

A Meeting of the

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

will be held at 9:00 a.m., on Thursday, September 27, 2018  
at 255 Industrial Way, Buellton, California



Jack Boysen  
Chairman

Richard Shaikewitz  
Vice Chairman

Ray A. Stokes  
Executive Director

Brownstein Hyatt  
Farber Schreck  
General Counsel

*Member Agencies*

City of Buellton

Carpinteria Valley  
Water District

City of Guadalupe

City of Santa Barbara

City of Santa Maria

Goleta Water District

Montecito Water District

Santa Ynez River Water  
Conservation District,  
Improvement District #1

*Associate Member*

La Cumbre Mutual  
Water Company

**I. Call to Order and Roll Call**

**II. Public Comment – (Any member of the public may address the Board relating to any matter within the Board’s jurisdiction. Individual Speakers may be limited to five minutes; all speakers to a total of fifteen minutes.)**

**III. Consent Calendar**

- \* A. Approve Minutes of the June 28, 2018 Regular Meeting
- \* B. Approve Bills
- \* C. Controller’s Report
- \* D. Operations Report

**IV. Executive Director’s Report**

- A. State Water Project Contract Extension Update
- \* B. State Water Project Contract Assignment Update
- C. State Water Project Contract Amendments for Water Management and California WaterFix Update
- \* D. DWR Calendar Year 2019 Transportation Minimum OMP&R
- \* E. Ernst & Young Audit Report on the DWR Calendar Year 2018 Statement of Charges
- \* F. CCWA at a Glance
- G. Finance Committee Meeting
  - 1. FY 2017/18 Fourth Quarter Investment Report
- \* H. Carryover of Project Funds from FY 2017/18 to FY 2018/19
- \* I. Ratification of Use of Appropriated Contingency for Bradbury Bypass Piping Removal and Reinstallation
- \* J. Santa Ynez Pumping Plant, Tank Sites #2 and #5 Pavement Maintenance Project
- \* K. Legislative Update

**V. CLOSED SESSION:**

- A. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION  
Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Government Code Section 54956.9: *unknown number of cases.*

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

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

**VIII. Date of Next Regular Meeting: October 25, 2018**

**IX. Adjournment**

- \* Indicates attachment of document to original agenda packet.
- Indicates enclosure of document with agenda packet.

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Buellton, CA 93427-9565  
(805) 688-2292  
FAX: (805) 686-4700



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

**June 28, 2018**

**I. Call to Order and Roll Call**

Chairman Boysen called the June 28, 2018, Central Coast Water Authority (CCWA) Board of Directors meeting held at 255 Industrial Way, Buellton, California, to order at 9:00 a.m. Attachment No. 1 is a list of those in attendance.

CCWA member agencies with voting privileges were represented by:

<u>Representative</u>	<u>Agency/City</u>	<u>Voting %</u>
Jack Boysen	City of Santa Maria	43.19%
Harlan Burchardi	Santa Ynez River Water Conservation District, ID #1	7.64%
Kristin Sneddon	City of Santa Barbara	11.47%
Shirley Johnson	Carpinteria Valley Water District	7.64%
Richard Merrifield	Goleta Water District	17.20%
Richard Shaikewitz	Montecito Water District	9.50%

**II. Public Comment**

Mr. Boysen welcomed Curtis Tunnell, CCWA's original Board Chair, who served the Board as the City of Santa Maria's representative during the formative years of the Central Coast Water Authority.

There was no public comment.

**III. Election of Officers**

Director Burchardi moved to nominate the current officers, including Director Boysen for Chairman, Director Shaikewitz for Vice Chairman, Ray Stokes for Treasurer and Elizabeth Watkins for Secretary. The motion was seconded by Director Shaikewitz and carried with all in favor and none opposed.

**IV. Committee Appointments**

Chairman Boysen stated he would like to continue the current committee roster, but requested any Board member who would like to contribute to any committee indicate that they would be available for participation, either in private or during the discussion.

No member of the Board recommended any changes, so the current committee roster will continue.

**V. Consent Calendar**

- A. Approve Minutes of the April 26, 2018 Regular Meeting
- B. Approve Bills
- C. Controller's Report
- D. Operations Report

Mr. Merrifield noted the expense related to staff meetings during the two month period, and Staff reported they would provide additional detail after the meeting.

Following discussion, a motion to approve the Consent Calendar was made by Director Shaikewitz, seconded by Director Johnson, and carried with all in favor and none opposed.

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

### **A. Water Supply Situation Report**

Ray Stokes, CCWA Executive Director, provided the Board information related to water available to CCWA, noting that this will likely be his last report for the year as the water situation will not change significantly during the dry season. The 40.8 inch precipitation received to date is below the state's historical average of 51 inches. Following a severely dry winter most of the precipitation and snow pack occurred during storms in March.

Oroville is continuing to maintain an artificially low storage level to allow for the ongoing spillway repair. Discussion ensued regarding the spillway repair plan and cost estimate, and Mr. Stokes stated that the costs related to response to the emergency will be paid differently than the final repair of the damage.

San Luis Reservoir is still below spill level, and the storage level likely will only decrease as contractors take water from the reservoir.

DWR final Table A allocation is 35%, and CCWA has completed the Mojave Exchange, so total water available is close to 35,000 AF. About 6,500 AF of water debt remains for CCWA participants from prior year's water transactions, and CCWA is delivering at full capacity to Lake Cachuma for South Coast participants.

### **B. State Water Project Contract Extension Update**

As required by statutory mandate, DWR has scheduled an informational hearing to the California Legislature for the renewal and extension of the long-term water supply contract between the Department and the State Water Project Contractors. It is anticipated that the hearing in front of the entire Joint Legislative Budget Committee will occur sometime in late-summer or early fall.

The major points of the extension were provided in an executive summary of the contract extension amendment included in the meeting materials. A timeline for the contract extension amendment was presented which indicates the EIR should be finalized in September 2018, and the contract may be executed in Mid-October 2018. Mr. Stokes cautioned that there is significant potential litigation related to the contract extension which may impact the effective date of the extension.

The extension period is 50 years, which will be advantageous economically as DWR is currently hampered in its ability to issue 30 year bonds by the 2035 contract expiration date.

Since CCWA is not the contractor with DWR, Santa Barbara County will need to execute the amendment on behalf of CCWA member agencies.

Director Johnson noted the reserve increase, and Mr. Stokes reviewed the billing procedures of DWR, including the collection of 51e excess revenues used for construction of additional facilities.

C. State Water Project Contract Assignment Update

CCWA is continuing to pursue assignment of the State Water Project Contract, however both the County and DWR are requesting the other entity take the first step by indicating in writing that they are willing to accept assignment of the Contract to CCWA. Mr. Stokes stated he will continue to work on moving assignment forward with both agencies.

The Board generally discussed the political ramifications of assigning the contract to CCWA, including the potential shift of responsibility to the City of Santa Maria due to its strong voting position on the CCWA Board. Chairman Boysen noted the City of Santa Maria is primarily interested in maintaining a secure water supply for all the residents of Santa Barbara County.

Various other economic and environmental concerns related to State Water were also discussed, and Mr. Stokes explained that CCWA's General Counsel has been working on a document to use as outreach to factually refute misconceptions that have been expressed by third party entities, including opponents of the State Water Project within Santa Barbara County. When the document is complete it will be provided to the Board and CCWA's project participants.

D. State Water Project Contract Amendments for Water Management and California WaterFix Update

DWR and the State Water Project (SWP) Contractors have been in weekly negotiations to amend the SWP Contract for Cal WaterFix cost allocations and water management provisions over the past few months. The most recent negotiating session was held on Tuesday, June 19, 2018 to negotiate the last few remaining items.

An overview of the negotiated talking points was provided by Mr. Stokes, detailing changes which would directly effect CCWA participants, including allowing the direct sale of water between contractors without requiring an exchange component, revisions to exchange components based on allocation which will allow more flexibility in exchanges, and transfers of carryover water in San Luis Reservoir. The changes will allow better water management within the State, as well as simplify water transactions for State Water Contractors, including CCWA.

E. California WaterFix Update

A timeline related to the California WaterFix (CWF) project was reviewed, including the Federal contractors who have opted out of the project and the changes to the project itself, the JPA formed to finance the project, and Metropolitan Water District's decision to provide funding.

DWR's validation action is potentially creating a lag in funding, which is the impetus for the creation of the financing JPA. However, there is a 28% gap in the financing JPA due to the non-participation of certain contractors, including Santa Barbara

County. CCWA has not agreed to participate, since it is not the Contractor with the State

The Board requested that Mr. Stokes work with General Counsel to determine if participation in the financing JPA for CWF would be advantageous for CCWA.

F. DWR Calendar Year 2019 Transportation Minimum OMP&R Cost Estimates

Mr. Stokes explained the Transportation Minimum costs have long been an issue with CCWA, due to the continuing volatility in the costs. DWR released the "May Estimate" of the 2019 SOC, which showed a \$13.6 million increase in the Transportation Minimum costs for 2019, to \$23.4 million.

In the calendar year 2018 SOC, DWR showed an estimated calendar year 2019 Transportation Minimum cost estimate of \$7.8 million. For purposes of preparing the CCWA FY 2018/19 budget, CCWA added an additional \$2 million above the DWR estimate for a total of \$9.8 million.

In the 2018 SOC, DWR estimated the actual 2017 charges were \$6.8 million. In the 2019 SOC, DWR is estimating the actual 2017 charges are \$14.1 million, a 106% increase which would be included in the amount due by January 1, 2019.

DWR also estimates that the annual costs will increase to around \$11.5 million per year for 2018 and 2019, or around 50% higher than the estimates provided last year. On average, CCWA's Transportation Minimum costs have been increasing by around 10% per year since 2008.

An in-depth explanation of how the costs are allocated, re-allocated and eventually trued up by DWR was provided, and Mr. Stokes stated he has requested that DWR and the State Water Contractors begin a review of the cost allocation methodologies to determine if another method could be used to lessen the volatility on a year-to-year basis.

An initial action plan was provided by Mr. Stokes to identify the reason for the cost increases and possible payment options.

1. He has asked State Water Contractors (SWC) accounting staff to access the DWR accounting records and try to analyze the reason for the large cost increases. SWC staff believes they will be able to provide this analysis within the next few weeks to provide an initial explanation and analysis.
2. CCWA has discussed this issue with our DWR SOC auditors, Ernst & Young. After SWC staff have completed their initial analysis, we will determine the steps for Ernst & Young to further examine the DWR accounting records to ensure costs that are being charged to CCWA are correct and accurate. The FY 2018/19 Budget includes funds for the Ernst & Young SOC audit.
3. DWR staff has committed to trying to provide additional clarification after the July 1, 2019 SOC has been distributed.
4. Mr. Stokes discussed this issue with the Director of DWR and impressed upon her the importance of this issue to CCWA. She agreed to contact her staff and make this a priority.

5. There is a provision in the SWP contract that allows for the large cost increases of 40% or more to be paid over five years. However, interest is charged at a rate of 4.610%. Mr. Stokes will continue to explore this with DWR, and will also explore the option of private financing through financial institutions.

If it is determined the costs are correct, CCWA will need to submit a supplemental assessment to all CCWA project participants for their share of the \$6.7 million increased costs which would be due January 1, 2019. The second installment of \$6.7 million would be included in the regular billing process and would be due June 1, 2019.

Members of the Board expressed their concern for the increase, and requested Mr. Stokes pursue all available options to clarify the reasons and mitigate the effect of increase on member agencies.

**G. State Water Contractors and State Water Project Contractors Authority Update**

CCWA is a member of the State Water Project Contractors Authority (SWPCA), a JPA that was established more than ten years ago with the intent of potentially maintaining and operating the State Water Project for DWR. That objective never materialized, but then there was the potential that SWPCA could assist in the financing of the CWF; however, a separate entity was established for that purpose. Therefore, since the JPA has no set purpose, Mr. Stokes stated he expects that at its next meeting the JPA will be made dormant, with meetings only once a year until a need is established.

**H. Legislative Update**

Chairman Boysen expressed his appreciation for the legislative update compiled by Metropolitan Water District, and when asked if any actions were of concern to CCWA, Mr. Stokes noted AB 1845 (Gallager) which was intended to create a new commission for authority over the State Water Project and would transfer control from DWR to this commission. The bill was opposed by ACWA, SCWC and SWC and failed to meet deadline.

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

There were no reports from Board members.

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

There were no agenda items noted, and pending any important activities, the July meeting may be cancelled.

**IX. Date of Next Regular Meeting: July 26, 2018**

**X. Adjournment**

The meeting was adjourned at 10:30 a.m.

Respectfully submitted,

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Elizabeth Watkins  
Secretary to the Board

Attachment 1

Due to construction activity within the CCWA administrative offices, the sign in sheets for prior meetings are not currently available. The meeting sign in sheets can be provided upon request following completion of construction, estimated for the end of October 2018.





# CENTRAL COAST WATER AUTHORITY

Agenda Item III.B.  
Board of Directors  
September 27, 2018

## Normal and Recurring Costs

Bills for Ratification - June, July, and August 2018

VENDOR	INVOICE AMOUNT	DESCRIPTION
<b>GENERAL &amp; ADMINISTRATIVE EXPENSES</b>		
AWWA	420.00	Dues and Memberships
Bank of America Business Card	86.25	T-2 License Training
Bank of America Business Card	140.13	MWQI Travel Expenses
Bank of America Business Card	192.00	CWEA Membership Dues
Bank of America Business Card	202.74	SWC/DWR - Travel and meetings
Bank of America Business Card	230.20	Staff meetings
Bank of America Business Card	337.98	Open Enrollment Meeting
Bank of America Business Card	425.00	GFOA Budget Award Program
Bank of America Business Card	566.86	Publications, subscriptions, postage
Bank of America Business Card	700.00	Class A License Training (2 employees)
Bank of America Business Card	1,202.88	Fiber Switch Training - Travel Expense (3 employees)
Bank of America Business Card	3,004.48	AWWA Conference - Registration & Travel (2 employees)
Bank of America Business Card	185.21	CMMS Training
Bank of America Business Card	523.50	CalPERS Educational Forum Expense (2 employees)
California Chamber of Commerce	659.00	Membership Dues 2018-19
Cardmember Service	502.96	News Subscription
Cardmember Service	9,443.22	State Water Contractors - Travel and meetings
Consolidated Electrical Distributors	2,598.00	Electrical Safety Training (3 employees)
Endeman, Grant	145.00	Reimbursable expenses - Certificate renewal
Espinoza, Manuel	205.00	Reimbursable expenses - Certificate renewal
Federal Express	980.75	Express shipping
KnowBe4 Inc	728.50	Safety Training
Long, Lisa	553.61	Reimbursable expenses - Travel Expenses
National Safety Council	395.00	NSC Membership Dues 2018-19
Petty Cash	108.81	Employee meeting and travel expenses
Sorenson, Robert	55.00	Reimbursable expenses - Certification renewal
Stangle, John	778.41	Reimbursable expenses - Travel Expense
Swift, Mark	153.33	Reimbursable expenses - Travel and Certificate expenses
Total Funds	600.00	Postage - postage machine
Ultrex Business Products	134.40	Board Packets
Underground Service Alert	451.13	Annual Membership
United Parcel Service	422.76	Shipping expenses
Water Research Foundation	5,743.00	Membership 2018-19
Watkins, Lisa	151.98	Reimbursable expenses - Mileage and Meeting Expense
	<b>\$ 33,027.09</b>	<b>Total General &amp; Administrative</b>
<b>MONITORING EXPENSES</b>		
AmeriPride Services, Inc.	818.55	Lab supplies
BIOVIR Laboratories	395.00	Water Analysis Tests
Culligan Industries Water Systems	360.00	Carbon Tank Rentals, Tri-Bed Tank Rentals
Eurofins Eaton Analytical	9,475.00	Lab testing
Hach Company	5,832.21	Lab supplies
IDEXX Distribution Corp.	4,318.06	Lab supplies
Praxair Distribution, Inc.	111.98	Lab supplies
VWR International	1,805.19	Lab supplies
	<b>\$ 23,115.99</b>	<b>Total Monitoring Expenses</b>



# CENTRAL COAST WATER AUTHORITY

## Normal and Recurring Costs

Bills for Ratification - June, July, and August 2018

VENDOR	INVOICE AMOUNT	DESCRIPTION
<b>OFFICE EXPENSES</b>		
AND Design Agency	616.44	Employee ID Cards
Bank of America Business Card	660.55	Office and Kitchen Supplies
Deluxe Business Checks & Solutions	200.40	Office supplies
Home Depot Credit Services	360.93	Kitchen supplies
Office Depot	1,004.30	Office, janitorial & kitchen supplies
Petty Cash	466.83	Office & kitchen supplies
Santa Ynez Valley Hardware	34.47	Office Supplies
Solvang Bakery	51.90	Board and Committee meeting pastries
Staples Inc.	940.08	Office, janitorial & kitchen supplies
Tri County Office Furniture	562.35	Office Furniture
Zoom Imaging Solutions Inc	8.09	Office Supplies
	<u>\$ 4,906.34</u>	<b>Total Office Expenses</b>
<b>OTHER EXPENSES</b>		
American Marborg	597.07	Equipment Rental - trailer
Anixter, Inc.	5,818.50	Install Air Conditioning Unit ISO 2
B&B Steel & Supply of Santa Maria	87.17	Install Air Conditioning Unit ISO 2
Bank of America Business Card	557.70	Computer miscellaneous expenses
Bazzell, David	125.00	DSL reimbursement
Brownstein Hyatt Farber	807.50	Legal Services: SWPP - Mojave
Cal Coast Machinery, Inc.	714.91	Tractor Rental - mow right of way
Comcast	573.03	Internet Service
CompuVision	883.77	Yubikey Hardware Authenticator
CompuVision	888.00	Semi-Annual Spam Filtering
CompuVision	7,095.30	RSA Dual Factor Authentication
CompuVision	13,491.25	Managed Service Agreement
De Lage Landen Financial Services	744.03	Copier Lease - BAO
Dell Business Credit	379.73	Work Station Warranty (3 computers)
Dell Business Credit	1,613.73	Laptop Computer
Espinoza, Manuel	250.00	DSL reimbursement
Grainger, Inc.	561.86	WTP Maintenance Tools
HDR Engineering, Inc.	487.50	Engineering Review of Air-Vacuum/Release Valve Riser
HDR Engineering, Inc.	1,822.50	Develop Capital Improvement Program DIST
HDR Engineering, Inc.	1,822.50	Develop Capital Improvement Program WTP
HDR Engineering, Inc.	5,085.20	Phase 2 of 4 Filter Launderers
Hetland, Wayne	300.00	DSL reimbursement
Impulse Internet Services	6,292.14	T-1 System and Internet Service (Buellton and Shandon)
Kieding, Eric	100.00	DSL reimbursement
Mail Finance	442.65	Postage Machine Lease
Marborg Industries	443.83	Tank 5/Tank 7 Rental
Microwest Software Systems, Inc.	4,595.00	CMMS Maintenance and Support
Petersen, Tom	300.00	DSL reimbursement
Quinn Company	277.58	Chipper - Tree Removal
Ross, Don	50.00	DSL reimbursement
Sage Software Inc	2,084.00	Support Service Renewal
Schneider Electric USA Inc	8,210.55	ClearSCADA Annual Service and Support
Stangle, John	300.00	DSL reimbursement
Thompson, James	80.00	DSL reimbursement
Towers, Chris	300.00	DSL reimbursement



# CENTRAL COAST WATER AUTHORITY

## Normal and Recurring Costs

Bills for Ratification - June, July, and August 2018

VENDOR	INVOICE AMOUNT	DESCRIPTION
Valley Tool Rentals	225.00	Bucket Lift Santa Ynez Pump Station
Velosio	8,518.75	Microsoft Dynamics SL support services
Xerox Financial Services	754.48	Copier Lease - WTP
	<b>\$ 77,680.23</b>	<b>Total Other Expenses</b>
<b>OTHER MISCELLANEOUS EXPENSES</b>		
Bureau of Reclamation	187,210.00	Warren Act October 2018 -September 2019
Comb-Warren Act Trust Fund	156,090.00	Trust Fund Quarterly payment
Department of Water Resources	15,835,893.00	Variable OMP&R, Delta Water & Transport Charge
State Water Contractors	93,063.00	Member Dues FY 2018/19
	<b>\$ 16,272,256.00</b>	<b>Total Other Miscellaneous Expenses</b>
<b>PERSONNEL EXPENSES</b>		
ACWA/JPIA	15,916.77	Workman's Compensation Insurance
Bank of America Business Card	100.00	Employee Achievement Awards Program
CalPERS Retirement	184,238.00	Annual Lump Sum Unfunded Accrued Liability FY18/19
CalPERS Retirement	125,000.00	Additional Lump Sum Payment - Unfunded Accrued Liability
CalPERS Health	125,348.64	Health Insurance
CalPERS Retirement	130,007.01	Pension Contributions
CCWA Payroll Wages/Taxes	855,422.36	Gross Payroll Wages/Taxes
Dental/Vision Payments	30,761.51	Dental/Vision Benefits
Industrial Medical Group	225.00	Pre Employment Physical
MetLife SBC Insurance	3,033.45	Life Insurance
Other Misc Employee Benefits	2,835.56	Vehicle, Uniform and Cafeteria Plan Benefits
Standard Insurance Company	3,888.14	Disability Insurance
	<b>\$ 1,476,776.44</b>	<b>Total Personnel Expenses</b>
<b>PROFESSIONAL SERVICES</b>		
Accurate Measurement Systems	900.00	Field Support Equipment Repair
Air Pollution Control District	1,626.80	Equipment permit renewals
Brownstein Hyatt Farber	297.50	Legal Services-Monterey II Litigation
Brownstein Hyatt Farber	552.50	Legal Services-Relations State Water Contractors
Brownstein Hyatt Farber	680.00	Legal Services-Bidding Requirements/Construction Contra
Brownstein Hyatt Farber	3,787.19	Legal Services-General Meetings
Brownstein Hyatt Farber	20,732.51	Legal Services-DWR/SBCFCWCD Contract
Credential Check Corporation	43.82	Background checks
Ernst & Young LLP	26,457.00	Accounting Services
Farwest Corrosion Control	9,676.38	Inspection of Exit Vault & Review of Annual Survey Data
Microwest Software Systems, Inc	3,340.00	Onsite CMMS Services
PAPE Material Handling Inc	181.42	Forklift Service
Risk Management Professionals	3,540.75	Update Chlorine Systems
Safety Kleen Systems, Inc	547.38	Washer Parts/Service
Samba Holdings, Inc.	248.00	DMV driver reports
Sentry Alarm Systems	450.00	Security System - WTP
Stanley Convergent Security	1,041.48	Security Service BAO/SYPP
Stradling Yocca Carlson Rauth	237.00	Legal - Employee Matters
Underground Service Alert	89.40	New tickets
	<b>\$ 74,429.13</b>	<b>Total Professional Services</b>



# CENTRAL COAST WATER AUTHORITY

## Normal and Recurring Costs

Bills for Ratification - June, July, and August 2018

VENDOR	INVOICE AMOUNT	DESCRIPTION
<b>CIP PROJECTS - MATERIALS &amp; OVERHEAD</b>		
Analytical Technology Inc	7,417.05	SYPP Equipment Upgrades
B&B Steel & Supply	54.36	Network Switch Replacement
Bank of America Business Card	41.00	Granular Activated Carbon Filter Media Contract Review
Bank of America Business Card	2,717.71	Network Switch Replacement
Bank of America Business Card	4,347.11	Replace SCADA Servers
Brownstein Hyatt Farber Schreck	212.50	HVAC System Design
Brownstein Hyatt Farber Schreck	212.50	Granular Activated Carbon Filter Media Contract Review
California Electric Supply	3,044.23	Air Conditioning Units for Shandon and Lopez
CDW Government Inc	1,073.37	Network Switch Replacement
Consolidated Electrical Dist	1,583.19	Network Switch Replacement
Fastenal Company	155.09	Network Switch Replacement
Glenmount Global Solutions, Inc	8,250.00	Programmer Support for PLC Update of Filter Backwash Process
Granite Construction Company	36,427.00	Buellton Parking Lot Asphalt Overlay
HDR Engineering Inc	1,271.30	Intermediate Flash Mix Lining
Home Depot	99.61	Free Ammonia Online Analyzer Replacement for Tank 5 and 7
Home Depot	137.37	Replace SCADA Servers
Home Depot	269.52	Network Switch Replacement
Lowe's	26.09	Clarifier Coating
Network Technologies Inc	569.46	Replace SCADA Servers
Reese & Associate, Architect	4,444.00	Buellton Administrative Office Space
Relevant Solutions LLC	947.97	SYPP Equipment Upgrades
Shandam Consulting, Inc	612.50	Network Switch Replacement
Westco Distribution, Inc.	7,247.94	Replace UPS at Buellton Administrative Office
	<u>\$ 81,160.87</u>	<b>Total CIP Project - Materials and Overhead</b>
<b>REPAIRS &amp; MAINTENANCE</b>		
AmeriPride Services, Inc.	2,173.32	Building maintenance supplies
Apex Auto Glass	282.40	Vehicle repairs and maintenance
Applied Industrial Technologies	1,549.83	Equipment repairs and maintenance
Automationdirect.com Inc	660.50	Parts, repair and maintenance
B&T Service Station Contractor	333.67	Parts, repair and maintenance
Bank of America Business Card	709.98	Vehicles repairs and maintenance
Bank of America Business Card	1,594.96	Equipment repairs and maintenance
Battery Systems Inc	300.40	Batteries replaced
Brenner Fielder & Associates	2,022.85	Parts, repair and maintenance
Burt Industrial Supply Inc	3.32	Parts, repair and maintenance
BWS Distributors	431.38	Equipment repairs and maintenance
Cal Coast Irrigation, Inc.	283.62	Parts, repair and maintenance
California Electric Supply	218.25	Electrical parts
Carquest Auto Parts	72.70	Auto parts and supplies
Central Coast Bearing	3,070.72	Parts, repair and maintenance
Certex	147.01	Parts, repair and maintenance
City of Buellton	286.42	Landscape maintenance - water
Cole-Parmer Instrument Co.	523.38	Parts, repair and maintenance
Consolidated Electrical Distributors	1,639.51	Parts, repair and maintenance
Coverall North America, Inc	2,871.77	Janitorial service - BAO/SYPS
Deep Blue Integration	1,950.00	Building maintenance
Delta Liquid Energy	11.57	Propane system repairs
DXP Enterprises Inc.	3,549.73	Equipment repairs and maintenance
Endress+Hauser, Inc.	1,610.35	Parts, repair and maintenance
Farwest Corrosion Control	5,160.84	Parts, repair and maintenance



# CENTRAL COAST WATER AUTHORITY

## Normal and Recurring Costs

Bills for Ratification - June, July, and August 2018

VENDOR	INVOICE AMOUNT	DESCRIPTION
Ferguson Enterprise, Inc.	1,102.63	Parts, repair and maintenance
Galco Industrial Electric, Inc.	2,056.58	Parts, repair and maintenance
Gary Brown Service & Repair	638.10	HVAC service and repairs
GFG Instrumentation Inc.	2,556.69	Equipment repairs and maintenance
Grainger Inc.	3,769.92	Parts, repair and maintenance
Hach Company	872.25	Parts, repair and maintenance
Harrington Industrial Plastics	294.78	Parts, repair and maintenance
Harrison Hardware	99.04	Parts, repair and maintenance
Home Depot	209.87	Parts, repair and maintenance
Independent Electric Supply	18.32	Equipment repairs and maintenance
Jan's Gardening Service	1,625.00	Landscape maintenance - BAO/SYPS
Lowe's	821.04	Parts, repair and maintenance
McMaster-Carr Supply Company	393.04	Maintenance supplies
Mouser Electronics	269.76	Equipment repairs and maintenance
Noble Saw, Inc.	301.24	Equipment repairs and maintenance
Office Depot	101.12	Janitorial supplies
Paso Robles Chevrolet	1,041.30	Vehicles repairs and maintenance
Powder Coating USA	130.00	Equipment repairs and maintenance
Procure Janitorial Supply	438.17	Janitorial supplies - WTP
Progressive Greenery	990.00	Landscape maintenance - WTP
Protective Equipment Testing Lab	122.49	Electric glove testing
Quinn Company	51.66	Equipment repairs and maintenance
Relevant Solutions LLC	615.04	Equipment repairs and maintenance
Rio Vista Chevrolet	5,439.07	Vehicle maintenance
San Luis Personnel Service	3,667.20	Janitorial Service - WTP
Southwest Valve, LLC	1,236.24	Equipment repairs and maintenance
Ultrax Business Products	909.90	Copier maintenance
USA Blue Book	637.59	Equipment repairs and maintenance
Walmart	21.42	Vehicle repairs and maintenance
Western Exterminator Co	616.50	Pest control spraying - BAO and SYPS
Winema Industrial & Safety Supply	1,183.60	Parts, repair and maintenance
Zemarc Corporation	68.90	Equipment repairs and maintenance
Zoom Imaging Solutions, Inc	104.89	Copier Maintenance
	<b>\$ 63,861.83</b>	<b>Total Repairs &amp; Maintenance</b>

### SUPPLIES & EQUIPMENT

Airgas USA, LLC	214.75	Safety supplies
AmeriPride Services, Inc.	3,496.57	Uniform expenses
Applied Industrial Technologies	129.63	Minor Tools
Astra Industrial Services Inc	109.00	Erosion control supplies
Automationdirect.com Inc	115.00	Maintenance supplies and hardware
Bank of America Business Card	18.99	Landscape materials
Bank of America Business Card	85.31	Fuel - Autos
Bank of America Business Card	229.17	Minor tools
Bank of America Business Card	320.92	Safety supplies
Bank of America Business Card	1,173.56	Equipment & maintenance supplies
Burt Industrial Supply, Inc	918.75	Minor Tools, Maintenance supplies and hardware
Carquest Auto Parts	128.76	Equipment & maintenance supplies
Carr's Boots & Western Wear	994.18	Uniform expenses
Chemtrade Chemicals US, LLC	125,431.83	Chemicals - WTP
Consolidated Electrical Dist.	786.13	Maintenance supplies and hardware



# CENTRAL COAST WATER AUTHORITY

## Normal and Recurring Costs

Bills for Ratification - June, July, and August 2018

VENDOR	INVOICE AMOUNT	DESCRIPTION
Delta Liquid Energy	227.00	Maintenance supplies and hardware
Eagle Energy	409.47	Equipment service
Farm Supply	261.80	Repairs & maintenance
Fastenal Company	146.50	Maintenance supplies and hardware, safety supplies
Forestry Suppliers, Inc.	208.88	Small tools, maintenance supplies
Grainger Inc.	2,559.80	Minor tools, equipment & maintenance supplies, safety supplies
Harrison Hardware	138.80	Maintenance supplies and hardware
Hill Brothers Chemical Company	13,255.22	Chemicals - WTP
Home Depot	1,413.98	Minor tools, equipment & maintenance supplies
Integrated Industrial Supply Inc	24.14	Safety supplies
JB Dewar	1,100.54	Fuel - equipment
JCI Jones Chemical	158,412.16	Chemicals - WTP
Petty Cash	28.71	Minor tools, equipment & maintenance supplies, safety supplies
Procare Janitorial Supply	127.31	Safety supplies
Standard Purification	21,420.00	Chemicals - WTP
Sterling Water Technologies, LLC	28,237.38	Chemicals - WTP
Towers, Chris	124.41	Reimbursable expense - uniform expense
Transcat	836.52	Minor tools and equipment
Univar USA, Inc.	23,313.16	Chemicals - WTP
USA Blue Book	204.11	Maintenance supplies and hardware
WEX Bank - Wright Express	15,837.61	Fuel - Autos
	<b>\$ 402,440.05</b>	<b>Total Supplies &amp; Equipment</b>
<b>UTILITIES</b>		
Bank of America Business Card	60.17	Telephone conference charge
Bank of America Business Card	59.80	Cell Phone accessories
City of Buellton	536.27	Water - BAO
Delta Liquid Energy	43.84	Propane gas
First Choice Technology	39.18	Phone - Long distance carrier, 800#
Frontier	794.92	Telephone charges
Health Sanitation Services	594.73	Waste Disposal - SYPS
Marborg Industries	916.12	Waste Disposal - BAO
Pacific Gas & Electric	350,044.44	Utilities - BAO/SYPS/WTP
San Miguel Garbage Company	630.75	Waste Disposal - WTP
Santa Ynez River Water Conservation	656.96	Water - SYPS
Stokes, Ray	193.92	Reimbursable Expenses - Cell Phone charges
Surfnet Communications, Inc.	225.00	Wireless Internet - Chorro
The Gas Company	10.67	Natural Gas - BAO
Verizon Wireless	1,063.39	Cell phone charges
	<b>\$ 355,870.16</b>	<b>Total Utilities</b>
<b>Subtotal - Bills for Ratification</b>	<b>\$18,865,524.13</b>	



# CENTRAL COAST WATER AUTHORITY

## Bills for Approval

<b>VENDOR</b>		<b>INVOICE AMOUNT</b>	<b>DESCRIPTION</b>
State of California DWR	\$	3,986,373.00	Capital Cost and Minimum OMP&R Charges - Sept'18
<b>Subtotal - Bills for Approval</b>	<b>\$</b>	<b>3,986,373.00</b>	
<b>Total Ratification and Approval Bills</b>	<b>\$</b>	<b><u>22,851,897.13</u></b>	

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Agenda Item III.C.  
Board of Directors  
September 27, 2018  
**Statements of  
Net Position**

<b>ASSETS</b>	<b>Preliminary &amp; Unaudited June 30, 2018</b>	<b>May 31, 2018</b>
<b><u>Current Assets</u></b>		
Cash and investments	\$ 14,005,157	\$ 12,203,170
Accounts Receivable (Note 1)	253,162	-
Accrued interest receivable	159,628	74,020
Other assets	1,667,007	1,572,961
<b>Total Current Assets</b>	<b>16,084,954</b>	<b>13,850,151</b>
<b><u>Restricted Assets</u></b>		
Cash and investments with fiscal agents	-	-
<b><u>Investment Accounts</u></b>		
Operations and Maintenance Reserve Fund (Note 2)	2,107,127	2,110,527
Rate Coverage Reserve Fund (Note 3)	9,244,512	9,242,388
Debt Service Payments (Note 4)	10,411,593	6,187,722
Department of Water Resources (Note 5a)	44,370,868	30,944,838
Credits Payable (Note 6)	343,955	343,698
Escrow Deposits (Note 7)	407,013	410,889
<b>Total Restricted Assets</b>	<b>66,885,069</b>	<b>49,240,063</b>
<b><u>Property, Plant and Equipment</u></b>		
Construction in progress (Note 8)	834,306	1,255,485
Fixed assets (net of accumulated depreciation)	93,379,727	93,227,383
<b>Total Property, Plant and Equipment</b>	<b>94,214,034</b>	<b>94,482,868</b>
<b><u>Other Assets</u></b>		
Unamortized bond issuance costs (Note 9)	1,000,533	1,048,647
Long term receivable (Note 10)	3,632,703	3,854,107
<b>Total Other Assets</b>	<b>4,633,236</b>	<b>4,902,754</b>
<b>Total Assets</b>	<b>\$ 181,817,292</b>	<b>\$ 162,475,836</b>

Central Coast Water Authority

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# Statements of Net Position

<b><u>LIABILITIES AND FUND EQUITY</u></b>	<b><i>Preliminary &amp; Unaudited</i></b>	
	<b>June 30, 2018</b>	<b>May 31, 2018</b>
<b><u>Current Liabilities</u></b>		
Accounts Payable	\$ 238,277	\$ 195,851
DWR and Warren Act Charge Deposits (Note 5a)	44,462,834	30,944,838
CCWA Variable Charge Deposits (Note 5b)	215,272	6,243
Accrued interest payable	469,876	313,251
Other liabilities	3,289,420	3,148,527
Rate Coverage Reserve Fund	9,222,497	9,188,614
Unearned Revenue	20,072,298	11,798,428
Credits Payable to Project Participants	1,331,476	629,356
<b>Total Current Liabilities</b>	<b>79,301,951</b>	<b>56,225,109</b>
<b><u>Long-Term Liabilities</u></b>		
Bonds payable (Note 11)	37,590,000	37,590,000
Bond Original Issue Premium, net	2,682,251	2,812,150
Net Pension Liability	3,318,324	3,318,324
<b>Total Long-Term Liabilities</b>	<b>43,590,575</b>	<b>43,720,474</b>
<b><u>Commitments and Uncertainties</u></b>		
<b><u>Net Assets</u></b>		
Contributed capital, net (Note 12)	22,562,433	22,562,433
Retained earnings	36,362,332	39,967,820
<b>Total Net Assets</b>	<b>58,924,765</b>	<b>62,530,253</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 181,817,292</b>	<b>\$ 162,475,836</b>



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

	<i>Preliminary &amp; Unaudited</i> <u>June 30, 2018</u>	<u>May 31, 2018</u>
<b><u>Operating Revenues</u></b>		
Operating reimbursements from project participants	\$ 18,868,309	\$ 20,443,008
Other revenues	157,546	86,034
<b>Total Operating Revenues</b>	<u>19,025,855</u>	<u>20,529,041</u>
<b><u>Operating Expenses</u></b>		
Personnel expenses	4,726,394	4,084,422
Office expenses	17,966	14,669
General and administrative	229,679	207,446
Professional services	358,647	305,646
Supplies and equipment	1,152,515	1,065,554
Monitoring expenses	78,986	68,188
Repairs and maintenance	276,386	253,471
Utilities	1,194,942	1,065,312
Depreciation and amortization	1,061,706	962,820
Other expenses	543,797	497,487
<b>Total Operating Expenses</b>	<u>9,641,018</u>	<u>8,525,015</u>
<b>Operating Income</b>	<u>9,384,837</u>	<u>12,004,026</u>
<b><u>Non-Operating Revenues</u></b>		
Investment income	635,825	505,283
<b>Total Non-Operating Revenues</b>	<u>635,825</u>	<u>505,283</u>
<b><u>Non-Operating Expenses</u></b>		
Interest	1,978,000	1,821,375
Current year credits payable	1,306,917	431,262
Loss on disposal of fixed assets	84,561	
<b>Total Non-Operating Expenses</b>	<u>3,369,478</u>	<u>2,252,637</u>
<b>Net Income</b>	<u>6,651,183</u>	<u>10,256,672</u>
<b><u>Retained Earnings</u></b>		
Retained earnings at beginning of period	<u>29,711,148</u>	<u>29,711,148</u>
Retained earnings at end of period	<u>\$ 36,362,332</u>	<u>\$ 39,967,820</u>

Central Coast Water Authority  
**Notes to Financial Statements**  
 June 30, 2018

**Note 1: Accounts Receivable**

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

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

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

Project Participant	Amount
City of Guadalupe	\$ 28,267
City of Santa Maria	832,602
Golden State Water Company	25,698
Vandenberg AFB	381,385
City of Buellton	29,706
Santa Ynez ID #1 (Solvang)	77,093
Santa Ynez ID #1	25,698
Goleta Water District	231,278
Morehart Land Co.	10,279
La Cumbre Mutual Water Company	51,389
Raytheon Systems Company	2,570
City of Santa Barbara	154,186
Montecito Water District	154,186
Carpinteria Valley Water District	102,790
TOTAL:	\$ 2,107,127

**Note 3: Rate Coverage Reserve Fund Cash Deposits**

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

Project Participant	Amount
City of Guadalupe	\$ 190,241
City of Santa Maria	5,022,340
City of Buellton	276,019
Santa Ynez ID #1 (Solvang)	614,437
Santa Ynez ID #1	462,876
La Cumbre Mutual Water Company	398,736
Montecito Water District	1,437,379
Carpinteria Valley Water District	827,212
Shandon	15,271
TOTAL:	\$ 9,244,512

Central Coast Water Authority  
**Notes to Financial Statements**  
June 30, 2018

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**Note 4: Debt Service Payments**

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

<b>Participant</b>	<b>Amount</b>
Avila Beach	\$ 11,929
California Men's Colony	104,338
County of SLO	111,147
Cuesta College	52,173
Morro Bay	673,217
Oceano	87,216
Pismo Beach	144,146
Shandon	11,811
Guadalupe	148,443
Buellton	262,993
Santa Ynez (Solvang)	806,838
Santa Ynez	303,011
Goleta	2,542,930
Morehart Land	116,861
La Cumbre	559,088
Raytheon	24,466
Santa Barbara	1,563,219
Montecito	1,837,350
Carpinteria	1,050,419
TOTAL:	\$ 10,411,593

Central Coast Water Authority  
**Notes to Financial Statements**  
June 30, 2018

**Note 5a: Cash and Investments Payment to DWR and Warren Act and Trust Fund Charges**

Cash deposits for payments to DWR and Warren Act and Trust Fund payments.

Project Participant	Amount
City of Guadalupe	\$ 560,362
City of Santa Maria	16,525,415
Golden State Water Company	516,541
Vandenberg AFB	7,189,954
City of Buellton	643,695
Santa Ynez ID #1 (Solvang)	1,629,227
Santa Ynez ID #1	610,838
Goleta Water District	5,307,379
Morehart Land Co.	210,687
La Cumbre Mutual Water Company	1,116,267
Raytheon Systems Co.	53,754
City of Santa Barbara	3,875,704
Montecito Water District	3,864,216
Carpinteria Valley Water District	2,266,828
TOTAL:	<u>\$ 44,370,868</u>

**Note 5b: Cash Payments for CCWA Variable Charges**

Cash deposits for payments to CCWA for Quarterly Variable Assessments.

Project Participant	Amount
City of Guadalupe	\$ 5,032
City of Santa Maria	78,177
Golden State Water Company	-
Vandenberg AFB	14,550
City of Buellton	7,022
Santa Ynez ID #1 (Solvang)	9,381
Santa Ynez ID #1	65,033
Goleta Water District	-
Morehart Land Co.	-
La Cumbre Mutual Water Company	10,441
Raytheon Systems Co.	6,022
City of Santa Barbara	-
Montecito Water District	-
Carpinteria Valley Water District	-
Shandon	625
Lopez Turnout	4,328
Chorro Turnout	6,832
TOTAL:	<u>\$ 207,442</u>

Central Coast Water Authority  
**Notes to Financial Statements**  
 June 30, 2018

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**Note 6: Credits Payable**

Credits payable to CCWA project participants for investment earnings and O&M assessment credits.

Project Participant	Amount
City of Guadalupe	\$ 8
City of Santa Maria	1,060
Golden State Water Company	38
Vandenberg AFB	202,705
City of Buellton	36
Santa Ynez ID #1 (Solvang)	116
Santa Ynez ID #1	1,796
Goleta Water District	(2)
Morehart Land Co.	1
La Cumbre Mutual Water Company	6
Raytheon Systems Co.	-
City of Santa Barbara	(5)
Montecito Water District	137,997
Carpinteria Valley Water District	(1)
Shandon	-
Lopez Turnout	99
Chorro Turnout	102
<b>TOTAL:</b>	<b>\$ 343,955</b>

**Note 7: Escrow Deposits**

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

Project Participant	Amount
Morehart Land Company	\$ 331,640
Raytheon Systems Company	75,373
<b>TOTAL:</b>	<b>\$ 407,013</b>

**Note 8: Construction in Progress**

Amounts in construction in progress represent expenditures incurred during FY 2017/18 and amounts retained in construction in progress at June 30, 2017. The following schedule shows the CIP expenditures for CCWA projects.

Financial Reach	Amount
Labor	\$ 56,012
Materials	568,199
Overhead	210,095
<b>Project CIP Total:</b>	<b>\$ 834,306</b>

Central Coast Water Authority  
**Notes to Financial Statements**  
June 30, 2018

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**Note 9: Unamortized Bond Issuance Costs**

Unamortized bond issuance costs for the 2016 revenue bonds include bond insurance and the 1992, 1996 and 2006 revenue bond deferred costs.

**Note 10: Long-Term Receivable**

The long-term receivable represents CCWA revenue bond expenditures for project participant local facilities which are owned by the individual project participants. The costs associated with the construction of these local facilities are financed with proceeds from the CCWA revenue bonds. Project participant revenue bond principal payments are proportionally divided between the long-term receivable and the CCWA owned facilities over the term of the bond issue.

Financing Participant	Long-Term Receivable
Avila Beach	\$ 8,306
California Men's Colony	185,528
County of SLO	197,856
Cuesta College	92,773
Morro Bay	1,419,217
Oceano	56,588
Pismo Beach	93,429
Shandon	6,734
Guadalupe	241,290
Buellton	39,274
Santa Ynez (Solvang)	137,701
Santa Ynez	13,485
Goleta	596,440
Morehart Land	2,746
La Cumbre	13,729
Raytheon	3,626
Santa Barbara	130,209
Montecito	207,143
Carpinteria	186,629
TOTAL:	\$ 3,632,703

**Note 11: Bonds Payable**

Bonds payable represents outstanding Series 2016-A revenue bonds outstanding. The next Series 2016-A principal payment is due on October 1, 2018 in the amount of \$8,720,000.

Central Coast Water Authority  
**Notes to Financial Statements**  
June 30, 2018

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**Note 12: Contributed Capital**

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

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





# Budget and Actual All Reaches

	<b>June 30, 2018</b>		
	<u>Budget</u>	<u>Actual</u>	<u>Percent Expended <sup>(1)</sup></u>
<b>Operating Revenues</b>			
Fixed operating assessments <sup>(2)</sup>	\$ 9,155,482	7,853,383	85.78%
Variable operating assessments	2,831,388	2,047,950	72.33%
Other revenues	-	-	N/A
Non-annual recurring revenues	-	-	N/A
<b>Total Operating Revenues</b>	<u>11,986,870</u>	<u>9,901,333</u>	<u>82.60%</u>
<b>Operating Expenses <sup>(2)</sup></b>			
Personnel expenses	4,858,222	4,726,394	97.29%
Office expenses	20,503	17,966	87.63%
General and administrative	267,836	229,679	85.75%
Professional services	392,580	358,647	91.36%
Supplies and equipment	1,926,748	1,152,515	59.82%
Monitoring expenses	107,144	78,986	73.72%
Repairs and maintenance	266,379	276,386	103.76%
Utilities	1,259,194	1,194,942	94.90%
Depreciation and amortization	-	-	N/A
Other expenses	1,733,418	543,797	31.37%
<b>Total Operating Expenses</b>	<u>10,832,023</u>	<u>8,579,312</u>	<u>79.20%</u>
<b>Operating Income</b>	<u>1,154,847</u>	<u>1,322,021</u>	
<b>Non-Operating Revenues</b>			
Interest income	-	-	
<b>Total Non-Operating Revenues</b>	<u>-</u>	<u>-</u>	
<b>Non-Operating Expenses</b>			
<b>Total Non-Operating Expenses</b>	<u>-</u>	<u>-</u>	
<b>Net Income (Loss)</b>	<u>\$ 1,154,847</u>	<u>1,322,021</u>	

(1) Percent of year expended: 100%

(2) Includes revenues and expenses for Turnouts and adjusted for carryover revenues transferred from FY 2016/17 to FY 2017/18, and for carryover revenues from FY 2017/18 to FY 2018/19.



# Budget and Actual Administration

	June 30, 2018		
	Budget	Actual	Percent Expended <sup>(1)</sup>
<b>Operating Revenues</b>			
Fixed operating assessments <sup>(2)</sup>	\$ 1,690,698	\$ 1,546,403	91.47%
Variable operating assessments	-	-	N/A
Other revenues	-	-	N/A
Non-annual recurring revenues	-	-	N/A
<b>Total Operating Revenues</b>	<u>1,690,698</u>	<u>1,546,403</u>	<u>91.47%</u>
<b>Operating Expenses <sup>(2)</sup></b>			
Personnel expenses	895,394	909,495	101.57%
Office expenses	10,500	10,645	101.38%
General and administrative	185,636	161,575	87.04%
Professional services	236,448	287,672	121.66%
Supplies and equipment	-	-	N/A
Monitoring expenses	-	-	N/A
Repairs and maintenance	31,695	26,335	83.09%
Utilities	16,243	12,794	78.77%
Depreciation and amortization	-	-	N/A
Other expenses	190,735	143,007	74.98%
<b>Total Operating Expenses</b>	<u>1,566,651</u>	<u>1,551,524</u>	<u>99.03%</u>
<b>Operating Income</b>	<u>124,047</u>	<u>(5,121)</u>	
<b>Non-Operating Revenues</b>			
Investment Income	-	-	
<b>Total Non-Operating Revenues</b>	<u>-</u>	<u>-</u>	
<b>Non-Operating Expenses</b>			
Current Year credits payable	-	-	
<b>Total Non-Operating Expenses</b>	<u>-</u>	<u>-</u>	
<b>Net Income (Loss)</b>	<u>\$ 124,047</u>	<u>(5,121)</u>	

(1) Percent of year expended: 100%

(2) Includes revenues and expenses for Turnouts and adjusted for carryover revenues transferred from FY 2016/17 to FY 2017/18, and for carryover revenues from FY 2017/18 to FY 2018/19.



# Budget and Actual Water Treatment Plant

	June 30, 2018		
	Budget	Actual	Percent Expended <sup>(1)</sup>
<b><u>Operating Revenues</u></b>			
Fixed operating assessments <sup>(2)</sup>	\$ 4,404,404	3,600,797	81.75%
Variable operating assessments	1,831,856	1,120,406	61.16%
Other revenues	-	-	N/A
Non-annual recurring revenues	-	-	N/A
<b>Total Operating Revenues</b>	6,236,260	4,721,203	75.71%
<b><u>Operating Expenses</u> <sup>(2)</sup></b>			
Personnel expenses	2,321,959	2,241,150	96.52%
Office expenses	6,000	5,106	85.10%
General and administrative	50,900	42,082	82.68%
Professional services	55,099	41,261	74.88%
Supplies and equipment	1,818,446	1,082,576	59.53%
Monitoring expenses	107,144	78,986	73.72%
Repairs and maintenance	156,485	162,814	104.04%
Utilities	188,171	162,498	86.36%
Depreciation and amortization	-	-	N/A
Other expenses	842,879	237,421	28.17%
<b>Total Operating Expenses</b>	5,547,082	4,053,895	73.08%
<b>Operating Income</b>	689,178	667,308	
<b><u>Non-Operating Revenues</u></b>			
Interest income	-	-	
<b>Total Non-Operating Revenues</b>	-	-	
<b><u>Non-Operating Expenses</u></b>			
Interest	-	-	
<b>Total Non-Operating Expenses</b>	-	-	
<b>Net Income (Loss)</b>	\$ 689,178	667,308	

(1) Percent of year expended: 100%

(2) Includes revenues and expenses for Turnouts and adjusted for carryover revenues transferred from FY 2016/17 to FY 2017/18, and for carryover revenues from FY 2017/18 to FY 2018/19.

Central Coast Water Authority  
**Polonio Pass Water Treatment Plant**  
**Fixed and Variable Cost per Acre-Foot**  
 June 30, 2018

	July 2017	Aug. 2017	Sept. 2017	Oct. 2017	Nov. 2017	Dec. 2017	Jan. 2018	Feb. 2018	Mar. 2018	April 2018	May 2018	June 2018	Total for Year
<b>WTP Fixed O&amp;M Costs</b>													
Fixed O&M Expenses	\$ 366,942	\$ 208,961	\$ 232,982	\$ 223,522	\$ 226,030	\$ 309,057	\$ 192,607	\$ 187,126	\$ 221,083	\$ 202,256	\$ 209,840	\$ 434,858	\$ 3,015,264
Annual Table A Amount <sup>(1)</sup>	43,908	43,908	43,908	43,908	43,908	43,908	43,908	43,908	43,908	43,908	43,908	43,908	43,908
Fixed WTP Cost per AF	\$ 8.36	\$ 4.76	\$ 5.31	\$ 5.09	\$ 5.15	\$ 7.04	\$ 4.39	\$ 4.26	\$ 5.04	\$ 4.61	\$ 4.78	\$ 9.90	\$ 68.67
<b>WTP Variable O&amp;M Costs</b>													
Variable O&M Expenses	\$ 113,489	\$ 96,450	\$ 122,342	\$ 92,340	\$ 19,971	\$ 105,387	\$ 105,300	\$ 80,897	\$ 74,515	\$ 76,245	\$ 113,620	\$ 82,091	\$ 1,082,647
Actual Water Treated	3,367	3,569	3,237	2,774	694	2,618	2,372	2,291	1,856	2,149	2,673	3,156	30,756
Variable WTP Cost per AF	\$ 33.71	\$ 27.02	\$ 37.79	\$ 33.29	\$ 28.78	\$ 40.25	\$ 44.39	\$ 35.31	\$ 40.15	\$ 35.48	\$ 42.51	\$ 26.01	\$ 35.20

(1) Includes Santa Barbara County and San Luis Obispo County Table A amounts and excludes Geleta 2,500 AF drought buffer and Santa Barbara County 3,908 AF drought buffer.



## Budget and Actual Mission Hills II

	June 30, 2018		
	Budget	Actual	Percent Expended <sup>(1)</sup>
<b><u>Operating Revenues</u></b>			
Fixed operating assessments <sup>(2)</sup>	\$ 329,186	325,550	98.90%
Variable operating assessments	-	-	N/A
Other revenues	-	-	N/A
<b>Total Operating Revenues</b>	<b>329,186</b>	<b>325,550</b>	<b>98.90%</b>
<b><u>Operating Expenses</u> <sup>(2)</sup></b>			
Personnel expenses	205,414	198,687	96.72%
Office expenses	501	277	55.39%
General and administrative	3,919	3,212	81.95%
Professional services	12,648	3,877	30.65%
Supplies and equipment	13,557	8,536	62.96%
Monitoring expenses	-	-	N/A
Repairs and maintenance	9,789	11,251	114.94%
Utilities	6,916	2,567	37.12%
Depreciation and amortization	-	-	N/A
Other expenses	23,495	21,635	92.08%
<b>Total Operating Expenses</b>	<b>276,240</b>	<b>250,042</b>	<b>90.52%</b>
<b>Operating Income</b>	<b>52,947</b>	<b>75,507</b>	
<b><u>Non-Operating Revenues</u></b>			
Interest income	-	-	
<b>Total Non-Operating Revenues</b>	<b>-</b>	<b>-</b>	
<b><u>Non-Operating Expenses</u></b>			
Interest	-	-	
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	
<b>Net Income (Loss)</b>	<b>\$ 52,947</b>	<b>75,507</b>	

(1) Percent of year expended: 100%

(2) Includes revenues and expenses for Turnouts and adjusted for carryover revenues transferred from FY 2016/17 to FY 2017/18, and for carryover revenues from FY 2017/18 to FY 2018/19.



# Budget and Actual Santa Ynez I

	June 30, 2018		
	Budget	Actual	Percent Expended <sup>(1)</sup>
<b>Operating Revenues</b>			
Fixed operating assessments <sup>(2)</sup>	\$ 573,420	507,667	88.53%
Variable operating assessments	-	-	N/A
Other revenues	-	-	N/A
<b>Total Operating Revenues</b>	<b>573,420</b>	<b>507,667</b>	<b>88.53%</b>
<b>Operating Expenses <sup>(2)</sup></b>			
Personnel expenses	286,085	292,363	102.19%
Office expenses	698	386	55.30%
General and administrative	5,457	4,472	81.94%
Professional services	17,615	5,339	30.31%
Supplies and equipment	18,882	13,242	70.13%
Monitoring expenses	-	-	N/A
Repairs and maintenance	13,634	9,031	66.23%
Utilities	9,632	5,363	55.68%
Depreciation and amortization	-	-	N/A
Other expenses	116,202	23,087	19.87%
<b>Total Operating Expenses</b>	<b>468,207</b>	<b>353,284</b>	<b>75.45%</b>
<b>Operating Income</b>	<b>105,213</b>	<b>154,383</b>	
<b>Non-Operating Revenues</b>			
Interest income	-	-	
<b>Total Non-Operating Revenues</b>	<b>-</b>	<b>-</b>	
<b>Non-Operating Expenses</b>			
Interest	-	-	
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	
<b>Net Income (Loss)</b>	<b>\$ 105,213</b>	<b>154,383</b>	

(1) Percent of year expended: 100%

(2) Includes revenues and expenses for Turnouts and adjusted for carryover revenues transferred from FY 2016/17 to FY 2017/18, and for carryover revenues from FY 2017/18 to FY 2018/19.



## Budget and Actual Santa Ynez II

	June 30, 2018		
	Budget	Actual	Percent Expended <sup>(1)</sup>
<b><u>Operating Revenues</u></b>			
Fixed operating assessments <sup>(2)</sup>	\$ 827,968	685,556	82.80%
Variable operating assessments	999,532	927,544	92.80%
Other revenues	-		N/A
<b>Total Operating Revenues</b>	1,827,500	1,613,100	88.27%
<b><u>Operating Expenses</u> <sup>(2)</sup></b>			
Personnel expenses	396,700	390,533	98.45%
Office expenses	967	536	55.40%
General and administrative	7,566	6,570	86.83%
Professional services	24,426	8,446	34.58%
Supplies and equipment	26,183	16,699	63.78%
Monitoring expenses	-	-	N/A
Repairs and maintenance	18,906	28,741	152.02%
Utilities	1,012,888	990,548	97.79%
Depreciation and amortization	-	-	N/A
Other expenses	199,621	64,590	32.36%
<b>Total Operating Expenses</b>	1,687,258	1,506,664	89.30%
<b>Operating Income</b>	140,242	106,436	
<b><u>Non-Operating Revenues</u></b>			
Interest income	-	-	
<b>Total Non-Operating Revenues</b>	-	-	
<b><u>Non-Operating Expenses</u></b>			
Interest	-	-	
<b>Total Non-Operating Expenses</b>	-	-	
<b>Net Income (Loss)</b>	\$ 140,242	106,436	

(1) Percent of year expended: 100%

(2) Includes revenues and expenses for Turnouts and adjusted for carryover revenues transferred from FY 2016/17 to FY 2017/18, and for carryover revenues from FY 2017/18 to FY 2018/19.



# Budget and Actual Reach 33B

	June 30, 2018		
	Budget	Actual	Percent Expended <sup>(1)</sup>
<b>Operating Revenues</b>			
Fixed operating assessments <sup>(2)</sup>	\$ 619,066	534,836	86.39%
Variable operating assessments	-	-	N/A
Other revenues	-	-	N/A
<b>Total Operating Revenues</b>	<b>619,066</b>	<b>534,836</b>	<b>86.39%</b>
<b>Operating Expenses <sup>(2)</sup></b>			
Personnel expenses	349,680	306,908	87.77%
Office expenses	853	472	55.31%
General and administrative	6,670	5,467	81.96%
Professional services	21,531	5,066	23.53%
Supplies and equipment	23,081	14,503	62.84%
Monitoring expenses	-	-	N/A
Repairs and maintenance	16,665	17,399	104.41%
Utilities	11,773	8,990	76.36%
Depreciation and amortization	-	-	N/A
Other expenses	49,996	25,186	50.38%
<b>Total Operating Expenses</b>	<b>480,249</b>	<b>383,992</b>	<b>79.96%</b>
<b>Operating Income</b>	<b>138,817</b>	<b>150,844</b>	
<b>Non-Operating Revenues</b>			
Interest income	-	-	
<b>Total Non-Operating Revenues</b>	<b>-</b>	<b>-</b>	
<b>Non-Operating Expenses</b>			
Interest	-	-	
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	
<b>Net Income (Loss)</b>	<b>\$ 138,817</b>	<b>150,844</b>	

(1) Percent of year expended: 100%

(2) Includes revenues and expenses for Turnouts and adjusted for carryover revenues transferred from FY 2016/17 to FY 2017/18, and for carryover revenues from FY 2017/18 to FY 2018/19.





# Budget and Actual Reach 34

	June 30, 2018		
	Budget	Actual	Percent Expended <sup>(1)</sup>
<b>Operating Revenues</b>			
Fixed operating assessments <sup>(2)</sup>	\$ 271,013	268,073	98.92%
Variable operating assessments	-	-	N/A
Other revenues	-	-	N/A
<b>Total Operating Revenues</b>	<b>271,013</b>	<b>268,073</b>	<b>98.92%</b>
<b>Operating Expenses <sup>(2)</sup></b>			
Personnel expenses	166,057	149,500	90.03%
Office expenses	405	224	55.39%
General and administrative	3,168	2,596	81.97%
Professional services	10,225	2,406	23.53%
Supplies and equipment	10,960	7,261	66.25%
Monitoring expenses	-	-	N/A
Repairs and maintenance	7,914	7,057	89.18%
Utilities	5,591	4,983	89.13%
Depreciation and amortization	-	-	N/A
Other expenses	35,552	12,319	34.65%
<b>Total Operating Expenses</b>	<b>239,871</b>	<b>186,348</b>	<b>77.69%</b>
<b>Operating Income</b>	<b>31,142</b>	<b>81,725</b>	
<b>Non-Operating Revenues</b>			
Interest income	-	-	
<b>Total Non-Operating Revenues</b>	<b>-</b>	<b>-</b>	
<b>Non-Operating Expenses</b>			
Interest	-	-	
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	
<b>Net Income (Loss)</b>	<b>\$ 31,142</b>	<b>81,725</b>	

(1) Percent of year expended: 100%

(2) Includes revenues and expenses for Turnouts and adjusted for carryover revenues transferred from FY 2016/17 to FY 2017/18, and for carryover revenues from FY 2017/18 to FY 2018/19.



# Budget and Actual Reach 35

	June 30, 2018		
	Budget	Actual	Percent Expended <sup>(1)</sup>
<b>Operating Revenues</b>			
Fixed operating assessments <sup>(2)</sup>	\$ 176,224	174,098	98.79%
Variable operating assessments	-	-	N/A
Non-annual recurring revenues	-	-	N/A
Other revenues	-	-	N/A
<b>Total Operating Revenues</b>	<b>176,224</b>	<b>174,098</b>	<b>98.79%</b>
<b>Operating Expenses <sup>(2)</sup></b>			
Personnel expenses	120,033	99,789	83.13%
Office expenses	293	162	55.43%
General and administrative	2,289	1,878	82.06%
Professional services	7,391	1,740	23.55%
Supplies and equipment	7,923	4,868	61.44%
Monitoring expenses	-	-	N/A
Repairs and maintenance	5,720	2,134	37.31%
Utilities	4,041	1,888	46.72%
Depreciation and amortization	-	-	N/A
Other expenses	13,730	8,298	60.44%
<b>Total Operating Expenses</b>	<b>161,420</b>	<b>120,758</b>	<b>74.81%</b>
<b>Operating Income</b>	<b>14,804</b>	<b>53,340</b>	
<b>Non-Operating Revenues</b>			
Interest income	-	-	
<b>Total Non-Operating Revenues</b>	<b>-</b>	<b>-</b>	
<b>Non-Operating Expenses</b>			
Interest	-	-	
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	
<b>Net Income (Loss)</b>	<b>\$ 14,804</b>	<b>53,340</b>	

(1) Percent of year expended: 100%

(2) Includes revenues and expenses for Turnouts and adjusted for carryover revenues transferred from FY 2016/17 to FY 2017/18, and for carryover revenues from FY 2017/18 to FY 2018/19.



# Budget and Actual Reach 37

	June 30, 2018		
	Budget	Actual	Percent Expended <sup>(1)</sup>
<b><u>Operating Revenues</u></b>			
Fixed operating assessments <sup>(2)</sup>	\$ 69,267	68,460	98.83%
Variable operating assessments	-	-	N/A
Non-annual recurring revenues	-	-	N/A
Other revenues	-	-	N/A
<b>Total Operating Revenues</b>	<b>69,267</b>	<b>68,460</b>	<b>98.83%</b>
<b><u>Operating Expenses</u> <sup>(2)</sup></b>			
Personnel expenses	45,683	40,083	87.74%
Office expenses	112	62	54.80%
General and administrative	872	713	81.75%
Professional services	2,813	1,504	53.47%
Supplies and equipment	3,015	1,849	61.31%
Monitoring expenses	-	-	N/A
Repairs and maintenance	2,177	4,837	222.19%
Utilities	1,539	524	34.04%
Depreciation and amortization	-	-	N/A
Other expenses	5,225	3,257	62.33%
<b>Total Operating Expenses</b>	<b>61,437</b>	<b>52,828</b>	<b>85.99%</b>
<b>Operating Income</b>	<b>7,830</b>	<b>15,631</b>	
<b><u>Non-Operating Revenues</u></b>			
Interest income	-	-	
<b>Total Non-Operating Revenues</b>	<b>-</b>	<b>-</b>	
<b><u>Non-Operating Expenses</u></b>			
Interest	-	-	
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	
<b>Net Income (Loss)</b>	<b>\$ 7,830</b>	<b>15,631</b>	

(1) Percent of year expended: 100%

(2) Includes revenues and expenses for Turnouts and adjusted for carryover revenues transferred from FY 2016/17 to FY 2017/18, and for carryover revenues from FY 2017/18 to FY 2018/19.



# Budget and Actual Reach 38

	June 30, 2018		
	Budget	Actual	Percent Expended <sup>(1)</sup>
<b><u>Operating Revenues</u></b>			
Fixed operating assessments <sup>(2)</sup>	\$ 108,227	106,966	98.84%
Variable operating assessments	-	-	N/A
Non-annual recurring revenues	-	-	N/A
Other revenues	-	-	N/A
<b>Total Operating Revenues</b>	<b>108,227</b>	<b>106,966</b>	<b>98.84%</b>
<b><u>Operating Expenses</u> <sup>(2)</sup></b>			
Personnel expenses	71,216	71,436	100.31%
Office expenses	174	96	55.40%
General and administrative	1,358	1,113	81.96%
Professional services	4,385	1,335	30.44%
Supplies and equipment	4,700	2,886	61.40%
Monitoring expenses	-	-	N/A
Repairs and maintenance	3,394	4,665	137.44%
Utilities	2,398	818	34.10%
Depreciation and amortization	-	-	N/A
Other expenses	8,146	4,920	60.40%
<b>Total Operating Expenses</b>	<b>95,772</b>	<b>87,269</b>	<b>91.12%</b>
<b>Operating Income</b>	<b>12,455</b>	<b>19,698</b>	
<b><u>Non-Operating Revenues</u></b>			
Interest income	-	-	
<b>Total Non-Operating Revenues</b>	<b>-</b>	<b>-</b>	
<b><u>Non-Operating Expenses</u></b>			
Interest	-	-	
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	
<b>Net Income (Loss)</b>	<b>\$ 12,455</b>	<b>19,698</b>	

(1) Percent of year expended: 100%

(2) Includes revenues and expenses for Turnouts and adjusted for carryover revenues transferred from FY 2016/17 to FY 2017/18, and for carryover revenues from FY 2017/18 to FY 2018/19.



## CENTRAL COAST WATER AUTHORITY

### MEMORANDUM

September 19, 2018

**TO:** CCWA Board of Directors

**FROM:** John Brady  
Deputy Director, Operations and Engineering

**SUBJECT:** Operations Report, June, July and August 2018

The Polonio Pass Water Treatment Plant's production and chemical costs, as well as the Santa Ynez Pumping Plant production for June, July and August 2018 are presented below:

Month	Plant Production (AF)	Chemical Costs (\$/AF)	SYPP Pumping (AF)
June, 2018	3,320.38	\$33.72	1,156.79
July, 2018	3,434.72	\$33.95	1,160.42
August, 2018	3,452.58	\$29.36	1,230.20

#### WATER TREATMENT PLANT (WTP)

- The State Water Resource Control Board, Division of Drinking Water conducted its sanitary survey of the WTP and Distribution System on July 31 and August 1, 2018. No inspection report has been prepared yet, but based on the comments of the inspector, no significant deficiencies were identified.
- The Granular Activated Carbon (GAC) Filter Media Replacement Project proceeded with WTP staff collecting GAC samples at the contractor's factory on July 25. The samples were analyzed by CCWA and a third party laboratory. Based on the analytical results, CCWA accepted the GAC for shipment. The GAC arrived at WTP on August 29, 2018. Additional samples were collected for analysis. Pending the results of the analysis, the GAC replacement work will start on October 1, 2018.
- In response to CCWA's and other SWP Contractor's concerns about DWR's use of non-NSF 60 herbicides (Endothal) upstream of WTPs at concentrations well above drinking water standards, DWR offered to conduct a special study of their next herbicide application. DWR also committed to provide an advance notice to downstream contractors before applying non-NSF 60 herbicides. CCWA staff worked with DWR and other SWP Contractors to develop the scope of the study.
- Although DWR committed to provide advanced notice of non-NSF 60 herbicide applications to downstream contractors, they notified CCWA only three days before a planned application at O'Neil Forebay in June 2018. DWR attempted to implement the study that was agreed upon, however, the study was poorly implemented. Although part of the study was to have a "rush" analysis of samples completed in order to have results in a timely manner, analytical results were not available for over two weeks. In addition, the sample results appeared to have been compromised through sampling artifact.
- An Endothal study was successfully completed by DWR at Clifton Court Forebay. The results showed two "slugs" of water moving through Banks Pumping Plant that had concentrations of Endothal at or near the drinking water standard, with each "slug" lasting about 12 hours. Downstream sampling indicated that Endothal concentrations were reduced to non-detectable concentrations.

- HDR Engineering prepared specifications for polyurethane lining of the Intermediate Flash Mix and also prepared a Technical Memorandum to evaluate the optimum coating practice for CCWA's fiberglass reinforced polyester filter launder.
- The Maintenance staff completed the following items: (1) maintenance of the Clarifier Unit, (2) cleaning of Equalization Basins, (3) servicing of Chemical Feed Pumps, (4) testing of Fire System, (5) repaired Polymer Blending System, (6) serviced and repaired the plant's Air Drier, (7) serviced the plant's Air Compressor, (8) quarterly service of Fire Pump and Backwash Pump, (9) quarterly service of Utility Pump, (10) replaced PVC piping components of the Powered Activated Carbon (PAC) Dosing System with HDPE piping, (11) repaired hoist of the PAC Dosing System, (12) quarterly inspection of Hoists, (13) servicing of the Emergency Electrical Generator, (14) installation of splash guards on the caustic pump/motor coupling and (15) provided PG&E a tour of the WTP for electrical efficiency evaluation.

## **DISTRIBUTION**

- Due to difficulty in recruiting a journeyman level Distribution Technician, CCWA staff moved forward with the recruitment of a trainee position. Ten applicants were interviewed and tested, with four being asked to return for a second interview. A job offer was extended and accepted.
- Distribution staff coordinated lake delivery operations with the US Bureau of Reclamation and Santa Ynez River Water Conservation District during the Water Rights Release (August 10 to 29, 2018). Staff provided temperature and flow data on a daily basis during the operation to allow the Bureau to determine they are complying with the requirements of the Dam's Biological Opinion.
- The annual mowing of the pipeline Right-of-Way was completed in June. All access roads to the pipeline facilities are mowed annually as a fire prevention measure.
- A leak was detected in an air-vacuum/air-release valve in Reach SYII, located downstream of Bradbury Dam. The leak appeared to be recent, as there was no plant growth. The leak was successfully repaired.
- The parking lot of the Buellton Administrative Office received an asphalt overlay and parking spaces were re-stripped in early July 2018.
- DWR conducted their right-of-way inspection for unauthorized encroachments on June 20-22, 2018. CCWA staff provided a detailed PowerPoint presentation of the encroachment work completed since DWR last inspection. The inspection took two full days. No new encroachments were identified during the inspection.
- The Tank #2 erosion control project continued with DWR approving CCWA's proposal to relocate the perimeter fence. The fence needed to be relocated to allow for better access to service the site's drainage ditch system.
- The high pressure (2,000 psi) hydraulic hoses of the Energy Dissipation Valve facility were replaced due the observation of the hoses beginning to degrade.
- In mid-June 2018, the early onset of nitrification was observed by laboratory staff, although well below all CCWA action levels. Santa Ynez ID#1 experienced nitrification within their system and contacted CCWA for assistance. CCWA staff activated both Tank 5 and 7 chlorination systems, flushed the AVARs upstream of ID#1's Turnout and increased monitoring. These actions were successful in reversing the early onset of nitrification in the CCWA pipeline.
- A failing oil pump was replaced in the Hydraulic Package of Isolation Valve #1. The Hydraulic Package is the system that drives the valve actuators, which opens and closes the valve.
- The Distribution Supervisor participated on an interview panel with the City of Santa Maria.

- Work continues on the development of the CCWA Geographical Information System (GIS). Additional staff resources has been assigned to this project to bring the GIS to a more developed stage and will match DWR's current effort to fully develop their GIS System.

## **LABORATORY**

- Laboratory staff continued water quality instrumentation calibration work throughout the plant. Staff also continued routine analysis of compliance and process samples to support operations and completed the quarterly quality assurance/quality control (QA/QC) testing of staff's chemical analytical skills.
- Laboratory staff assisted with the effort to design a study, along with other CCWA staff and SWP Contractors, to evaluate DWR's use of non-NSF 60 Herbicide upstream of the Polonio Pass WTP. Also, Laboratory staff completed sampling and monitoring at the WTP inlet during DWR's herbicide application at the O'Neil Forebay early June 2018.
- Laboratory staff completed analysis of the Granular Activated Carbon (GAC) samples that was collected from the contractor's factory as well as samples collected from the GAC shipment that was received at the WTP.
- MIB/Geosmin and Microcystin LR sampling and analysis was initiated following upstream detections at O'Neil Forebay.
- Laboratory staff alerted Distribution staff of the early onset of nitrification at the end of the pipeline.

## **INSTRUMENTATION/NETWORK**

- Instrumentation staff coordinated the roll out and full use of the new Computerized Maintenance Management System. Staff was also provided additional hands-on training by the CMMS vender.
- Instrumentation staff received training and instruction from Shandam Consultant regarding the procedures for installing and testing the new Fiber Optic Cable switches. Staff has been working on the physical installation and mounting of the switches in the various locations along the pipeline. The physical installation work is expected to be completed by end of September. Staff is also working on the required FOC modifications that will facilitate the connections to the new switches. Once all work is complete, the network traffic will be redirected to the new switches following the procedures established by Shandam Consultants and Compuvision.
- Compuvision's scope of service was expanded to include on-call after hours service. Due to the planned installation of new FOC switches and new phone system, additional after-hour response capability is needed to supplement staff on-call service.
- The PLC upgrade project continued with meetings with Glenmount Global to discuss staff's research and meetings with Schneider/Relevant, CCWA's current PLC vender.
- Instrumentation staff procured and installed a new Chemsan Ammonia Analyzers at the Tank 5 site in June 2018. A new Ammonia Analyzer was also procured for the WTP.
- Staff worked with 3C Engineering as they continued working on the design for the Heating, Ventilation and Air Conditioning (HVAC) of the WTP. Also, the air conditioning units of the Shandon Turnout Instrumentation Building was repaired by CCWA' HVAC maintenance vender.
- Flow meters were installed or calibrated by staff at the Shandon Turnout, Chorro Valley Turnout and Buellton Turnout.
- A new screen display in the Distribution Control Room was installed for the Intermapper display, with a program that monitors network traffic and operation. The entire topology of the CCWA network can be viewed and network issues can be quickly identified.
- HDR Engineering was retained to prepare the design to address critical issues that were identified in the Santa Ynez Pumping Plant electrical evaluation. The design is a budgeted

project for this year and the construction work to implement the design is scheduled for next fiscal year.

#### **GENERAL**

- Staff prepared the Request For Bid documents for the Pavement Slurry Seal Project for the Santa Ynez Pumping Plant, Tank 5 and Tank 2.
- Competitive bids were solicited for the Buellton Administrative Office remodel and the contract was awarded to the lower responsive bid, Gnoedig Construction.
- A Supervisors Meeting was convened to schedule and plan the budgeted projects. A list of winter shutdown projects were also identified for implementation.
- An invoice that detailed all costs associated with the repair of the severed fiber optic cable near Tank 7 was prepared and provided to the responsible contractor's insurance company.
- Staff participated in the DWR Facilitation Group in June due to the potential start-up of the Westland District pump-in program upstream of the Polonio Pass WTP. Due to an increase in allocation for CVP contractors, Westlands did not proceed with the pump-in program.
- Employee performance evaluations were completed, as required. Annual salary adjustments were made and were based on the results of the performance evaluation.
- The Deputy Director was invited to attend a focus group meeting with DWR to identify "Levels of Services" that SWP contractors would like to see. This is part of DWR's effort to establish and implement a comprehensive asset management program.
- The draft response to comments of the Bradbury Penstock Evaluation Report was completed. Over 130 comments were received and responded to. This document will be circulated to the Stakeholder group by end of September.

JLB

Attachments



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

System Name:

Central Coast Water Authority

System Number:

4210030

Treatment Plant Name:

Polonio Pass Water Treatment Plant

June

2018

Date:	RW pH (SU)	RW Turbidity (NTU)	SW Turbidity (NTU)	RW Odor (TON)	RW Total Coliform (MPN)	RW E. Coli (MPN)	RW Cl- (mg/L)	RW Alkalinity (mg/L)		RW Hardness (mg/L)		RW E.C. (uS/cm)	RW TOC (mg/L)
								Total	Phenol	Total	Ca		
1	8.66	1.68	0.57	1.5			68	63	4	88	44		
2	8.68	1.92	0.48	1.0			65	64	4	96	47		
3	8.70	1.63	0.51	1.0			67	64	5	93	47		
4	8.83	1.88	0.47	1.0	219	31	66	64	9	91	45	406	3.5
5	8.40	2.03	0.46	1.0			69	65	2	88	46		
6	8.43	2.87	0.60	1.0			68	60	2	87	45		
7	8.57	3.30	0.57	1.0			69	62	3	88	47		
8	8.60	2.55	0.63	1.0			73	63	5	91	44		
9	8.56	2.53	0.66	1.0			72	65	3	92	45		
10	8.70	3.23	0.67	1.0			73	63	5	94	45		
11	8.43	3.12	0.80	1.0	172	8	70	61	3	89	45	439	
12	8.08	3.42	0.92	2.5			70	67	0	92	45		
13	8.12	3.47	0.96	1.5			72	66	0	87	44		
14	8.13	3.68	0.65	1.5			71	69	0	89	45		
15	8.10	5.01	0.82	2.0			70	66	0	92	48		
16	8.06	5.12	1.04	1.0			72	66	0	92	45		
17	8.02	5.08	0.88	1.0			70	68	0	95	48		
18	8.13	4.00	1.10	1.5	1986	5	73	68	0	94	46	419	
19	8.09	3.33	1.08	1.5			71	65	0	93	47		
20	8.03	3.45	1.09	1.0			68	66	0	94	49		
21	8.10	2.77	0.81	1.0			71	64	0	93	47		
22	8.27	2.67	0.86	1.0			72	67	1	92	46		
23	8.57	2.50	0.81	2.5			72	65	5	93	46		
24	8.73	2.60	0.80	2.0			68	64	8	91	47		
25	8.82	3.47	0.85	3.0	157	9	64	65	11	93	46	440	
26	8.98	3.77	0.80	2.5			65	65	11	87	45		
27	8.87	3.85	0.70	2.5			70	67	8	93	50		
28	8.58	3.74	0.84	2.5			72	68	5	93	47		
29	8.54	3.67	0.97	3.0			75	69	2	93	46		
30	8.47	3.23	0.72	2.0			71	66	2	96	55		
<b>Avg</b>	<b>8.44</b>	<b>3.19</b>	<b>0.77</b>	<b>1.6</b>	<b>634</b>	<b>13</b>	<b>70</b>	<b>65</b>	<b>3</b>	<b>92</b>	<b>46</b>	<b>426</b>	<b>3.5</b>

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

System Name: Central Coast Water Authority

System Number: 4210030

Treatment Plant Name: Polonio Pass Water Treatment Plant

June 2018

Date:	TW pH (SU)	TW Turbidity (NTU)	Filter Rate (gpm/ft <sup>2</sup> )	CW Odor (TON)	TW Total Coliform	CW Cl- (mg/L)	CW Total Alk (mg/L)	CW Hardness (mg/L)		TW Chlorine (mg/L)		CCB3 Chlorine Free (mg/L)	TW NH3-N (mg/L)		(CCB3 Cl2 Free) / (TW NH3-N Total)	CW E.C. (uS/cm)	TW TOC (mg/L)
								Total	Ca	Total	Free		Total	Free			
1	8.29	0.05	4.85	0.0	ABSENT	71	62	90	44	2.88	0.00	2.72	0.54	0.00	5.0		
2	8.25	0.05	4.64	0.0	ABSENT	70	59	91	45	2.77	0.00	2.63	0.51	0.00	5.2		
3	8.28	0.05	4.71	0.0	ABSENT	72	62	95	47	2.74	0.00	2.65	0.51	0.00	5.2		
4	8.28	0.05	4.78	0.0	ABSENT	71	59	91	45	2.81	0.00	2.78	0.50	0.00	5.6	450	2.3
5	8.27	0.05	4.71	0.0	ABSENT	73	59	91	45	2.85	0.00	2.81	0.53	0.00	5.3		
6	8.30	0.06	4.64	0.0	ABSENT	70	59	89	45	2.89	0.00	2.84	0.55	0.00	5.2		
7	8.32	0.06	4.85	0.0	ABSENT	69	58	89	47	2.90	0.00	2.82	0.55	0.00	5.1		
8	8.27	0.06	4.96	0.0	ABSENT	74	60	92	46	2.89	0.00	2.79	0.55	0.00	5.1		
9	8.27	0.06	4.82	0.0	ABSENT	74	60	96	47	2.90	0.00	2.77	0.56	0.00	4.9		
10	8.37	0.06	4.82	0.0	ABSENT	73	61	95	44	2.82	0.00	2.73	0.54	0.00	5.1		
11	8.23	0.06	4.85	0.0	ABSENT	72	57	91	44	2.86	0.00	2.73	0.55	0.00	5.0	468	
12	8.20	0.07	4.85	0.0	ABSENT	73	62	92	46	2.87	0.00	2.76	0.54	0.00	5.1		
13	8.32	0.06	4.85	0.0	ABSENT	75	62	90	46	2.78	0.00	2.83	0.52	0.00	5.4		
14	8.38	0.05	4.96	0.0	ABSENT	74	62	91	46	2.85	0.00	2.77	0.54	0.00	5.1		
15	8.25	0.06	5.10	0.0	ABSENT	74	62	93	48	2.81	0.00	2.75	0.53	0.00	5.2		
16	8.23	0.05	5.34	0.0	ABSENT	77	61	94	48	2.91	0.00	2.83	0.55	0.00	5.1		
17	8.24	0.05	5.34	0.0	ABSENT	73	62	96	48	2.88	0.00	2.80	0.55	0.00	5.1		
18	8.26	0.05	4.92	0.0	ABSENT	74	63	93	46	2.86	0.00	2.87	0.53	0.01	5.4	477	
19	8.27	0.07	4.92	0.0	ABSENT	79	63	93	44	2.79	0.00	2.70	0.53	0.00	5.1		
20	8.23	0.09	5.05	0.0	ABSENT	71	61	94	46	2.87	0.00	2.70	0.52	0.00	5.2		
21	8.25	0.08	5.17	0.0	ABSENT	71	60	99	43	2.83	0.00	2.70	0.53	0.00	5.1		
22	8.33	0.07	5.18	0.0	ABSENT	76	62	92	46	2.85	0.00	2.74	0.52	0.00	5.3		
23	8.32	0.07	5.04	0.0	ABSENT	75	62	90	45	2.85	0.00	2.70	0.53	0.00	5.1		
24	8.28	0.08	4.97	0.0	ABSENT	71	61	94	47	2.84	0.00	2.68	0.53	0.00	5.1		
25	8.30	0.09	4.96	0.0	ABSENT	67	56	93	45	2.80	0.00	2.69	0.51	0.00	5.3	460	
26	8.28	0.10	4.72	0.0	ABSENT	67	57	88	46	2.83	0.00	2.75	0.52	0.00	5.3		
27	8.33	0.10	4.99	0.0	ABSENT	71	59	90	49	2.97	0.00	2.77	0.54	0.00	5.1		
28	8.20	0.06	5.27	0.5	ABSENT	74	60	92	45	2.87	0.00	2.85	0.53	0.00	5.4		
29	8.34	0.06	5.17	0.0	ABSENT	75	62	96	44	2.88	0.00	2.88	0.54	0.00	5.3		
30	8.41	0.06	4.85	0.0	ABSENT	75	61	95	53	2.90	0.00	2.81	0.53	0.00	5.3		
Avg	8.29	0.06	4.94	0.02		73	60	93	46	2.85	0.00	2.76	0.53	0.00	5.2	464	2.30

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

System Name:

Central Coast Water Authority

System Number:

4210030

Treatment Plant Name:

Polonio Pass Water Treatment Plant

July

2018

Date:	RW pH (SU)	RW Turbidity (NTU)	SW Turbidity (NTU)	RW Odor (TON)	RW Total Coliform (MPN)	RW E. Coli (MPN)	RW Cl- (mg/L)	RW Alkalinity (mg/L)		RW Hardness (mg/L)		RW E.C. (uS/cm)	RW TOC (mg/L)
								Total	Phenol	Total	Ca		
1	8.40	2.76	0.74	2.0			73	65	2	99	47		
2	8.62	3.33	0.80	2.0	579	11	69	65	6	94	47	438	3.5
3	8.61	3.25	0.60	1.0			66	66	4	94	45		
4	8.38	2.83	0.61	1.5			68	66	2	93	47		
5	8.38	2.47	0.67	1.0			70	67	2	92	50		
6	8.41	1.93	0.54	1.0			69	66	2	96	46		
7	8.43	1.87	0.55	1.0			69	66	1	94	47		
8	8.52	1.70	0.44	1.0			69	67	4	96	46		
9	8.61	1.50	0.43	1.0	167	1	71	67	4	96	46	435	
10	8.60	1.58	0.43	1.0			74	67	5	94	47		
11	8.73	1.88	0.50	1.0			74	68	8	98	50		
12	8.68	2.72	0.47	1.0			72	66	5	92	46		
13	8.75	1.78	0.49	1.0			78	67	6	93	44		
14	8.82	1.52	0.49	1.0			71	65	7	91	48		
15	8.72	1.47	0.44	1.0			74	67	6	92	46		
16	8.78	1.82	0.45	1.0	579	29	71	66	5	93	45	441	
17	8.82	1.38	0.38	1.0			72	72	12	90	45		
18	8.75	2.92	0.44	1.0			68	69	7	87	46		
19	8.67	3.23	0.48	2.5			74	69	6	96	48		
20	8.21	1.53	0.52	3.0			71	70	0	92	48		
21	8.15	1.33	0.51	3.0			69	69	0	94	50		
22	8.18	1.85	0.55	2.0			63	65	0	86	45		
23	8.25	2.07	0.59	1.0	613	3	63	64	1	92	45	386	
24	8.29	1.73	0.39	1.5			60	66	1	85	44		
25	8.28	1.45	0.39	1.0			61	63	0	87	44		
26	8.35	2.00	0.43	1.0			59	63	0	86	44		
27	8.44	2.80	0.50	1.0			56	64	0	85	45		
28	8.49	2.57	0.46	1.0			56	62	3	86	42		
29	8.57	2.72	0.49	1.0			58	63	3	85	42		
30	8.50	3.48	0.51	1.0	345	1	55	62	3	80	40	382	
31	8.46	3.32	0.45	2.5			52	62	2	80	43		
<b>Avg</b>	<b>8.51</b>	<b>2.22</b>	<b>0.51</b>	<b>1.4</b>	<b>457</b>	<b>9</b>	<b>67</b>	<b>66</b>	<b>3</b>	<b>91</b>	<b>46</b>	<b>416</b>	<b>3.5</b>

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

System Name:

Central Coast Water Authority

System Number:

4210030

Treatment Plant Name:

Polonio Pass Water Treatment Plant

July

2018

Date:	TW pH (SU)	TW Turbidity (NTU)	Filter Rate (gpm/ft <sup>2</sup> )	CW Odor (TON)	TW Total Coliform	CW Cl- (mg/L)	CW Total Alk (mg/L)	CW Hardness (mg/L)		TW Chlorine (mg/L)		CCB3 Chlorine Free (mg/L)	TW NH3-N (mg/L)		(CCB3 Cl2 Free) / (TW NH3-N Total)	CW E.C. (uS/cm)	TW TOC (mg/L)
								Total	Ca	Total	Free		Total	Free			
1	8.32	0.06	4.92	0.0	ABSENT	73	63	92	42	2.90	0.00	2.76	0.54	0.00	5.1		
2	8.38	0.06	4.99	0.0	ABSENT	71	60	95	48	2.90	0.00	2.82	0.54	0.00	5.2	468	2.3
3	8.32	0.07	4.99	0.0	ABSENT	70	60	93	45	2.91	0.00	2.81	0.54	0.00	5.2		
4	8.33	0.06	4.98	0.0	ABSENT	72	62	94	46	2.80	0.00	2.73	0.52	0.00	5.3		
5	8.25	0.06	4.72	0.0	ABSENT	74	64	94	50	2.78	0.00	2.70	0.52	0.00	5.2		
6	8.35	0.06	4.71	0.0	ABSENT	73	62	96	49	2.77	0.00	2.70	0.52	0.00	5.2		
7	8.31	0.06	4.81	0.0	ABSENT	74	63	95	48	2.80	0.00	2.73	0.54	0.00	5.1		
8	8.28	0.06	4.67	0.0	ABSENT	74	64	94	47	2.82	0.00	2.68	0.53	0.00	5.1		
9	8.29	0.06	4.88	0.0	ABSENT	75	62	95	46	2.84	0.00	2.73	0.53	0.00	5.2	480	
10	8.31	0.06	4.89	0.0	ABSENT	75	60	95	48	2.87	0.00	2.80	0.52	0.00	5.4		
11	8.32	0.06	4.82	0.0	ABSENT	76	62	93	48	2.88	0.00	2.75	0.54	0.00	5.1		
12	8.28	0.06	4.99	0.0	ABSENT	76	60	97	44	2.95	0.00	2.80	0.55	0.00	5.1		
13	8.31	0.06	5.13	0.0	ABSENT	80	64	95	45	2.88	0.00	2.81	0.53	0.00	5.3		
14	8.32	0.06	5.10	0.0	ABSENT	73	60	91	46	2.88	0.00	2.77	0.53	0.00	5.2		
15	8.28	0.06	4.96	0.0	ABSENT	75	60	90	44	2.82	0.00	2.73	0.53	0.00	5.2		
16	8.28	0.07	4.85	0.0	ABSENT	74	61	92	45	2.90	0.00	2.81	0.53	0.00	5.3	473	
17	8.32	0.06	4.80	0.0	ABSENT	75	65	91	44	2.91	0.00	2.75	0.54	0.01	5.1		
18	8.23	0.07	5.19	0.0	ABSENT	68	65	91	47	2.88	0.00	2.74	0.52	0.00	5.3		
19	8.35	0.07	4.69	0.0	ABSENT	77	68	98	49	2.82	0.00	2.65	0.51	0.00	5.2		
20	8.14	0.08	5.11	0.0	ABSENT	77	65	91	46	2.88	0.00	2.80	0.51	0.00	5.5		
21	8.29	0.06	5.22	0.0	ABSENT	73	66	95	52	2.83	0.00	2.81	0.53	0.00	5.3		
22	8.26	0.05	5.25	0.0	ABSENT	67	64	92	43	2.85	0.00	2.85	0.52	0.00	5.5		
23	8.34	0.05	5.18	0.0	ABSENT	67	63	89	43	2.80	0.00	2.78	0.50	0.00	5.6	431	
24	8.25	0.05	4.99	0.0	ABSENT	65	64	89	44	2.73	0.00	2.81	0.51	0.00	5.5		
25	8.30	0.06	4.98	0.0	ABSENT	63	62	86	43	2.89	0.00	2.76	0.53	0.00	5.2		
26	8.35	0.06	5.06	0.0	ABSENT	63	63	88	45	2.90	0.00	2.75	0.54	0.00	5.1		
27	8.32	0.06	5.10	0.0	ABSENT	60	62	84	43	2.85	0.00	2.72	0.53	0.00	5.1		
28	8.32	0.06	5.06	0.0	ABSENT	60	61	86	42	2.87	0.00	2.74	0.53	0.00	5.2		
29	8.27	0.06	4.99	0.0	ABSENT	59	61	86	42	2.93	0.00	2.81	0.54	0.00	5.2		
30	8.28	0.06	5.13	0.0	ABSENT	57	60	81	43	2.88	0.00	2.81	0.52	0.00	5.4	382	
31	8.33	0.06	4.92	0.0	ABSENT	56	60	80	41	2.83	0.00	2.76	0.53	0.00	5.2		
<b>Avg</b>	<b>8.30</b>	<b>0.06</b>	<b>4.97</b>	<b>0.00</b>		<b>70</b>	<b>62</b>	<b>91</b>	<b>45</b>	<b>2.86</b>	<b>0.00</b>	<b>2.76</b>	<b>0.53</b>	<b>0.00</b>	<b>5.2</b>	<b>447</b>	<b>2.30</b>

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

System Name: Central Coast Water Authority

System Number: 4210030

Treatment Plant Name: Polonio Pass Water Treatment Plant

August

2018

Date:	RW pH (SU)	RW Turbidity (NTU)	SW Turbidity (NTU)	RW Odor (TON)	RW Total Coliform (MPN)	RW E. Coli (MPN)	RW Cl- (mg/L)	RW Alkalinity (mg/L)		RW Hardness (mg/L)		RW E.C. (uS/cm)	RW TOC (mg/L)
								Total	Phenol	Total	Ca		
1	8.43	3.30	0.45	1.5			53	63	2	81	41		
2	8.45	3.28	0.48	1.0			60	64	2	85	43		
3	8.20	3.13	0.47	1.0			62	63	0	85	43		
4	7.92	2.20	0.46	2.0			64	62	0	89	44		
5	7.89	2.08	0.44	1.0			57	61	0	85	44		
6	8.03	2.67	0.52	1.0	2420	<1.00	57	63	0	78	41	339	3.2
7	8.19	3.72	0.45	1.0			47	63	0	81	42		
8	8.19	3.43	0.42	1.5			47	63	0	78	39		
9	8.18	3.27	0.40	1.0			47	62	0	79	39		
10	8.22	3.40	0.47	1.0			49	65	1	79	42		
11	8.41	3.13	0.38	1.5			47	61	2	69	39		
12	8.53	3.00	0.46	1.0			45	61	3	74	39		
13	8.73	3.45	0.48	1.0	980	<1.00	44	60	6	72	38	291	
14	8.72	2.93	0.51	1.0			45	57	5	70	38		
15	8.46	2.58	0.50	1.5			43	56	2	66	52		
16	8.27	2.42	0.44	1.0			42	55	0	66	31		
17	8.01	2.12	0.45	1.0			41	56	0	64	34		
18	7.80	1.88	0.38	3.0			42	55	0	65	34		
19	7.83	1.88	0.34	2.5			44	58	0	65	32		
20	7.97	1.97	0.36	1.0	411	1	44	56	0	64	33	297	
21	8.21	2.28	0.32	1.0			44	58	0	64	36		
22	8.41	2.03	0.37	1.0			43	60	2	69	37		
23	8.57	1.93	0.35	1.5			42	59	7	64	34		
24	8.63	2.03	0.31	1.0			46	60	5	66	35		
25	8.65	2.06	0.37	1.0			44	61	7	70	37		
26	8.76	2.18	0.34	1.0			47	61	6	67	33		
27	8.76	1.85	0.31	1.0	42	<1.00	52	63	8	71	37	325	
28	8.88	2.27	0.32	1.0			54	58	8	73	34		
29	8.67	1.85	0.32	1.0			55	59	4	74	34		
30	8.33	1.70	0.32	1.0			58	59	1	74	37		
31	8.18	1.87	0.32	1.0			60	61	0	72	38		
<b>Avg</b>	<b>8.34</b>	<b>2.51</b>	<b>0.40</b>	<b>1.2</b>	<b>963</b>	<b>1</b>	<b>49</b>	<b>60</b>	<b>2</b>	<b>73</b>	<b>38</b>	<b>313</b>	<b>3.2</b>

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

System Name: Central Coast Water Authority

System Number: 4210030

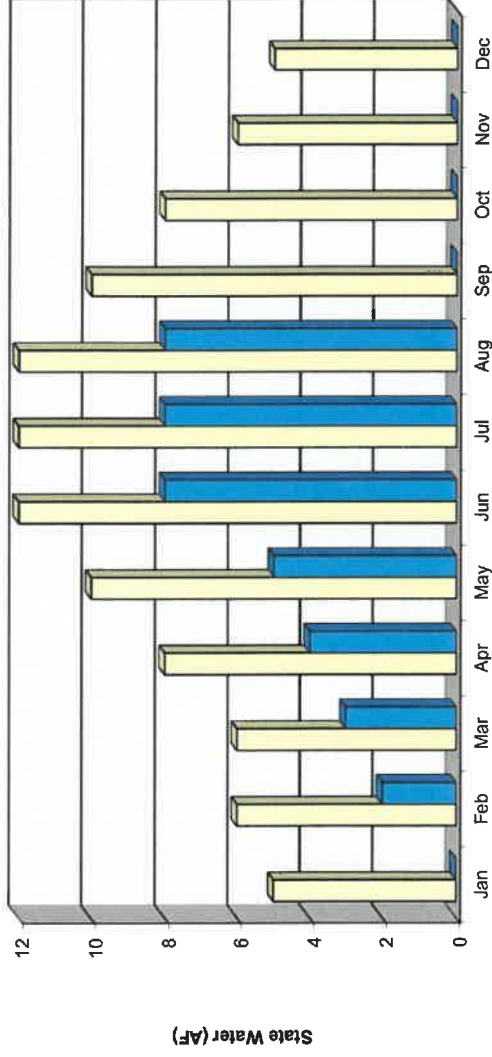
Treatment Plant Name: Polonio Pass Water Treatment Plant

August 2018

Date:	TW pH (SU)	TW Turbidity (NTU)	Filter Rate (gpm/ft <sup>2</sup> )	CW Odor (TON)	TW Total Coliform	CW Cl- (mg/L)	CW Total Alk (mg/L)	CW Hardness (mg/L)		TW Chlorine (mg/L)		CCB3 Chlorine Free (mg/L)	TW NH3-N (mg/L)		(CCB3 Cl2 Free) / (TW NH3-N Total)	CW E.C. (uS/cm)	TW TOC (mg/L)
								Total	Ca	Total	Free		Total	Free			
1	8.29	0.05	5.15	0.0	ABSENT	56	61	79	42	2.77	0.00	2.80	0.50	0.00	5.6		
2	8.34	0.05	5.13	0.0	ABSENT	62	60	83	44	2.83	0.00	2.83	0.53	0.00	5.3		
3	8.28	0.05	4.99	0.0	ABSENT	62	60	83	42	2.85	0.00	2.82	0.53	0.00	5.3		
4	8.28	0.05	4.99	0.0	ABSENT	67	60	86	40	2.77	0.00	2.78	0.53	0.00	5.2		
5	8.29	0.05	5.06	0.0	ABSENT	61	61	85	43	2.77	0.00	2.83	0.53	0.00	5.3		
6	8.35	0.05	5.13	0.0	ABSENT	59	60	82	41	2.91	0.00	2.89	0.52	0.00	5.6	372	2.0
7	8.30	0.05	5.21	0.0	ABSENT	51	60	79	41	2.81	0.00	2.87	0.51	0.00	5.6		
8	8.31	0.05	5.01	0.0	ABSENT	51	62	79	38	2.83	0.00	2.73	0.54	0.01	5.1		
9	8.27	0.05	4.79	0.0	ABSENT	53	59	77	40	2.69	0.00	2.81	0.51	0.00	5.5		
10	8.29	0.05	4.73	0.0	ABSENT	52	60	78	40	2.73	0.00	2.65	0.52	0.00	5.1		
11	8.27	0.05	4.55	0.0	ABSENT	51	58	78	41	2.73	0.00	2.77	0.52	0.00	5.3		
12	8.30	0.05	4.60	0.0	ABSENT	49	56	74	38	2.72	0.00	2.66	0.52	0.00	5.1		
13	8.28	0.05	4.39	0.0	ABSENT	49	54	75	38	2.72	0.00	2.69	0.51	0.00	5.3	294	
14	8.27	0.06	4.43	0.0	ABSENT	47	52	71	35	2.78	0.00	2.64	0.53	0.00	5.0		
15	8.24	0.06	4.79	0.0	ABSENT	46	52	68	34	2.82	0.00	2.68	0.54	0.00	5.0		
16	8.28	0.06	5.20	0.0	ABSENT	45	52	66	34	2.78	0.00	2.67	0.53	0.00	5.0		
17	8.31	0.06	4.99	0.0	ABSENT	44	55	62	33	2.78	0.00	2.71	0.53	0.00	5.1		
18	8.21	0.06	4.97	0.0	ABSENT	44	56	64	33	2.72	0.00	2.71	0.53	0.00	5.1		
19	8.33	0.06	5.06	0.0	ABSENT	45	55	65	32	2.85	0.00	2.77	0.54	0.00	5.1		
20	8.32	0.06	5.06	0.0	ABSENT	46	57	65	33	2.86	0.00	2.78	0.56	0.00	5.0	306	
21	8.36	0.05	5.07	0.0	ABSENT	46	57	67	37	2.84	0.00	2.78	0.55	0.00	5.1		
22	8.27	0.05	5.13	0.0	ABSENT	46	58	69	36	2.87	0.00	2.77	0.54	0.00	5.1		
23	8.16	0.05	5.20	0.0	ABSENT	46	55	63	34	2.85	0.00	2.82	0.53	0.00	5.3		
24	8.24	0.05	4.96	0.0	ABSENT	44	57	65	33	2.83	0.00	2.78	0.52	0.00	5.3		
25	8.33	0.05	4.78	0.0	ABSENT	47	58	69	36	2.88	0.00	2.73	0.54	0.00	5.1		
26	8.33	0.05	4.85	0.0	ABSENT	50	56	67	35	2.83	0.00	2.79	0.53	0.00	5.3		
27	8.30	0.05	4.85	0.0	ABSENT	54	59	68	36	2.73	0.00	2.78	0.53	0.00	5.2	318	
28	8.32	0.06	4.72	0.0	ABSENT	53	56	72	33	2.79	0.00	2.82	0.53	0.00	5.3		
29	8.27	0.06	4.77	0.0	ABSENT	57	55	72	39	2.80	0.00	2.77	0.53	0.00	5.2		
30	8.29	0.06	4.54	0.0	ABSENT	59	56	71	37	2.83	0.00	2.75	0.53	0.00	5.2		
31	8.28	0.06	4.64	0.0	ABSENT	62	58	74	37	2.78	0.00	2.84	0.53	0.00	5.4		
<b>Avg</b>	<b>8.29</b>	<b>0.05</b>	<b>4.89</b>	<b>0.00</b>		<b>52</b>	<b>57</b>	<b>73</b>	<b>37</b>	<b>2.80</b>	<b>0.00</b>	<b>2.77</b>	<b>0.53</b>	<b>0.00</b>	<b>5.2</b>	<b>323</b>	<b>2.00</b>

### Shandon T.O. - SWP Deliveries in Year 2018

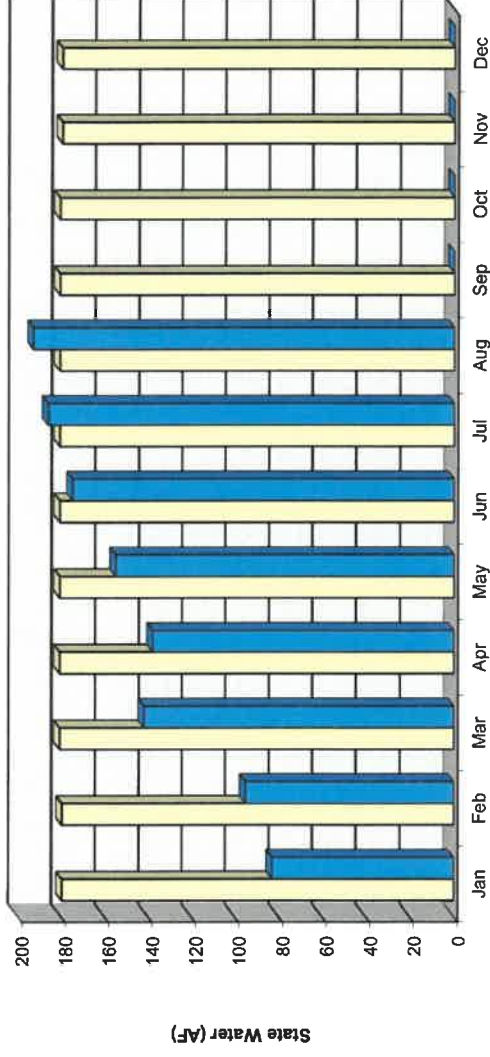
Month	Requested Delivery	Actual Delivery	Allocation Available
Jan	5	0	
Feb	6	2	
Mar	6	3	
Apr	8	4	
May	10	5	
Jun	12	8	
Jul	12	8	
Aug	12	8	
Sep	10	0	
Oct	8	0	
Nov	6	0	
Dec	5	0	
<b>Total</b>	<b>100</b>	<b>38</b>	



Requested Delivery  
Actual Delivery

### Chorro Valley T.O. - SWP Deliveries in Year 2018

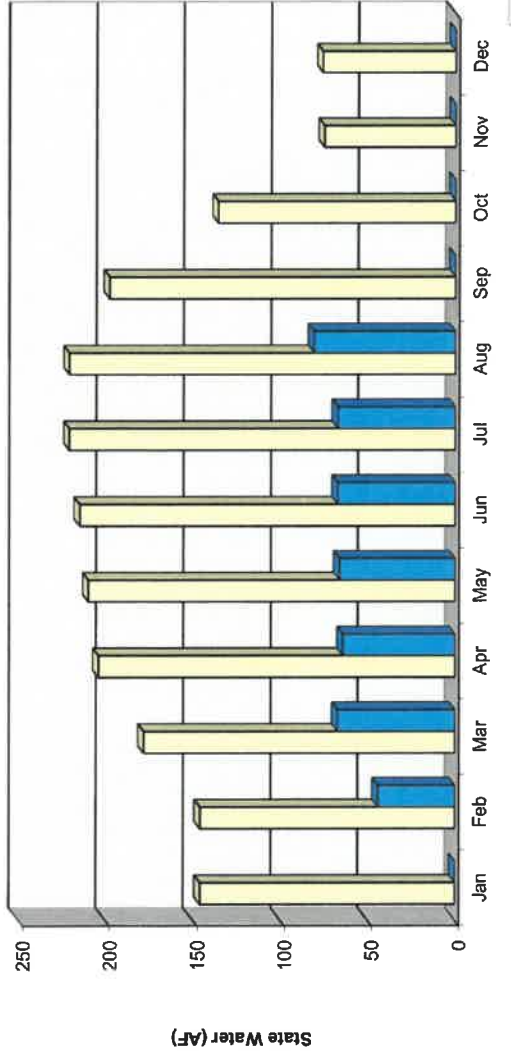
Month	Requested Delivery	Actual Delivery	Allocation Available
Jan	180	83	
Feb	180	95	
Mar	181	142	
Apr	181	138	
May	181	155	
Jun	181	175	
Jul	181	186	
Aug	181	193	
Sep	181	0	
Oct	181	0	
Nov	180	0	
Dec	180	0	
<b>Total</b>	<b>2165</b>	<b>1167</b>	



Requested Delivery  
Actual Delivery

### Lopez T.O. - SWP Deliveries in Year 2018

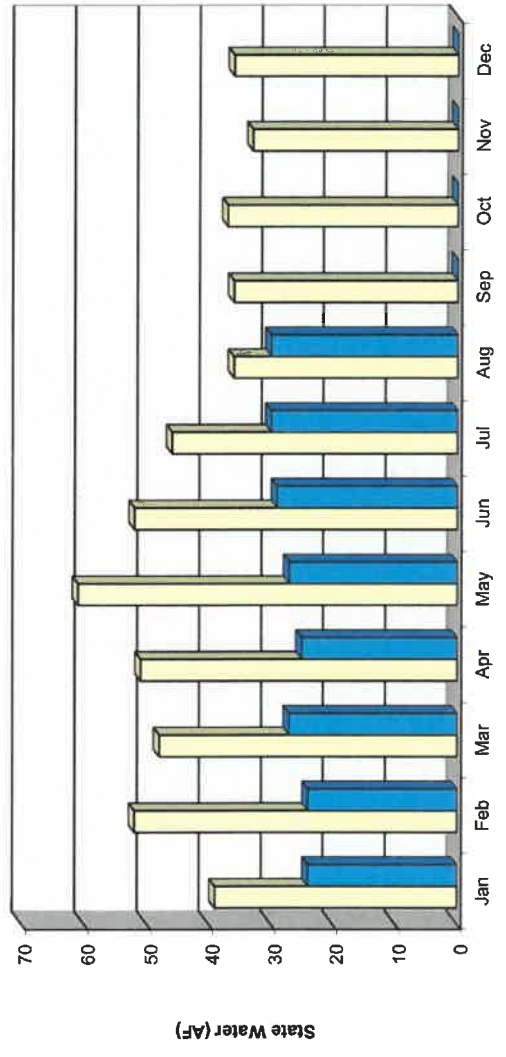
Month	Requested Delivery	Actual Delivery	Allocation Available
Jan	146	0	
Feb	146	44	
Mar	178	67	
Apr	204	64	
May	210	66	
Jun	215	67	
Jul	221	67	
Aug	221	81	
Sep	198		
Oct	136		
Nov	75		
Dec	76		
<b>Total</b>	<b>2027</b>	<b>456</b>	



Requested Delivery  
Actual Delivery

### Guadalupe - SWP Deliveries in Year 2018

Month	Requested Delivery	Actual Delivery	Allocation Available
Jan	39	24	
Feb	52	24	
Mar	48	27	
Apr	51	25	
May	61	27	
Jun	52	29	
Jul	46	30	
Aug	36	30	
Sep	36		
Oct	37		
Nov	33		
Dec	36		
<b>Total</b>	<b>527</b>	<b>216</b>	

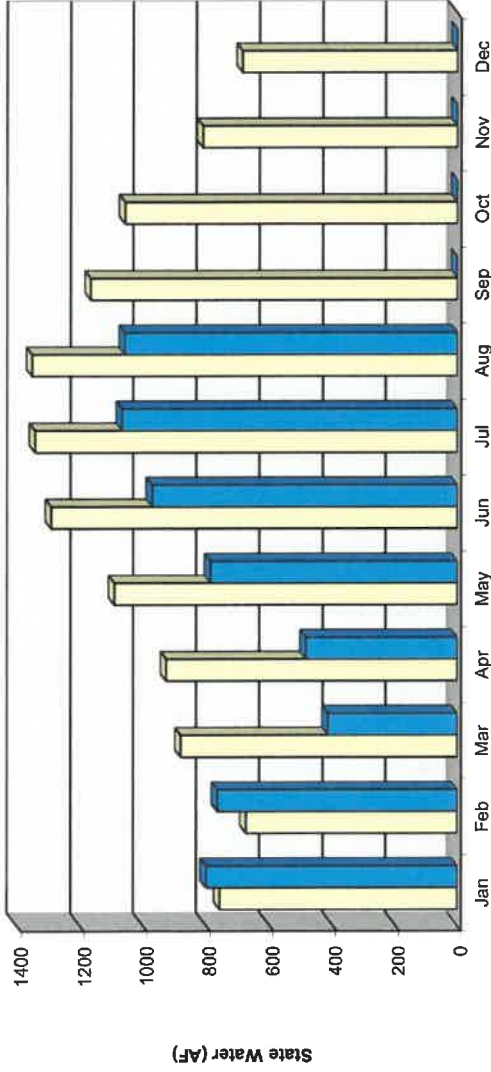


Requested Delivery  
Actual Delivery



### Santa Maria - SWP Deliveries in Year 2018

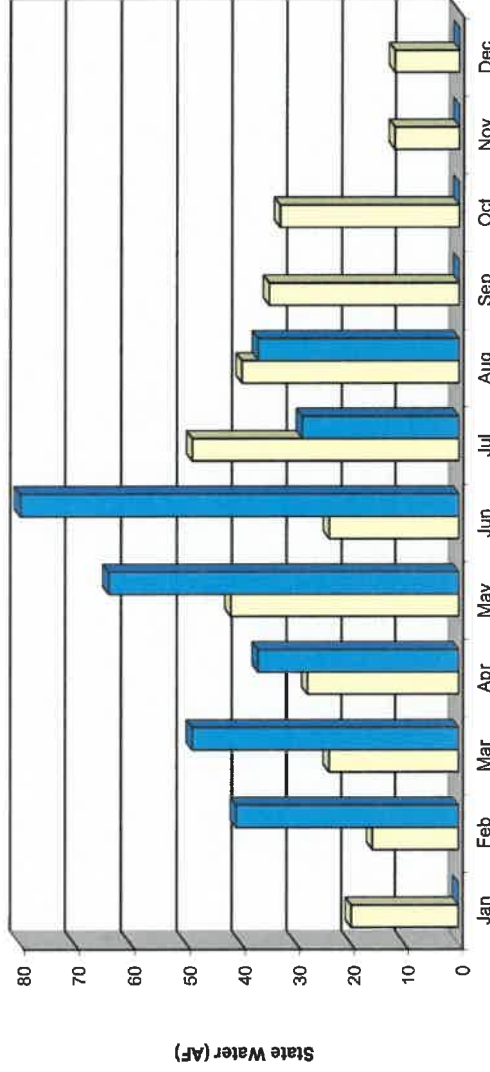
Month	Requested Delivery	Actual Delivery	Allocation Available
Jan	758	800	
Feb	673	765	
Mar	881	415	
Apr	928	485	
May	1091	787	
Jun	1293	972	
Jul	1344	1067	
Aug	1353	1059	
Sep	1166		
Oct	1058		
Nov	811		
Dec	685		
<b>Total</b>	<b>12041</b>	<b>6350</b>	



Requested Delivery  
Actual Delivery

### Golden State - SWP Deliveries in Year 2018

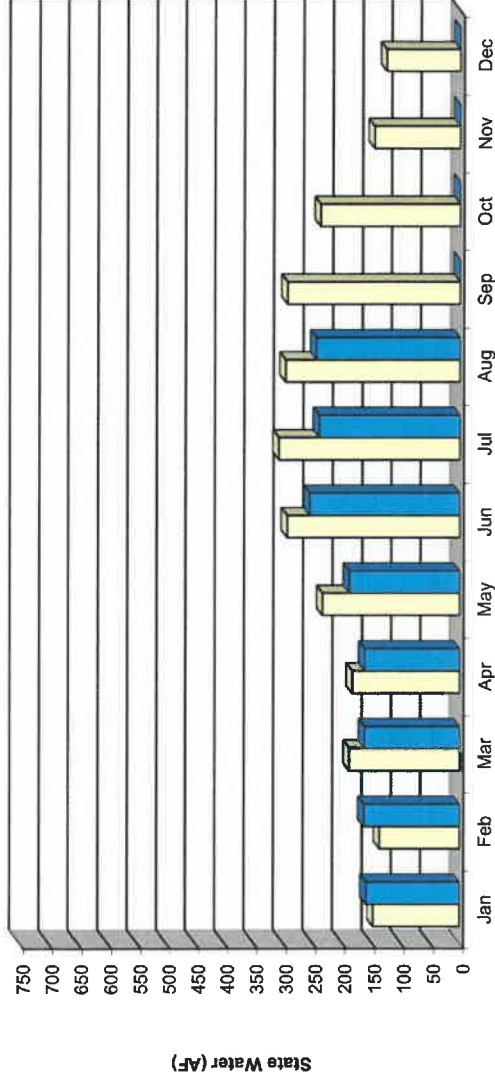
Month	Requested Delivery	Actual Delivery	Allocation Available
Jan	20	0	
Feb	16	41	
Mar	24	49	
Apr	28	37	
May	42	64	
Jun	24	80	
Jul	49	29	
Aug	40	37	
Sep	35		
Oct	33		
Nov	12		
Dec	12		
<b>Total</b>	<b>335</b>	<b>337</b>	



Requested Delivery  
Actual Delivery

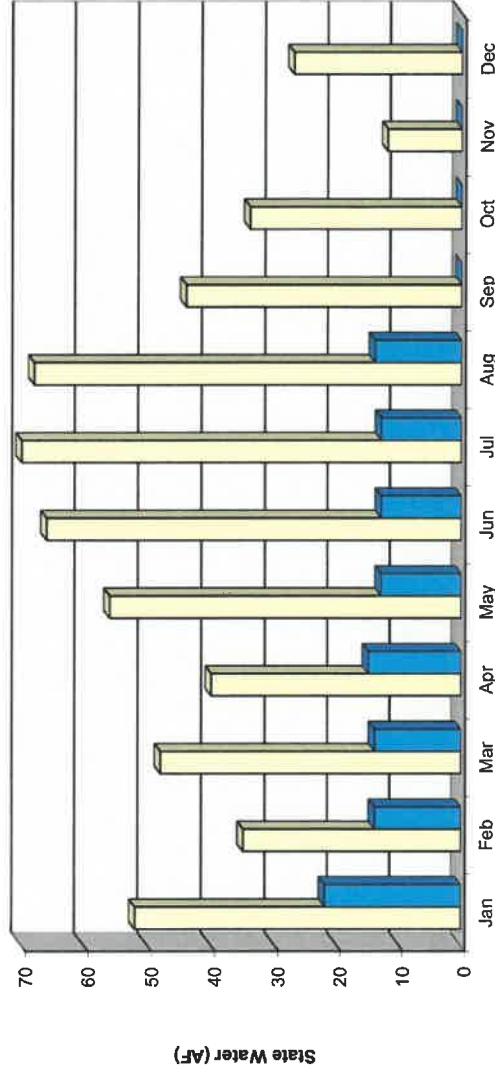
### VAFB - SWP Deliveries in Year 2018

Month	Requested Delivery	Actual Delivery	Allocation Available
Jan	148	160	
Feb	137	164	
Mar	188	163	
Apr	183	163	
May	234	189	
Jun	294	256	
Jul	308	240	
Aug	297	245	
Sep	294		
Oct	238		
Nov	147		
Dec	126		
<b>Total</b>	<b>2594</b>	<b>1580</b>	

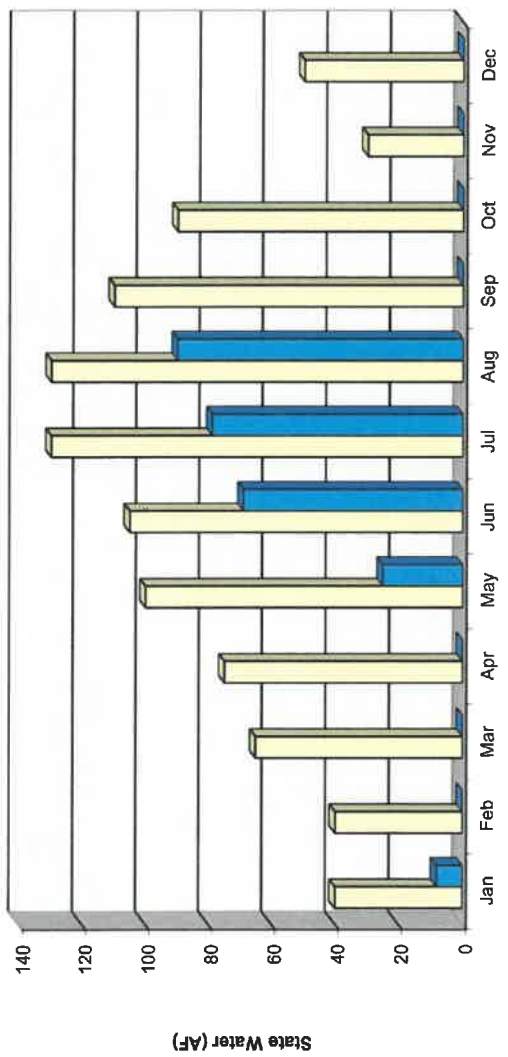


### Buellton - SWP Deliveries in Year 2018

Month	Requested Delivery	Actual Delivery	Allocation Available
Jan	52	22	
Feb	35	14	
Mar	48	14	
Apr	40	15	
May	56	13	
Jun	66	13	
Jul	70	13	
Aug	68	14	
Sep	44		
Oct	34		
Nov	12		
Dec	27		
<b>Total</b>	<b>552</b>	<b>118</b>	

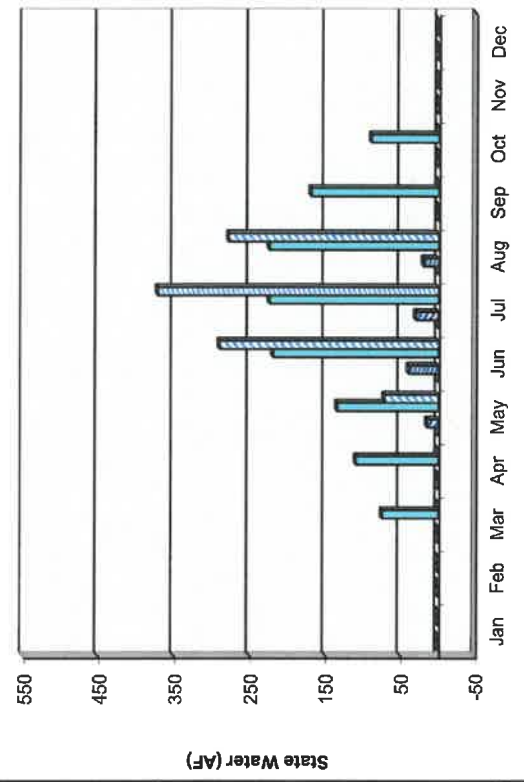


**Santa Ynez - Solvung Only - SWP Deliveries in Year 2018**



Month	Requested Delivery	Actual Delivery	Allocation Available
Jan	40	8	
Feb	40	0	
Mar	65	0	
Apr	75	0	
May	100	25	
Jun	105	69	
Jul	130	79	
Aug	130	90	
Sep	110	0	
Oct	90	0	
Nov	30	0	
Dec	50	0	
<b>Total</b>	<b>965</b>	<b>271</b>	

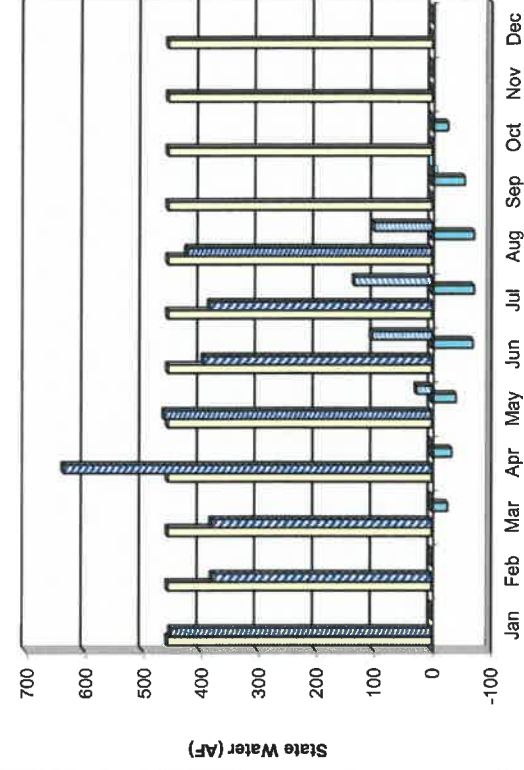
**Santa Ynez (Without Solvung) - SWP Deliveries in Year 2018**



Month	Scheduled State Water Delivery	Actual State Water Delivery	Actual Exchange Water	Total Actual State & Exch. Water Delivery	Allocation Available
Jan	0	0	0	0	
Feb	0	0	0	0	
Mar	0	0	0	0	
Apr	0	0	0	0	
May	0	15	72	87	
Jun	0	40	290	330	
Jul	0	30	372	402	
Aug	0	20	278	298	
Sep	0	0	0	0	
Oct	0	0	0	0	
Nov	0	0	0	0	
Dec	0	0	0	0	
<b>Total</b>	<b>0</b>	<b>105</b>	<b>1012</b>	<b>1117</b>	

**Goleta - SWP Deliveries in Year 2018**

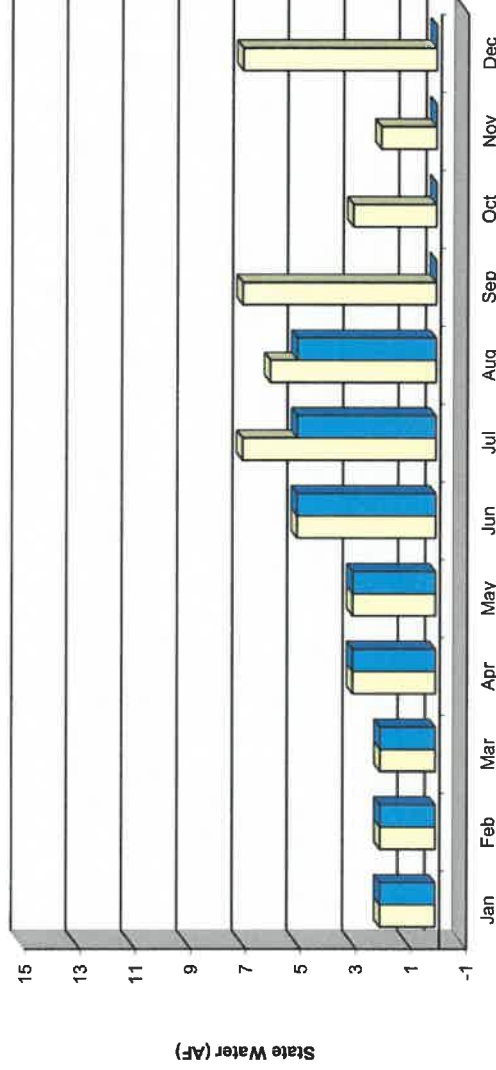
Month	Scheduled State Water Delivery	Scheduled Exchange Water	Total Sched'd State & Exch. Water Delivery	Actual State Water Delivery	Actual Exchange Water Delivery	Total Actual State & Exch. Water Delivery	Allocation Available
Jan	457	0	457	452	0	452	
Feb	457	0	457	380	0	380	
Mar	457	-27	430	381	0	381	
Apr	457	-34	423	636	0	636	
May	457	-41	416	463	26	489	
Jun	457	-70	387	395	104	499	
Jul	457	-72	385	384	134	518	
Aug	457	-72	385	424	100	524	
Sep	457	-56	401				
Oct	457	-27	430				
Nov	457	0	457				
Dec	457	0	457				
<b>Total</b>	<b>5484</b>	<b>-400</b>	<b>5084</b>	<b>3515</b>	<b>364</b>	<b>3879</b>	



- Scheduled State Water Delivery
- Actual State Water Delivery
- ▨ Scheduled Exchange Water
- Actual Exchange Water Delivery

**Morehart Land - SWP Deliveries in Year 2018**

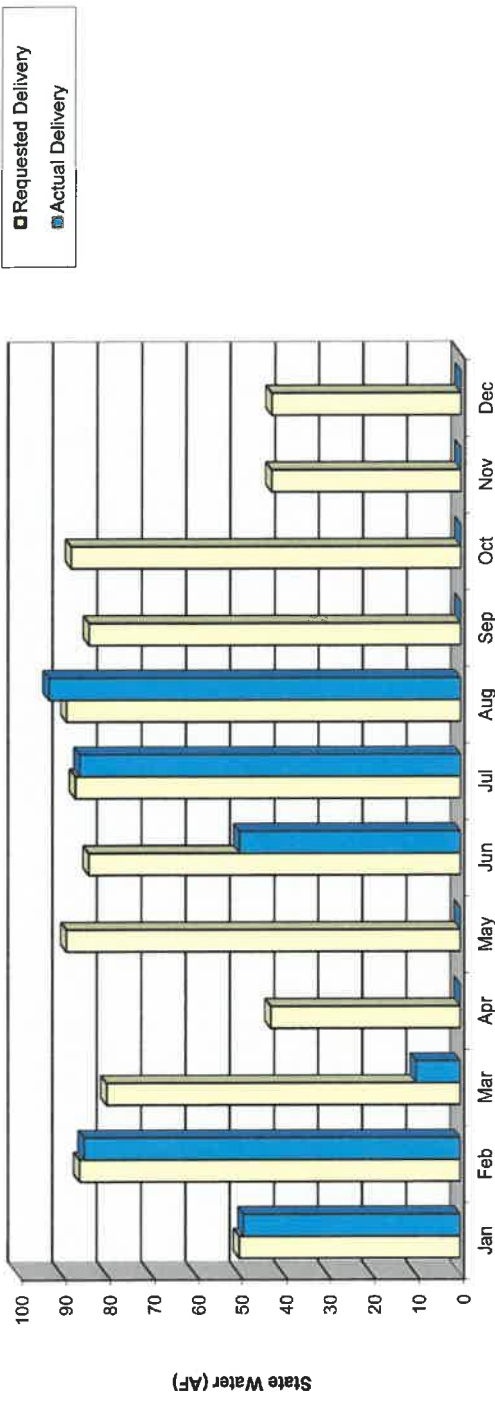
Month	Requested Delivery	Actual Delivery	Allocation Available
Jan	2	2	
Feb	2	2	
Mar	2	2	
Apr	3	3	
May	3	3	
Jun	5	5	
Jul	7	5	
Aug	6	5	
Sep	7	5	
Oct	3		
Nov	2		
Dec	7		
<b>Total</b>	<b>49</b>	<b>27</b>	



- Requested Delivery
- Actual Delivery

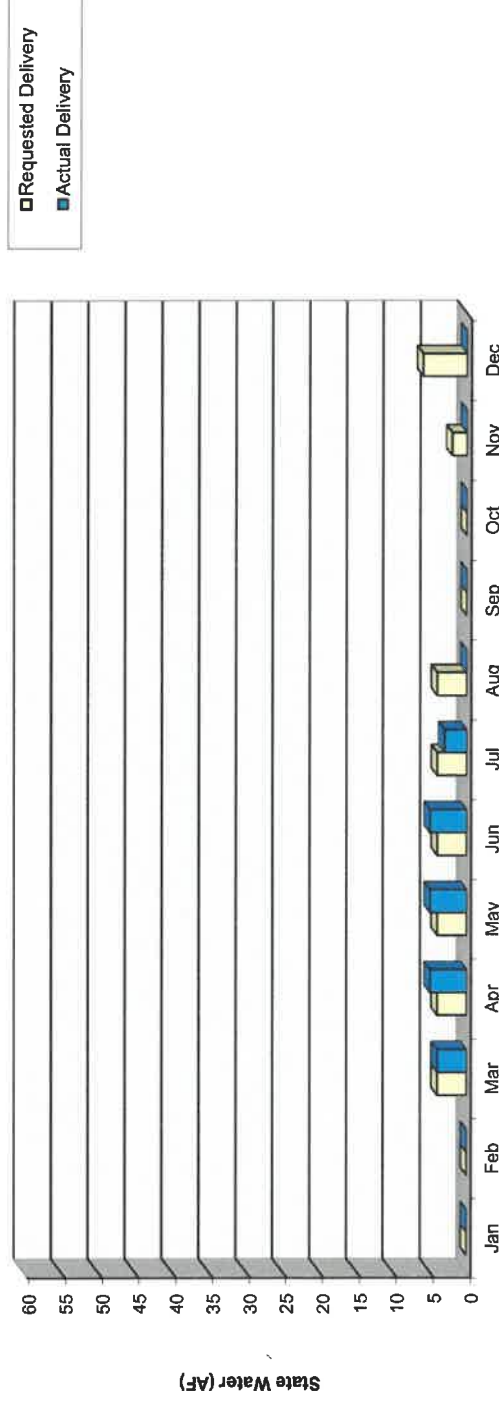
### La Cumbre - SWP Deliveries in Year 2018

Month	Requested Delivery	Actual Delivery	Allocation Available
Jan	50	49	
Feb	86	85	
Mar	80	10	
Apr	43	0	
May	89	0	
Jun	84	50	
Jul	87	86	
Aug	89	93	
Sep	84		
Oct	88		
Nov	43		
Dec	43		
<b>Total</b>	<b>866</b>	<b>373</b>	



### Raytheon (SBRC) - SWP Deliveries in Year 2018

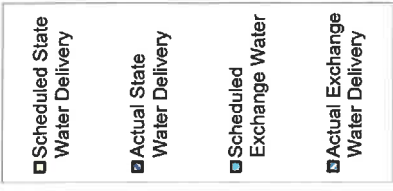
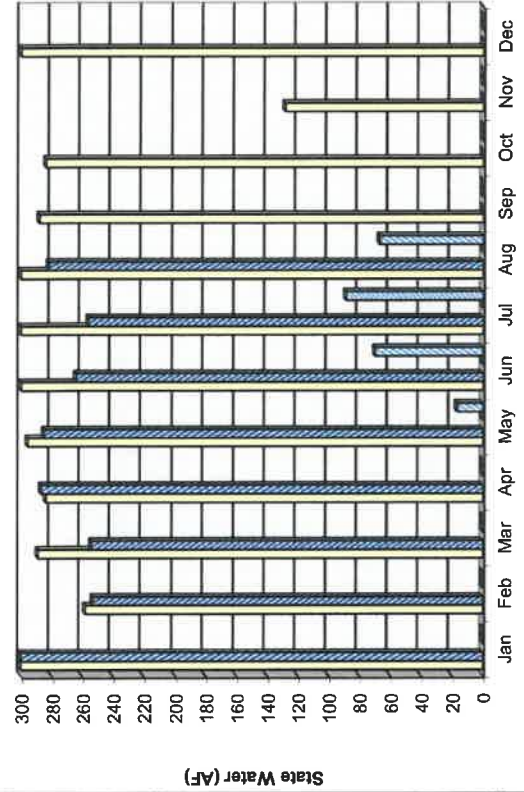
Month	Requested Delivery	Actual Delivery	Allocation Available
Jan	0	0	
Feb	0	0	
Mar	4	4	
Apr	4	5	
May	4	5	
Jun	4	5	
Jul	4	3	
Aug	4	0	
Sep	0		
Oct	0		
Nov	2		
Dec	6		
<b>Total</b>	<b>32</b>	<b>22</b>	





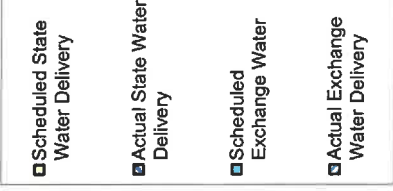
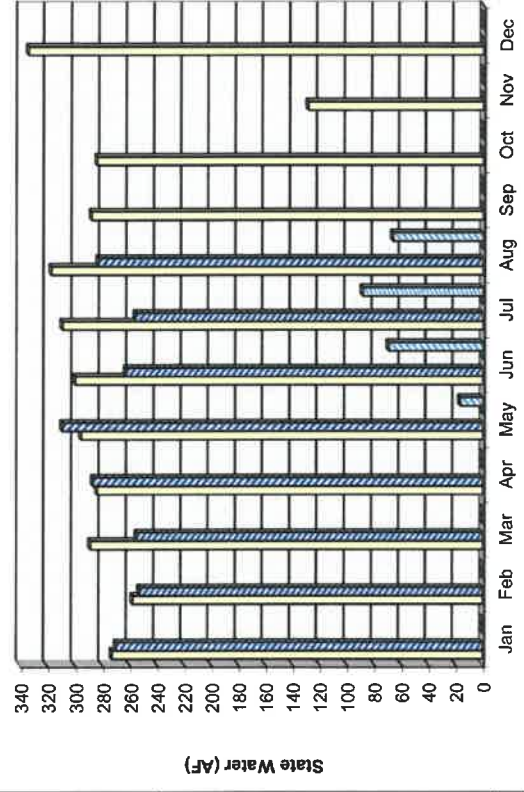
**Santa Barbara - SWP Deliveries in Year 2018**

Month	Scheduled State Water Delivery	Scheduled Exchange Water	Total Sched'd State & Exch. Water Delivery	Actual State Water Delivery	Actual Exchange Water Delivery	Total Actual State & Exch. Water Delivery	Allocation Available
Jan	304	0	304	301	0	301	
Feb	258	0	258	253	0	253	
Mar	289	-18	271	254	0	254	
Apr	284	-23	261	287	0	287	
May	296	-28	268	285	17	302	
Jun	300	-47	253	264	70	334	
Jul	309	-48	261	256	89	345	
Aug	317	-48	269	282	67	349	
Sep	288	-37	251				
Oct	284	-18	266				
Nov	129	0	129				
Dec	334	0	334				
<b>Total</b>	<b>3391</b>	<b>-266</b>	<b>3125</b>	<b>2182</b>	<b>243</b>	<b>2425</b>	



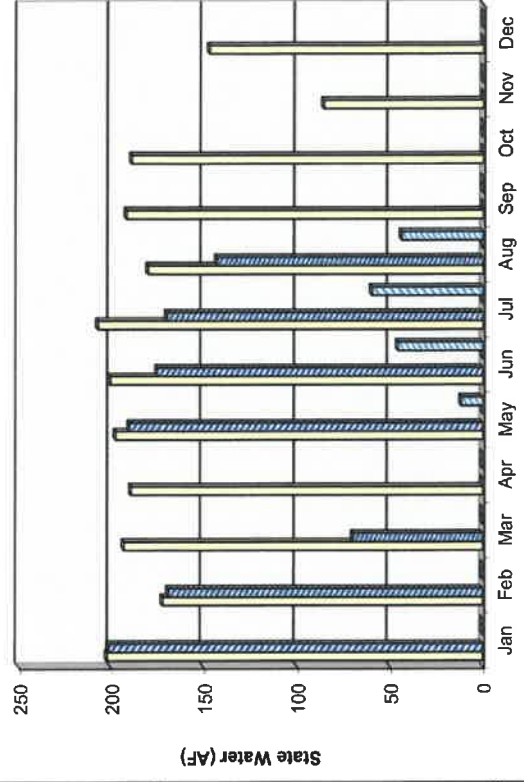
**Montecito - SWP Deliveries in Year 2018**

Month	Scheduled State Water Delivery	Scheduled Exchange Water	Total Sched'd State & Exch. Water Delivery	Actual State Water Delivery	Actual Exchange Water Delivery	Total Actual State & Exch. Water Delivery	Allocation Available
Jan	273	0	273	270	0	270	
Feb	258	0	258	253	0	253	
Mar	289	-18	271	255	0	255	
Apr	284	-23	261	287	0	287	
May	296	-28	268	309	17	326	
Jun	300	-47	253	263	70	333	
Jul	309	-48	261	256	89	345	
Aug	317	-48	269	283	67	350	
Sep	288	-37	251				
Oct	284	-18	266				
Nov	129	0	129				
Dec	334	0	334				
<b>Total</b>	<b>3360</b>	<b>-266</b>	<b>3094</b>	<b>2176</b>	<b>243</b>	<b>2419</b>	



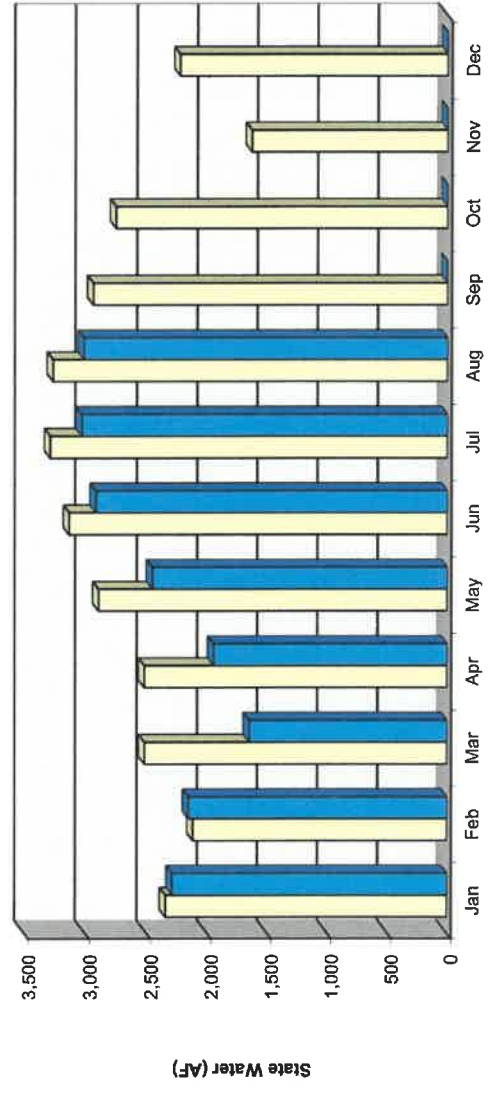
**Carpinteria - SWP Deliveries in Year 2018**

Month	Scheduled State Water Delivery	Scheduled Exchange Water	Total Sched'd Water	Water State & Exch.	Actual State Water Delivery	Actual Exchange Water Delivery	Total Actual State & Exch. Water Delivery	Allocation Available
Jan	202	0	202	202	201	0	201	
Feb	172	0	172	169	169	0	169	
Mar	193	-12	181	70	70	0	70	
Apr	189	-15	174	0	0	0	0	
May	197	-18	179	190	190	12	202	
Jun	207	-31	169	175	175	46	221	
Jul	200	-32	175	170	170	60	230	
Aug	180	-32	148	143	143	44	187	
Sep	192	-25	167	167				
Oct	189	-12	177	177				
Nov	86	0	86	86				
Dec	147	0	147	147				
<b>Total</b>	<b>2155</b>	<b>-178</b>	<b>1977</b>	<b>1977</b>	<b>1118</b>	<b>162</b>	<b>1280</b>	



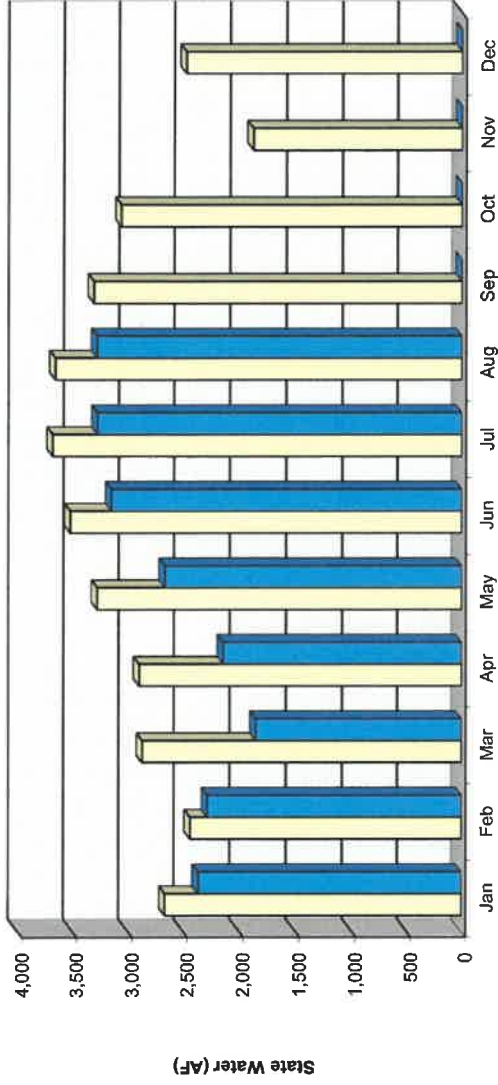
**Total SB County - SWP Deliveries in Year 2018**

Month	Requested Delivery	Actual Delivery
Jan	2,345	2,289
Feb	2,116	2,152
Mar	2,517	1,647
Apr	2,518	1,947
May	2,892	2,452
Jun	3,131	2,914
Jul	3,287	3,028
Aug	3,264	3,011
Sep	2,936	
Oct	2,751	
Nov	1,628	
Dec	2,225	
<b>Total</b>	<b>31,609</b>	<b>19,440</b>



# Total SB and SLO County - SWP Deliveries in Year 2018

Month	Requested Delivery	Actual Delivery
Jan	2,671	2,372
Feb	2,442	2,291
Mar	2,876	1,856
Apr	2,903	2,149
May	3,282	2,673
Jun	3,527	3,156
Jul	3,689	3,281
Aug	3,666	3,285
Sep	3,315	
Oct	3,068	
Nov	1,883	
Dec	2,481	
<b>Total</b>	<b>35,801</b>	<b>21,063</b>



Requested Delivery  
Actual Delivery






## CENTRAL COAST WATER AUTHORITY

### MEMORANDUM

September 18, 2018

**TO:** CCWA Board of Directors

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

**SUBJECT:** State Water Project Contract Assignment Update

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#### DISCUSSION

On September 17, 2018, the DWR State Water Project Deputy Director, Joel Ledesma, sent an email to Santa Barbara County Deputy Public Works Director, Tom Fayram stating that DWR is "willing to accept full assignment of the Santa Barbara County Flood Control and Water Conservation District's long term State Water supply contract to the Central Coast Water Authority..." (shown in Attachment E to the attached letter).

After receipt of DWR's correspondence to Santa Barbara County regarding their willingness to accept assignment of the State Water contract, I sent the attached letter and associated attachments to Mr. Fayram formally requesting that Santa Barbara County consider CCWA's request to approve assignment of the Contract from Santa Barbara County FCWCD to CCWA.

CCWA staff will begin working with Santa Barbara County staff to explore the next steps in scheduling a vote of the Santa Barbara County Board of Supervisors for assignment of the Contract to CCWA.

RAS

Attachments



September 17, 2018

Mr. Tom Fayram  
Deputy Public Works Director  
Santa Barbara County Flood Control and Water Conservation District  
130 East Victoria Street, Suite 200  
Santa Barbara, CA 93101-2019

Jack Boysen  
Chairman

Richard Shaikewitz  
Vice Chairman

Ray A. Stokes  
Executive Director

Brownstein Hyatt  
Farber Schreck  
General Counsel

*Member Agencies*

City of Buellton

Carpinteria Valley  
Water District

City of Guadalupe

City of Santa Barbara

City of Santa Maria

Goleta Water District

Montecito Water District

Santa Ynez River Water  
Conservation District,  
Improvement District #1

*Associate Member*

La Cumbre Mutual  
Water Company

255 Industrial Way  
Buellton, CA 93427-9565  
(805) 688-2292  
FAX: (805) 686-4700

Dear Tom:

I am writing to request the Santa Barbara County Flood Control and Water Conservation District (District)'s consideration of the proposed assignment of the State Water Contract from the District, the existing State Water Project contractor, to the Central Coast Water Authority (CCWA), the agency responsible for the delivery of State Water Project (SWP) water to Santa Barbara County.

The proposed assignment requires approval of the Board of Supervisors, acting on behalf of the District, CCWA, and the Department of Water Resources (DWR). As further described in this letter, on October 26, 2017, CCWA's Board approved the proposed assignment by agreeing to accept assignment of the State Water Contract and to release the District from all of its obligations. Thereafter, DWR completed its review and consideration of the proposed assignment and recently confirmed by email that it will approve the proposed assignment as permitted by Article 41 of the State Water Contract following the District's approval. Accordingly, the District's consideration and approval of assignment is now requested.

**I. BENEFITS OF THE PROPOSED ASSIGNMENT OF THE STATE WATER CONTRACT**

The proposed assignment provides numerous benefits for Santa Barbara County and its residents, including:

1. Aligning State Water Contract decision-making authority with financial and operational responsibility by making CCWA fully and solely responsible for the State Water Contract;
2. Relieving the District (and thus the County) of any potential financial obligations and liability under the State Water Contract;
3. Relieving cities and other communities within the County who do not receive SWP water from any potential financial obligation under the State Water Contract;
4. Improving decision-making at the local level by eliminating duplicative and unnecessary approvals by the District, with no operational or financial responsibility for the State Water Contract on a day-to-day basis;
5. Empowering CCWA, which is financially responsible for the State Water Contract, with the power to make decisions regarding future SWP projects;



6. Providing CCWA members and their ratepayers with direct influence over decision-making for SWP projects; and
7. Increasing local government efficiency, which in turn will increase opportunities for innovations in water planning.

Frequently asked questions about the proposed assignment and CCWA's responses are enclosed as **Attachment A** to this letter.

## II. BACKGROUND AND TIMELINE

As you know, the proposed assignment of the State Water Contract is not new – it has been a long time in the making.

The State Water Contract was first executed by the District and DWR in February, 1963 and amended on numerous occasions after that.

In 1978, the County of Santa Barbara sponsored a ballot measure authorizing issuance of bonds to finance construction of an in-county distribution and treatment system for SWP water. The ballot measure was defeated and, following that election, the Board of Supervisors considered whether to terminate the 1963 contract due to lack of local political support for the importation of SWP water made available by the State Water Contract. A number of local cities and water districts urged the Board of Supervisors to retain the water, and to find a way to shift the cost of that water to the local water agencies and their ratepayers. In response, in the mid-1980s, the District executed certain "Water Supply Retention Agreements" with local water agencies (Participants) whereby the Participants agreed to assume the annual costs for 45,486 acre-feet per year of SWP water.

In 1991, after five years of severe drought, public elections were held in 14 local jurisdictions to authorize financing to pay for construction of SWP water distribution and treatment facilities. The ballot measures were approved in 11 of the 14 jurisdictions. In September, 1991, CCWA was formed by eight public agencies – City of Buellton, City of Guadalupe, City of Santa Barbara, City of Santa Maria, Goleta Water District, Montecito Water District, Carpinteria Valley Water District, and Santa Ynez River Water Conservation District, Improvement District No. 1 (Members) – all of whom are Participants. The Participants also executed certain "Water Supply Contracts" with the newly formed CCWA, transferring their rights under the Water Supply Retention Agreements to CCWA, in return for water service in an amount equivalent to their rights under the Water Supply Retention Agreements.

In November 1991, the District and CCWA executed the Transfer of Financial Responsibility Agreement (TFRA) by which CCWA agreed to assume all of the District's financial obligations under the State Water Contract. The TRFA expresses

the District's and CCWA's joint interest in securing DWR's approval of assignment of all of the District's rights and obligations under the State Water Contract to CCWA.

The District and CCWA are continuing their efforts to secure from DWR an agreement to release the District from its obligations under the SWP Contract to the extent those obligations have been assumed by CCWA.... A principal purpose of this Agreement is to ensure that the District's financial obligations under the SWP Contract attributable to a CCWA Contractor will be completely and fully assumed and satisfied by CCWA....<sup>1</sup>

Since 1991, there have been periodic efforts to secure DWR's approval of assignment of the State Water Contract, as envisioned by TRFA. Prior to 2015, there had been some uncertainty as to whether CCWA, a joint powers authority, could satisfy the requirements of Article 34 of the State Water Contract obligating the contracting party to levy a property tax in the event of its failure to make the required payments to DWR under the contract, and therefore whether the State Water Contract could be assigned to CCWA. That uncertainty was removed in 2015 when Government Code section 6502 was amended to clarify that a joint powers authority like CCWA has all powers common to the contracting parties, including but not limited to the authority to levy a fee, assessment or tax. It is now clear that CCWA is eligible to accept assignment of the State Water Contract. Accordingly, on June 22, 2017, the CCWA Board of Directors voted unanimously to direct its legal and policy staff to pursue assignment of the State Water Contract.

During October and November, 2017, each of CCWA's Members approved the proposed assignment, specifically by amending the 1991 Joint Exercise of Powers Agreement creating CCWA to authorize CCWA to contract with DWR for the delivery of water from the State Water Project and their respective Water Supply Agreements with CCWA to conform to the amendments to the Joint Exercise of Powers Agreement. The First Amendment to the Joint Exercise of Powers Agreement, which became effective on December 12, 2017, is enclosed for your reference as **Attachment B**.

On October 23, 2017, CCWA's Board unanimously adopted Resolution No. 17-04 (enclosed for your reference as **Attachment C**), which (1) approved amendments to each of the Members' Water Supply Agreements, and (2) approved assignment of the State Water Contract from the District to CCWA and authorized me to negotiate an agreement with the District and DWR to effectuate the assignment. CCWA's draft proposed Assignment, Assumption, And Release Agreement to effectuate assignment of the State Water Contract is enclosed as **Attachment D** for your review and consideration.

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<sup>1</sup> TRFA, Recitals C and J

Subsequently, DWR staff and legal counsel considered the proposed assignment. By email dated September 17, 2018, the State Water Project Deputy Director of DWR confirmed that DWR will approve assignment of the State Water Contract, as is permitted by Article 41 of the contract. DWR's email is enclosed for your reference as **Attachment E**. Accordingly, CCWA requests that the Board of Supervisors, acting on behalf of the District, consider the proposed assignment at the next available date.

### III. COMPLIANCE WITH CEQA

CCWA has determined that CEQA does not apply to the proposed assignment because the transaction will not affect a change in the environment. The transaction will not change the point of delivery, place of use or purpose of use; it will not result in a change in the quantity of water delivered, and no new facilities will be constructed. All terms and conditions of the State Water Contract will remain the same; only CCWA will be substituted for the District. CCWA's Notice of Exemption for the proposed assignment is enclosed as **Attachment F**.

### IV. RESPONSE TO MEMORANDUM FROM CALIFORNIA WATER IMPACT NETWORK (C-WIN)

We have reviewed the April 3, 2018 letter from the California Water Impact Network (C-WIN) and attached undated memorandum from Roger Moore (C-WIN Memo) raising concerns about the proposed assignment, specifically that the assignment would not relieve the District (and thus the County) from future potential liability under the State Water Contract. CCWA's General Counsel has responded to each of the assertions made in the C-WIN Memo. See **Attachment G**. Importantly, C-WIN's assertions are not supported – the proposed assignment fully relieves the District (and thus the County) of all liability under the State Water Contract. In fact, this is one of the major benefits of the proposed assignment.

### V. NEXT STEPS

I would like to set a date for our respective agencies to meet and discuss the proposed assignment and any questions or concerns you may have, and to finalize a draft Assignment, Assumption, And Release Agreement for consideration by the Board of Supervisors on behalf of the District. It has now been more than a year since my Board directed me to pursue assignment of the State Water Contract, as was initially envisioned by the District and CCWA in 1991. For this reason, I am eager to set a date as your earliest convenience.

Mr. Tom Fayram  
September 17, 2018  
Page 5 of 5

I look forward to working with you on this important project for Santa Barbara County and its residents.

Most sincerely,



Ray Stokes  
Executive Director

Attachments:

- A. Frequently Asked Questions re. Assignment of the State Water Contract
- B. First Amendment to the Joint Exercise of Powers Agreement Creating the Central Coast Water Authority
- C. CCWA Resolution No. 17-04 (without exhibits)<sup>2</sup>
- D. DRAFT Assignment, Assumption, and Release Agreement
- E. Correspondence from DWR confirming DWR will approve the proposed assignment
- F. CCWA Notice of Exemption re. Assignment of State Water Contract
- G. Brownstein Hyatt Farber Schreck Response to Comments from C-WIN

cc: Karla Nemeth, DWR Director  
Joel Ledesma, DWR State Water Project Deputy Director  
CCWA Board of Directors  
Shad Springer, City of Santa Maria  
Cruz Ramos, City of Guadalupe  
Rose Hess, City of Buellton  
Chris Dahlstrom, Santa Ynez Improvement District, ID#1  
John McInnes, Goleta Water District  
Rebecca Bjork, City of Santa Barbara  
Nick Turner, Montecito Water District  
Bob McDonald, Carpinteria Valley Water District  
Stephanie Hastings, Brownstein Hyatt Farber Schreck  
Michael Ghizzoni, County Counsel, County of Santa Barbara

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<sup>2</sup> The exhibits to Resolution No. 17-04 are voluminous. They include amendments to the Water Supply Agreements for each of CCWA's Members. If you require copies of these amendments, I am happy to provide them to you under separate cover.

## Assignment of the Santa Barbara State Water Project Contract

### FREQUENTLY ASKED QUESTIONS

#### 1. How is imported water delivered to Santa Barbara County?

The California State Water Project (SWP) is a water storage and delivery system of reservoirs, aqueducts, powerplants and pumping plants. Its main purpose is to store water and distribute it throughout California. The Coastal Branch of the SWP delivers SWP water to Santa Barbara and San Luis Obispo Counties. Twenty-nine public agencies, including the Santa Barbara County Flood Control and Water Conservation District (District), contract with the State of California for the delivery of SWP water to them for agricultural and urban uses. The SWP and Coastal Branch infrastructure may also be used for the transportation and delivery of other imported water supplies (non-SWP water) to Santa Barbara County as well.

#### 2. What is the *SWP Contract* and who are the parties to it?

The contract under which water from SWP is delivered to Santa Barbara County was first executed in February, 1963 and has been amended 19 times (*SWP Contract*). The parties to the *SWP Contract* are the State of California Department of Water Resources (DWR) and the District. DWR operates and maintains the SWP. The District provides flood protection and conservation of storm, flood and surface waters within Santa Barbara County. The Board of Supervisors of Santa Barbara County acts as the Board of Directors of the District.

The *SWP Contract* provides for delivery of up to 45,486 acre-feet per year (afy) of water from the SWP, with the quantity actually delivered to Santa Barbara County in any given year dependent on the total quantity of water available and allocated to the SWP contractors during that year.

#### 3. What is the Central Coast Water Authority (CCWA)?

CCWA is a joint powers authority created in 1991 by the *Joint Exercise of Powers Agreement* to construct, manage and operate Santa Barbara County's local facilities for the distribution and treatment of SWP water. CCWA owns and operates a water treatment plant and pipeline that delivers SWP water to Santa Barbara County.<sup>1</sup>

CCWA is composed of eight members, all of which are public agencies, all of which provide retail water service to customers living and working within Santa Barbara County. CCWA's members are: the City of Santa Maria, the City of Santa Barbara, the City of Guadalupe, the City of Buellton, the Goleta Water District, the Montecito Water District, the Carpinteria Valley Water District, and the Santa Ynez River Water Conservation District, Improvement District No. 1.

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<sup>1</sup> CCWA also delivers SWP water to San Luis Obispo County.

On November 12, 1991, the District and CCWA entered into the *Transfer of Financial Responsibility Agreement* whereby CCWA assumed full responsibility for nearly all of the District's obligations pursuant to the *SWP Contract*. As a result, CCWA makes all payments to DWR for all SWP charges and is responsible for the delivery of SWP water within Santa Barbara County.

**4. Who receives SWP water in Santa Barbara County?**

CCWA delivers SWP water to its members and other local contractors, which in turn deliver retail water service to the majority of people living and working in Santa Barbara County. However, some communities and unincorporated areas, including the City of Lompoc, Casmalia, Cuyama, Mission Hills, and Vandenberg Village, do not contract with CCWA for SWP water and therefore do not receive SWP water.

**5. Who pays for SWP water in Santa Barbara County?**

Ratepayers – the customers of each of the public agencies and other entities that contract with CCWA for the delivery of SWP water.

**6. May the *SWP Contract* be assigned?**

Yes. Article 41 of the District's *SWP Contract* permits assignment with the approval of DWR upon such terms and conditions as DWR may impose. If assignment is permitted, the assignee is bound to all of the provisions of the *SWP Contract*.

**7. What is the purpose of assignment of the *SWP Contract* from the District to CCWA?**

Assignment would align decision-making authority with financial responsibility. Under the current arrangement, CCWA bears nearly all of the financial responsibility for the *SWP Contract*, but has limited decision-making authority. For example, the decision of whether to pursue extension of the *SWP Contract* beyond its 2038 expiration date is currently in the hands of DWR and the County; CCWA has no role, despite the fact that it is financially responsible for the delivery of all SWP water within Santa Barbara County.

**8. Is CCWA eligible to contract with DWR for the delivery of SWP water?**

Yes. Each of CCWA's eight member agencies is a "state agency" within the meaning of the authorizing legislation for the SWP and therefore may contract directly with DWR for the delivery of SWP water. CCWA is also a "state agency" and may exercise any power common to its members, including the power to contract with DWR directly for the delivery of SWP water.<sup>2</sup>

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<sup>2</sup> See Wat. Code §§ 11102, 11625, and 11626,



## 9. What approvals are required to permit assignment?

The District must agree to assign the *SWP Contract* to CCWA, CCWA must agree to assume the District's obligations, and DWR must agree to release the District from its obligations pursuant to the *SWP Contract*. The proposed *Assignment, Assumption, and Release Agreement* has been prepared for this purpose. Additionally, each of CCWA's members must agree to amend the *Joint Exercise of Powers Agreement* to authorize CCWA to contract with DWR and agree to amendment of their individual *Water Supply Agreement* to acknowledge CCWA's right to levy a tax or assessment, if required by Article 34 of the *SWP Contract*. The following approvals will be sought:

1. Each CCWA member considers approval of: (a) *Amendment of the Joint Exercise of Powers Agreement*, and (b) *Amendment of the member's Water Supply Agreement*
2. CCWA considers approval of the *Assignment, Assumption, and Release Agreement*
3. District considers approval of the *Assignment, Assumption, and Release Agreement*
4. DWR considers approval of the *Assignment, Assumption, and Release Agreement*

## 10. Why is assignment sought now?

Assignment of the *SWP Contract* has been contemplated since at least 1991. The 1991 Transfer of Financial Responsibility between the District and CCWA declared the parties' intention to "continu[e] their efforts to secure from DWR an agreement to release the District from its obligations under the *SWP Contract* to the extent those obligations have been assumed by CCWA."<sup>3</sup>

Since 1991, there have been periodic efforts by CCWA to seek assignment of the *SWP Contract*, as envisioned by the *Transfer of Financial Responsibility Agreement*. Prior to 2015, there had been some uncertainty as to whether CCWA, a joint powers authority, could satisfy certain terms and conditions of the *SWP Contract* and therefore whether the *SWP Contract* could be assigned to CCWA.<sup>4</sup> That uncertainty was removed when Government Code section 6502 was amended in 2015 to clarify that a joint powers authority has all powers common to the contracting parties, including but not limited to the authority to levy a fee, assessment or tax.

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<sup>3</sup> Transfer of Financial Responsibility Agreement, Recital C.

<sup>4</sup> Specifically, it was uncertain whether CCWA could, if necessary, satisfy the requirements of Article 34 of the *SWP Contract* obligating the contracting party to levy a property tax or assessment in the event of the contracting party's failure to make the required payments to DWR under the *SWP Contract*.

**11. Will assignment modify the terms or conditions of the existing *SWP Contract*?**

No. Assignment of the *SWP Contract* from the District to CCWA will result in a substitution of CCWA for the District as the contracting party for the *SWP Contract*. In all other respects, the *SWP Contract* will remain the same.

**12. Will assignment change the way SWP water is delivered to Santa Barbara County?**

No. The facilities used to deliver SWP to customers within Santa Barbara County will be the same.

**13. Will assignment change the customers who receive SWP water in Santa Barbara County?**

No. The area in which SWP water will be delivered will be the same. CCWA's service area will remain the same.

**14. Will assignment change the way SWP water is paid for in Santa Barbara County?**

No. CCWA will continue to pass all SWP costs on to its members. As a result, ratepayers will continue to be responsible for all costs of SWP water in Santa Barbara County.

**15. If the *SWP Contract* is assigned, does CCWA intend to levy a tax or assessment to pay for any portion of SWP water delivered to Santa Barbara County?**

No.

**16. Is compliance with the California Environmental Quality Act required?**

No. Assignment of the *SWP Contract* is exempt from CEQA because the transaction will not affect a change in the environment. The transaction will not change the point of delivery, place of use or purpose of use; it will not result in a change in the quantity of water delivered, and no new facilities will be constructed. All terms and conditions of the *SWP Contract* will remain the same; only CCWA will be substituted for the District.

A transaction involving the assignment of identical rights and obligations from one public agency (the District) to another (CCWA) does not qualify as a "project" within the scope of CEQA.<sup>5</sup> Additionally, even if the assignment is considered a "project," the transaction would

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<sup>5</sup> CEQA Guidelines § 15378(b)(5); see also CEQA Guidelines section 15378(b)(4) (the creation of a government funding mechanism or other fiscal activity that does not involve a commitment to a specific project that may result in a potentially significant environmental impact is not a project under CEQA) and Section 15378(b)(5) (an organizational or administrative activity of government that will not result in direct or indirect physical changes to the environment is not a project under CEQA).

qualify for several categorical exemptions from the requirements of CEQA: (1) CEQA Guidelines, section 15320, Class 20, applicable to government changes in organization; (2) the common sense exemption of CEQA Guidelines, section 15061(b)(3).

**17. Why is amendment of the Joint Exercise of Powers Agreement required?**

Government Code section 6502 requires that any power to be exercised jointly by members of a joint powers agency must be specified in the authorizing joint powers agreement. The 1991 *Joint Exercise of Powers Agreement* does not expressly authorize CCWA to contract with DWR for the delivery of SWP water and therefore must be amended for this purpose.

**18. Why is amendment of each CCWA member's Water Supply Agreement with CCWA required?**

Following its creation, CCWA entered into *Water Supply Agreements* with each of its eight member agencies and other parties who had contracted with the District for the delivery of SWP water (the "local contractors").<sup>6</sup> Each member's *Water Supply Agreement* sets forth the terms and conditions of CCWA's delivery of SWP water to the member, including certain obligations of the member in the event of the member's failure to make any payment under the agreement. Concurrent with amendment of the *Joint Exercise of Powers Agreement*, each *Water Supply Agreement* should also be amended to reflect the new powers provided for in the amendment of the *Joint Exercise of Powers Agreement*.

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<sup>6</sup> Between 1985 and 1988, the District entered into 19 separate agreements with local contractors. Each agreement assigned a portion of the District's SWP Table A entitlement under the *SWP Contract* to a local contractor. In return, each local contractor agreed to pay the District for the local contractor's pro rata share of all costs and expenses associated with the delivery of that water. The purpose of these agreements was to shift responsibility for payment under the *SWP Contract* from the County taxpayers to the individual local contractors and their customers – e.g., the water users.

**FIRST AMENDMENT  
to the  
JOINT EXERCISE OF POWERS AGREEMENT  
Creating the  
CENTRAL COAST WATER AUTHORITY**

This First Amendment (the "**Amendment**") to the Joint Exercise of Powers Agreement Creating the Central Coast Water Authority (the "**Authority**"), dated August 31, 1991 (the "**Joint Exercise of Powers Agreement**"), is made effective December 12, 2017 by and between the parties on the attached Exhibit A (each, a "**Party**" and collectively, the "**Parties**"). Unless otherwise provided herein, all defined terms used in this Amendment shall have the same meaning as set forth in the Joint Exercise of Powers Agreement.

**RECITALS**

A. The Parties to this Amendment are all signatories to the Joint Exercise of Power Agreement or successors in interest. Carpinteria Valley Water District is the successor in interest to the Carpinteria County Water District.

B. The Parties desire to amend the Joint Exercise of Powers Agreement to expressly authorize the Authority to take certain actions necessary and convenient to assume all of the Santa Barbara County Flood Control and Water Conservation District's (the "**District**") rights, interest in, and obligations under the Water Supply Contract with the State of California Department of Water Resources (the "**DWR**") concerning the delivery of water from the State Water Project (the "**State Water Supply Contract**").

**AGREEMENT**

1. Section 5 of the Joint Exercise of Powers Agreement is amended to include a new subsection "p" as follows:
  - p. To contract with the DWR for delivery of water from the State Water Project, along with all necessary and incidental powers as may be required by the Authority to carry out the Authority's rights and obligations under the State Water Supply Contract, including, but not limited to, the right to levy a tax or assessment on all properties within the jurisdiction of the Authority not exempt from taxation, as mandated by the California Water Code and the State Water Supply Contract.
2. Except as modified above, the Joint Exercise of Powers Agreement shall continue in full force and effect. In the event of a conflict between this Amendment and the Water Supply Agreement, the terms and conditions of this Amendment shall control in all respects.
3. The individuals executing this Amendment represent and warrant that they have the authority to enter into this Amendment and to perform all acts required by this Amendment, and that the consent, approval, or execution of or by any third party is not required to legally bind either Party to the terms and conditions of this Amendment.

IN WITNESS WHEREOF, the Parties have caused this Amendment to be executed as of the day and year first above-written.

**CITY OF BUELLTON**

DATE: 9-28-17

By: Holly Sims  
Mayor

ATTEST:

[Signature]  
City Clerk

APPROVED AS TO FORM:

By: [Signature]

**CARPINTERIA VALLEY WATER DISTRICT**

DATE: \_\_\_\_\_

By: \_\_\_\_\_  
President

ATTEST:

\_\_\_\_\_  
Secretary

APPROVED AS TO FORM:

\_\_\_\_\_

**CITY OF GUADALUPE**

DATE: \_\_\_\_\_

By: \_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_

IN WITNESS WHEREOF, the Parties have caused this Amendment to be executed as of the day and year first above-written.

**CITY OF BUELLTON**

DATE: \_\_\_\_\_

By: \_\_\_\_\_  
Mayor

ATTEST:


\_\_\_\_\_  
City Clerk

APPROVED AS TO FORM:

By: \_\_\_\_\_

**CARPINTERIA VALLEY WATER DISTRICT**

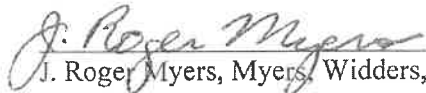
DATE: November 3, 2017

By:   
Polly Holcombe, President

ATTEST:

  
Ursula Santana, Secretary

APPROVED AS TO FORM:

  
J. Roger Myers, Myers, Widders, Gibson, Jones & Feingold, L.L.P.

**CITY OF GUADALUPE**

DATE: \_\_\_\_\_

By: \_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_

DATE: \_\_\_\_\_

CITY OF BUELLTON

By: \_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Clerk

APPROVED AS TO FORM:

By: \_\_\_\_\_

DATE: \_\_\_\_\_

CARPINTERIA COUNTY WATER DISTRICT

By: \_\_\_\_\_  
President

ATTEST:

\_\_\_\_\_  
Secretary

APPROVED AS TO FORM:

DATE: \_\_\_\_\_

CITY OF GUADALUPE

By: John Luyalds  
Mayor 10/30/17

ATTEST:

Jessie E. Raguz  
City Clerk

APPROVED AS TO FORM:

Philip F. Sisco  
CITY ATTORNEY

DATE: \_\_\_\_\_

GOLETA WATER DISTRICT

By: \_\_\_\_\_  
President

**GOLETA WATER DISTRICT**

DATE: 10/31/17

By: Richard M. Mayfield  
President

ATTEST:  
[Signature]  
Secretary

APPROVED AS TO FORM:

[Signature]

**MONTECITO WATER DISTRICT**

DATE: \_\_\_\_\_

By: \_\_\_\_\_  
President

ATTEST:  
\_\_\_\_\_  
Secretary

APPROVED AS TO FORM:

\_\_\_\_\_

**CITY OF SANTA BARBARA**

DATE: \_\_\_\_\_

By: \_\_\_\_\_  
Mayor

ATTEST:  
\_\_\_\_\_  
City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_



**GOLETA WATER DISTRICT**

DATE: \_\_\_\_\_

By: \_\_\_\_\_

President

ATTEST:

\_\_\_\_\_  
Secretary

APPROVED AS TO FORM:

\_\_\_\_\_

**MONTECITO WATER DISTRICT**


DATE: 10-24-17

By:   
Richard Shaikewitz, President

ATTEST:   
\_\_\_\_\_

Nick Turner, Secretary

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Robert Cohen, Counsel

**CITY OF SANTA BARBARA**

DATE: \_\_\_\_\_

By: \_\_\_\_\_

Mayor

ATTEST:

\_\_\_\_\_  
City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_

**GOLETA WATER DISTRICT**

DATE: \_\_\_\_\_

By: \_\_\_\_\_  
President

ATTEST:

\_\_\_\_\_  
Secretary

APPROVED AS TO FORM:

\_\_\_\_\_

**MONTECITO WATER DISTRICT**

DATE: \_\_\_\_\_

By: \_\_\_\_\_  
President

ATTEST:

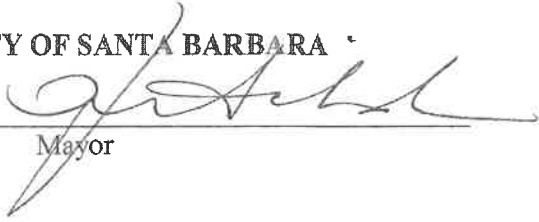
\_\_\_\_\_  
Secretary

APPROVED AS TO FORM:

\_\_\_\_\_

**CITY OF SANTA BARBARA**

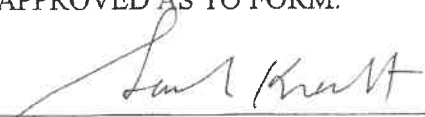
DATE: 12-12-2017

By:   
Mayor

ATTEST:

  
City Clerk

APPROVED AS TO FORM:

  
\_\_\_\_\_

CITY OF SANTA MARIA

DATE: 10/20/2017

By: *Alicia N. Palome*  
Mayor

ATTEST: *[Signature]*  
Chief Deputy City Clerk



APPROVED AS TO FORM: *[Signature]*  
City Attorney

SANTA YNEZ RIVER WATER  
CONSERVATION DISTRICT,  
IMPROVEMENT DISTRICT #1

DATE: \_\_\_\_\_

By: \_\_\_\_\_  
President

ATTEST: \_\_\_\_\_  
Secretary

APPROVED AS TO FORM: \_\_\_\_\_

DATE: \_\_\_\_\_

CITY OF SANTA MARIA

By: \_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_

DATE: 10.24.2017

SANTA YNEZ RIVER WATER  
CONSERVATION DISTRICT,  
IMPROVEMENT DISTRICT NO.1

By: Kevin Walsh  
President

ATTEST:

Mary Martone  
Secretary to the Board

APPROVED AS TO FORM:

Angie M. Kest  
BROWNSTERN THATCH FABRIC SUPPLY, LLP

**EXHIBIT A**

Schedule of Parties

Carpinteria Valley Water District  
City of Buellton  
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

## RESOLUTION NO. 17-04

**A RESOLUTION OF THE BOARD OF DIRECTORS OF  
THE CENTRAL COAST WATER AUTHORITY APPROVING  
AMENDMENTS OF THE WATER SUPPLY AGREEMENTS BETWEEN  
THE AUTHORITY AND ITS MEMBERS AND  
APPROVING THE ASSIGNMENT, ASSUMPTION, AND RELEASE  
AGREEMENT BETWEEN THE AUTHORITY, THE COUNTY OF SANTA  
BARBARA FLOOD CONTROL AND WATER CONSERVATION  
DISTRICT AND THE DEPARTMENT OF WATER RESOURCES**

**WHEREAS**, in 1963, following the voters' 1960 approval of the California Water Resources Development Bond Act, the Santa Barbara County Flood Control and Water Conservation District (District) and the Department of Water Resources (DWR), acting on behalf of the State of California, executed that certain agreement dated February 26, 1963 for the supply of State Water Project (SWP) water to Santa Barbara County (State Water Supply Contract); and

**WHEREAS**, beginning in 1982, the District entered into a series of "Water Supply Retention Agreements" with various cities, water districts, and other retailers and end users of water in Santa Barbara County (Participant(s)) for the purpose of shifting responsibility for the costs associated with the State Water Supply Contract from the District to the Participants; and

**WHEREAS**, in 1991, eight (8) public agencies that provide retail water supply service within Santa Barbara County (Members), all of whom were and are Participants, formed the Central Coast Water Authority as a Joint Powers Agency pursuant to Government Code section 6500 *et seq.* by that certain Joint Exercise of Powers Agreement dated August 1, 1991 (Authority); and

**WHEREAS**, thereafter, the Authority entered into a series of "Water Supply Agreements" with each Member. The Water Supply Agreements assigned each Member's contractual rights to SWP water, acquired pursuant to the Member's Water Supply Retention Agreement, to the Authority in return for the Authority's delivery of SWP water to the Member; and

**WHEREAS**, on November 12, 1991, the District and the Authority entered into the Transfer of Financial Responsibility Agreement whereby the Authority assumed full responsibility for all of the District's obligations pursuant to the State Water Supply Contract, which agreement also contemplates a future assignment of the State Water Supply Contract to the Authority; and

**WHEREAS**, the Authority now desires to assume all of the District's rights and obligations under the State Water Supply Contract and DWR has indicated its willingness to consider releasing the District and assigning the State Water Supply Contract to the Authority; and

**WHEREAS**, Article 34 of the State Water Supply Contract provides that if in any year the District fails or is unable to raise sufficient funds by other means to make the

payments required by the State Water Supply Contract, the Board of Supervisors of the County of Santa Barbara, as the governing body of the District, shall levy upon all property in the District's jurisdiction not exempt from taxation, a tax or assessment sufficient to provide for all payments under the State Water Supply Contract then due or to become due within that year; and

**WHEREAS**, in order to approve assignment of the State Water Supply Contract, DWR requires assurance that the Authority is authorized and empowered to contract with DWR, including but not limited to fulfilling the requirements of Article 34 of the State Water Supply Contract; and

**WHEREAS**, pursuant to Government Code section 6502, if authorized by its legislative or other governing bodies, a Joint Powers Authority may jointly exercise any power common to the contracting parties, including, but not limited to, the authority to levy a fee, assessment, or tax, so long as such power is expressly stated in the joint powers agreement; and

**WHEREAS**, all of the Authority's Members possess the power to levy a tax or assessment upon property not exempt from taxation within their respective jurisdictions; and

**WHEREAS**, it is in the public interest for the Authority to accept assignment of the State Water Supply Contract to permit the Authority to contract directly with DWR and to relieve the District of all responsibility for the State Water Supply Contract, as was intended in 1991 at the time the Authority was created; and

**WHEREAS**, each and all of the Members desire to authorize the Authority to contract with DWR directly; and

**WHEREAS**, the Authority has determined that amendment of the Joint Exercise of Powers Agreement and each Member's Water Supply Agreement is necessary and appropriate to authorize the Authority to contract with DWR directly; and

**WHEREAS**, the governing body of each Member has or will consider approval of: (1) amendment of the Joint Exercise of Powers Agreement authorizing the Authority to contract with DWR directly, along with all necessary and incidental powers as may be required by the Authority to carry out the Authority's rights and obligations under the State Water Supply Contract, including, but not limited to, the right to levy a tax or assessment on all property within the jurisdiction of the Authority not exempt from taxation; and (2) amendment of the Member's Water Supply Agreement with the Authority acknowledging and agreeing to the Authority's right to levy a tax or assessment on all property within the jurisdiction of the Authority not exempt from taxation, as may be required by the Authority to carry out the Authority's rights and obligations under the State Water Supply Contract.

**NOW, THEREFORE, BE IT RESOLVED** as follows:

**SECTION 1.**

The above recitals are true and correct and are incorporated herein as though set forth in full.

**SECTION 2.**

The Board of Directors approves amendments to the Water Supply Agreements between the Authority and each of its Members (collectively, the Amendments), whereby each Member acknowledges and agrees to the Authority's right to levy a tax or assessment on all property within the jurisdiction of the Authority not exempt from taxation, as may be required by the Authority to carry out the Authority's rights and obligations under the State Water Supply Contract, and authorizes the Chair of the Board to execute each of the Amendments. The Amendments are listed below and attached hereto as **Exhibit A**.

1. First Amendment to the Water Supply Agreement between the Authority and the City of Buellton;
2. Third Amendment to the Water Supply Agreement between the Authority and the City of Guadalupe;
3. Second Amendment to the Water Supply Agreement between the Authority and the City of Santa Barbara;
4. Third Amendment to the Water Supply Agreement between the Authority and the City of Santa Maria;
5. First Amendment to the Water Supply Agreement between the Authority and the Carpinteria Valley Water District;
6. First Amendment to the Water Supply Agreement between the Authority and the Goleta Water District;
7. Third Amendment to the Water Supply Agreement between the Authority and the Montecito Water District; and
8. Second Amendment to the Water Supply Agreement between the Authority and the Santa Ynez River Water Conservation District, Improvement District No. 1.

**SECTION 3.**

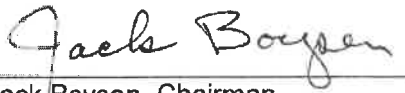
Subject to the Authority's receipt of each Member's approval and execution of both (1) the First Amendment to the Joint Exercise of Powers Agreement creating the Central Coast Water Authority, attached hereto as **Exhibit B**; and (2) amendment of the Member's Water Supply Agreement with the Authority (see Exhibit A), the Board of Directors agrees to accept assignment of the State Water Supply Contract and authorizes the Chair of the Board to execute the Assignment, Assumption, and Release Agreement attached hereto as **Exhibit C**. The Board of Directors further authorizes the Executive Director of the Authority to negotiate and make such non-substantive amendments to the Assignment, Assumption, and Release Agreement as may be required to obtain the approval of the District and DWR, subject to the approval of the Chair of the Board.



**SECTION 4.**


This resolution shall constitute complete and final authority for the Authority to execute and deliver the agreements set forth in Section 3 (1) and (2).

I certify that the foregoing Resolution No. 17-04 was adopted by the Board of Directors of the Central Coast Water Authority at a meeting held October 26, 2017.

  
\_\_\_\_\_  
Jack Boysen, Chairman

[Seal]

Attest:

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

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

ASSIGNMENT, ASSUMPTION, AND RELEASE AGREEMENT

This **ASSIGNMENT, ASSUMPTION, AND RELEASE AGREEMENT** (the “**Agreement**”) made as of \_\_\_\_\_, 2017 (the “**Effective Date**”) by and between Santa Barbara County Flood Control and Water Conservation District (the “**District**”), the Central Coast Water Authority (“**Authority**”), and the California Department of Water Resources (the “**DWR**”) (each, a “**Party**” and collectively, the “**Parties**”), with reference to the following facts and intentions.

**RECITALS**

A. As of February 23, 1963, the District entered into a Water Supply Contract with the DWR with respect to the delivery to Santa Barbara County of 57,700 acre feet per year of water (the “**Allocation**”) from the State Water Project (the “**State Water Supply Contract**”). Said quantity of water is set forth in “**Table A**” to the State Water Supply Contract.

B. On various dates between 1983 and 1986, the District entered into a series of agreements, each called a “**Water Supply Retention Agreement**,” with various cities, water districts, and other retailers and end users of water (the “**Participant(s)**”). Under each Water Supply Retention Agreement, the District assigned a specified portion of the Allocation held by the District under the State Water Supply Contract to the Participant.

C. In August 1991, the Authority was formed by eight public agencies, each of whom was a Participant. The Authority entered into a series of agreements, each called a “**Water Supply Agreement**,” with each of the Participants. Each of the Water Supply Agreements included a provision that the rights held by each Participant under its Water Supply Retention Agreement was assigned to the Authority.

G. On November 12, 1991, the Authority and the District entered into a “**Transfer of Financial Responsibility Agreement**” under which the Authority agreed, *inter alia*, to accept responsibility for all financial obligations of the District under the State Water Supply Contract.

H. In August 1997, the Authority completed construction and permanently fixed the size and delivery capability of the transportation and treatment system by which water under the State Water Supply Contract would be delivered to various retailers and end users in Santa Barbara County (the “**Coastal Branch**”).

J. Since the formation of the Authority and in connection with the Authority’s ownership and operation of the Coastal Branch, it has been the intention of the Authority and the District that the Authority would receive all rights and assume all of the District’s obligations under the State Water Supply Contract. The Parties desire to enter into this Agreement to effectuate such assignment, assumption, and release.

## AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals, which are incorporated into the operative provisions of this Agreement by this reference, and for other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

1. **Assignment.** Effective as of the Effective Date of this Agreement, the District does hereby assign, transfer, and set over to the Authority, without recourse and without representation or warranty of any kind, all of the District's rights, title, and interest in, to, and under the State Water Supply Contract (including, but not limited to, the District's rights to delivery of the Allocation), along with all liabilities and obligations of the District arising from or under the State Water Supply Contract, except for the right to reimbursement set forth in Article 45(j) of the State Water Supply Contract. This assignment is absolute and presently effective.
2. **Assumption.** Effective as of the Effective Date of this Agreement, the Authority accepts such assignment without recourse and without representation or warranty of any kind, and assumes all of the District's liabilities and obligations arising from or under the State Water Supply Contract, including any and all obligations to make payments, indemnifications or reimbursements thereunder, and agrees to be bound by and to keep, perform and observe the terms, covenants and conditions of the District under the State Water Supply Contract. The Authority agrees to be bound by said State Water Supply Contract to the same extent as if it had been an original party to said instrument and accepts and agrees to perform all of the District's obligations therein.
3. **Authority Indemnification and Release.** The Authority hereby releases and forever acquits, discharges and holds harmless and shall indemnify the District from and against any and all liabilities (at law or in equity), obligations, liens, claims, orders, rulings, losses, damages, assessments, fines, penalties, injuries, demands, actions, judgments, suits, costs, expenses, or disbursements of any kind (including attorneys' fees and costs) which may at any time on or after the Effective Date be imposed on, incurred by, or asserted against the District by any third party, based on, resulting from, in any way relating to, in connection with, or arising out of the State Water Supply Contract, except to the extent caused by the District's gross negligence or willful misconduct.
4. **DWR Consent and Release.** DWR hereby consents to the assignment, transfer, and assumption described herein, and releases the District from all liabilities and obligations arising from or under the State Water Supply Contract. DWR shall hold the Authority responsible for all liabilities and obligations of the District arising from or under the State Water Supply Contract to the same extent as if it had been an original party to said instrument.
5. **Governing Law and Jurisdiction.** The validity and interpretation of this Agreement shall be governed by the laws of the State of California. Any litigation regarding this

Agreement or its contents shall be filed in the County of Santa Barbara, if in state court, or in the federal district court nearest to Santa Barbara County, if in federal court.

6. **Waiver.** Any waiver or failure to declare a breach as a result of the violation of any term or condition of this Agreement shall not constitute a waiver of that term or condition and shall not provide the basis for a claim of estoppel or waiver by any Party to that term or condition.
7. **Counterparts.** The Parties may execute this Agreement in counterpart. The Parties agree to accept facsimile or PDF signatures as original signatures.
8. **Authorization.** Each signatory represents and warrants that he or she has the appropriate authorization to enter into this Agreement on behalf of the Party for whom he or she signs.
9. **Other Agreements.**
  - a. Upon the Effective Date of this Agreement, the Transfer of Financial Responsibility Agreement shall automatically terminate and this Agreement shall supersede all provisions of the Transfer of Financial Responsibility Agreement.
  - b. Effective as of the Effective Date of this Agreement, the District does hereby assign, transfer, and set over to the Authority, without recourse and without representation or warranty of any kind, all of the District's rights, title, and interest in, to and under all the existing Water Supply Retention Agreements, along with all liabilities and obligations of the District arising from or under the Water Supply Retention Agreements. The Authority accepts such assignment without recourse and without representation or warranty of any kind, and assumes all of the District's liabilities and obligations arising from or under the Water Supply Retention Agreements, including any and all obligations to make payments, indemnifications, or reimbursements thereunder, and agrees to be bound by and to keep, perform, and observe the terms, covenants, and conditions of the District under the Water Supply Retention Agreements. The Authority agrees to be bound by the Water Supply Retention Agreements to the same extent as if it had been an original party to said instruments and accepts and agrees to perform all of the District's obligations therein.
  - c. The Authority hereby releases and forever acquits, discharges, and holds harmless and shall indemnify the District from and against any and all liabilities (at law or in equity), obligations, liens, claims, orders, rulings, losses, damages, assessments, fines, penalties, injuries, demands, actions, judgments, suits, costs, expenses, or disbursements of any kind (including attorneys' fees and costs), which may at any time on or after the Effective

Date be imposed on, incurred by or asserted against the District by any third party, based on, resulting from, in any way relating to, in connection with, or arising out of the Water Supply Retention Agreements, except to the extent caused by the District's gross negligence or willful misconduct.

10. **Notices.** All communications or notices in connection with this Agreement shall be in writing and either hand-delivered or sent by U.S. first class mail, postage prepaid, or electronic mail followed by written notice sent by U.S. mail and addressed to the Parties as follows:

Santa Barbara County Flood Control and Water Conservation District  
Fray Crease, Water Agency Manager  
130 East Victoria Street, Suite 200  
Santa Barbara, CA 93101-2019  
Tel: (805) 568-3542  
[fcrease@cosbpw.net](mailto:fcrease@cosbpw.net)

Central Coast Water Authority  
Ray Stokes, Executive Director  
255 Industrial Way  
Buellton, CA 93427-9565  
Tel: (805) 697-5214  
[ras@ccwa.com](mailto:ras@ccwa.com)

California Department of Water Resources  
[ADD CONTACT]

10. **Construction and Interpretation.** The Parties agree and acknowledge that the terms of this Agreement have been negotiated by the Parties and the language used in this Agreement shall be deemed to be the language chosen by the Parties to express their mutual intent. The Agreement shall be construed without regard to any presumption or rule requiring construction against the party causing such instrument to be drafted, or in favor of the party receiving a particular benefit under this Agreement.
11. **Entire Agreement and Amendment.** This Agreement is the entire understanding of the Parties in respect of the subject matter hereof. There are no other promises, representations, agreements or warranties by any of the Parties. This Agreement may only be amended by a writing signed by all of the Parties. Each Party waives its right to assert that this Agreement was affected by oral agreement, course of conduct, waiver or estoppel.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed the day and year first above written.

**SANTA BARBARA COUNTY FLOOD  
CONTROL AND WATER  
CONSERVATION DISTRICT**

APPROVED AS TO FORM:

Michael C. Ghizzoni  
County Counsel

\_\_\_\_\_  
Director of Public Works

By: \_\_\_\_\_  
Deputy County Counsel

**CENTRAL COAST WATER AUTHORITY**

APPROVED AS TO FORM:

Brownstein Hyatt Farber Schreck, LLP

\_\_\_\_\_  
Ray Stokes, Executive Director

By: \_\_\_\_\_  
Stephanie Osler Hastings, Esq.

**CALIFORNIA DEPARTMENT OF WATER  
RESOURCES**

APPROVED AS TO FORM:

\_\_\_\_\_

By: \_\_\_\_\_

**Ray Stokes**

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**From:** Ledesma, Joel@DWR <Joel.Ledesma@water.ca.gov>  
**Sent:** Monday, September 17, 2018 10:44 AM  
**To:** Tfayram@cosbpw.net  
**Cc:** Ray Stokes; Villalobos, Pedro@DWR  
**Subject:** Water Supply Contract Assignment

Good Morning Tom,

As we discussed on August 1, 2018 with DWR Director Karla Nemeth, DWR is willing to accept full assignment of the Santa Barbara County Flood Control and Water Conservation District's long term State Water supply contract to the Central Coast Water Authority, subject to prior compliance with environmental and other laws and subject the District's approval. I look forward to receiving in the near future the District's proposal of such an assignment.

Sincerely,  
Joel Ledesma, SWP Deputy Director

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**Notice of Exemption**

To: Office of Planning and  
Research  
P.O. Box 3044, Room 212  
Sacramento, CA 95812-3044

From: Central Coast Water Authority  
225 Industrial Way  
Buellton, CA 93427

County Clerk of the Board  
County of Santa Barbara  
105 E. Anapamu St.  
Santa Barbara, CA 93101

Department of Water  
Resources  
P.O. Box 942836  
Sacramento, CA 94236

2018 JAN -3 AM 11:33  
COUNTY OF SANTA BARBARA  
CLERK OF THE  
BOARD OF SUPERVISORS

**Project Title:** Assignment of State Water Project (SWP) contract (SWP Contract) from the Santa Barbara County Flood Control and Water Conservation District (District) to the Central Coast Water Authority (CCWA)

**Project Location:** The SWP includes facilities located throughout the State of California. The SWP is owned and operated by the State of California's Department of Water Resources (DWR), headquartered in Sacramento, California. The District is a dependent special district within Santa Barbara County (County) whose boundaries coincide with the County's boundary. The County Board of Supervisors acts as the Board of Directors of the District. CCWA is a joint powers agency formed to construct, own, and operate certain facilities needed to treat, convey, and deliver SWP water to its member agencies, which include the cities of Buellton, Guadalupe, Santa Barbara, and Santa Maria, the Carpinteria Valley Water District, as successor in interest to the Carpinteria County Water District, the Goleta Water District, Montecito Water District, and the Santa Ynez River Water Conservation District, Improvement District No. 1 (individually, a Member, and collectively, the Members), all of which are located in the County. CCWA's service area is coextensive with the service area boundaries of its members, and accordingly the Project is located entirely within the County of Santa Barbara.

**Description of Nature, Purpose and Beneficiaries of Project:** In 1963, the District entered into the SWP Contract with DWR for the delivery of SWP water to the County. In exchange for such service, the District agreed to repay all associated SWP capital and operating costs. On August 31, 1991, CCWA's Members entered into the Joint Exercise of Powers Agreement creating CCWA. Thereafter, CCWA entered into a "Water Supply Agreement" with each Member and other retail agencies and end users (Participant(s)) providing for CCWA's delivery of SWP to each Participant in return for each Participant's payment of all associated costs (Water Supply Agreement). On November 12, 1991, the District and CCWA entered into a Transfer of Financial Responsibility Agreement (TFRA) under which the District assigned its financial obligations under the SWP Contract to CCWA, but the District remained a party to the SWP Contract. For the past 26 years, CCWA has assumed full responsibility for performance of the SWP Contract pursuant to the TFRA.

Notice of Exemption

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The parties now propose to release the District from all obligations under the SWP Contract and assign the SWP Contract to CCWA. In order to accomplish this, DWR, the District, and CCWA will agree to the assignment, including the District's relinquishment of all rights and obligations under the SWP Contract, CCWA's assumption of all rights and obligations under the SWP Contract, and DWR's release of the District and approval of the assignment pursuant to Article 41 of the SWP Contract. As necessary to authorize CCWA to agree to the assignment, the following approvals will also occur: (1) the Members will each agree to amend the Joint Exercise of Powers Agreement to authorize CCWA to contract with DWR for the delivery of SWP water to the County; and (2) each Member and CCWA will agree to amend the Member's Water Supply Agreement to conform to the above-referenced amendment of the Joint Exercise of Powers Agreement.

**Name of Public Agencies Approving Project:** CCWA, the District, and DWR. As described above, certain underlying approvals will also be required by each of the Members.

**Name of Persons or Agencies Carrying Out Project:** CCWA, the District, and DWR. As described above, certain underlying approvals will also be required by each of the Members.

**Exempt Status:** Title 14, CCR, Chapter 3, Article 5, Section 15061(b)(3); Article 19, Section 15320 (Changes in Organization of Local Agencies); and Article 19, Section 15301(b) (Existing Public Facilities).

**Reasons Why Project is Exempt:** For the reasons stated below, this project is determined to be exempt per CEQA Guidelines section 15061(b)(3) which provides that a public agency may determine an activity to be exempt based upon the general rule that CEQA applies only to projects that have a potential for causing a significant effect on the environment. (See also CEQA Guidelines section 15378(b)(4) (project does not include the creation of a government funding mechanism or other fiscal activity that does not involve a commitment to a specific project that may result in a potentially significant environmental impact is not a project under CEQA) and section 15378(b)(5) (project does not include an organizational or administrative activity of government that will not result in direct or indirect physical changes to the environment is not a project under CEQA).) Further, this project is exempt under CEQA Guidelines section 15320 categorical exemption (Class 20, Changes in Organization of Local Agencies), and CEQA Guidelines section 15061(b)(3) (the "common sense" exemption).

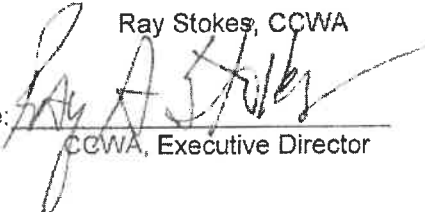
1. For the past 26 years, CCWA has assumed full responsibility for performance of the SWP Contract pursuant to the TFRA. CCWA has paid all of the costs charged to the District under the SWP Contract.
2. The project is simply an assignment of rights under the SWP Contract from the District to CCWA that will formalize the existing circumstances, rights, and obligations of the parties. In other words, it constitutes a change in organization with no corresponding physical environmental effects.
3. The proposed approvals will result in a substitution of CCWA for the District as the contracting party for the SWP Contract. In all other respects, the SWP Contract will remain the same. The area in which SWP water will be delivered will be the same; CCWA's service area will remain the same. The scope of contract rights and obligations to DWR under the

Notice of Exemption

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SWP Contract will be identical. The facilities used to deliver SWP water to the County will be identical. The transaction will not affect a change in the environment.

4. There is no causal link between the action – assignment of rights – and any environmental impacts. The character of the supply, method of delivery, the place of use, and the population served would remain the same. There is no reasonable argument that the assignment will have a significant impact on the environment, either directly or indirectly.
5. Amendment of the Joint Exercise of Powers Agreement and each Member's Water Supply Agreement, as necessary to perfect assignment, does not dictate how funds will be spent, or narrow options or alternatives available to the parties.
6. The assignment to CCWA will be similar to that included in CEQA Guidelines section 15320(a), which exempts the establishment of a subsidiary district (with the same powers).

**Agency Contact:** Ray Stokes, CCWA  
Signature:   
Title: CCWA, Executive Director

**Area Code/Telephone:** 805-688-2292

Date: 1-2-18

Date received for filing at OPR: \_\_\_\_\_

Notice of Exemption

15854145.7

**Memorandum**

Stephanie Osler Hastings  
Attorney at Law  
805.882.1415 tel  
805.965.4333 fax  
shastings@bhfs.com

**DATE:** August 1, 2018

**TO:** Ray Stokes, Central Coast Water Authority

**FROM:** Brownstein Hyatt Farber Schreck, General Counsel to the Central Coast Water Authority

**RE:** Responses to Undated Memorandum from Roger Moore on behalf of C-WIN re Assignment of the State Water Contract CCWA

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This memorandum sets forth our responses to the "legal and practical" assertions made in the undated memorandum of Roger Moore on behalf of the California Water Impact Network (C-WIN) regarding the proposed assignment of the State Water Project Contract (C-WIN Memo). All page references are to the C-WIN Memo.

**I. THE PROPOSED ASSIGNMENT OF THE STATE WATER CONTRACT WILL RELEASE THE DISTRICT FROM ALL LIABILITY UNDER THE STATE WATER CONTRACT**

**C-WIN Assertion:** The Central Coast Water Authority (CCWA) is fully responsible for the costs of the State Water Contract. The Santa Barbara County Flood Control and Water Conservation District (District), as the contracting party, retains contingent liability in the event of a CCWA default. (p. 3)

**CCWA Response:**

Agreed. Since 1991, CCWA has been fully responsible for all costs associated with the State Water Contract. However, in the unlikely event CCWA defaults in its payments to the Department of Water Resources (DWR), the State Water Contract would require the District, as the contracting party, to levy a tax or assessment on all property owners within Santa Barbara County, *even* property owners who do not receive State Water Project water.

**C-WIN Assertion:** Assignment of the State Water Contract will not shield the County from contingent liability. (p. 3)

**CCWA Response:**

False. Assignment of a contract releases the assignor (in this case, the District) from all liability, contingent or otherwise and the assignee (CCWA) assumes all liability. The proposed assignment agreement makes clear that both CCWA and DWR release the District from all obligations under the State Water Contract. Accordingly, the proposed assignment will not only “reduce” (p. 3) the County’s liability, it will eliminate it entirely.

**C-WIN Assertion:** CCWA incorrectly assumes that AB 2170 authorizes CCWA to impose fees, taxes, and assessments. That amendment did not alter the powers of joint powers authorities; rather, it was merely a declaration of existing law. (p. 3-4)

**CCWA Response:**

False. CCWA agrees that AB 2170 amended the Joint Exercise of Powers Act to clarify Government Code section 6502. As amended by AB 2170, Government Code section 6502 now provides that a joint powers authority, may jointly exercise any power common to the contracting parties, including, but not limited to, the authority to levy a fee, assessment or tax, so long as those powers are specified in the joint powers agreement.

Prior to 2014, there was some uncertainty as to whether a joint powers authority could exercise the power to levy a tax or assessment, if common to its members. That uncertainty was removed by AB 2170. Accordingly, it is now clear that a joint powers authority may exercise the power to levy a tax or assessment, so long as that power is specified in its joint powers agreement. On December 12, 2017, CCWA’s members amended the Joint Exercise of Powers Agreement creating CCWA to expressly authorize CCWA to exercise their common powers to contract with DWR for the delivery of State Water Project water, “including, but not limited to, the right to levy a tax or assessment on all properties within the jurisdiction of the Authority not exempt from taxation, as mandated by the California Water Code and the State Water Supply Contract.” (See also further response below.)

C-WIN’s lengthy discussion of excerpts of the legislative history of AB 2170 (pp. 4-5) is irrelevant to the analysis of whether CCWA is a proper party to the State Water Contract, whether the contract may be assigned, or whether the District, as the assignor, would retain any liability for the contract.

**C-WIN Assertion:** AB 2170 is silent about the manner in which local agencies must jointly seek approval for taxes, fees or assessment. (p. 5)

**CCWA Response:**

True, but irrelevant and misleading. AB 2170 amended Government Code section 6502, which authorizes public agencies to jointly exercise those powers common to them; it does not prescribe the manner for doing so. Rather, CCWA’s Joint Exercise of Powers Agreement specifies the procedures by which CCWA’s members may exercise their common powers, including the power to contract with DWR, and if required, to levy a tax or assessment.

**C-WIN Assertion:** CCWA does not have the power to levy a tax or assessment because this power is not common to its members. CCWA holds water delivery contracts with four cities, four water districts, a mutual water company, three private entities and the federal government. (pp. 5-6)

**CCWA Response:**

False. CCWA's members include eight public agencies: the City of Santa Maria, the City of Santa Barbara, the City of Guadalupe, the City of Buellton, the Goleta Water District, the Montecito Water District, the Carpinteria Valley Water District and the Santa Ynez River Water Conservation District, Improvement District No. 1. Each of these eight public agencies has the power to levy a tax or assessment within its jurisdiction, therefore the power to levy a tax or assessment is common to them all.

As noted above, on December 12, 2017, CCWA's members amended the Joint Exercise of Powers Agreement creating CCWA to expressly authorize CCWA to levy a tax or assessment on all properties within the jurisdiction of the Authority not exempt from taxation. Thus, CCWA has the power to levy a tax or assessment on all property owners within its boundaries. CCWA's boundaries are coextensive with the boundaries of its members.

The fact that CCWA contracts with third parties for the delivery of State Water Project water to them is irrelevant to the analysis of whether CCWA may assume the State Water Contract. In addition to its Members, CCWA contracts with four private entities (Golden State Water Company, La Cumbre Mutual Water Company, Morehart Land Co. and Raytheon Systems Co) and the federal government (Vandenberg Air Force Base). But none of these parties are signatories to the Joint Exercise of Powers Agreement creating CCWA.

**C-WIN Assertion:** CCWA's powers, jurisdiction, governance and public accountability are not commensurate with the County's powers and therefore "it remains to be seen how, or whether, CCWA contractors with limits to their own jurisdiction can assign powers robust enough to offer more protection against defaults than the existing contracts' step-up and default remedy provisions." (p. 5-8)

**CCWA Response:**

False, confused, irrelevant and misleading. It is undisputed that the State Water Contract requires contracting parties to have the power to levy a tax or assessment. As described above, CCWA has this power. All of CCWA's members: (i) are public agencies, (ii) have the power to levy a tax or assessment, and (iii) have agreed to jointly exercise their common power to contract with DWR, including if required their common power to levy a tax or assessment.

CCWA's jurisdiction is not the same as the District's. This fact provides an important benefit to assignment of the State Water Contract from the District to CCWA. In the highly unlikely event of a default that requires CCWA to levy a tax or assessment, only those property owners within the boundaries of CCWA will be taxed and County property owners who do not receive State Water Project water will not be taxed. As noted above, CCWA's boundaries are coextensive with the boundaries of its members.

C-WIN's lengthy discussion of excerpts of the legislative history of the laws governing the State Water Project (pp. 6-7) is irrelevant to the analysis of whether the State Water Contract may be assigned to CCWA or whether CCWA is authorized to levy a tax or assessment if required by the State Water Contract.

C-WIN's suggestion that CCWA's members are somehow limited in their ability to shield the District from contingent liability is confused. The proposed assignment would substitute CCWA for the District as the signatory and responsible party for the State Water Contract. As the assignee, the

District will have no liability whatsoever for the State Water Contract. Further, no amendments are proposed to the State Water Contract or any other contract relating to the delivery of State Water Project water to Santa Barbara County. The provisions of the existing Water Supply Agreements between CCWA and its members and other contracting parties will continue to safeguard against default by CCWA.<sup>1</sup>

**C-WIN Assertion:** If CCWA levies a tax or assessment, constitutional voting requirements may arise. (p. 8)

**CCWA Response:**

False. Assuming the circumstances arise that require CCWA to levy a tax or assessment (i.e., default under the State Water Contract), CCWA, as the assignee of the District, will stand in the shoes of the District in all respects. Since CCWA will assume no different or new obligations than the District already has – no amendment of the State Water Contract is proposed – the proposed assignment will simply continue prior obligations. The State Water Contract, which was signed by the District in 1963, includes the right to assign the contract if DWR agrees.<sup>2</sup>

Moreover, in the highly unlikely event that CCWA, as the assignee of the District, defaults under the State Water Contract such that CCWA is required to levy a tax or assessment to raise sufficient funds to cure the default, and CCWA levies such tax or assessment, and a court determines that CCWA's levy of such tax or assessment fails to comply with the law, in any respect, the District, having been released from the State Water Contract entirely, cannot be required to levy a tax or assessment. In contrast, it is the *status quo* that would require the District, as the contracting party, to levy a tax or assessment upon all property within the County not exempt from taxation in the event of a default by CCWA.

**C-WIN Assertion:** The District's Water Supply Retention Agreements require a popular vote for any revenue bond financing. (p. 8-9)

**CCWA Response:**

Irrelevant and confused. The Water Supply Retention Agreements are unaffected by, and not related to, the proposed assignment. Further, the proposed assignment does not include issuance of revenue bonds.

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<sup>1</sup> It should be noted that CCWA's contracts with its members and other project participants include numerous safety mechanisms to guard against any default, including the so called "step-up" provisions that require other contracting parties to assume the obligations of any defaulting contracting party.

<sup>2</sup> In fact, every State Water Contract executed by DWR since the inception of the State Water Project has included the right to assign the contract with DWR approval.

**II. THE PROPOSED ASSIGNMENT MAKES NO CHANGES TO THE MANNER BY WHICH STATE WATER PROJECT WATER IS DELIVERED TO SANTA BARBARA COUNTY OR THE WATER IS PAID FOR**

**C-WIN Assertion:** The proposed assignment would produce defective governance. Specifically, assignment of the State Water Contract to CCWA will allow the City of Santa Maria to dominate decision-making regarding the State Water Contract. (p. 9)

***CCWA Response:***

False. For 27 years, since the District transferred financial and operational responsibility for the State Water Contract to CCWA, CCWA has expertly managed it. The proposed assignment does not alter the governance or accountability of CCWA in any way. Other than the substitution of CCWA for the District, the proposed assignment makes no changes to the manner or method by which State Water Project water will be delivered to Santa Barbara County or is paid for. It also makes no changes to the governance or day-to-day operation of CCWA. CCWA will continue to act at the direction of and for the benefit of its members. For example, it will continue to pass all costs of the State Water Contract on to its members in proportion to their respective interests. As such, the City of Santa Maria will continue to pay the largest share of all State Water Project costs. For all intents and purposes, the proposed assignment, if approved by all parties, will be invisible to Santa Barbara County residents and businesses.

**III. THE PROPOSED ASSIGNMENT ALIGNS DECISION-MAKING FOR THE STATE WATER CONTRACT WITH FINANCIAL RESPONSIBILITY, AS WAS ORIGINALLY INTENDED BY BOTH THE DISTRICT AND CCWA IN 1991**

**C-WIN Assertion:** Assignment would prejudice County residents. The assignment will also weaken the County's voice in addressing the proposed extension of the State Water Contract and the proposed Delta Tunnels. (pp. 9-11)

***CCWA Response:***

False and misleading. Assignment will have two important benefits. First, it will relieve the District, and thus the County, from all potential liability for the State Water Contract. As a result, in the unlikely event of a default by CCWA, property owners outside the boundaries of CCWA – parties who do not receive State Water Project water – would not be assessed. Second, assignment would align decision-making authority with financial responsibility. Under the current arrangement, CCWA bears all of the financial responsibility for the State Water Contract, but CCWA has limited decision-making authority. Assignment of the State Water Contract would ensure that CCWA, its Members and its Members' ratepayers, who fund 100% of the costs of State Water Project water, have a direct voice in all decisions affecting the State Water Contract, including but not limited to any potential future amendments to the State Water Contract.

**IV. THE PROPOSED ASSIGNMENT IS EXEMPT FROM CEQA**

**C-WIN Assertion:** Assigning the County's contractor role to CCWA would likely involve CEQA review. (p. 11)

***CCWA Response:***

False. CEQA does not apply to the proposed assignment because the transaction will not affect a change in the environment. The transaction will not change the point of delivery, place of use or purpose of use; it will not result in a change in the quantity of water delivered, and no new facilities will be constructed. All terms and conditions of the State Water Contract will remain the same; only CCWA will be substituted for the District.

A transaction involving the assignment of identical rights and obligations from one public agency (the District) to another (CCWA) does not qualify as a "project" within the scope of CEQA. Additionally, even if the assignment is considered a "project," the transaction would qualify for several exemptions from the requirements of CEQA. CCWA has thoroughly analyzed the proposed assignment and determined with certainty that there is no possibility that the assignment will have a significant effect on the environment.





## CENTRAL COAST WATER AUTHORITY

### MEMORANDUM

September 18, 2018

**TO:** CCWA Board of Directors

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

**SUBJECT:** DWR Calendar Year 2019 Transportation Minimum OMP&R

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#### SUMMARY

This report will provide an update on findings on the large increase in the DWR calendar year 2019 Transportation Minimum OMP&R charges and discuss potential options for paying the additional amounts due if it is determined the charges are appropriate and a supplemental payment is necessary.

#### DISCUSSION

In June 2018, I sent the attached report to all CCWA project participants to alert you to a large increase in the DWR Transportation Minimum OMP&R charges for calendar year 2019 compared to the estimate of charges CCWA used in preparing the FY 2018/19 Budget (*note: the attached memo has been updated to reflect the actual 2019 Statement of Charges received on July 1, 2018*).

As stated in the attached report, I had requested that the State Water Contractors (SWC) finance staff access DWR's accounting records to determine the reason for the large increases at a high level so that we can better determine the next steps in auditing these charges from DWR.

SWC staff have completed their analysis and found the following:

1. The large increases are almost entirely due to increases in Reach 33A. This is the financial reach directly upstream of the CCWA Polonio Pass Water Treatment Plant that includes the three DWR pumping plants, Devil's Den, Bluestone and Polonio Pass.
2. Of the costs allocated to Reach 33A, approximately 70% of the costs are not directly related to work actually performed in Reach 33A, but are instead, indirect costs associated with the allocation of state-wide costs or system-wide costs that are allocated in proportion to actual staff time in Reach 33A as well as other indirect cost allocation methodologies.
3. Only 30% of the costs charged to Reach 33A are direct costs associated with work done on the facilities in that reach.

## Next Audit Steps

As a result of the audit work done by the SWC financial staff, we are working with our Statement of Charges auditors, Ernst & Young, to further audit the actual charges allocated to Reach 33A to determine if the charges allocated are correct, and the primary reason for the large increases in the charges. Once this audit process is complete, we will request an audit report from Ernst & Young detailing the findings.

San Luis Obispo County has also agreed to participate in the audit and pay an allocated share of the audit costs, which will be around 10% based on their Table A percentage for Reach 33A.

## Repayment Options

If it is determined that the charges calculated by DWR for calendar year 2019 are correct, CCWA will need to issue a supplemental assessment to collect one-half of the additional amount due by January 1, 2019, with the other half due on June 1, 2019 as part of the CCWA FY 2019/20 Fixed Assessment. However, CCWA staff have explored some repayment options described below.

1. Pay the amounts due on January 1, 2019 and June 1, 2019 from your individual agency reserves and/or revenues. Alternatively, you may choose to pursue your own financing options directly with your individual financial institution.

2. Bank Loan

CCWA has had discussions with Montecito Bank & Trust (MB&T) about the possibility of obtaining a bank loan for all or some of the CCWA project participants to pay the additional amount due over time. While not specifically approving a loan at this time, MB&T stated that it is a possibility, especially if existing CCWA reserves were used to collateralize the loan. Therefore, if your agency has cash deposits with CCWA in the rate coverage reserve fund, O&M reserve fund and/or escrow deposits, these could be used as collateral for your share of a bank loan.

If a loan were obtained from MB&T, the reserve funds would be placed in an interest bearing CD which would then reduce the interest rate on the underlying loan.

3. Payment over Time to DWR

While there is no specific provision in the State Water Contract that allows for the payment of Transportation Minimum OMP&R costs over time (that provision only applies to capital-related costs), DWR has indicated a willingness to work with CCWA so that the costs could be paid over a three-year period at the project interest rate which is 4.610% (the interest rate could be lower, but DWR has not provided specifics on that issue yet).

I have requested feedback from each CCWA Project Participant regarding their preferred alternative by September 20, 2018. DWR has indicated that if we choose to pay the increased costs over time for some of the costs, they will need to begin preparation of the rebill of the 2019 Statement of Charges immediately in order to release the revised Statement of Charges in a timely manner. I will provide a summary of the project participant responses at the CCWA Board meeting.

Based on current projections, the following table represents the estimated amounts that will be due on January 1, 2019, plus the additional amount that will be due on June 1, 2019 as part of the annual fixed charge assessment for FY 2019/20:

<b>Project Participant</b>	<b>Additional Due Jan 1, 2019</b>	<b>Additional Due June 1, 2019</b>	<b>Total Additional Due</b>
Guadalupe	\$ 92,848	\$ 92,848	\$ 185,696
Santa Maria	2,732,181	2,732,181	5,464,362
Golden St. Wtr	84,445	84,445	168,890
VAFB <sup>(4)</sup>	945,508	945,508	1,891,015
Buellton	100,011	100,011	200,021
Solvang	251,340	251,340	502,680
Santa Ynez	92,991	92,991	185,982
Goleta	852,612	852,612	1,705,225
Morehart	33,003	33,003	66,007
La Cumbre	171,818	171,818	343,636
Raytheon	9,795	9,795	19,590
Santa Barbara	517,629	517,629	1,035,258
Montecito	517,629	517,629	1,035,258
Carpinteria	343,690	343,690	687,380
<b>TOTAL:</b>	<b>\$6,745,500</b>	<b>\$ 6,745,500</b>	<b>\$13,491,000</b>

I have also attached a copy of the 2019 Statement of Charges "Attachment 4B" showing the calculation of the \$24.3 million Transportation Minimum OMP&R charges.

CCWA staff will present additional information at the CCWA board meeting on the initial findings on the possible reason for the increases as well as a comprehensive plan to insure we are proactively addressing this issue with DWR in the future.

RAS

Attachments

STATE OF CALIFORNIA  
 CALIFORNIA NATURAL RESOURCES AGENCY  
 DEPARTMENT OF WATER RESOURCES  
 STATE WATER PROJECT  
 ADJUSTMENTS OF MINIMUM COST COMPONENT  
 UNDER ARTICLE 28  
 FOR THE

**SANTA BARBARA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT**

(in dollars)

Year	Calculated Components as of 01/01/2018	Payment Received	Current Overpayment (-) or Underpayment	Annual Difference Capitalized to 2019	Adjusted Calculated Component, this Statement
1968	21,770	53,960	(32,190)	(320,590)	
1969	116,435	88,467	27,968	266,271	
1970	136,867	128,513	8,354	76,027	
1971	136,541	128,710	7,831	68,129	
1972	148,107	113,729	32,378	269,272	
1973	139,683	124,006	15,677	124,636	
1974	141,189	128,422	12,767	97,024	
1975	170,845	142,203	28,642	208,079	
1976	175,144	183,235	11,909	82,703	
1977	189,922	267,726	(77,804)	(516,509)	
1978	191,978	224,017	(32,039)	(203,321)	
1979	185,888	239,349	(53,481)	(324,432)	
1980	233,105	268,129	(35,024)	(203,105)	
1981	258,712	246,703	12,009	66,574	
1982	262,101	316,076	(53,975)	(286,024)	
1983	315,523	423,605	(108,082)	(547,505)	
1984	372,284	222,988	149,296	722,955	
1985	448,233	342,684	105,549	488,587	
1986	429,904	499,937	(70,033)	(309,896)	
1987	463,838	492,073	(28,235)	(119,434)	
1988	561,030	504,486	56,544	228,644	
1989	668,476	396,031	272,445	1,053,112	
1990	677,025	963,861	(286,836)	(1,059,878)	
1991	673,858	687,018	(13,160)	(46,486)	
1992	736,477	1,217,193	(480,716)	(1,623,173)	
1993	734,138	472,107	262,031	845,776	
1994	888,287	845,799	42,488	131,097	
1995	881,323	926,774	(45,451)	(134,061)	
1996	1,197,179	674,940	522,239	1,472,493	
1997	749,805	1,466,719	(716,914)	(1,932,314)	
1998	3,051,492	1,362,464	1,689,028	4,351,852	
1999	3,101,531	2,295,904	805,627	1,984,256	
2000	3,084,077	4,659,550	(1,575,473)	(3,709,384)	
2001	2,906,725	2,851,728	54,997	123,781	
2002	3,285,166	3,652,672	(367,506)	(790,694)	
2003	3,440,305	6,313,054	(2,872,749)	(5,908,387)	
2004	3,354,306	3,000,081	354,225	696,429	
2005	3,682,079	3,670,151	11,928	22,417	
2006	3,625,353	4,372,596	(747,243)	(1,342,497)	
2007	3,591,215	3,534,659	56,556	97,131	
2008	5,329,868	3,499,620	1,830,248	3,004,797	
2009	4,541,851	6,943,030	(2,401,179)	(3,768,397)	
2010	6,199,923	5,143,314	1,056,609	1,585,159	
2011	6,561,645	9,212,135	(2,650,490)	(3,801,121)	
2012	7,248,718	1,825,461	5,423,257	7,434,857	
2013	8,792,406	7,749,519	1,042,887	1,366,710	
2014	5,814,382	8,792,537	(2,978,155)	(3,730,898)	
2015	8,471,279	10,781,811	(2,310,532)	(2,766,973)	
2016	10,989,575	2,597,815	8,391,760	9,606,666	
2017	14,733,032	7,203,536	7,529,496	8,239,717	
2018	11,331,753	9,972,519	1,359,234	1,421,896	
2019	11,472,738				24,164,706
			Total	12,691,968	
SWP Water Purchase Program 2019					142,539
Net Minimum Charges:					24,307,245



## CENTRAL COAST WATER AUTHORITY

### MEMORANDUM

June 7, 2018

**TO:** CCWA Board of Directors

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

**SUBJECT:** DWR Calendar Year 2019 Transportation Minimum OMP&R Cost Estimates

#### SUMMARY

**NOTE: THIS REPORT HAS BEEN UPDATED TO REFLECT THE AMOUNTS FROM THE ACTUAL CALENDAR YEAR 2019 STATEMENT OF CHARGES.**

CCWA has received the DWR Statement of Charges for calendar year 2019 which shows a large increase in the DWR Transportation Minimum OMP&R charges for calendar year 2019. This report will explain the potential impact to both the FY 2018/19 budget and outline efforts CCWA is taking to ensure the costs being allocated to CCWA are correct and appropriate.

#### DISCUSSION

##### CCWA Budget Preparation and DWR Cost Estimation

CCWA prepares its budget on a July to June fiscal year basis, while DWR prepares its "Statement of Charges" (SOC) on a calendar year basis (the Statement of Charges is the invoice from the State of California for the State water project charges each calendar year).

In order to prepare the DWR portion of the CCWA budget, which in turn, forms the basis of the bills from CCWA to each of its project participants, CCWA uses the actual DWR SOC for the current calendar year for the first half of the fiscal year and estimates what the DWR charges will be for the second half of the fiscal year for the budget being prepared. Then, when DWR distributes the calendar year SOC in July of each year, a reconciliation is prepared comparing the estimates used to prepare the CCWA fiscal year budget and the actual charges from DWR for the following calendar year.

Historically, any difference between the estimates used in the fiscal year budget and the actual SOC from DWR for the following calendar year have been closed with existing credits in other parts of the CCWA budget.

In preparing the estimates for the following year DWR Transportation Minimum charges, CCWA staff typically takes DWR's estimates and adds additional amounts because the actual charges have been increasing over what DWR estimates. For example, for calendar year 2019, DWR estimated that the charges would be around \$7.8 million. For budgeting purposes, CCWA staff used an estimate of \$9.8 million (before the latest estimate was received).

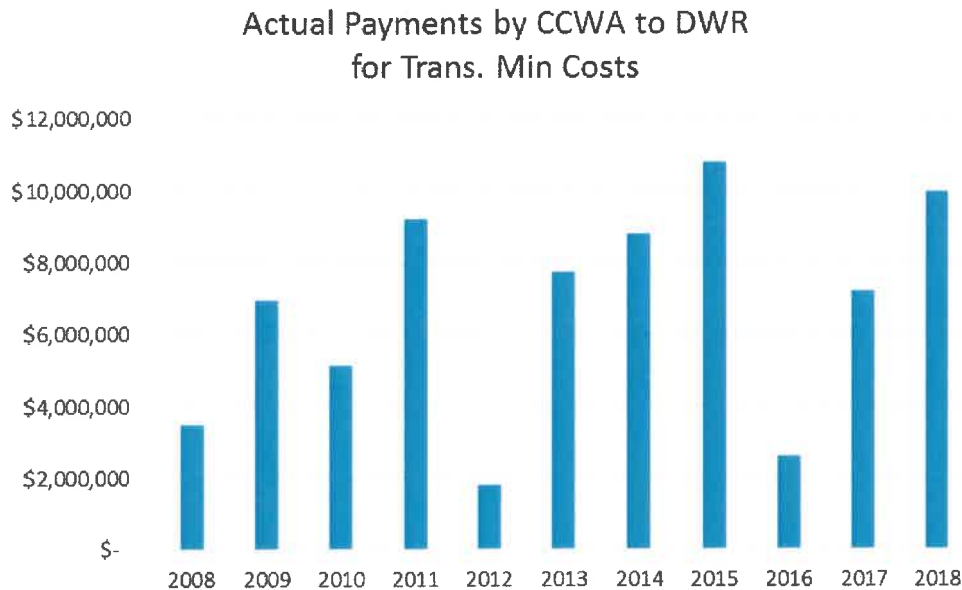
##### DWR Statement of Charges Process

By contract, DWR is required to distribute the SOC for the following calendar year by July 1<sup>st</sup> each year. As DWR prepares the SOC, it prepares a “dry-run” in May called the “May Estimate.” This is then sent to each of the 29 State Water Project Contractors as a preview of the expected SOC to be released by July 1<sup>st</sup> each year. In the time between release of the May Estimate and the July 1<sup>st</sup> SOC, DWR continues to refine the charges, but typically there are only minor differences between the May Estimate and the July 1<sup>st</sup> SOC.

DWR Transportation Minimum OMP&R Costs

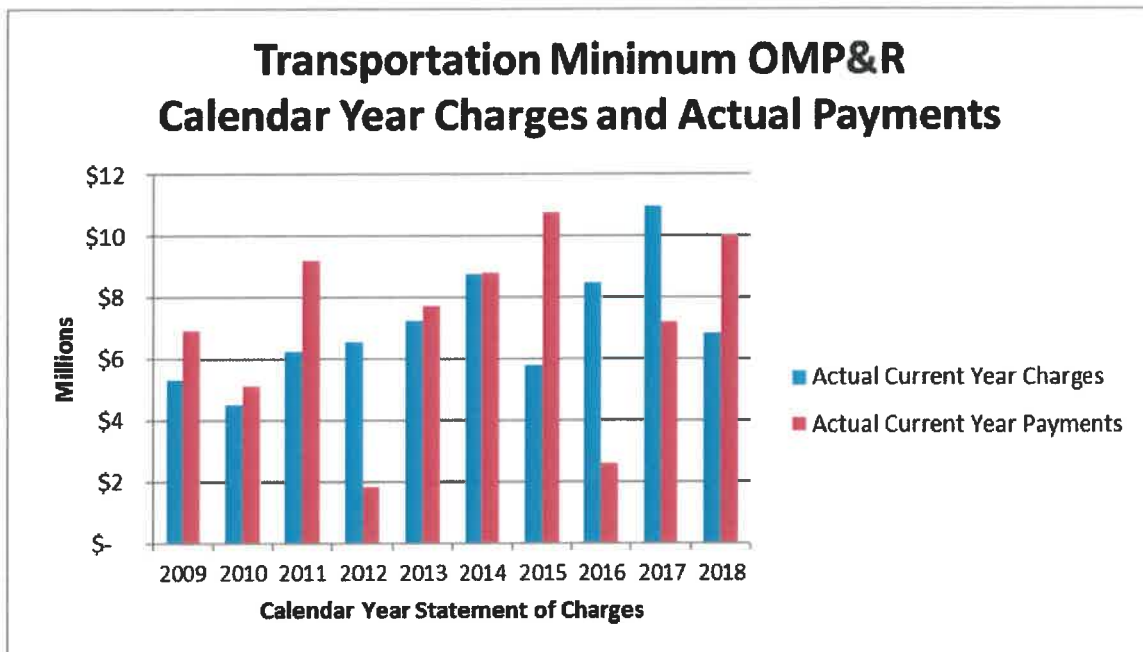
DWR divides up the calendar year SOC by “cost component.” Cost components are essentially different types of costs, with the major cost components being “capital costs” (costs for the repayment of capital cost construction of facilities); “minimum costs, both fixed and variable,” which are operations and maintenance and power costs. Transportation Minimum costs are fixed O&M costs related to the O&M of the SWP facilities which do not vary with the quantity of water delivered to the 29 SWP Contractors.

Historically, the Transportation Minimum cost component of the DWR SOC has been the most volatile DWR charge for CCWA as can be seen in the following graph showing the actual payments to DWR for Transportation Minimum costs since 2008.



The volatility shown above is partly based on DWR’s SOC being based on estimates and then reconciling or preparing a “true-up” based on the actual charges incurred. Therefore, if DWR estimates CCWA’s Transportation Minimum charges in one year are \$7 million and the actual charges for the year are \$10 million, DWR will add the additional \$3 million due from CCWA to the bill for the following year, plus interest at a rate of 4.610% (the project interest rate pursuant to the DWR SWP Contract). This issue of adjusting the current year Transportation Minimum charges for the “true-up” in prior years is illustrated in the following graph, whereby the blue bars represent DWR’s estimate of the actual costs to be incurred that calendar year

and the red bar represent the actual payments from CCWA taking into account the over or under-collections from prior calendar years.



Additionally, because there are only two SWP Contractors on the coastal branch of the SWP, Santa Barbara County (90%) and San Luis Obispo County (10%), any changes, up or down, are allocated to only these two counties, further amplifying the variances. This is especially relevant for one particular portion of the coastal branch facilities called “Reach 33A” where three different pumping plants are located just upstream of the CCWA Polonio Pass Water Treatment Plant. This one financial reach tends to create the most volatility from year-to-year because of work done by DWR on the facilities in Reach 33A.

Calendar Year 2019 Transportation Minimum Cost Estimates

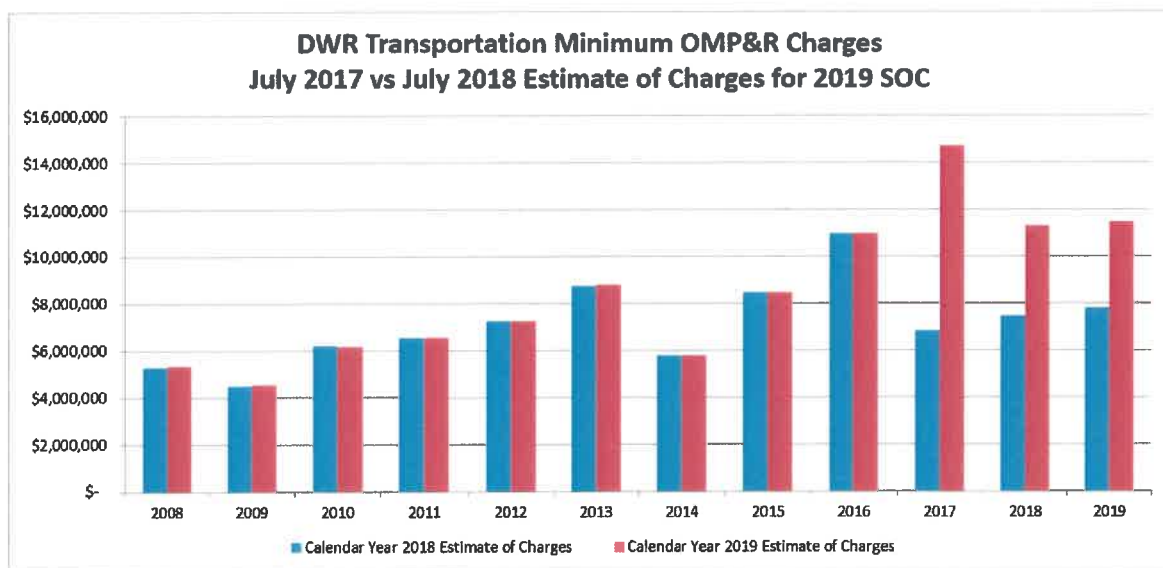
In the calendar year 2018 SOC, DWR showed an estimated calendar year 2019 Transportation Minimum cost estimate of \$7.8 million. For purposes of preparing the CCWA FY 2018/19 budget, CCWA added an additional \$2 million above the DWR estimate for a total of \$9.8 million. **The actual Statement of Charges for the calendar year 2019 Transportation Minimum from DWR is \$24.3 million, a \$15.5 million increase over the amount used to prepare the FY 2018/19 budget, one-half of which would be due by January 1<sup>st</sup>, 2019.**

The following table shows the estimate of the Transportation Minimum charges from the 2018 SOC in column B and the updated estimate of charges from the calendar year 2019 Statement of Charges in column C. Note, that in the 2018 SOC, DWR estimated the actual 2017 charges were \$6.8 million. In the 2019 SOC, DWR is estimating the actual 2017 charges are \$14.7 million, a 115% increase.

A	B	C	D	E
<i>Transportation Minimum OMP&amp;R Charges</i>				
Calendar Year	Calendar Year 2018 Estimate of Charges	Calendar Year 2019 Estimate of Charges	Difference	% Change from 2018 Estimate
2008	\$ 5,313,108	\$ 5,329,868	\$ 16,760	0%
2009	4,522,550	4,541,851	19,301	0%
2010	6,235,197	6,199,923	(35,274)	-1%
2011	6,560,138	6,561,645	1,507	0%
2012	7,246,134	7,248,718	2,584	0%
2013	8,777,136	8,792,406	15,270	0%
2014	5,826,654	5,814,382	(12,272)	0%
2015	8,477,187	8,471,279	(5,908)	0%
2016	10,986,277	10,989,575	3,298	0%
<b>2017</b>	<b>6,841,790</b>	<b>14,733,032</b>	<b>7,891,242</b>	<b>115%</b>
2018	7,473,002	11,331,753	3,858,751	52%
2019	7,825,214	11,472,738	3,647,524	47%
<b>TOTAL DUE WITH OVER/UNDER AMOUNTS FOR 2019:</b>			<b>\$ 24,307,245</b>	

DWR also estimates that the annual costs will increase to around \$11.5 million per year for 2018 and 2019, or around 50% higher than the estimates provided last year. On average, CCWA's Transportation Minimum costs have been increasing by around 10% per year since 2008.

The following graph shows the comparison of the 2019 estimate of charges from the 2018 SOC and the 2019 SOC.





## Action Plan

I met with DWR staff to discuss these increases and try to identify reasons the costs are increasing by such a large amount. DWR was unable to provide an explanation. However, it did commit to researching the reason for the cost increases after the July 1, 2018 SOC has been distributed.

The following is an initial action plan to identify the reason for the cost increases and possible payment options.

1. I have asked State Water Contractors (SWC) accounting staff to access the DWR accounting records and try to analyze the reason for the large cost increases. SWC staff believes they will be able to provide this analysis within the next few weeks to provide an initial explanation and analysis.
2. We have discussed this issue with our DWR SOC auditors, Ernst & Young. After SWC staff have completed their initial analysis, we will determine the steps for Ernst & Young to further examine the DWR accounting records to ensure costs that are being charged to CCWA are correct and accurate. The FY 2018/19 Budget includes funds for the Ernst & Young SOC audit.
3. DWR staff has committed to trying to provide additional clarification after the July 1, 2019 SOC has been distributed.
4. I discussed this issue with the Director of DWR and impressed upon her the importance of this issue to CCWA. She agreed to contact her staff and make this a priority.
5. There is a provision in the SWP contract that allows for the large cost increases of 40% or more to be paid over five years. However, interest is charged at a rate of 4.610%. I will continue to explore this option with DWR, and it may be an option for those CCWA project participants that wish to utilize this provision.

## Possible Supplemental Assessment

If it is determined the costs are correct, CCWA will need to submit a supplemental assessment to all CCWA project participants for their share of the increased costs. The following table shows an estimate of the amount that would be due from each project participant prior to January 1, 2019.

Project Participant	Projected FY 2018/19 Yearend Credits (Amount Due)						Estimated Additional Due Through 6-30-19
	WSRB <sup>(1)</sup>	Delta Water Charge <sup>(5)</sup>	Transportation Minimum <sup>(4)</sup>	Coastal Branch <sup>(1) (2)</sup>	Transportation Capital <sup>(2) (3)</sup>		
Guadalupe	\$ 300	\$ 2,851	\$ (100,777)	\$ -	\$ 4,778	\$ (92,848)	
Santa Maria	8,309	83,819	(2,961,165)	(31,071)	167,926	(2,732,181)	
Golden Sl. Wtr	174	2,565	(90,992)	(885)	4,694	(84,445)	
VAFB <sup>(4)</sup>	2,780	28,513	(1,006,054)	(28,177)	57,429	(945,508)	
Buellton	320	2,941	(105,776)	(2,860)	5,365	(100,011)	
Solvang	812	7,452	(266,389)	(7,711)	14,495	(251,340)	
Santa Ynez	408	2,348	(99,293)	(2,667)	6,213	(92,991)	
Goleta	2,598	35,014	(918,651)	(22,842)	51,269	(852,612)	
Morehart	305	1,147	(35,711)	(1,009)	2,264	(33,003)	
La Cumbre	692	5,129	(181,983)	(5,044)	9,389	(171,818)	
Raytheon	(55)	287	(9,785)	(325)	83	(9,795)	
Santa Barbara	1,386	15,691	(549,380)	(15,422)	30,096	(517,629)	
Montecito	1,386	15,691	(549,380)	(15,422)	30,096	(517,629)	
Carpinteria	1,114	10,258	(365,682)	(10,088)	20,708	(343,690)	
<b>TOTAL:</b>	<b>\$ 20,529</b>	<b>\$ 213,706</b>	<b>\$ (7,241,019)</b>	<b>\$ (143,522)</b>	<b>\$ 404,806</b>	<b>\$ (6,745,500)</b>	

### Updated Cost Projections

We have updated the Ten-Year Cost Projections with these higher Transportation Minimum costs, which are attached to this report. To be more in line with the cost increases from DWR on an annual basis, we have escalated the Transportation Minimum costs in future years by 5% each year. These are just estimates, but we wanted to get this information out to you for planning purposes, especially for FY 2019/20, which will also be significantly higher due to the additional amount due for calendar year 2019.

I will discuss this issue in depth at the June 28, 2018 CCWA Board meeting.

RAS

Attachments




**CENTRAL COAST WATER AUTHORITY**

**MEMORANDUM**

September 18, 2018

**TO:** CCWA Board of Directors

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

**SUBJECT:** Ernst & Young Audit Report on the DWR Calendar Year 2018 Statement of Charges

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**DISCUSSION**

Beginning in FY 2017/18, the CCWA Board of Directors approved the request of CCWA staff to provide funding to perform a separate audit of the DWR Statement of Charges allocated to CCWA. This is in addition to a separate audit that CCWA participates in with a large number of other State Water Project contractors called the "Independent Audit Association" (IAA). However, CCWA staff recommended that we hire Ernst & Young to perform a separate audit on the CCWA Statement of Charges given the large amount of money paid to DWR on an annual basis (\$45 to \$55 million annually), so that the audit firm is specifically examining the charges allocated to CCWA by DWR as opposed to a general audit that does not focus exclusively on the CCWA Statement of Charges.

Ernst & Young completed their audit of the CCWA 2018 Statement of Charges from DWR and prepared the attached audit report and findings.

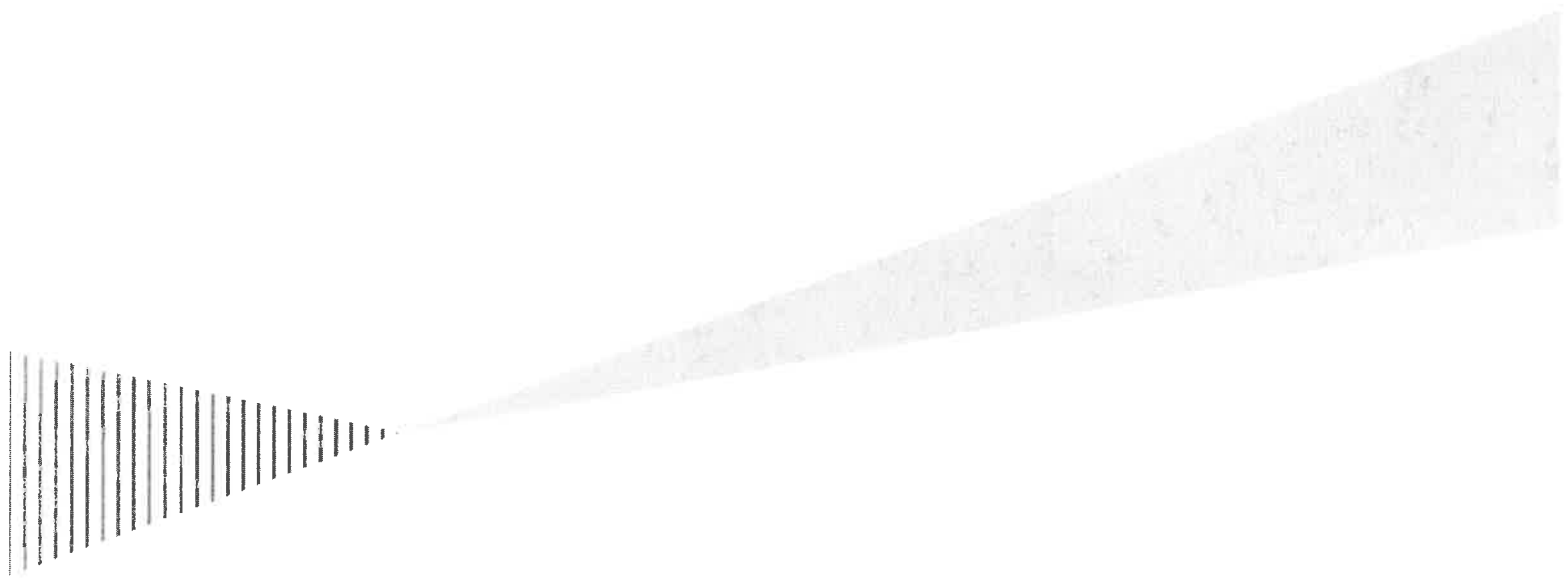
CCWA staff will present an overview of the findings at the CCWA Board meeting.

RAS

Attachment

SUMMARY OF 2017 CENTRAL COAST WATER  
AUTHORITY PROCEDURES, FINDINGS, AND  
RECOMMENDATIONS

Ernst & Young LLP



Building a better  
working world



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## To the Representatives of Central Coast Water Authority

We have completed our engagement to perform procedures at the Department of Water Resources (the "Department") on behalf of Central Coast Water Authority (CCWA). Our engagement was performed in accordance with Exhibit C-1's dated March 6, 2017 and July 19, 2017 to the Statement of Work dated May 31, 2017, and our procedures were limited to those described the Exhibit C-1's.

Our findings and recommendations resulting from our procedures are presented in the memoranda, summaries, and schedules included in the Summary of 2017 Central Coast Water Authority Procedures, Findings, and Recommendations (the "Report"). The procedures were performed based on information obtained principally by inquires of officials and other personnel of the Department and inspection of certain accounting related records and reports of the Department. The specific sources of the various components of the information are indicated in the accompanying memoranda, summaries, and schedules. The information included in the Report, including the memoranda, summaries, and schedules, are solely those we received in response to our inquiries or obtained from documents furnished to us. We have not sought to confirm the accuracy of the information and explanations provided by management. Our work was limited in scope and time, and we stress that more detailed procedures may reveal findings that this engagement has not.

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

This Report is intended solely for the information and use of CCWA and the Department and is not intended to be and should not be used by anyone other than these specified parties. Except where compelled by legal process (of which CCWA shall promptly inform Ernst and Young LLP (EY) and tender to EY, if EY so elects, the defense), CCWA may not disclose, orally or in writing, the Report or any portion, abstract or summary thereof, to make any reference to EY in connection therewith, to any third party.

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

*Ernst & Young LLP*

June 27, 2018

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## DETAILED DISCUSSION OF 2017 PROCEDURES

### Areas of Focus

- 2018 Statement of Charges (SOC)
- Cost/Debt Reconciliation

### Findings and Recommendations Summary Tables

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

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

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

### ***Internal Control Framework***

The internal control categories presented in the finding and recommendation summary tables detail the root cause of the finding or recommendation. We have summarized all findings and recommendations into internal control categories, which are presented in the Internal Control Framework.

#### **1. Control Activities:**

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

#### **2. Control Environment:**

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



## 2018 Statement of Charges (SOC)

### *Procedures Performed*

We performed the following detailed procedures on the 2018 SOC:

- Compared the 2018 SOC Attachment 4A amounts to the 2017 SOC Attachment 4A for changes greater than \$50,000 in 2015 and prior years and identified the drivers of the changes in the Department's Accounting System (SAP).
- Compared the 2018 SOC Attachment 4B amounts to the 2017 SOC Attachment 4B for changes greater than \$50,000 in 2015 and prior years and identified the drivers of the changes in SAP.
- Assessed a sample of 30 invoices charged to Reach 33A (10 transportation minimum in 2015, 10 transportation minimum in 2016, 5 transportation capital in 2015 and 5 transportation capital in 2016) for the following attributes:
  1. We assessed whether they were classified as direct or indirect (through an alpha allocation cycle) to reach.
  2. For invoices charged direct to reach, we assessed how they were assigned to the reach.
  3. For invoices charged to multiple reaches, we assessed whether they were allocated to a statewide or field division alpha allocation cycle.
  4. We assessed whether the invoice amount charged in the Financial Accounting System (an SAP module) (PR5) reconciled to the Utility Cost Allocation and Billing System (an SAP module) (UCABS).
  5. We assessed whether the invoice was recovered through the transportation minimum or capital cost component.
- Determined whether the refinanced bonds were properly credited to the direct billed debt service for the Coastal Branch (CB) construction.
- Investigated any variances identified.

**Findings and Recommendations**

We compared the transportation capital component in the 2018 SOC to the 2017 SOC for years 2015 and prior. The capital calculated component within Attachment 4A of the 2018 SOC was not different as compared to the 2017 SOC by more than \$50,000 for CCWA. We compared the transportation minimum component in the 2018 SOC to the 2017 SOC for years 2015 and prior. The minimum calculated component within Attachment 4B of the 2018 SOC was different from the 2017 SOC by more than \$50,000 for CCWA as follows:

**Table SOC.1 - Attachment 4B**

Year	2017 SOC Attachment 4B	2018 SOC Attachment 4B	Change Increase/(Decrease)
2015	\$ 8,591,988	\$ 8,477,187	\$ (114,801)

The change in 2015 for CCWA costs primarily relate to a correction of a finding found by EY in the report dated February 13, 2017. Costs were being charged to alpha cost center 2300FDL907 that should've been charged directly to CB1-R31A. There was approximately \$372,800 of costs incorrectly charged to 2300FDL907 that were moved to CB1-R31A. The allocation for CCWA under 2300FDL907 is \$187,304 and the allocation under CB1-R31A is \$72,506. This difference causes costs to decrease by \$114,798 which constitutes the majority of the change.

We selected a sample of 30 invoices charged to Reach 33A (10 transportation minimum in 2015, 10 transportation minimum in 2016, 5 transportation capital in 2015 and 5 transportation capital in 2016), and tested for the following attributes:

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

<b>Finding AUD-000308 - New</b>	
<b>Finding:</b>	Claim number 1319184 includes work performed at Chrisman Pumping Plant (CA-R16A) but had costs incorrectly allocated to Devil's Den Pumping Plant (CB2-R33A).
<b>Dollar Amount:</b>	\$9,783
<b>Type:</b>	Reallocation of costs among the Contractors
<b>Risk of Future Occurrence:</b>	High
<b>Internal Control Matter:</b>	Determination of Cost Categorization
<b>Contractors Affected:</b>	Antelope Valley-East Kern Water Agency, Castaic Lake Water District, Central Coast Water Authority, Coachella Valley Water District, Crestline-Lake Arrowhead Water Agency, Desert Water Agency, Kern County Water Agency, Littlerock Creek Irrigation District, Metropolitan Water District of Southern CA, Mojave Water Agency, Palmdale Water District, San Bernardino Valley Municipal Water District, San Gabriel Valley Municipal Water District, San Geronio Pass Water Agency, San Luis Obispo County FC and WCD, Santa Barbara County FC and WCD, Ventura County Basin Water Storage District
<b>Recommendation:</b>	The Department should charge the work performed for this claim to Chrisman Pumping Plant (CA-R16A).
<b>Department Response:</b>	The Department will evaluate whether this invoice should be reallocated to Chrisman Pumping Plant (CA-R16A) as part of the 2019 SOC.

During our procedures to determine whether amounts recovered through the Transportation Minimum component are recovered through the inspection of invoices, we observed that claim number 1319184 includes work performed at Chrisman Pumping Plant (CA-R16A) but had costs incorrectly allocated to Devil's Den Pumping Plant (CB2-R33A). This results in a reallocation of costs among the Contractors, as follows:

**Table SOC.2 - Reallocation to Chrisman Pumping Plant**

Contractor	Current Allocation	Adjusted Allocation	(Decrease)/ Increase in Charges
Antelope Valley-East Kern Water Agency	\$ -	\$ 492	\$ 492
Castaic Lake Water Agency	-	326	326
Central Coast Water Authority	8,795	-	(8,795)
Coachella Valley Water District	-	495	495
Crestline-Lake Arrowhead Water Agency	-	21	21
Desert Water Agency	-	203	203
Kern County Water Agency - Agricultural	-	332	332
Kern County Water Agency - Municipal and Industrial	-	63	63
Littlerock Creek Irrigation District	-	8	8
Metropolitan Water District of Southern CA	-	6,864	6,864
Mojave Water Agency	-	290	290
Palmdale Water District	-	72	72
San Bernardino Valley Municipal Water District	-	380	380
San Gabriel Valley Municipal Water District	-	104	104
San Geronio Pass Water Agency	-	64	64
San Luis Obispo County FC and WCD	988	-	(988)
Ventura County Basin Water Storage District	-	69	69
<b>Total</b>	\$ 9,783	\$ 9,783	\$ -

<b>Finding AUD-000344 - New</b>	
<b>Finding:</b>	Coastal Branch Extension (CBX) direct billed debt service charged to CCWA is overstated as the amount charged in the SOC was not subsequently adjusted to provide the benefits of the refinanced debt service for bond series Q and W.
<b>Dollar Amount:</b>	Overstatement of costs of \$1,574,345 from 1998 to 2018 (amount does not reflect interest credits due to CCWA related to the overstatement)
<b>Type:</b>	Overstatement of costs to CCWA
<b>Risk of Future Occurrence:</b>	High
<b>Internal Control Matter:</b>	Determination of Beneficiary
<b>Contractors Affected:</b>	Central Coast Water Authority
<b>Recommendation:</b>	We recommend the Department provide a subsequent rebill to the SOC to reflect the benefits of the refinanced debt service to CCWA.
<b>Department Response:</b>	The Department will evaluate the direct billed debt service charged to CCWA as part of a future SOC.

We determined whether the refinanced bonds were properly credited to the direct billed debt service for the CB construction. The direct billed debt service reflected in the SOC relates to the CBX which appears as a separate line item. The CBX was originally funded by bond series Q and W. As interest rates have decreased over time, the Department has issued new debt and refinanced the older bonds to take advantage of the favorable interest rates.

We observed that bond series Q and W were subsequently refinanced with several bond series and the CBX debt service schedule was adjusted for the new debt. Bond series Q and W were refinanced with bond series U, X, Z, AC, AD, AF, AH, AI, AJ, AK, AL, AN, AO, and AS. The Department bills debt service in the SOC in advance and did not subsequently adjust the billings to provide the benefit of the refinanced debt service to CCWA. We compared the debt service charged in the SOC from 1998 to 2018 to the CBX debt service schedule that reflects the refinanced debt service, and observed overstatement of costs to CCWA. The total overstatement for CCWA is \$1,574,345. It should be noted that this overstatement does not reflect interest credits due to CCWA related to the overstatement. The impact by year is as follows:

**Table SOC.3 - CBX Refinanced Debt Service Compared to Statement of Charges**

Year	CBX Refinanced Debt Service	Statement of Charges	(Decrease)/ Increase in Charges
1998	\$ 2,285,925	\$ 2,285,925	\$ -
1999	2,259,813	2,285,925	(26,112)
2000	2,259,813	2,259,813	-
2001	2,259,813	2,259,813	-
2002	3,307,999	3,259,490	48,509
2003	3,194,281	3,261,363	(67,082)
2004	3,147,937	3,168,429	(20,492)
2005	3,084,504	3,169,241	(84,737)
2006	3,094,236	3,093,986	250
2007	4,050,968	4,050,969	(1)
2008	2,933,276	2,935,347	(2,071)
2009	2,678,204	2,930,704	(252,500)
2010	6,061,464	6,096,435	(34,971)
2011	3,799,064	4,012,131	(213,067)
2012	3,471,904	3,853,949	(382,045)
2013	3,578,768	3,997,065	(418,297)
2014	4,154,286	4,265,240	(110,954)
2015	4,607,232	4,622,529	(15,297)
2016	4,596,161	4,593,900	2,261
2017	4,348,882	4,346,621	2,261
2018	3,347,340	3,347,340	-
<b>Total</b>	<b>\$ 72,521,870</b>	<b>\$ 74,096,215</b>	<b>\$ (1,574,345)</b>

## Cost/Debt Reconciliation

### ***Procedures Performed***

We performed procedures over the Department's cost/debt reconciliation for CCWA as follows:

- Obtained and validated the determinations made by the State Water Project Analysis Office (SWPAO) (with assistance from Division of Engineering) regarding the repayment reach designations on the CB for purposes of allocating construction costs and bond debt service.
- Tested Pre-SAP, first wave of SAP, and next wave of SAP cost data included in the capital raw data file (file that obtains the details from SAP obtained from Matthew Carleson, Consultant, LMC Consulting Group, LLC) by agreeing to source data included in the SAP system.
- Tested the reconciliation between the capital raw data file to the Bulletin 132 Table B-10, *Capital Costs of Each Aqueduct Reach to be Reimbursed through Capital Cost Component of Transportation Charge*.
- Tested the mapping of the capital raw data file to the cost column included in the cost/debt reconciliation.
- Tested the mapping of the CBX schedule to the debt column included in the cost/debt reconciliation.
- Tested the reconciling items identified comparing the cost column to the debt column in the cost/debt reconciliation. Gained an understanding of the reconciling items and "judgment calls" from Matthew Carleson, Consultant, LMC Consulting Group, LLC and Pedro Villalobos, Chief, SWPAO.
- Tested the cost/debt reconciliation results between the projects included in the analysis between the CBX and Water System Revenue Bonds (WSRB).

### ***Findings and Recommendations***

As the repayment period and project interest rate for the State Water Project do not match the debt service payments, the Department has created the WSRB surcharge to account for the difference between the debt service payments due to the bondholders and amounts recovered from the Contractors as part of the transportation capital and conservation capital components.

The WSRB surcharge calculation is still in draft form as the Department has hired Matthew Carleson, Consultant, LMC Consulting Group, LLC to perform a reconciliation of the bond proceeds to the specific projects for which the proceeds were used. Once the debt service reconciliation project is completed, the Department will be able to properly allocate all of these costs through SAP. The Department plans to reallocate the WSRB surcharge for all prior years once the debt service reconciliation project is complete.

The cost/debt reconciliation has been in process for approximately five years. The procedures performed included:

1. Capital Cost Data - Data from SAP was downloaded through June 30, 2014. This cutoff date was chosen by the Department when they started the project approximately five years ago; therefore, no data subsequent to June 30, 2014 was factored into the calculation. The data from SAP was reconciled to Bulletin 132-13 Table B-10, *Capital Costs of Each Aqueduct Reach to be Reimbursed through Capital Cost Component of Transportation Charge*.
2. Debt Data - Debt data (debt used to fund construction costs) was accumulated for each bond series by year and by project. The debt data was obtained from the Department's pink sheets, which is the original source document for debt data. The pink sheet were used only for the construction debt, and represents the capital related debt service costs. The debt data from the pink sheets was reconciled to the principal and interest and WSRB schedules obtained from SWPAO.
3. Cost/Debt Mapping - A summary schedule was created based on the information accumulated from the capital cost data and debt data as described above. When comparing the cost and debt data, there were specific "judgment calls" made in order to reallocate the debt to the appropriate projects. These "judgment calls" were primarily determined by Pedro Villalobos, Chief, SWPAO through discussions with Matthew Carleson, Consultant, LMC Consulting Group, LLC.
4. Pricing Reports - Once the final cost/debt mapping has been agreed to by all of the Contractors, the pricing reports will be adjusted to reflect the final debt to be allocated to each respective project. This part of the process will be performed in a future SOC cycle. The completion for this next step is yet to be determined.

The following table shows the results of the cost/debt reconciliation for the CBX:

**Table 1 - CBX Cost/Debt Reconciliation Results**

Year	Capital Costs	Debt Service	Debt Reclasses to WSRB
1991	\$ 320	\$ -	
1992	176,213	-	
1993	626,447	-	
1994	1,993,680	-	
1995	14,142,416	-	
1996	13,830,132	28,796,318	
1997	1,343,984	-	
1998	473,345	-	
1999	88,467	-	
2000	256	-	
2001	1,981	10,550,362	
2002	1,782	-	
2003	3,961	-	
2004	1,432	-	
2005	26	-	
2006	(5)	-	
Total	\$ 32,684,437	\$ 39,346,680	\$ 6,662,243

The following table shows a comparison of the capital costs included in the cost/debt reconciliation for the CBX to Bulletin 132-13 - Table B-10, *Capital Costs of Each Aqueduct Reach to be Reimbursed through Capital Cost Component of Transportation Charge*:

**Table 2 - CBX Capital Costs to Bulletin 132-13 - Table B-10**

Reach	Capital Costs	Bulletin 132 - Table B-10	Variance
37		\$ 16,067,297	
38		16,612,628	
Total	\$ 32,684,437	\$ 32,679,925	\$ 4,512

The following table shows a comparison of the debt service included in the cost/debt reconciliation for the CBX to the construction debt for bond series Q and W:

**Table 3 - CBX Debt Service to Bond Series Construction Debt**

Bond Series	Debt Service	Construction Debt	Variance
Q		\$ 28,796,318	
W		10,550,362	
Total	\$ 39,346,680	\$ 39,346,680	\$ -



<b>Recommendation AUD-000343 - New</b>	
<b>Background:</b>	The Department should develop a policy and document their process in a memorandum to ensure that the construction and debt costs reconcile, in order to bill the Contractors accurately in each SOC.
<b>Internal Control Matter:</b>	Procedures: Errant Procedures
<b>Contractors Affected:</b>	All Contractors
<b>Recommendation:</b>	<b>We recommend the Department create policies and procedures to ensure capital costs reconcile to debt charged for specific projects.</b>

The Department performed the cost/debt reconciliation project as the debt service costs being charged did not match the capital costs. The Department should create a process memo and policy to ensure the debt service and capital costs match on a recurring basis.

## APPENDIX - GLOSSARY

CA	California Aqueduct
CB	Coastal Branch
CBX	Coastal Branch Extension
CCWA	Central Coast Water Authority
Department	Department of Water Resources
FC	Flood Control
PR5	Financial Accounting System (an SAP module)
SAP	Department's Accounting Software
SOC	Statement of Charges
SWPAO	State Water Project Analysis Office
UCABS	Utility Cost Allocation and Billing System (an SAP module)
WCD	Water Conservation District
WSRB	Water System Revenue Bonds

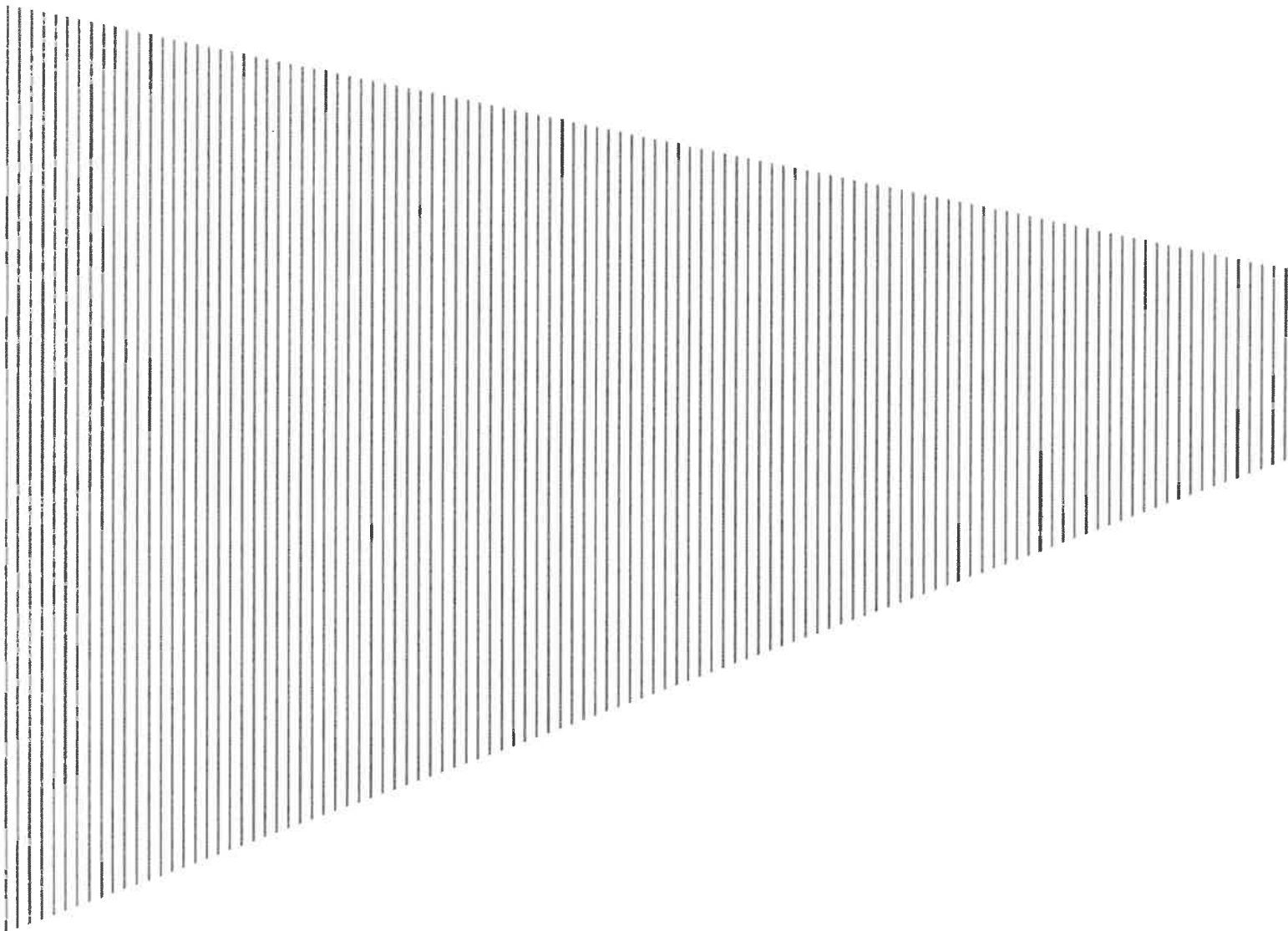
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**CENTRAL COAST WATER AUTHORITY**

**MEMORANDUM**

September 18, 2018

**TO:** CCWA Board of Directors  
**FROM:** Ray A. Stokes  
Executive Director   
**SUBJECT:** CCWA at a Glance

---

**DISCUSSION**

Through various meetings both locally and at a state-wide level, CCWA staff have observed there is a large amount of information which is being presented that is incorrect regarding the actual water supply and associated cost data with regard to State Water Project in Santa Barbara County.

In an effort to present accurate data regarding not only CCWA, but the State Water Project as a whole, CCWA staff is working on a series of documents that can be used by CCWA, its member agencies and project participants and other interested parties to provide a quick snapshot regarding State Water in Santa Barbara County.

The first in this series is attached to this report, titled "CCWA at a Glance", which shows data on water availability, and actual deliveries since CCWA began water deliveries in August of 1997. It also provides data on CCWA's response to the current drought beginning in 2014 through the CCWA Supplemental Water Purchase Program as well as cost per acre-foot data and actual and projected cost data.

CCWA will make this available on the CCWA website and will also be expanding this to include data for each CCWA project participant in the future.

RAS

Attachment

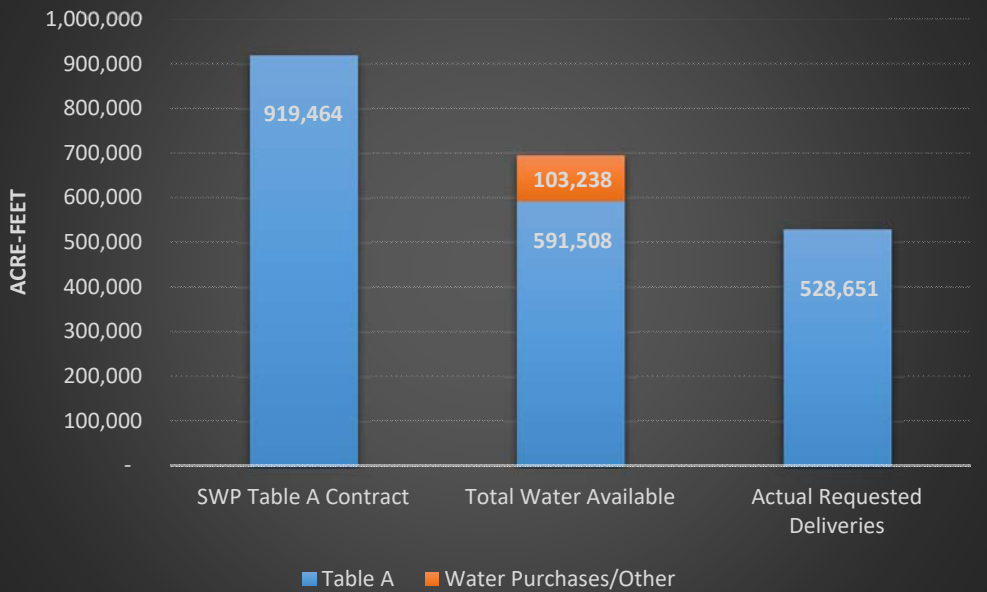
CENTRAL COAST WATER AUTHORITY  
 STATE WATER AT A GLANCE  
 CALENDAR YEARS 1997 TO 2017



STATE WATER PROJECT (SWP) CONTRACT AMOUNT: 45,486 ACRE-FEET PER YEAR

WATER AVAILABILITY AND ACTUAL REQUESTED DELIVERIES

All CCWA Participants (1997 to 2017)



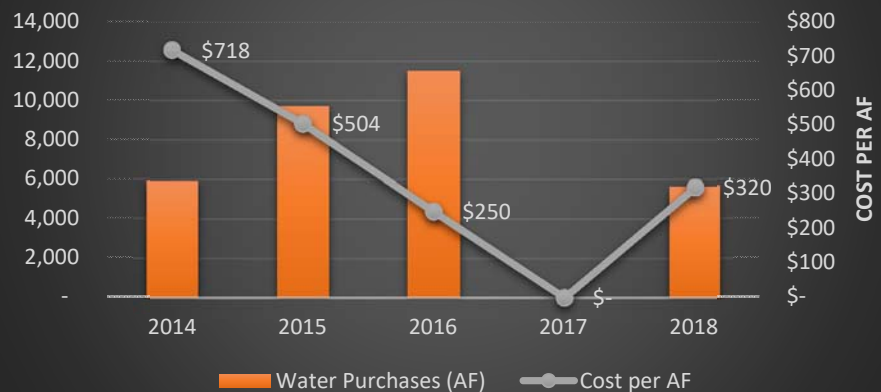
Since CCWA began deliveries in August 1997, the SWP has provided **64% of the contracted water amounts** as shown in the “Total Water Available” column on the graph to the left.

Actual deliveries based on requests from CCWA participants were **76% of “Total Water Available”** as shown in the “Actual Requested Deliveries” column on the left.

STATE WATER PROJECT DROUGHT RESPONSE (Calendar Years 2014 TO 2018)

During the drought of the past five years, CCWA’s physical connection to the state’s delivery system, coupled with CCWA’s “Supplemental Water Purchase Program” enabled CCWA participants to purchase supplemental supplies to meet their demands.

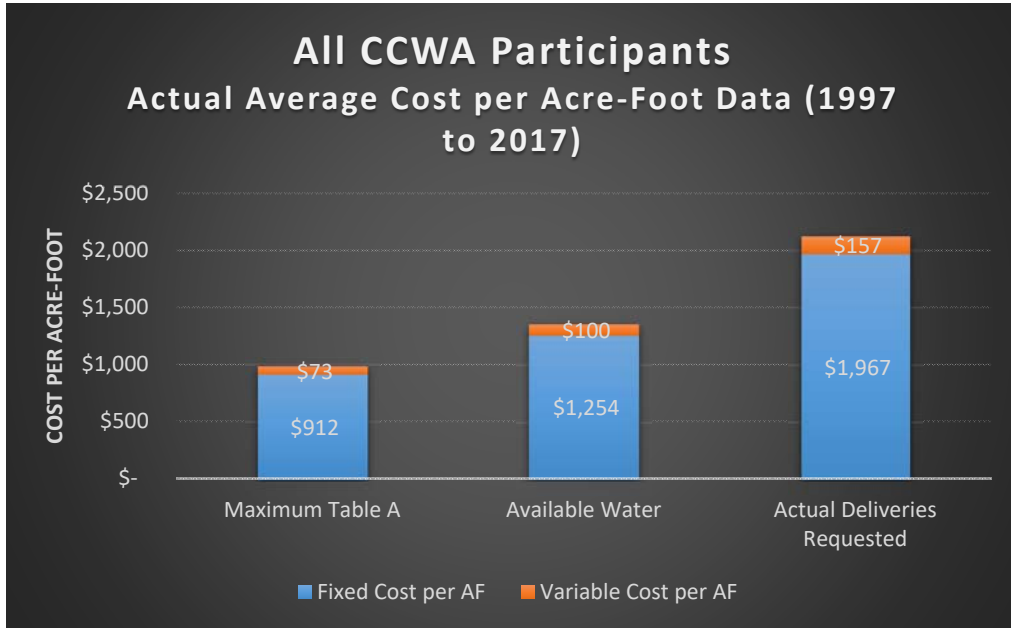
CCWA Supplemental Water Purchases



Supplemental Water Purchases: Five Year Totals

Total Water Acquired: 32,781 AF    Total Cost: \$13.8 million    Average Cost per Acre-Foot: \$422

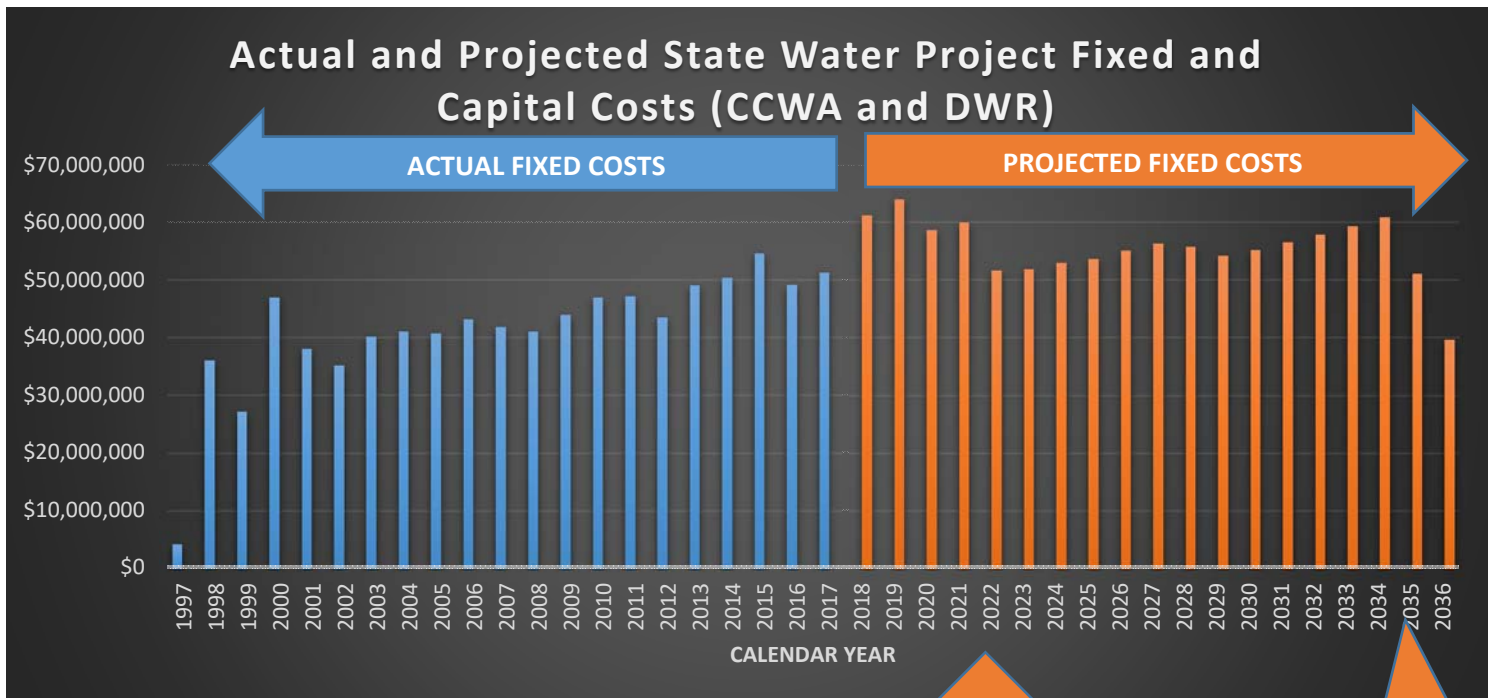
## ACTUAL AVERAGE COST PER ACRE-FOOT DATA (1997 TO 2017)



The cost per acre-foot amounts shown are based on total costs from 1997 to 2017 divided by:

- Maximum Table A for each year 1997 to 2017, a total of 919 TAF
- Available Water: 695 TAF
- Actual Deliveries: 529 TAF

## ACTUAL AND PROJECTED FIXED AND CAPITAL COSTS



BY THE YEAR 2036, ALL OF THE ORIGINAL COSTS OF CONSTRUCTING THE FACILITIES TO BRING STATE WATER INTO SANTA BARBARA COUNTY WILL BE FULLY REPAID

CCWA bonds fully repaid in 2021 (-\$10M/Year)

Capital costs for constructing the DWR portion of the Coastal Branch facilities fully repaid in 2035 (-\$23M/Year)

The Central Coast Water Authority is a Joint Powers Authority whose mission is to construct, operate and maintain the facilities to bring State Water into Santa Barbara County. It is comprised of 8 public member agencies of the cities of Guadalupe, Santa Maria, Buellton and Santa Barbara; Santa Ynez RWCD ID#1 (including the City of Solvang), Goleta Valley Water District, Montecito Water District, Carpinteria Valley Water District, and 5 additional participants: Vandenberg AFB, La Cumbre Mutual Water Company and three private entities.



## CENTRAL COAST WATER AUTHORITY

### MEMORANDUM

September 18, 2018

**TO:** CCWA Board of Directors

**FROM:** John Brady  
Deputy Director, Operations and Engineering

**SUBJECT:** Carryover of Project Funds from FY 2017/18 to FY 2018/19

#### SUMMARY

Certain capital expenditures included in the FY 2017/18 budget were not expended due to timing and scheduling. This report will request carryover of these funds from the FY 2017/18 budget to the FY 2018/19 budget.

#### DISCUSSION

The following capital and expense projects are funded from project participant assessments. CCWA staff is requesting that these project funds be retained and carried over to the FY 18/19 budget so that the projects can be completed.

##### Capitalized Projects

- **Programmer Support for PLC Update of Filter Backwash Process (C-17PLCPRO) - \$16,000 (WTP) Capitalized Project:** Staff requests carryover of **\$16,000** to complete the Technical Memorandum that is investigating the optimum path forward for the PLC upgrade project.
- **Free Ammonia Online Analyzer Replacement for WTP (C17AMANZR) - \$17,010 (WTP) - Capitalized Project:** Staff requests carryover of **\$17,010** to complete the procurement of the online ammonia analyzer replacement for the Water Treatment Plant.
- **Office Space Renovation for WTP (C17WTPOFF) - \$84,000 (WTP) Capitalized Project:** Staff requests a carryover of **\$84,000** to complete the work on the procurement and installation of a modular office for WTP staff.
- **Granular Activated Carbon Filter Media Replacement (C17GACFMR) - \$420,000 (WTP) Capitalized Project:** Staff requests carryover of **\$413,243** to complete the replacement of the Granular Activated Carbon Filter Media in Filter 7, 8 and 2 in October 2018.
- **HVAC System Design (C17HVACSD) - \$31,500 (WTP) Capitalized Project:** Staff requests carryover of **\$31,287** to complete the Heating, Ventilation and Air Conditioning design work for the Water Treatment Plant.

- **Seismic Joint Pipe Spools and Parts (C17SMCJNT) - \$68,040 (33B) Capitalized Project:** Staff requests carryover of **\$68,040** to complete the procurement of spare pipe spools and parts for the seismic joint.
- **SYII Pipe Spools (C17PIPESP) - \$39,690 (SYII) Capitalized Project:** Staff requests carryover of **\$38,182** to complete the procurement of spare pipe spools and parts for Reach SYII.
- **Security Fencing for SYNEZ, SOLV, BUEL, VAFB, LOPEZ Turnouts (C17FENCE) - \$51,030 (SYNEZ, SOLV, BUEL, VAFB, LPZ) Capitalized Project:** Staff requests carryover of **\$51,030** to complete the procurement and installation of security fencing for various Turnouts.
- **SYI Pipe Spools (C17PIPSPL) - \$39,690 (SYII) Capitalized Project:** Staff requests carryover of **\$39,690** to complete the procurement of spare pipe spools and parts for Reach SYI.
- **Replace UPS at Buellton Administrative Office (C17UPSBAO) - \$22,680 (ADM) Capitalized Project:** Staff requests carryover of **\$22,680** to complete the procurement and installation of a new uninterruptable power supply for the Buellton Administrative Office.
- **Buellton Administrative Office Space (C17BAOOFF) - \$57,792 (ADM) Capitalized Project:** Staff requests carryover of **\$53,348** to complete the procurement and construction of a new office space and other related improvements to the Buellton Administrative Office.
- **Buellton Administrative Office Parking Lot Asphalt Overlay (C17BAOLOT) - \$43,575 (ADM) Capitalized Project:** Staff requests carryover of **\$43,575** to complete the procurement and construction of an asphalt overlay of the Buellton Administrative Office's parking lot.
- **Filter Launder Coating (C16-LNDERS) – \$52,500 (WTP) Capitalized Project:** Staff is requesting **\$52,500** in carryover. This project will retain a contractor to recoat the Fiberglass reinforced Polyester Filter Launder within two filters.
- **Intermediate Flash Mix Lining (C-16LINING) - \$54,600 (WTP) Capitalized Project:** Staff requests **\$54,597** in carryover. This project will include retaining a contractor to install a new lining material on the interior portion of the 66-inch diameter pipeline of the Intermediate Flash Mix System.
- **New Phone Server (C-16PHONE) - \$63,000 (Dist-All/WTP/ADMIN) Capitalized Project:** Staff requests **\$58,950** in carryover. This project includes the procurement of the telephone equipment for the Water Treatment Plant, Pipeline and Administrative Offices.
- **Network Switch Replacement (C-16SWITCH/E-14FOS) - \$218,675 (DIST-ALL) Capitalized Project:** Staff requests carryover of **\$9,398**. This project replaces the existing CCWA fiber optic cable switches, following the recommendation of the CCWA Network Assessment Consultant and Managed Network Services Vender.



- **Combined Filter Effluent Pipe to Chlorine Contact Basin Connection Repair (C-15CONRPR) - \$16,925 (WTP) Capitalized Project:** Staff requests carryover of **\$15,081** to complete the procurement of the Hydratight Seals. These seals will be installed in 2018 winter shutdown.
- **Santa Ynez Pumping Plant Surge Tank Pedestal Investigation (C-14SURGTK) - \$2,260 (SYII) Capitalized Project:** Staff requests carryover of **\$2,260**. This project consisted of the investigation and design of the repair of the damaged Surge Tank Pedestal. The design work is complete, however, engineering support will be needed during the planned repair work, which can only be implemented during a timeframe in which the Santa Ynez Pumping Plant will not need to be operated at 100% capacity for a 4 week period of time.
- **Santa Ynez Pumping Plant Surge Tank Pedestal Repair (C-15SURGRP) - \$84,000 (SYII) Capitalized Project:** Staff requests carryover of **\$84,000**. This project implements the designed repair of the failing pedestal. This project will be implemented during a timeframe in which the Santa Ynez Pumping Plant will not need to be operated at 100% capacity for a 4 week period of time.
- **Accounting/Human Resources Software Upgrade (C-09SL-UPG) - \$5,042 (Admin) Capitalized Project:** Staff requests carryover of **\$5,042**. Implementation of the new human resources software was part of the larger accounting software upgrade project. The project was delayed due to changes in the human resources module proposed, and staff is reviewing software alternatives that better suit CCWA needs.

**Total for Capitalized Projects:**

**\$ 1,159,913**

**Expensed Projects**

- **Filter Launderers Coating (E-17FILTR) – \$52,500 (WTP) Expense Project:** Staff is requesting **\$52,500** in carryover. This project will retain a contractor to recoat the Fiberglass reinforced Polyester Filter Launderers within two filters.
- **Engineering Review of Air-Vacuum/Release Valve Riser ( E-17ENGAIR) – \$21,000 (WTP) Expense Project:** Staff is requesting **\$21,000** in carryover to complete the Technical Memorandum addressing a corrosion issue of the risers of certain air vacuum/air release valves on the pipeline.
- **Tank 2 Erosion Repair (E-16T2ERRP) - \$10,000 (33B) Expensed Project:** Staff requests **\$10,000** in carryover. This project will involve addressing hill-side erosion that is resulting in the perimeter drainage ditches of the Tank 2 facility filling with sediment.
- **Permanent Bypass Piping at Bradbury Outlet Works (E-15PIPEEV) - \$30,428 (SYII) Expense Project:** Staff requests carryover of **\$10,947**. This project was modified to be a review of the Bradbury Penstock operation and to identify methods to optimize its use among all the interested parties. The administrative draft of the Technical Memorandum

generated over 130 comments from stakeholders. Responses to all comments have been prepared and will be circulated to stakeholder group.

- **French Drain Installation at Lagoon C (E-13DRAIN) - \$37,814 (WTP) Expensed Project:** Staff requests carryover of **\$37,814**. This project implements the recommendation of the engineering evaluation of the Lagoon C seepage issue. The design of the French Drain is under preparation by CCWA staff.
- **Chemical Tank Inspection Program. Aqua-Ammonia Liner Replacement (E-13LINER) - (WTP) Expensed Projects:** Staff requests carryover of **\$9,925** to complete the Aqua-Ammonia Tank Inspection.

**Total for Expensed Projects: \$142,186**

### **RECOMMENDATION**

That the Board approve the carryover of project funds from FY 2017/18 to FY 2018/19 as follows:

Capitalized Project:	\$ 1,159,913
Expensed Project	\$142,186

**Total: \$ 1,302,099**

JLB



## CENTRAL COAST WATER AUTHORITY

### MEMORANDUM

September 18, 2018

**TO:** CCWA Board of Directors

**FROM:** John Brady  
Deputy Director, Operations and Engineering

**SUBJECT:** Ratification of Use of Appropriated Contingency for Bradbury Bypass Piping Removal and Reinstallation

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#### BACKGROUND

The CCWA Budget includes an appropriated contingency fund. The amount of this fund is established at 2% of the total budget, excluding variable electrical and chemical budget amounts. Any use of this fund requires authorization by the Board of Directors. CCWA staff needed to access to the appropriated contingency fund to remove and reinstall the Bradbury Bypass Pipeline, in response to a significant storm event in March 2018. Prior to moving forward with the project, the CCWA Executive Director requested and received approval from the CCWA Chairman of the Board to use of the appropriated contingencies funds for this project. The purpose of this Report is to seek ratification of the Chairman's decision to allow CCWA staff to utilize the appropriated contingency funds.

The Bradbury Bypass Pipeline was demobilized and remobilized in March 2018, with lake delivery operations being suspended from March 20 to 27, 2018. CCWA staff implemented the following actions: (1) as a significant storm developed and approached Lake Cachuma, CCWA contacted the County to request that they run their River Model to estimate the storm's impact on lake level on March 19, (2) with the results of the River Model suggesting a potential sharp rise in lake level, CCWA staff removed the section of bypass pass located between the spillway gate and the discharge location on March 20, (3) CCWA staff communicated with the Bureau, via email, phone and formal letter, about the bypass removal actions that were taken in compliance with the bypass installation and removal plan that was approved by the Bureau in 2017, (4) once the storm passed and lake levels stabilized, CCWA requested and received approval from the Bureau to reinstall the bypass pipeline and (5) CCWA staff reinstalled the bypass pipeline through the spillway gate.

#### DISCUSSION

The Bradbury Bypass Pipe project required quick action to comply with permit conditions associated with the bypass pipeline. The purpose of the appropriated contingency fund is to assure that funding is available to move forward with emergency projects such as this project.

The operational imperative for moving forward with the removal and re-installation of the Bradbury Bypass Pipe was to maintain the established delivery schedule for the South Coast Water Agencies so that they could properly manage their available State Water Project (SWP) supplies in 2018. Several South Coast Agencies pursued supplemental water supplies in 2018 and these supplemental sources of water supply would be conveyed to the lake in addition to their current year Table A allocation. Without a fully functioning bypass pipeline, lake deliveries would not be possible.

## FINANCIAL

The project was completed by CCWA staff, using rental equipment for moving the pipeline as required. The cost of the project is as follows:

### Cost for Re-installing Bypass Pipe

Item	Amount
Parts, Rental Equipment operated by staff	\$4,381.44
<b>Total</b>	<b>\$4,381.44</b>

The CCWA Fiscal Year 2017/2018 Budget established appropriated contingency funds for the Distribution System. The available amount in these funds and the charges to the accounts are presented below:

### Distribution System

Item	Amount
Appropriated Contingencies 5900.70 - DIST	\$44,091.00
Bypass Pipe Removal and Reinstallation	(\$4,381.44)
<b>Remaining</b>	<b>\$39,709.56</b>

## RECOMMENDATION

That the Board:

- Ratify the Chairman's decision to authorize the Executive Director to utilize funds from the appropriated contingency budget as described in this Board Report.

JLB




## CENTRAL COAST WATER AUTHORITY

### MEMORANDUM

September 18, 2018

**TO:** CCWA Board of Directors

**FROM:** John Brady, Deputy Director 

**SUBJECT:** Santa Ynez Pumping Plant, Tank Sites #2 and #5 Pavement Maintenance Project

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#### BACKGROUND

The Central Coast Water Authority (CCWA) manages and maintains approximately 1,000,000 square feet of asphaltic pavement at CCWA and DWR owned facilities. Accordingly, CCWA implemented a number of measures to ensure that an organized pavement assessment and maintenance program was put into place for these facilities. The program includes: (1) periodic condition assessments of pavement, (2) repair of pavement cracking using in-house resources, and (3) utilization of an approved CCWA contractor to service selected areas of pavement through fog sealing, slurry coating or asphalt overlay, as conditions may dictate.

Based on staff's ongoing assessments of all of the paved surfaced areas managed by CCWA, the asphalt surface of the Santa Ynez Pumping Plant, Tank 2 and Tank 5 were identified as needing the application of a slurry seal. This measure serves to rehabilitate the road and to reverse the oxidation process that occurs with asphalt through time due to exposure. Through implementing these rehabilitative measures, re-paving the asphalt paving is postponed, which results in an overall reduction in the operations and maintenance costs for the pavement over the long term. The total area of all three locations to be serviced in this project is approximately 170,280 Sq. Ft.

#### DISCUSSION

CCWA staff solicited competitive bids for the project through advertising in the Santa Maria Times and the Telegraph Tribune on August 26 and 29 and September 2, 2018. Staff also forwarded the Request For Bids (RFB) to eight qualified licensed paving contractors as well as posting the RFB on the CCWA webpage. All contractors were provided an opportunity to tour the facilities in need of slurry sealing work. One Addenda was issued to postpone the Bid Opening date. Bids were publically opened on Friday September 14, 2018 in the CCWA Board Room. Only one Bid was received and the Bid is as follows:

- Ramsey Asphalt Construction, Inc.
  - Tank 2                 \$89,265
  - Tank 5                 \$38,784
  - SYPP                 \$25,856
  - **TOTAL:**             **\$159,905**

CCWA staff completed a review of the Bid and determined that the Ramsey Asphalt Construction Inc. was the lowest responsive bid and is a responsible contractor. Due to receiving a single Bid, staff is conducting additional analysis of the project to determine the proper course of action and will prepare a report with Staff's recommendations and distribute to the Board during their September 2018 Board Meeting.

JLB

**SWC Legislative Matrix  
9/12/2018**

**AB 747 (Caballero D) State Water Resources Control Board: Administrative Hearings Office.**

**Current Text:** Enrollment: 9/11/2018 [html](#) [pdf](#)

**Introduced:** 2/15/2017

**Last Amended:** 8/28/2018

**Status:** 9/11/2018-Enrolled and presented to the Governor at 4:30 p.m.

**Location:** 9/11/2018-A. ENROLLED

**Summary:**

Current law declares that the diversion or use of water other than as authorized by specified provisions of law is a trespass. Current law authorizes the executive director of the State Water Resources Control Board to issue a complaint to a person who violates certain use and diversion of water provisions and subjects the violator to administrative civil liability. Current law also authorizes the board to issue an order to a person to cease and desist from violating, or threatening to violate, certain requirements relating to water use, including diverting or using water, other than as authorized. This bill, operative July 1, 2019, would create within the board an Administrative Hearings Office composed of attorneys qualified to act as hearing officers in adjudicative proceedings involving water rights matters.

**Other Positions:** SWC-Watch

**AB 813 (Holden D) Multistate regional transmission system organization: membership.**

**Current Text:** Amended: 8/24/2018 [html](#) [pdf](#)

**Introduced:** 2/15/2017

**Last Amended:** 8/24/2018

**Status:** 8/31/2018-Failed Deadline pursuant to Rule 61(b)(18). (Last location was S. RLS. on 8/16/2018)

**Location:** 8/31/2018-S. DEAD

**Summary:**

Would prohibit a California electrical transmission facility owner, a retail seller of electricity, or a local publicly owned electric utility from joining a multistate regional transmission system organization, as defined, unless the bylaws or other organizational documents that govern the organization, and the organization's operations, meet Federal Energy Regulatory Commission requirements and other specified requirements. The bill would require a California transmission owner, retail seller, or local publicly owned electric utility, before joining a multistate regional transmission system organization, to submit the bylaws and other organizational documents that govern the multistate regional transmission system organization to the Energy Commission for review.

**Other Positions:** CMUA-O, SWC-Watch

**AB 1876 (Frazier D) Sacramento-San Joaquin Delta: Delta Plan: administration.**

**Current Text:** Amended: 4/3/2018 [html](#) [pdf](#)

**Introduced:** 1/16/2018

**Last Amended:** 4/3/2018

**Status:** 4/27/2018-Failed Deadline pursuant to Rule 61(b)(5). (Last location was W., P. & W. on 1/29/2018)

**Location:** 4/27/2018-A. DEAD

**Summary:**

The Sacramento-San Joaquin Delta Reform Act of 2009 establishes the Delta Stewardship Council, which consists of 7 members, and requires the council to develop, adopt, and commence implementation of a comprehensive management plan for the Delta, known as the Delta Plan. This bill would make the provisions establishing the Delta Stewardship Council inoperative on July 1, 2020. The bill would provide for the Delta Protection Commission, on that date, to succeed to, and to be vested with, the duties, powers, purposes, responsibilities, and jurisdiction vested in the council as of June 30, 2020.

**Other Positions:** SWC-O

**AB 1912 (Rodriguez D) Public employees' retirement: joint powers agreements: liability.**

**Current Text:** Enrollment: 9/11/2018 [html](#) [pdf](#)

**Introduced:** 1/23/2018

**Last Amended:** 8/24/2018

**Status:** 9/11/2018-Enrolled and presented to the Governor at 4:30 p.m.

**Location:** 9/11/2018-A. ENROLLED

**Summary:**

The Joint Exercise of Powers Act generally authorizes 2 or more public agencies, by agreement, to jointly exercise any common power. Under the act, if an agency is not one or more of the parties to the agreement but is a public entity, commission, or board constituted pursuant to the agreement, the debts, liabilities, and obligations of the agency are the debts, liabilities, and obligations of the parties to the agreement, unless the agreement specifies otherwise. This bill would specify that the parties to the joint powers agreement may not specify otherwise with respect to retirement liabilities of the agency if the agency contracts with a public retirement system, and would eliminate an authorization for a party to a joint powers agreement to separately contract or assume responsibilities for specific debts, liabilities, or obligations of the agency.

**Other Positions:** SWC-Watch

**AB 2208** (**Aguiar-Curry D**) California Renewables Portfolio Standard Program: local publicly owned electric utilities: electrical corporations: geothermal, biogas, and biomass energy resources.

**Current Text:** Amended: 4/19/2018 [html](#) [pdf](#)

**Introduced:** 2/12/2018

**Last Amended:** 4/19/2018

**Status:** 5/25/2018-Failed Deadline pursuant to Rule 61(b)(8). (Last location was A. APPR. SUSPENSE FILE on 5/9/2018)

**Location:** 5/25/2018-A. DEAD

**Summary:**

The California Renewables Portfolio Standard Program requires the Public Utilities Commission to establish a renewables portfolio standard requiring all retail sellers to procure a minimum quantity of electricity products from eligible renewable energy resources so that the total number of kilowatthours of those products sold to their retail end-use customers achieves 25% of retail sales by December 31, 2016, then incrementally increases for specified compliance periods to 33% of retail sales by December 31, 2020, 40% by December 31, 2024, 45% by December 31, 2027, and 50% by December 31, 2030. This bill would require that not less than an unspecified percentage of the incremental procurement requirements for each compliance period be satisfied with geothermal, biogas, or biomass energy resources procured on or after July 1, 2017, until either an unspecified percentage of the total electricity products procured to satisfy the overall procurement requirements are from those energy resources or December 31, 2030, whichever occurs first.

**Other Positions:** CMUA-O, SWC-Watch

**AB 2516** (**Eggman D**) Dams: reservoir restrictions.

**Current Text:** Enrollment: 9/6/2018 [html](#) [pdf](#)

**Introduced:** 2/14/2018

**Last Amended:** 8/6/2018

**Status:** 9/6/2018-Enrolled and presented to the Governor at 3 p.m.

**Location:** 9/6/2018-A. ENROLLED

**Summary:**

Would require the Department of Water Resources to post, and update annually, on its Internet Web site a report containing the name of each reservoir subject to a restriction and the reservoir's associated downstream hazard potential classification, the effective date of the reservoir restriction, the reason for the restriction, and any actions, planned or completed, that the dam owner reports to address the restriction. The bill, if no reservoir restrictions are in effect, would require the department to post this fact on its Internet Web site.

**Other Positions:** ACWA-W, SCWC-Watch, SWC-Watch



**AB 2528** (**Bloom D**) Climate adaptation.

**Current Text:** Enrollment: 9/5/2018 [html](#) [pdf](#)

**Introduced:** 2/14/2018

**Last Amended:** 7/3/2018

**Status:** 9/5/2018-Enrolled and presented to the Governor at 3 p.m.

**Location:** 9/5/2018-A. ENROLLED

**Summary:**

Current law requires the Natural Resources Agency by July 1, 2017, and every 3 years thereafter, to update the state's climate adaptation strategy to identify vulnerabilities to climate change by sectors, including the biodiversity and habitat sector, and priority actions needed to reduce the risks in those sectors. As part of the update, current law requires the Natural Resources Agency to coordinate with other state agencies to identify a lead agency or group of agencies to lead adaptation efforts in each sector. This bill would add 3 new sectors to the climate adaptation strategy: the land use and community development sector, the climate justice sector, and the parks, recreation, and California culture sector.

**Other Positions:** . SWC-Watch

**AB 2543** (**Eggman D**) State agencies: infrastructure project budget and schedule: Internet Web site information.

**Current Text:** Enrollment: 8/27/2018 [html](#) [pdf](#)

**Introduced:** 2/15/2018

**Last Amended:** 3/13/2018

**Status:** 8/27/2018-Enrolled and presented to the Governor at 3 p.m.

**Location:** 8/27/2018-A. ENROLLED

**Summary:**

Would require each state agency or department authorized to undertake any infrastructure project costing \$100,000,000 or more to publicly post on its Internet Web site any change in the cost or schedule of the project that would result in the project exceeding its established budget by 10 percent or more or being delayed by 12 months or longer. The bill would require that the posted information describe how much the project is expected to exceed its established budget or delay its construction schedule.

**Other Positions:** SWC-Watch

**AB 2545 (Gallagher R) Department of Fish and Wildlife: lake or streambed alteration agreements.**

**Current Text:** Amended: 5/25/2018 [html](#) [pdf](#)

**Introduced:** 2/15/2018

**Last Amended:** 5/25/2018

**Status:** 6/29/2018-Failed Deadline pursuant to Rule 61(b)(13). (Last location was S. N.R. & W. on 6/7/2018)

**Location:** 6/29/2018-S. DEAD

**Summary:**

Current law prohibits an entity from substantially diverting or obstructing the natural flow of, or substantially changing or using any material from the bed, channel, or bank of, any river, stream, or lake, or from depositing certain material where it may pass into any river, stream, or lake, without first notifying the Department of Fish and Wildlife of that activity, and entering into a lake or streambed alteration agreement if required by the department to protect fish and wildlife resources. This bill would require the department, until January 1, 2023, to establish procedures for the issuance of a general agreement in lieu of an individual alteration agreement pursuant to these provisions. The bill would require the department to adopt general agreements, as specified, for these activities.

**Other Positions:** ACWA-W, SWC-Watch

**AB 2551 (Wood D) Forestry and fire prevention: joint prescribed burning operations: watersheds.**

**Current Text:** Enrollment: 9/10/2018 [html](#) [pdf](#)

**Introduced:** 2/15/2018

**Last Amended:** 8/24/2018

**Status:** 9/10/2018-Enrolled and presented to the Governor at 3:30 p.m.

**Location:** 9/10/2018-A. ENROLLED

**Summary:**

Current law authorizes the director of the Department of Forestry and Fire Protection to enter into an agreement with an eligible landowner pursuant to which the landowner will undertake forest resource improvement work in return for an agreement by the director to share the cost of carrying out that work. Current law authorizes the director to make various types of loans, including loans to cover all or part of the landowner's cost for the work. Current law requires these loans to be made for a term not exceeding 20 years and bearing interest at the prevailing rate. This bill would instead authorize the director to enter into those agreements with small nonindustrial landowners, as defined.

**Other Positions:** CMUA-F, SWC-Watch

**AB 2649 (Bloom D) State Water Project: water supply contracts.**

**Current Text:** Amended: 8/28/2018 [html](#) [pdf](#)

**Introduced:** 2/15/2018

**Last Amended:** 8/28/2018

**Status:** 8/31/2018-Failed Deadline pursuant to Rule 61(b)(18). (Last location was S. RLS. on 8/27/2018)

**Location:** 8/31/2018-S. DEAD

**Summary:**

This bill would require the Department of Water Resources to provide at least 10 days' notice to the Joint Legislative Budget Committee and relevant policy and fiscal committees of the Legislature before holding public sessions to negotiate any potential amendment of a long-term water supply contract that is of projectwide significance with substantially similar terms intended to be offered to all contractors, or that would permanently transfer a contractual water amount between contractors. The bill would require the department, before the execution of a specified proposed amendment to a long-term water supply contract and not later than 60 days before final approval of such a proposed amendment, to submit to the Joint Legislative Budget Committee and relevant policy and fiscal committees of the Legislature certain information regarding the terms and conditions of a proposed amendment of a long-term water supply contract and to submit a copy of the long-term contract as it is proposed to be amended.

**Other Positions:** SWC-Watch

**AB 2693 (Wood D) Public Utilities Commission: telecommunications service: natural disasters: reports.**

**Current Text:** Amended: 7/3/2018 [html](#) [pdf](#)

**Introduced:** 2/15/2018

**Last Amended:** 7/3/2018

**Status:** 8/17/2018-Failed Deadline pursuant to Rule 61(b)(15). (Last location was S. APPR. SUSPENSE FILE on 8/6/2018)

**Location:** 8/17/2018-S. DEAD

**Summary:**

Would, for the duration of a fire- or natural disaster-related state of emergency or a local emergency declared by the Governor, require the Public Utilities Commission to collect specified information from telecommunications service providers relating to the provider's efforts and resources used to restore telecommunications service outages caused by, and to repair or replace related network infrastructure or facilities that were damaged as a result of, the emergency or a natural disaster.

**Other Positions:** CMUA-W, SWC-Watch

**AB 2697 (Gallagher R) Nesting Bird Habitat Incentive Program: idled agricultural lands.**

**Current Text:** Enrollment: 9/7/2018 [html](#) [pdf](#)

**Introduced:** 2/15/2018

**Last Amended:** 8/21/2018

**Status:** 9/7/2018-Enrolled and presented to the Governor at 2:30 p.m.

**Location:** 9/7/2018-A. ENROLLED

**Summary:**

Would require the Department of Fish and Wildlife to establish the Nesting Bird Habitat Incentive Program, which may include direct payments or other incentives, to encourage landowners to voluntarily cultivate or retain upland cover crops or other upland vegetation on idled lands to provide waterfowl, upland game bird, and other wildlife habitat cover for purposes, including, but not limited to, encouraging the use of idle agricultural lands for wildlife habitat. The bill would authorize the department to develop guidelines and criteria for the program as it deems appropriate.

**Other Positions:** ACWA-W, SWC-Watch

**AB 2975 (Friedman D) Wild and scenic rivers.**

**Current Text:** Chaptered: 8/28/2018 [html](#) [pdf](#)

**Introduced:** 2/16/2018

**Last Amended:** 5/29/2018

**Status:** 8/27/2018-Approved by the Governor. Chaptered by Secretary of State - Chapter 221, Statutes of 2018.

**Location:** 8/28/2018-A. CHAPTERED

**Summary:**

Would, if (1) the federal government takes action to enact a statute that, upon enactment, would require the removal or delisting of any river or segment of a river in California that is included in the national wild and scenic rivers system and not in the state wild and scenic rivers system; or (2) the secretary determines that the federal government by enactment of a statute or by executive order has exempted a river or segment of a river in California that is not in the state wild and scenic river system from the protection of certain federal provisions governing restrictions on water resources projects, require the secretary, after holding a public hearing on the issue, based on the information obtained through the public hearing, to determine whether the provision of state protection for the river or segment of the river that has been removed, delisted, or exempted from the federal wild and scenic rivers system is in the best interest of the state and, if so, to take specified actions, until December 31, 2025, to add the river or segment of a river to the state wild and scenic rivers system and to classify that river or segment of a river, as prescribed.

**Other Positions:** ACWA-W, SWC-Watch

**AB 3045 (Gallagher R) Natural Resources Agency: State Water Project Commission.**

**Current Text:** Amended: 4/25/2018 [html](#) [pdf](#)

**Introduced:** 2/16/2018

**Last Amended:** 4/25/2018

**Status:** 5/25/2018-Failed Deadline pursuant to Rule 61(b)(8). (Last location was A. APPR. SUSPENSE FILE on 5/16/2018)

**Location:** 5/25/2018-A. DEAD

**Summary:**

Would establish within the Natural Resources Agency the State Water Project Commission, consisting of 9 members appointed by the Governor and subject to confirmation by the Senate, including one member nominated by the Butte County Board of Supervisors. By imposing a new duty on the Butte County Board of Supervisors, the bill would impose a state-mandated local program. The bill would transfer authority over and relating to the State Water Project from the department to the commission, as specified.

**Other Positions:** ACWA-O, SWC-O

**AB 3116 (Cooley D) Ballast water.**

**Current Text:** Introduced: 2/16/2018 [html](#) [pdf](#)

**Introduced:** 2/16/2018

**Status:** 4/27/2018-Failed Deadline pursuant to Rule 61(b)(5). (Last location was E.S. & T.M. on 3/12/2018)

**Location:** 4/27/2018-A. DEAD

**Summary:**

The Marine Invasive Species Act, which is administered by the State Lands Commission and generally applies to all vessels carrying or capable of carrying ballast water into the coastal waters of the state after operating outside of the coastal waters of the state and to all ballast water and associated sediments taken on a vessel, imposes specified requirements on the master, owner, operator, or person in charge of one of those vessels to minimize the uptake and release of nonindigenous species, including minimizing the uptake of ballast water in specified areas and under certain circumstances. This bill would also require those persons to minimize the uptake of ballast water in areas designated by the State Lands Commission.

**Other Positions:** SWC-Watch

**SB 64 (Wieckowski D) Fossil-fuel generation units.**

**Current Text:** Amended: 8/24/2018 [html](#) [pdf](#)

**Introduced:** 12/22/2016

**Last Amended:** 8/24/2018

**Status:** 8/31/2018-Failed Deadline pursuant to Rule 61(b)(18). (Last location was A. RECONSIDERATION on 8/21/2018)

**Location:** 8/31/2018-A. DEAD

**Summary:**

Would require the State Air Resources Board to work with the United States Environmental Protection Agency (USEPA) to obtain continuous emissions monitoring data for certain fossil-fueled electrical generating units in the state collected by the USEPA. If the state board is unable to obtain those data from the USEPA, the bill would require the state board to require each facility, on a quarterly basis, to provide those data to the state board. The bill would require the state board to post data for 2018 on its Internet Web site.

**Other Positions:** CMUA-O

**SB 100 (De León D) California Renewables Portfolio Standard Program: emissions of greenhouse gases.**

**Current Text:** Chaptered: 9/10/2018 [html](#) [pdf](#)

**Introduced:** 1/11/2017

**Last Amended:** 8/20/2018

**Status:** 9/10/2018-Approved by the Governor. Chaptered by Secretary of State. Chapter 312, Statutes of 2018.

**Location:** 9/10/2018-S. CHAPTERED

**Summary:**

The Legislature has found and declared that its intent in implementing the California Renewables Portfolio Standard Program is to attain, among other targets for sale of eligible renewable resources, the target of 50% of total retail sales of electricity by December 31, 2030. This bill would revise the above-described legislative findings and declarations to state that the goal of the program is to achieve that 50% renewable resources target by December 31, 2026, and to achieve a 60% target by December 31, 2030.

**Other Positions:** ACWA-O/A, CMUA-SifA, SWC-W

**SB 473 (Hertzberg D) California Endangered Species Act.**

**Current Text:** Chaptered: 9/10/2018 [html](#) [pdf](#)

**Introduced:** 2/16/2017

**Last Amended:** 8/16/2018

**Status:** 9/10/2018-Approved by the Governor. Chaptered by Secretary of State. Chapter 329, Statutes of 2018.

**Location:** 9/10/2018-S. CHAPTERED

**Summary:**

The California Endangered Species Act prohibits the taking of an endangered or threatened species, except in certain situations. Under the act, the Department of Fish and Wildlife may authorize the take of listed species pursuant to an incidental take permit if the take is incidental to an otherwise lawful activity, the impacts are minimized and fully mitigated, and the issuance of the permit would not jeopardize the continued existence of the species. The act requires the department to adopt regulations for issuance of incidental take permits. This bill would also apply the take prohibition to public agencies.

**Other Positions:** ACWA-NF/A, SWC-Watch

**SB 579 (Galgiani D) Water quality control plans: alternative measures.**

**Current Text:** Amended: 8/24/2018 [html](#) [pdf](#)

**Introduced:** 2/17/2017

**Last Amended:** 8/24/2018

**Status:** 8/31/2018-Failed Deadline pursuant to Rule 61(b)(18). (Last location was A. RLS. on 8/24/2018)

**Location:** 8/31/2018-A. DEAD

**Summary:**

Current law authorizes the State Water Resources Control Board to adopt certain water quality control plans. This bill, if a water quality control plan or any amendment to a water quality control plan is adopted that has an impact on stream flow, would require the state board or a regional board to analyze the contribution that nonflow measures and adaptive management can provide to the achievement of relevant water quality objectives and ensure those contributions are accounted for in the water quality control plan or amendment to the water quality control plan.

**Other Positions:** CMUA-W, SWC-Watch

**SB 919 (Dodd D) Water resources: stream gages.**

**Current Text:** Amended: 6/27/2018 [html](#) [pdf](#)

**Introduced:** 1/22/2018

**Last Amended:** 6/27/2018

**Status:** 8/17/2018-Failed Deadline pursuant to Rule 61(b)(15). (Last location was A. APPR. SUSPENSE FILE on 8/8/2018)

**Location:** 8/17/2018-A. DEAD

**Summary:**

Would require the Department of Water Resources and the State Water Resources Control Board, upon appropriation by the Legislature, to develop a plan to deploy a network of stream gages that includes a determination of funding needs and opportunities for modernizing and reactivating existing gages and deploying new gages, as specified. The bill would require the department and the board, in consultation with the Department of Fish and Wildlife, the Department of Conservation, the Central Valley Flood Protection Board, interested stakeholders, and, to the extent they wish to consult, local agencies, to develop the plan to address significant gaps in information necessary for water management and the conservation of freshwater species.

**Other Positions:** ACWA-S, SWC-Watch

**SB 955 (Nielsen R) Oroville Dam: Citizens Advisory Commission.**

**Current Text:** Enrolled: 9/7/2018 [html](#) [pdf](#)

**Introduced:** 1/30/2018

**Last Amended:** 8/20/2018

**Status:** 8/31/2018-In Senate. Concurrence in Assembly amendments pending. Ordered to special consent calendar. Assembly amendments concurred in. (Ayes 38. Noes 0.) Ordered to engrossing and enrolling.

**Location:** 8/31/2018-S. ENROLLMENT

**Summary:**

Would create the Citizens Advisory Commission for Oroville Dam within the Natural Resources Agency. The bill would require the commission to consist of specified members of state agencies or their designees, including the Secretary of the Natural Resources Agency or his or her designee serving as chairperson. The bill would require the chairperson to invite persons appointed by specified local agencies to serve as members of the commission, as prescribed.

**Other Positions:** ACWA-W, SWC-Watch

**SB 1073 (Dodd D) Flood control: Napa River.**

**Current Text:** Enrollment: 8/24/2018 [html](#) [pdf](#)

**Introduced:** 2/12/2018

**Last Amended:** 6/19/2018

**Status:** 8/24/2018-Enrolled and presented to the Governor at 4 p.m.

**Location:** 8/24/2018-S. ENROLLED

**Summary:**

Current law authorizes a plan of improvement for flood control and other purposes on the Napa River in Napa County, known as the Napa River Flood Control Project, in accordance with specified recommendations adopted by a specified federal act, at an estimated cost to the state of the sum that may be appropriated for state cooperation by the Legislature upon the recommendation and advice of the Department of Water Resources. This bill would require the state share of the nonfederal costs of that project to be only for those project costs incurred on or after the date on which the project was authorized by Congress.

**Other Positions:** SWC-Watch

**SB 1301 (Beall D) State permitting: environment: processing procedures: dam safety or flood risk reduction project.**

**Current Text:** Enrollment: 9/10/2018 [html](#) [pdf](#)

**Introduced:** 2/16/2018

**Last Amended:** 8/6/2018

**Status:** 9/10/2018-Enrolled and presented to the Governor at 4 p.m.

**Location:** 9/10/2018-S. ENROLLED

**Summary:**

Would require the Office of Planning and Research to develop a joint multiagency preapplication for supplemental consultation and a model fee-for-service agreement, in consultation with a state agency with the power to issue a permit that would authorize a dam safety project or authorize a flood risk reduction project and any interested potential project applicants. The bill would authorize a project applicant to complete a joint multiagency preapplication and submit the preapplication to each state agency named in the preapplication at any time.

**Other Positions:** ACWA-W, SWC-Watch