm" or AAAM-G" or better by Standard & Poor's Corporation.

VIII. DEPOSITORIES:

The Treasurer will establish selection criteria for pre-approval of institutions to do business with. To qualify for selection, an institution must have an office in California. A written listing of approved institutions will be maintained by the Investment Officer.

IX. BROKER/DEALERS:

To provide for the optimum yield in the investment of the Authority's funds, the Authority's investment procedures shall be designed to encourage competitive bidding on transactions from approved brokers/dealers. In order to be approved by the Authority, the dealer must be a primary dealer reporting to the New York Federal Reserve, unless a comprehensive credit and capitalization analysis reveals that the firm is adequately financed to conduct public business; the dealer must be experienced in institutional trading practices and familiar with the California Government Code as related to investments; and other criteria as may be established in the investment procedures.

X. MATURITY RESTRICTIONS:

In addition to the 5 year limitation on investments specified in this policy, the average maturity of the Authority's combined portfolio shall not exceed 2 years without prior approval of the Board (for a specified period). Reserve Fund investments are exempt from this restriction; however, reserve fund investment maturities shall be limited to or prior to final maturity of the Authority's Bond Financing.

XI . RISK TOLERANCE

The Authority recognizes that investment risks can result from issuer defaults, market price changes or various technical complications leading to temporary illiquidity. Portfolio diversification is employed as a way to control risk. The Investment Officer is expected to display prudence in the selection of securities as a way to minimize default risk. No individual investment transaction shall be undertaken which jeopardizes the total capital position of the overall portfolio. The Investment Officer shall periodically establish guidelines and strategies to control risks of default, market price changes and illiquidity. In addition to these general policy considerations, the following specific policies will be strictly observed.

XII. SAFEKEEPING AND CUSTODY:

To protect against potential fraud and embezzlement, the assets of the Authority shall be secured through third-party custody and safekeeping procedures. The Investment Officer shall be bonded to protect the public against possible embezzlement and malfeasance. Safekeeping procedures shall be reviewed annually by the independent auditor and any irregularities noted should be reported promptly to the Treasurer and the Board.

XIII. PERFORMANCE EVALUATION AND OPERATIONS AUDIT:

The monthly investment reports submitted to the Board shall contain sufficient information to permit an independent organization to evaluate the performance of the investment program.

XIV. ETHICS:

All persons authorized to place or approve investments shall report annually on Form 721 of the Fair Political Practices Commission all required economic interests for that year.

XV. UPDATE OF POLICY:

This investment policy shall be reviewed at least annually to ensure its consistency with the overall objectives of preservation of principal, liquidity, and return, and its relevance to current law and financial and economic trends.

Central Coast Water Authority
Glossary of Terms
Fiscal Year 2003/04 Budget

A

Account - A record of a business transaction; a reckoning of money received or paid.

Accounting System - The total structure of records and procedures which discover, record, classify, summarize, and report information on the financial position and results of operations of a government entity.

Accrual - The recognition of a revenue or expense in a budget year even though the actual cash may not be received or paid until the following budget year.

Acre-Foot of Water - The volume of water that would cover one acre to a depth of one foot.

Adoption - Formal action by the Board of Directors which sets the spending limits for the fiscal year.

Advance Refunding - A defeasance of outstanding debt prior to the date the bonds can be called by depositing cash and/or securities in escrow sufficient to pay all principal and interest payments and the call premium, if any, when due. All covenants and restrictions are released.

Amortization - Gradual reduction, redemption, or liquidation of the balance of an account according to a specified schedule of times and amounts.

Aqueduct - A canal for conveying a large amount of water.

Assets - Resources owned or held by a government which have monetary value.

B

Bond Call - Bonds that are redeemable by the issuer prior to the specified maturity date at a specified price at or above par.

Budget - The Authority's financial plan balancing proposed expenditures for a certain period of time to the expected income or revenue for that same period.

Glossary of Terms

Fiscal Year 2003/04 Budget

C

Capital Improvements - Expenditures for items or projects which usually have an estimated useful life longer than five (5) years and will benefit the Authority for a long period of time.

Capitalized Interest - Funds provided from the proceeds of an issue to cover interest payments until revenue sources to repay the debt are available.

Carry-Over - The term used to denote amounts which were expected to be expended during one fiscal year on a contract or obligation but were not expended for various reasons. Amounts are "carried over" into the subsequent fiscal year.

Coastal Branch Phase II - A 102-mile long buried pipeline, and ancillary facilities, extending from Devils Den (Kern County) to Tank 5 on Vandenberg Air Force Base (Santa Barbara County).

Coverage - The margin of safety for payment of debt service, reflecting the number of times by which earnings for a period of time exceed debt service payable in such a period.

D

Debt - An obligation resulting from the borrowing of money or from the purchase of goods and services. These include bonds and accounts payable.

Defeasance - To set aside sufficient money to retire outstanding debt when due. A full defeasance results in release from covenants and contractual obligations contained in the bond documents.

Deficiency - A general term indicating the amount by which anything falls short of some requirement of expectation.

Deficit - The excess of expenditures over revenues during an accounting period.

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

Department of Water Resources - The state agency responsible for financing, constructing and operating State Water Project facilities.

Depreciation - An element of cost resulting from the service of long-lived assets in an economic organization and represents the loss in asset value because of wear,

Central Coast Water Authority
Glossary of Terms
Fiscal Year 2003/04 Budget

deterioration, obsolesce or action of the physical elements. In this budget, no specific depreciation schedule or funding of depreciated assets is provided.

Drought Buffer - A portion of the Authority's State water entitlement (3,908 AF) which is being utilized to firm up the reliability of each Santa Barbara County project participant's Water Supply Agreement entitlement allocation.

E

Enterprise Fund - A fund established to account for the financing of self-supporting enterprises, such as a utility fund, which render services primarily to the public.

Entity - The basic unit upon which accounting and/or financial reporting activities focus.

Expenditures - A decrease in net financial resources.

F

Financing Participant - An Authority or San Luis Obispo County project participant that participated in the 1992 CCWA Revenue Bond and 1996 CCWA Refunding Revenue Bond issues.

Financial Reaches - Segments of the CCWA and DWR pipeline from or through which project participants receive water.

Fiscal Year - A twelve-month period of time to which the annual budget applies and, at the end of which a governmental unit determines its financial position and the results of its operations.

Fixed Asset - Assets of a long-term character which are intended to continue to be held or used, such as land, buildings, improvements other than buildings, machinery and equipment.

Fixed O&M Costs - Operating and maintenance expenses charged to the project participants which do not vary with the amount of water delivered to the project participant.

Fixed Project Costs - Capital costs, including Debt Service, reserves for the payment of debt service and other payments under the bond resolution which do not vary with the amount of water delivered to the project participant.

G

General Fund - The Authority's cash balance net of reserve balances.

Central Coast Water Authority
Glossary of Terms
Fiscal Year 2003/04 Budget

J

Joint Powers Authority - A public authority created by a joint exercise of powers agreement between any two or more governmental agencies. The authority may be given power to perform any function which all parties to the agreement are empowered to perform and which will be of benefit to all parties.

L

Line Item - Expenditure classifications established to account for and budget the appropriations approved.

Water Treatment and Local Facilities Agreements - Agreements, dated as of March 1, 1992, by and between San Luis Obispo County Flood Control and Water Conservation District and various San Luis Obispo County project participants.

M

Maintenance - The upkeep of physical properties in condition for use or occupancy. Examples are the inspection of equipment to detect defects and the making of repairs.

Master Water Treatment Agreement - Agreement, dated as of March 1, 1992, by and between the Authority and San Luis Obispo County Flood Control and Water Conservation District.

Modified Accrual Basis - The accrual basis of accounting adapted to the governmental fund type. Revenues are recognized when they become both "measurable" and "available to finance expenditures of the current period." Expenditures are recognized when the liability is incurred.

Monterey Agreement - The agreement which formed the basis for the Monterey amendments to the State Water Contract that includes, amount other provisions, the addition of Articles 51 through 56.

MOU Trust Fund - A trust fund established under a memorandum of understanding (July 6, 1995 effective date) by and between the Authority, Cachuma Project Authority (i.e., Cachuma Operations and Maintenance Board) and the United States of America, acting through the Bureau of Reclamation. The trust fund is funded by \$43/AF payments to the Cachuma Operations and Maintenance Board for State water wheeled through Cachuma Project facilities.

Municipal - In its broadest sense, an adjective which denotes the state and all subordinate units of government.

Central Coast Water Authority
Glossary of Terms
Fiscal Year 2003/04 Budget

O

Obligations - Amounts which a government may be legally required to meet out of its resources. They include not only actual liabilities, but also encumbrances not yet paid.

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

Operating Expenses- All costs associated with doing the day-to-day business of the Authority which are not considered capital improvements or debt repayments.

P

Pass-Through Charges - Charges from DWR and the United States Bureau of Reclamation which are paid by the project participants. The charges are not expenses of the Authority but are charged and paid by the Authority.

Polonio Pass Water Treatment Plant - A 43 million gallon per day treatment plant which treats all State water delivered to San Luis Obispo and Santa Barbara Counties.

Projected - An estimate of revenues and expenditures based on past trends, the present economic situation and future financial forecasts.

Project Participant - Each entity which has executed a Water Supply Agreement with the Authority.

Proprietary Fund - A method of accounting for a government's ongoing organizations and activities that are similar to those often found in the private sector.

R

Rate Management Funds Credit - Reductions in DWR charges commencing in 1997. The credit was implemented as a result of the Monterey amendments to the State Water Contract.

Reach - see "Financial Reach"

Regional Water Treatment Plant Allocation - A formula adopted by the Authority Board of Directors (Resolutions 92-16 and 95-13) which allocates certain Fixed Project, Fixed O&M and Variable O&M treatment plant costs from South Coast project participants to all other Authority project participants. The purpose of the allocation is to subsidize the South Coast project participants' costs of retreating State water to ensure they realize their share of the financial benefit to all project participants associated with the economies of building and operating only one treatment plant for State water.

Central Coast Water Authority

Glossary of Terms

Fiscal Year 2003/04 Budget

Reserves - A budgeted amount to be set aside in an account for future use.

Resolution - A special or temporary order of a legislative body; an order of a legislative body requiring less legal formality than an ordinance or statute.

Revenue - An inflow of assets, not necessarily in cash, in exchange for services rendered.

Revenue Bond - A bond payable solely from net or gross non ad valorem tax revenues derived from general fund revenues, tax increment revenues, or tolls, charges or rents paid by users of the facility constructed with the proceeds of the bond issue.

Right of Way - A legal right of passage over another person's ground.

S

Santa Ynez Exchange Agreement - An agreement, date as of February 1, 1993, by and between Carpinteria County (Valley) Water District, Central Coast Water Authority, Goleta Water District, La Cumbre Mutual Water Company, Montecito Water District, Santa Ynez River Water Conservation District, Improvement District #1 (SYID#1), Summerland Water District and the City of Santa Barbara entitled "Santa Ynez River/State Water Project Exchange Agreement." Among other things, this agreement provides for the exchange of SYID#1's Cachuma Project entitlement for a like amount of State water that would otherwise be delivered to the other South Coast project participants which are signatory to the agreement.

SCADA System - "Supervisory Control and Data Acquisition" System. The computer system which collects data, processes the data and corrects and/or instructs the operators on corrective actions to take.

State Water Project - The largest state-built, multipurpose water project in the nation. It extends for more than 600 miles. Its main purpose is water supply - to store surplus water during wet periods and distribute it to areas of need in northern California, the San Francisco Bay area, the San Joaquin Valley and Southern California. Other functions include flood control, power generation, recreation, and fish and wildlife enhancement.

T

Table A Amount - The maximum amount of State Water Project water to be made available annually by DWR to the Authority at various delivery structures (i.e. turnouts) under the terms of the State Water Contract.

Central Coast Water Authority
Glossary of Terms
Fiscal Year 2003/04 Budget

Table A Entitlement Reduction - Elections by certain project participants to temporarily decrease their State water entitlement allocation. This elections is for a minimum of two years and eliminates the Delta Water Charge associated with the amount of State water entitlement that has been reduced.

Transportation Capital Costs - Capital costs charged by DWR for the use of facilities to transport water to the vicinity of each State water contractor's turnout.

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

Turnback Pool Reduction - Elections by project participants to "turnback" a portion of their State water in a given year.

Turnout - A delivery structure which includes metering and valve facilities through which State water is delivered from the CCWA or DWR pipeline to a project participant's delivery system.

V

Variable O&M Charges - Operations and maintenance expenses which vary directly in proportion to the amount of water delivered to a project participant.

W

Warren Act Charges - Wheeling charges required under a July 25, 1995 contract between the United States and the Central Coast Water Authority. The \$15/AF charge is payable to the Bureau of Reclamation (and recovered into the Reclamation Fund) for State water wheeled through Cachuma Project facilities.

Water Supply Agreement - An agreement between the Authority and each project participant to, among other things, sell State water entitlement allotment and provide for financing of the Authority facilities.

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

THE STATE WATER PROJECT IN SANTA BARBARA COUNTY

Introduction

The water treatment and conveyance facilities built between 1993 and 1997 to bring State water to Santa Barbara and San Luis Obispo Counties comprise the most ambitious and complex public works project ever constructed on California's Central Coast. The project consists of (1) water conveyance facilities built by the California Department of Water Resources (State) and (2) regional distribution and treatment facilities constructed by a cooperative group of local water agencies and cities operating as the Central Coast Water Authority (CCWA).

This significant water project was conceived and constructed amidst intense political controversy. It faced and overcame daunting engineering and environmental challenges. It was completed because a remarkable and steadfast collection of water leaders made sure that it was going to be completed, despite the obstacles. By employing an intensive management approach, the project was completed very close to the original schedule and delivers water at the price (as adjusted for inflation) projected in the planning documents.

This paper is a summary of the essential facts concerning the State Water Project in Santa Barbara County, and was prepared as information for the public. The information presented was derived from CCWA official records, which are available for public review.

History of the State Water Project

It is common knowledge that California's fundamental water supply challenge is that the major sources of water are found in northern California while the major urban and agricultural demands are located in central and southern California. To address this challenge, the voters and the Legislature authorized construction of extensive water conservation and delivery systems known as the Central Valley Project in 1930 and the State Water Project (SWP) in 1960.

Since 1963 the State has constructed most of the SWP elements: Oroville Dam, facilities to convey the water from Lake Oroville to the Sacramento Delta, an elaborate system of pumps and other facilities to move water out of the Delta, including 660 miles of canals and pipelines, and a complex of regulating reservoirs (see Figure 1). The State has designed, engineered and constructed all of these facilities, and operates and maintains them, with funds received from its 29 contractors (see Figure 2).

Construction of the SWP was financed in large part by \$1.75 billion of general obligation bonds issued pursuant to the Burns-Porter Act and approved by California voters in 1960. The Act directs the State to enter into water contracts for the sale, delivery or use of SWP water, and 29 such contracts now exist. Prior to the 1960 election, the State published Contracting Principles containing rules for implementing the water contracts required under the Act. The Contracting Principles provide that contract rates should be set so as to return to the State “. . . all costs of project operation, maintenance and replacement, all principal and interest on (1) bonds, (2) expenditures from the California Water Fund and (3) other monies used in the construction of the project works.”

Thus, from the very inception of the SWP, it was the intent of the Legislature that 100% of the costs associated with the purchase of SWP water, including construction costs, be passed through to purchasers of water. The State finances, designs, constructs and owns this extensive system; the water contractors purchase water from the State under "take or pay" contracts under which the State recovers all of its costs.

The State Water Project in Santa Barbara County

The Early Years

In 1963, anticipating a future need for supplemental water supplies, the Santa Barbara County Flood Control and Water Conservation District (Santa Barbara County) entered into a Water Supply Contract (State Contract) with the State. Under the State Contract, water would be delivered to Santa Barbara County through the "Coastal Branch" of the SWP. Phase I of the Coastal Branch, a 15-mile aqueduct branching off the California Aqueduct in northwestern Kern County, was completed in 1968. Construction of the remainder of the Coastal Branch (designated "Phase II") was postponed from 1975 to 1991. This postponement in construction was permitted pursuant to Paragraph 45(e) of the State Contract, which allowed Santa Barbara and San Luis Obispo Counties to delay construction indefinitely.

In March 1979 Santa Barbara County presented its voters with a ballot measure authorizing the issuance of revenue bonds in an amount not to exceed \$102 million to construct local facilities "to import and distribute" SWP water. Rainfall was heavy for several years preceding the vote and, as a result, Lake Cachuma was at or near capacity. For this and other reasons, Santa Barbara County voters defeated that ballot measure.

The 1980's and 1990's

Even though construction of the Coastal Branch Phase II project was delayed under Article 45(e) of the State Contract, during the delay period Santa Barbara County was still obligated to make certain payments to the State related to facilities (such as the Oroville Dam and the California Aqueduct) which had already been built and which would be part of the delivery system that eventually would convey SWP water to the Central Coast. Before and after the 1979 election, many in Santa Barbara County questioned whether Santa Barbara County should continue to make payments under the State Contract. A number of water purveyors concluded it would be prudent for the County to continue to retain its entitlement and make payments to the State. The County was willing to retain the entitlement, but only if the associated costs were shifted from the countywide tax base to the ratepayers in those jurisdictions which wanted to keep the option to join the SWP. Beginning in 1982, Santa Barbara County entered into a series of Water Supply Retention Agreements (WSRAs) with various water purveyors for the purpose of shifting responsibility for such State payments from the County taxpayers to individual purveyors and their ratepayers. The WSRAs included a provision stating that no revenue bond financing for project facilities could be issued unless authorized by a vote of the people within the jurisdiction of each participating purveyor.

In 1983, Santa Barbara County, San Luis Obispo County Flood Control and Water Conservation District (SLO County) and the State commenced joint studies which found that additional water was needed for the two counties. The studies concluded that water use in 1980 exceeded dependable water supply by about 65,000 acre-feet per year in Santa Barbara County and by about 70,000 acre-feet per year in San Luis Obispo County. This shortage was being met by long-term overdraft of local groundwater basins.

The chronic overdraft of the local groundwater basins presented a serious environmental threat. Since many of these groundwater basins are adjacent to the ocean, the risk of saltwater intrusion and permanent damage to groundwater basins weighed on the minds of local water officials. In addition, reports from other areas in California (including some from San Luis Obispo County) indicated that groundwater overdrafting was causing surface soil subsidence. Local water agencies understood the significant environmental benefits that could be derived by reducing groundwater "mining" by diversifying water supplies to include imported water.

In 1985 the State, in conjunction with Santa Barbara County, completed a major "Alternatives Study" regarding the feasibility and costs of various supplemental sources of water supply for Santa Barbara County. This study determined that supplemental water from an enlarged Lake Cachuma was the preferred alternative for the Santa Ynez Valley and the South Coast, while SWP water was preferred for the cities of Lompoc, Santa Maria and other north County entities.

In 1986 the City of Santa Maria requested Santa Barbara County to ask the State to begin the planning and environmental studies, including preparation of an environmental impact report, needed to build the Coastal Branch Phase II project. In the same year, Santa Ynez River Water Conservation District, Improvement District No. 1 and the South Coast water purveyors asked the State and the United States Bureau of Reclamation to begin a study for enlarging Lake Cachuma. This alternative involved several environmental concerns that raised doubts about its ultimate feasibility.

In June 1990 DWR prepared and circulated a draft environmental impact report (DEIR) on the Coastal Branch Phase II project, pursuant to the California Environmental Quality Act, Public Resources Code Section 21091 (CEQA). Under CEQA, one purpose of a DEIR is to publicly disclose the impact, both environmental and financial, of a proposed project. The Coastal Branch DEIR was the subject of numerous public meetings in Santa Barbara County.

In May 1991 DWR issued the final environmental impact report (FEIR) for the Coastal Branch Phase II project and the Mission Hills Extension. The FEIR was sent to all of the potential participating water purveyors.

On June 4, 1991, during the 1987-1992 drought, the elections required by the WSRAs were held in 14 Santa Barbara County cities, communities and water districts on a State water ballot measure. The measure asked whether voters in each city or district would approve issuance of revenue bonds to finance local facilities needed to treat and distribute SWP water once the State completed construction of the Coastal Branch Phase II project. Voters in eleven cities and districts approved the bond measures.

The Central Coast Water Authority

Early Activities

In September 1991, following the voter authorization to finance revenue bonds, CCWA was formed to construct, manage and operate Santa Barbara County's "local facilities" for distribution and treatment of State water. Upon its formation, CCWA immediately accepted assignment of the WSRA obligations by executing Water Supply Agreements (WSA) with the contractors. As a result, CCWA became obligated to pay all State costs charged to Santa Barbara County under the State Contract. This obligation was clarified in a single document (instead of eleven) when CCWA and Santa Barbara County entered into a Transfer of Financial Responsibility Agreement on November 12, 1991.

During the early months of its existence, CCWA successfully resolved a number of issues of regional significance. For example, the CCWA members agreed on a cost allocation mechanism to equitably apportion the capital and operating costs of the Polonio Pass Water Treatment Plant among those contractors which would take direct deliveries of treated water (such as Santa Maria) and those which would not (such as Santa Barbara, which receives SWP water through Lake Cachuma). They also agreed to save capital costs by acquiring from one of its members an existing water pipeline which had been built in the 1960's to deliver Lake Cachuma water to the Santa Ynez Valley; that acquisition required an exchange of SWP water for Cachuma water to be equitable to all parties. Finally, they agreed on a mechanism to reapportion the costs incurred between 1985 and 1991 by the parties who had paid for environmental and feasibility studies of the Coastal Branch so that they would be equitably shared by all project participants.

At its formation, CCWA was composed of nine member water purveyors. It has identical WSAs with its members and additional WSAs to deliver water to certain other contractors (i.e., Vandenberg Air Force Base, Southern California Water Company, La Cumbre Mutual Water Company and two other private entities). It was originally responsible for construction and operation of the 42 mile buried pipeline from Vandenberg Air Force Base to Lake Cachuma (i.e., the Mission Hills and Santa Ynez Extensions) and the 43 million gallon per day Polonio Pass Water Treatment Plant. The State was originally responsible for construction, management and operation of the 101-mile Coastal Branch

Phase II project, which extends from northwest Kern County to Vandenberg Air Force Base, and for delivering SWP water to the local facilities.

Since SWP water is delivered from sources hundreds of miles away, the largest part of the delivery costs are “fixed” in the form of costs to finance, build and operate the dams, reservoirs, aqueducts and pipelines to conserve and transport the water. As previously noted, the State recoups these costs, whether or not water is actually delivered. Thus, a water purveyor signing up for SWP water must agree to a “take or pay” contract under which certain (i.e., fixed) costs must be paid each year, irrespective of how much water the State can deliver, and how much water the purveyor actually needs in a given year.

Project Financing, Development and Implementation

In May 1992 CCWA issued “Development Notes” in the principal amount of \$23,760,000 for the purpose of securing funds to initiate design, engineering, planning, and related activities. In connection with the note issue, CCWA published an Official Statement containing information about each of the Santa Barbara County public agencies that would be receiving water through the CCWA constructed facilities.

During 1992, CCWA worked closely with the State on the design and engineering of the Coastal Branch Phase II project. This coordination included intensive discussions concerning the location of the Coastal Branch terminus. The 1963 State Contract showed the Coastal Branch terminating at the Santa Maria River, which is the boundary line between Santa Barbara and San Luis Obispo Counties. This terminus location, while geographically logical, turned out to pose problems from an engineering perspective. In light of these practical problems, CCWA and the State agreed that the terminus should be shifted 15 miles south to a location on Vandenberg Air Force Base, approximately 3 miles from the town of Casmalia.

This decision to move the Coastal Branch Phase II terminus was incorporated into a September 21, 1992 amendment to the State Contract, which was approved at public meetings by the CCWA Board of Directors and Santa Barbara County Board of Supervisors. The effect of this change was to shift from CCWA to the State the obligation to build this 15-mile pipeline reach. CCWA believed this decision was financially advantageous to CCWA project participants, since the State would be able to build this

section with State revenue bond funds borrowed at interest rates lower than those available to CCWA and would provide SWP power for a proposed pumping plant in that reach.

In October 1992, CCWA issued \$177,120,000 in revenue bonds for the purpose of securing funds to design and construct the local facilities. In connection with the bond issue, CCWA published an Official Statement containing information about each of the Santa Barbara and San Luis Obispo County public agencies which would be receiving water through those facilities. (In November 1996, CCWA refinanced the 1992 water revenue bond issue resulting in debt service savings of almost \$400,000 per year. The principal amount of the refunding bonds was \$198,015,000.)

On May 27, 1993 CCWA made the necessary determinations and findings to permit final sizing of the facilities. It amended those findings and determinations in 1994, so that the final sizing was based on 42,986 acre-feet of water per year, which consists of 39,078 acre-feet per year of contract allocations and 3,908 acre-feet per year of "drought buffer" (the purpose of drought buffer entitlement is to firm up the reliability of the contract allocations in those years when full SWP deliveries are not available). On March 16, 1993 SLO County made the requisite determinations and findings regarding its participation, and decided to take 4,830 acre-feet of water per year.

In March 1994, the State commenced construction of the Coastal Branch Phase II facilities. CCWA started construction of its facilities a few months later in July 1994. Pages 292 and 293 contain project maps depicting the facilities constructed by the State, CCWA and various project participants. Table 1 contains technical and other data regarding project facilities.

The Coastal Branch Phase II pipeline is a 101-mile long buried pipeline extending from Devils Den to Tank 5 on Vandenberg Air Force Base in Santa Barbara County. The State pipeline consists of 57-inch diameter pipe at Devils Den, reducing to a 42-inch diameter south of the City of Arroyo Grande. There are three 10,500 horsepower pumping plants – the Devils Den, Bluestone and Polonio Pass Pumping Plants – to lift water 1,500 feet in elevation from Devils Den to Tank 1. The project also includes three water tank sites. There were approximately 30 contracts for procurement of materials and construction of the State's portion of the project.

In order to bring water to the residents of the South Coast of Santa Barbara County (including the communities of Carpinteria, Goleta, Montecito and Santa Barbara), it was necessary for CCWA to design and build a 42-mile extension of the Coastal Branch. The 30-39 inch diameter CCWA pipeline starts at Vandenberg Air Force Base, travels past

Vandenberg Village and the City of Lompoc, through the cities of Buellton and Solvang and terminates at Lake Cachuma, a reservoir on the Santa Ynez River built in the 1950's by the federal government to provide drinking water to South Coast and Santa Ynez Valley residents. The route of this 42-mile CCWA extension is shown in Figure 5.

CCWA also constructed a 43 million gallon per day water treatment plant at Polonio Pass. The site was chosen because the project planners determined a single water treatment plant near the upstream end of the Coastal Branch would offer economies of scale to the 24 project participants, as compared to building a series of smaller plants serving individual participants.

Avoiding delay was a key goal which CCWA pursued throughout the planning and construction of the project, because CCWA estimated that delay would cost \$60,000 to \$100,000 per day. CCWA avoided delays by maintaining cooperation among construction crews, environmental monitors, construction supervisors and regulatory agencies.

In late 1994, the State determined that a proposed power plant in the vicinity of the city of San Luis Obispo was uneconomical in light of an updated construction cost estimate. This finding led to a cooperative effort between the State and CCWA to redesign a portion of the Coastal Branch Phase II pipeline, which resulted in eliminating the San Luis Obispo Power Plant, Tank 4 and the Casmalia Pumping Plant. (Tank 3 was also eliminated when the State decided to tunnel through a mountain rather than trenching and laying pipe over it.)

In early 1995, the State delegated design and construction of a 28-mile stretch of the Coastal Branch Phase II pipeline and Tank 5 to CCWA. Its decision was based on project schedule analyses that indicated the State was falling behind schedule to complete construction of its facilities, which threatened to delay the start of water deliveries.

Overall project construction was completed in the summer of 1997. Initial deliveries to turnouts along the pipeline commenced on August 11, 1997 and to Lake Cachuma on November 20, 1997. On June 25, 1998 the CCWA Board of Directors took formal action to declare the CCWA project complete. The estimated cost of the overall project is \$595 million, which is comprised of \$481 million for the Coastal Branch Phase II project and \$114 million for the CCWA facilities (\$43 million for the Polonio Pass Water Treatment Plant and \$71 million for the CCWA pipeline). In addition, CCWA provided \$27 million financing for project participants' turnouts and local projects and miscellaneous other project related costs.

By working cooperatively with the State and San Luis Obispo County, CCWA's efforts to implement a project that met three principal goals associated with quality, cost and schedule resulted in a number of unique and unprecedented accomplishments. The change in the location of the Coastal Branch Phase II terminus was one such accomplishment. Others were:

- CCWA's Polonio Pass Water Treatment Plant was sited at the State's Tank 1 site, 90 miles from the downstream terminus of the SWP Coastal Branch. As previously mentioned, by siting the plant at this location, only one treatment plant is necessary to most cost effectively treat all the State water for two State water contractors (San Luis Obispo County and CCWA).
- As previously mentioned CCWA recommended and the State implemented major design changes which eliminated a power plant, a tank site and a pumping plant from the Coastal Branch Phase II project. Simplifying the overall project design in this manner helped to preserve the project schedule and enhance operational flexibility. There were a number of other benefits as well. Both capital costs and operating and maintenance (O&M) costs were reduced. Environmental impacts associated with the surface features were eliminated. Property owner issues in San Luis Obispo County were simplified because acquiring fee title for the surface features was no longer necessary.
- In early 1995 CCWA determined that internal State staff resources were being stretched as a growing number of project components were moving from the permitting and design phases into the bid and construction phases. The State's Design and Construction Division was struggling to meet its deadlines and keep the project on schedule. As a result CCWA proposed to the State that it contract with CCWA to provide engineering services and to construct a 28-mile stretch of pipeline and Tank 5 on Vandenberg Air Force Base. The State agreed and entered into a joint powers agreement with CCWA to construct the facilities financed by the State. CCWA redesigned the facilities using industry standards, which resulted in capital cost savings. CCWA and the State successfully defended a lawsuit seeking to invalidate this agreement brought by a group of State engineers.

Under this agreement CCWA provided additional assistance to the State for (1) acquiring Coastal Branch Phase II right of way, (2) reconstructing an 800-foot portion of the partially constructed State pipeline which was damaged by a landslide resulting from heavy rains, (3) constructing a 3,500 foot portion of the State pipeline near the city of San Luis Obispo, (4) constructing the Lopez and Chorro Valley turnouts in San Luis Obispo County and (5) resolving its outstanding construction contract claims.

- On October 1, 1996 the State entered into an agreement with CCWA to have CCWA operate and maintain all of the Coastal Branch facilities downstream of the Polonio Pass Water Treatment Plant. This action provides significant O&M cost savings to SLO County and CCWA and avoids State overhead costs. It also provides greater efficiency by having a single agency – CCWA – exercise responsibility for all Coastal Branch facilities involved in the conveyance and treatment of SWP water.
- In the early stages of project development, the State appointed a Coastal Branch Project Manager to oversee the various State departments working on the project. This action resulted in improved coordination and cooperation among the various State divisions and numerous individuals. It also greatly facilitated CCWA input on Coastal Branch Phase II project financing, planning, design, construction and O&M issues.
- As a result of experience gained on the Coastal Branch Phase II project and its dealings with CCWA, the State has made unprecedented changes in its staffing, organization and approach to implementing projects. The State's Division of Design and Construction was reorganized and staffing was significantly reduced. The State now seeks State water contractor input on design criteria and project designs. The State has recognized that its existence as a design, construction and O&M organization is dependent on how well it responds to and meets the needs of its customers, the State water contractors.

The reorganization of the State's Design and Construction Division (now known as the Engineering Division) was the result of a personnel consultant study authorized by State management, principally due to CCWA's experiences on the Coastal Branch Phase II project. Since then State management has conducted similar studies for its Planning and O&M Divisions.

A Commitment to Environmental Protection

Throughout the planning and construction of the project, CCWA worked very hard to build the project with a true commitment to environmental protection. CCWA formed a project team of CCWA staff, engineers, environmental consultants and attorneys charged with coordinating their respective skills and objectives to design and build a project that treated environmental protection with the same priority given technical and financial issues. Project plans incorporated environmental mitigation from inception. The project team conducted regular meetings to maintain clear lines of communication and reporting and to create peer pressure so that each team member took personal responsibility for completing tasks properly and timely, resolving little problems before they grew and staying ahead of issues to prevent problems from developing.

Before project planning began, the team met with every regulatory agency that might have had jurisdiction over the project to discuss potential resource issues that needed to be addressed and to establish a dialogue that encouraged the resource agencies to call if problems were identified as the project progressed.

CCWA and its project participants complied with both CEQA and the National Environmental Protection Act and prepared three EIRs with Supplemental EIRs, an Environmental Assessment and a number of Negative Declarations. CCWA and its consultants coordinated closely with the California Department of Fish & Game, U.S. Fish and Wildlife Service, U.S. Army Corps of Engineers, U.S. Bureau of Reclamation and local Native American groups to formulate and implement a mitigation and monitoring program to (1) protect sensitive species and their habitats, (2) avoid impact to cultural resources, (3) restore disturbed areas to their prior condition to the extent feasible and (4) provide offsite mitigation for those areas that could not be restored, (e.g., large trees cannot be grown over the pipeline, and above ground valve vaults and similar facilities occupy surface areas which must remain clear in perpetuity).

CCWA's approach to the project provides an example of how to build a large project which crosses multiple riparian and other sensitive habitats that, without a sincere environmental commitment, could be adversely affected by construction activity. Project planning and construction included the following measures:

- The construction right of way and access roads were selected by CCWA staff, engineers, cultural experts and biologists to avoid sensitive resources wherever possible and, where avoidance was infeasible, to minimize environmental damage. Routes were field verified before construction to confirm they were the least environmentally impacting and most feasible routes. Access routes generally followed existing roads and the pipeline corridor to reduce new scarring.
- The right of way was narrowed where feasible to avoid environmental damage.
- The construction plans depicted sensitive areas to be avoided and mapped trees or habitat to be removed. Contractors received a pre-agreed bonus for saving vegetation marked for removal. It was a three-way "win-win" – contractors worked hard to earn the bonus; CCWA saved hefty revegetation costs; the natural environment was preserved and protected.
- The construction specifications required a "double lift" during pipeline trenching, whereby contractors would first remove topsoil, then remove subsoil and keep them separated during construction (topsoil with its valuable native seed bank was protected from wind and rain). The topsoil and subsoil were then restored in the proper order. This enhanced revegetation by using the natural seed bank and nutrients.
- Native seed and native plants grown from seed gathered from the local area were used for revegetation to preserve local genetic integrity and to avoid importing foreign stock that might carry pests and disease.
- CCWA required environmental training for all personnel entering the project site.
- Independent environmental monitors, with authority to halt construction to protect environmental resources, ensured that ground activities complied with the protective measures integrated into the plans and specifications. Monitors marked exclusion zones with bright tape to protect sensitive resources and scouted for previously unknown cultural sites, directing construction away from discovered sites so CCWA's cultural experts could study the sites, report them to the state and federal agencies and then mitigate.

- Biological surveys conducted shortly before construction located sensitive resources and identified the "before" condition of the habitat so post-construction restoration could be completed accurately, and the site restored to its pre-project condition.
- On-site pipe sections were "capped" at the ends to prevent wildlife from crawling inside. Monitors also checked the trench routinely to remove trapped animals.
- Upon completion of construction in each area, CCWA installed erosion controls such as water bars, straw bales and silt fencing to reduce erosion during the rainy season. Sites were monitored closely and erosion control devices repaired and replaced as needed. Revegetated areas are monitored regularly and monitoring will continue for five years.

CCWA's commitment to environmental protection resulted in a project which was virtually undetectable to the public just one year after completion because revegetation was so successful. In addition, CCWA's project management resulted in saving 323 oak trees (90% of those located in or near the pipeline right of way), rescuing 101 animals, preserving and curating 61 cultural artifacts and replanting from seed or seedling 450 oaks, 240 willows, and 60 acres of other native vegetation. Moreover, far fewer acres of sensitive habitat were impacted by the project, compared to the pre-construction impact estimates, thereby resulting in significantly lower mitigation efforts after completion. As a result, the costs of environmental mitigation were lower than expected, disruptive project delays were avoided and CCWA enjoys a good working relationship with the regulatory agencies.

Certain state-of-the-art engineering and construction techniques used on the project were necessary more for environmental than technical reasons. CCWA utilized microtunnel technology to cross under San Antonio Creek (Vandenberg Air Force Base) and the Santa Ynez River and the State utilized directional drilling technology to cross San Juan Creek in San Luis Obispo to avoid impacts to certain endangered species and sensitive habitat. In addition CCWA utilized "jack and bore" technology to install the pipeline under existing oak groves adjacent to Vandenberg Village (Santa Barbara County) and the City of San Luis Obispo, as well as for more traditional purposes such as railroad and freeway crossings.

When the CCWA Board of Directors approved construction of the 42-mile CCWA pipeline, it included a number of conditions. One condition was to require each of the CCWA project participants to commit that its SWP water entitlement will be used first to offset its proportionate share of groundwater overdraft and then to improve water quality for its consumers. (Any remaining water would be used for future growth consonant with community general plans.) Thus, SWP water is providing the "ultimate" environmental benefit by reducing groundwater overdraft in a number of areas throughout the county.

Water Supply Reliability

The availability of SWP water supplies varies with hydrologic cycles and overall SWP demand. During wet years the SWP is able to deliver sufficient water to meet most or all SWP delivery requests. During extended dry year conditions, the SWP can deliver only a portion of requested deliveries.

In June 1993 CCWA retained an additional 3,908 acre-foot "drought buffer" entitlement to partially firm up the reliability of the 39,078 acre-feet of SWP entitlement for which CCWA (Santa Barbara County) project participants contracted. During those years that availability of SWP water exceeds project participants' demand, project participants can store drought buffer water (and unused WSA entitlement allocations) either directly into a groundwater basin or on an in-lieu basis (i.e., by taking delivery of the drought buffer and reducing groundwater pumping by an equal amount). During dry years when availability of SWP water is less than CCWA project participants' demand, stored drought buffer water (and stored entitlement water) can be used to augment SWP deliveries. On a long-term average basis, this results in the equivalent of 80% delivery of full annual entitlement (i.e., the 39,078 acre feet) year in and year out. In the meantime, the reliability of requested deliveries by CCWA project participants is much higher – virtually 100% – because their current total demand is significantly less than 39,078 acre feet per year.

Other mechanisms that CCWA can use to fill project participant delivery requests during shortages in SWP supplies are:

- Acquiring water from the State "Turnback Pool," which is an internal SWP mechanism that pools unused SWP supplies early in the year for purchase by other SWP contractors at a set price. In addition, CCWA has established its own Turnback Pool Program whereby CCWA project participants can buy and sell excess entitlement among themselves before submitting it for sale in the State turnback pool program. The turnback pool mechanism is only for one-year sales of water.
- Acquiring water from the State Water Bank during those years the bank is implemented by the State to market water that it purchases on the open market (i.e., non-SWP water). The bank was first implemented in 1991 as the State Drought Water Bank and

has since been utilized during certain dry years when additional water is needed by SWP contractors. The water bank also is only for one-year sales of water.

- Term water purchases and sales of SWP entitlement by CCWA project participants in accordance with the CCWA Water Transfer Procedures adopted in March 1996. The procedures typically cover multi-year temporary and permanent sales of SWP entitlement.

Possible future actions that would further enhance SWP entitlement reliability include (1) the State building additional SWP facilities, (2) the State (and federal government) implementing water supply and reliability enhancements resulting from the CALFED process and (3) CCWA instituting a new or participating in an existing groundwater banking program on behalf of its project participants.

The Future

The most significant current challenge to CCWA project participants is financial. Consequently, CCWA continues to strive to ensure the cost effectiveness of both its and the State's operations. With time, the affordability of State water will improve due to the fixed nature of the majority of SWP costs.

As each project participant's demand for State water approaches its entitlement allocation, supply reliability will become CCWA's most significant challenge. The magnitude of this challenge is increased by the fact that demand by other urban State water contractors is also increasing with time. Methods of enhancing the reliability of CCWA's SWP entitlement were previously discussed in the section entitled "Water Supply Reliability."

CCWA staff currently monitor water quality parameters at the Polonio Pass Water Treatment Plant and at each turnout and tank site along the pipeline. As a wholesaler and service provider, CCWA monitors all parameters requested by its project participants, as well as those mandated by state and federal regulators. New water quality analyses currently being conducted by CCWA but not yet regulated include Giardia, Cryptosporidium, total organic carbon (along with its uv-254 surrogate) and haloacetic acids.

CCWA will continually strive to secure maximum performance from the Polonio Pass Water Treatment Plant as state and federal regulations are added and permissible contaminant levels change. The plant's ability to utilize enhanced coagulation, the granular activated carbon filter beds and the post-filtration chlorine contactor will play an important role in meeting the next generation of regulations. The treatment plant can also accommodate the addition of a settled water ozone contactor or other new treatment processes should they ever become necessary.

Environmental protection has been built into every level of CCWA operations. The CCWA O&M manual requires using special balloon-tired vehicles in sensitive areas, utilizing portable dechloramination units whenever potable water is released from the pipeline, having environmental specialists review any earth disturbing activities, restoring and revegetating all disturbed sites, maintaining erosion control along the right of way and conducting aerial surveys when land-based vehicles are inappropriate for use.

The future issues noted above illustrate the continued viability of the vision first expressed in 1993 when the CCWA Board of Directors adopted its Mission Statement and Objectives (Figure 3). CCWA has built both the organization and infrastructure that will support this vision well into the future.

July 1998

Figure 1 – State Water Project Facilities



**Figure 2 – State Water Project Contracting Agencies
(and year of initial water delivery)**

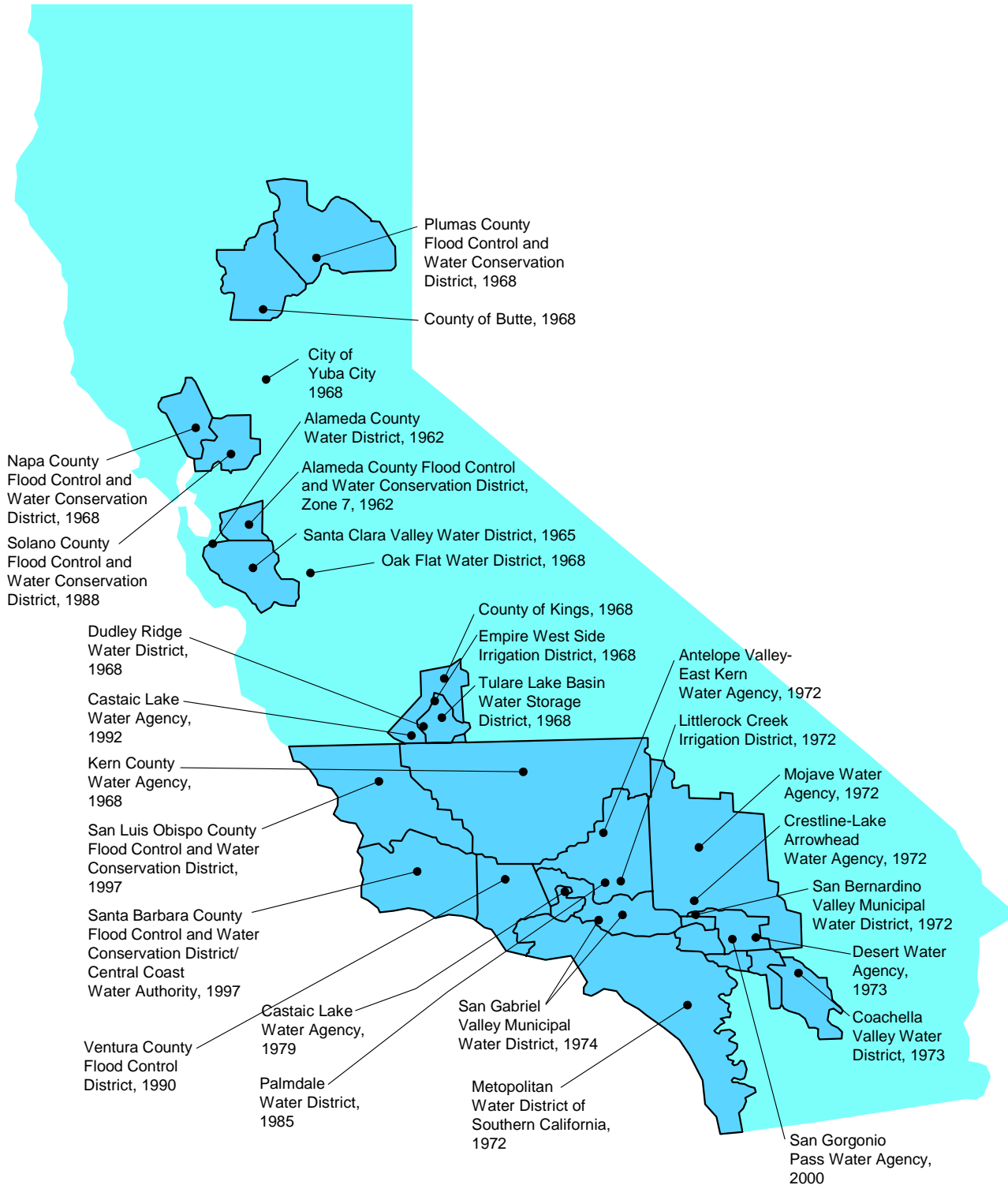


Table 1

COASTAL BRANCH PHASE II PROJECT DATA *

Tank Sites*	1	1	2	5	7
	raw water	treated water	treated water	treated water	treated water
# of tanks	3	2	2	2	1
total capacity (million gallons)	24.2	9.8	6.4	5	2.5

* Tank sites 3, 4 and 6 were eliminated during design of the facilities.

Polonio Pass Water Treatment Plant	43 million gallon per day capacity (disinfection process uses combination of chlorine and ammonia - chloramination)
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Pipeline		
<u>Location (from/to)</u>	<u>Pipeline Diameter (inches)</u>	<u>Distance (miles)</u>
Devils Den Pumping Plant/Tank1	57	13.0
Tank1/Salinas River	48	33.0
Salinas River/Cuesta Tunnel	51	7.1
Cuesta Tunnel/Tank 5	42	47.5
Tank 5/Purisima Road	39	13.3
Purisima Road/Santa Ynez Pumping Facility	36	21.2
Santa Ynez P.F./Lake Cachuma	30	8.0
Total Pipeline >>>		143.1

Pump Plants	<u>Flow Rate (cfs)</u>	<u>Horsepower (each pump)</u>	<u># of Pumps</u>	<u>Lift (ft)</u>
Devils Den Pumping Plant (DWR)	100	1760	6	550
Bluestone Pumping Plant (DWR)	100	1760	6	550
Polonio Pass Pumping Plant (DWR)	100	1760	6	550
Santa Ynez Pumping Facility (CCWA)	22	300	5	250

Turnouts	
<u>Location</u>	<u>Agencies Served</u>
Chorro Valley (SLO County)	California Mens Colony, Cuesta College, County of SLO Operations Center, City of Morro Bay
Lopez (SLO County)	Oceano CSD, City of Pismo Beach, San Miguelito Mutual Water Company, Avila Beach CSD, San Luis Coastal Unified School District, Avila Valley Mutual Water Company
Guadalupe	Guadalupe
Santa Maria	Santa Maria
Southern California Water Company (Orcutt)	California Cities Water Company
Vandenberg AFB	VAFB
Buellton	Buellton
Solvang	Solvang
Santa Ynez	Santa Ynez
Lake Cachuma*	Goleta WD, City of Santa Barbara, Montecito WD, Carpinteria Valley WD, Morehart Land Company, Santa Barbara Research Center, La Cumbre Mutual Water Co.

* Water discharged to Lake Cachuma is dechloraminated and then retreated on the South Coast.