

An aerial photograph of a winding river flowing through lush green agricultural fields. The river meanders from the top left towards the bottom right, creating several large, rounded loops. The fields are a vibrant green, and the river itself is a dark, narrow strip. The overall scene is peaceful and rural.

Central Coast Water Authority
A California Joint Powers Authority

Fiscal Year 2008 / 2009 Budget

Central Coast Water Authority

Mission:

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

Objectives:

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





GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Central Coast Water Authority
California**

For the Fiscal Year Beginning

July 1, 2007

Charles S. Cox

President

Jeffrey R. Emen

Executive Director

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Central Coast Water Authority
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Fiscal Year 2008/09 Budget

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CCWA Receives the Project of the Decade Award from the American Public Works Association

Budget Foreword

The Budget Foreword section of the FY 2008/09 Budget contains the Budget Transmittal Letter, narrative discussion on the financial policies, goals and objectives of the Authority, an overview of the Authority's organizational structure, and the budget process.

Highlights

General Information

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

Operational Information

• Polonio Pass Water Treatment Plant design capacity	43 million gallons per day
• Authority Pipeline (in miles)	42
• Coastal Branch Phase II Pipeline (in miles)	101
• Total Pipeline operated by the Authority (in miles)	130
• Number of water storage tanks	5
• Number of turnouts	10
• Number of full-time equivalent Positions	28.25

Central Coast Water Authority
Reader's Guide
Fiscal Year 2008/09 Budget

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

The Authority's budget is divided into the following seven (7) major sections with sub-sections included in each major section:

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

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



April 24, 2008

Board of Directors
Central Coast Water Authority

Dear Members of the Board:

Leo Trujillo
Chairman

Fred Lemere
Vice Chairman

William Brennan
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

Submitted herewith is the Fiscal Year (FY) 2008/09 Budget for the Central Coast Water Authority. This letter of transmittal presents the budget highlights and addresses the main points and major decisions made in compiling this document. As CCWA's policy makers, you play a critical role in making decisions regarding the direction the organization will take in FY 2008/09.

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

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

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

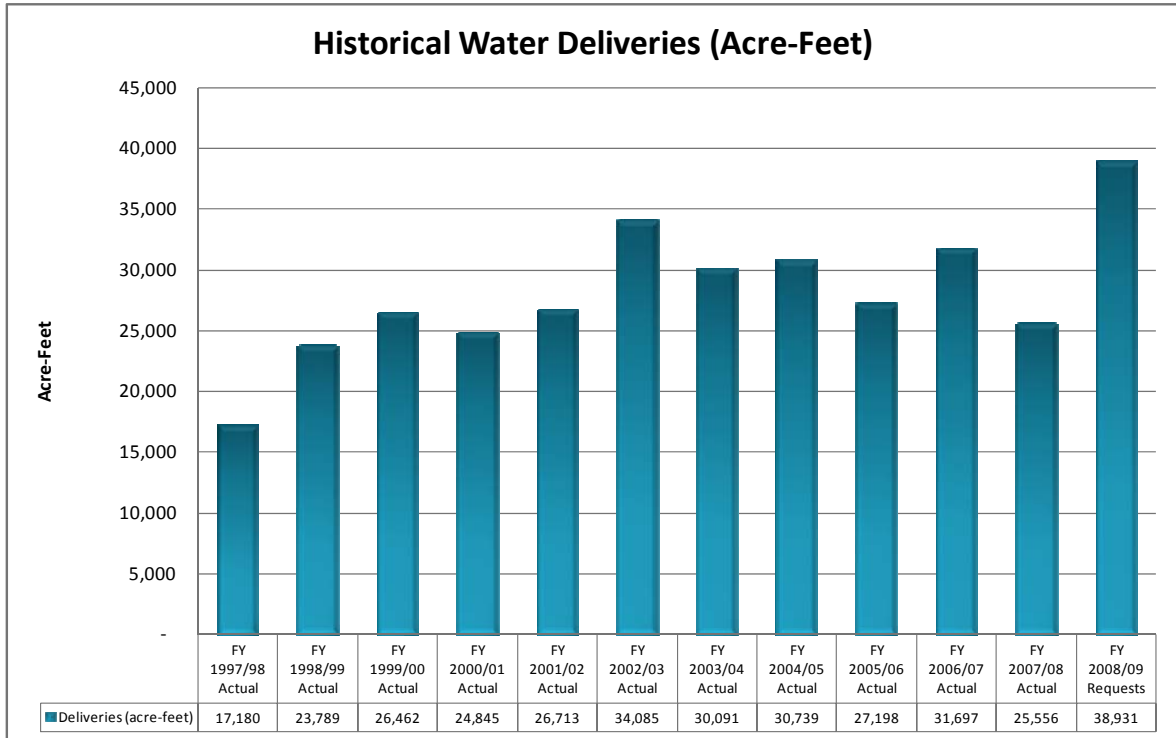
For eleven consecutive years, CCWA has received the Government Finance Officers Association (GFOA) "Distinguished Budget Presentation" award." We will also submit the FY 2008/09 Budget for consideration of the GFOA budget award.

AN OVERVIEW OF LAST FISCAL YEAR

The following are some of the major highlights from FY 2007/08:

Water Deliveries

Total deliveries during FY 2007/08 by CCWA to the Santa Barbara and San Luis Obispo County project participants were 25,556 acre-feet compared to the actual FY 2006/07 deliveries of 31,697 acre-feet (a decrease of 6,141 acre-feet). The graph on the following page shows water deliveries since CCWA commenced operations in August 1997.

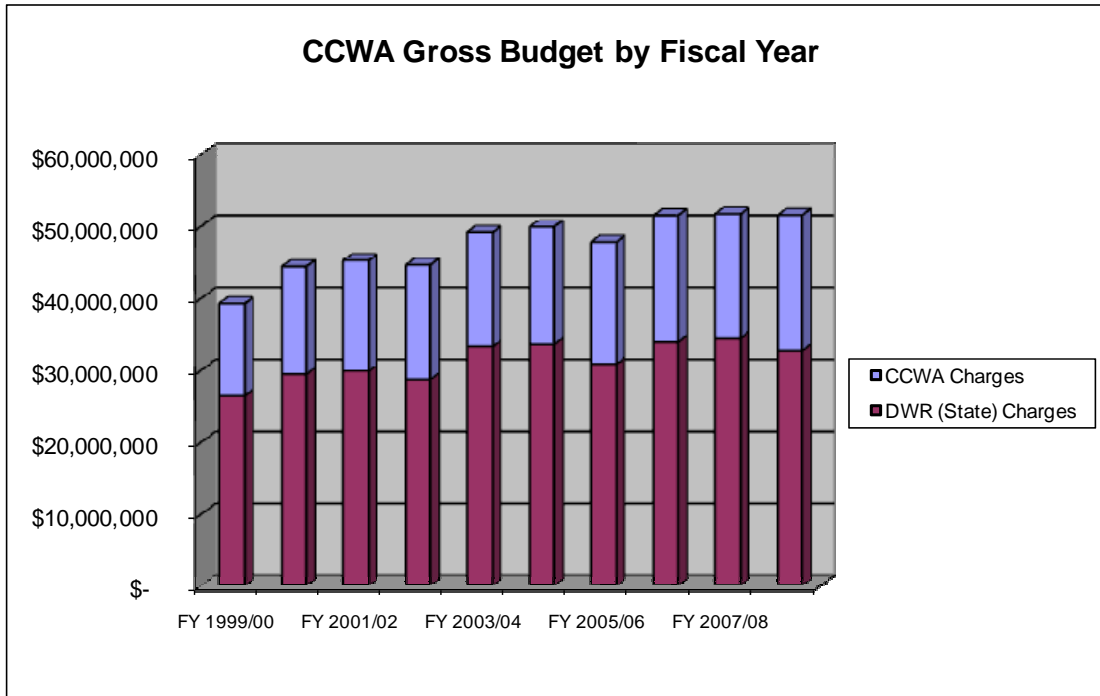


CCWA Credits

Actual CCWA operating expenses for FY 2007/08 were approximately \$1.5 million less than the budgeted amounts. These unexpended operating assessments will be returned to the CCWA project participants as a credit in FY 2008/09. Additionally, CCWA earned approximately \$1.8 million in interest income which serves to offset the payments from the project participants. Total credits for FY 2007/08 were approximately \$3.3 million.

CCWA Budget History

The following graph shows the CCWA gross budget (total budget excluding CCWA credits and prepayments) broken down between CCWA costs and DWR costs from FY 1999/00 to FY 2008/09.



San Luis Obispo County Dry Year Water Transfer

During FY 2007/08, CCWA entered into an agreement with San Luis Obispo County to purchase a portion of the County’s unused Table A amount for calendar years 2008 and 2009 to help meet the water demands of the CCWA project participants for the two year period. Pursuant to the requirements of DWR, the term of the agreement is for two years and will expire at the end of the second year. For calendar year 2008, this will make available approximately 5,033 AF of additional State water into Santa Barbara County, thereby helping offset the low delivery allocation percentage from DWR in 2008 and anticipated low deliveries for 2009.

Water Banking Project with Irvine Ranch Water District

CCWA entered into an agreement with the Irvine Ranch Water District (IRWD) on behalf of the Carpinteria Valley Water District to bank a portion of Carpinteria’s 2008 State water Table A amount in the IRWD water bank. Pursuant to the terms of the agreement, Carpinteria will not pay any costs associated with putting the water into the bank and may withdraw one-half of the banked water within the next five years and pay all the variable costs at the time the water is withdrawn from the water bank.

Water Transfers between CCWA Project Participants

In FY 2007/08, 2,937 acre-feet of water was transferred between various CCWA project participants on a willing seller, willing buyer basis. These transfers helped reduce the impacts of the calendar year 2008 low DWR delivery allocation percentage of 35% and allowed those agencies with excess Table A water in calendar year 2008 to sell their excess water at a higher rate than available through the DWR Turnback pool.

Awards and Competitions

Over the past year, CCWA received the GFOA “Distinguished Budget Presentation” award for the FY 2007/08 Budget and the GFOA “Excellence in Financial Reporting” award for the FY 2006/07 Comprehensive Annual Financial Report.

In May 2008, the American Public Works Association honored CCWA with the “Project of the Decade”, citing CCWA’s design, construction and operation of the 144-mile Coastal Branch Extension of the State Water Project and its associated treatment and pumping plants.

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

AN OVERVIEW OF THIS FISCAL YEAR

Water Delivery Projections

For calendar years 2008 and 2009, Santa Barbara and San Luis Obispo County project participants have requested State water deliveries of 34,483 and 42,025 acre-feet, respectively.

California Drought

In June 2008, Governor Arnold Schwarzenegger declared a California statewide drought in response to two straight years of historically low rainfall and very low snowfall runoff. As a result of the low precipitation in California and various judicially mandated pumping restrictions, DWR’s delivery allocation percentage for 2008 is 35% and, barring a significant increase in rainfall through the end of the year, the initial calendar year 2009 delivery allocation percentage could be well below the 2008 level. As such, CCWA continues to explore options for meeting the demand of its project participants through various programs including the San Luis Obispo County dry year water purchase program, reacquisition of the 12,214 AF of suspended Table A amount and transfers between project participants.

Department of Water Resources Activities and Related Costs

During FY 2008/09, CCWA staff will continue to work through the State Water Contractor (SWC) board and committees that interact with the Department of Water Resources (DWR) which impact CCWA and the California water agencies as a whole. There are many significant issues on which DWR and the SWC are working which have water supply, operational, and fiscal impacts on CCWA. Some of these activities could potentially have a significant fiscal impact to CCWA in the current and future years. Therefore, staff will place a high priority on working through the various available venues to minimize the fiscal impacts to CCWA and ensure that we continue to meet our goal of providing reliable, high quality supplemental water.

One of the main issues confronting the State Water Contractors will be navigating the various obstacles resulting from a series of lawsuits initiated against DWR during 2007. These lawsuits basically challenged DWR's compliance with both federal and state endangered species acts (ESA) for the delta smelt and other species in the Sacramento-San Joaquin delta. DWR was forced to reduce water deliveries in 2008 to comply with ESA and court mandated requirements. This coupled with a decrease in precipitation is having a major impact on the entire State of California.

DWR Costs and Financial Issues

DWR has begun the initial planning and design work to explore alternative conveyance facility alternatives around the Sacramento-San Joaquin Delta. DWR anticipates these studies and design work will take three or more years to complete at an approximate cost of \$128 million. However, in order to pay for these costs, the State Water Project Contractors and the Federal Contractors will have to advance funds to DWR on a voluntary basis. The State Water Contractors in conjunction with the Federal Contractors are working with DWR to develop a funding and financing plan for these costs.

DWR has also issued preliminary estimates of the 2009 State Water Project costs which are significantly higher than previous estimates. The Contractors will work diligently through the remainder of calendar year 2008 to explore the reasons for these cost increases, and where possible, seek a reduction for those costs not deemed necessary.

FY 2008/09 BUDGET SUMMARY

The FY 2008/09 budget calls for total project participant payments of \$49.8 million compared to the FY 2007/08 budget of \$49.2 million, a \$0.6 million increase. These amounts include \$1.7 million in CCWA credits for FY 2008/09 and \$2.6 million for FY 2007/08.

The following table compares the FY 2008/09 Budget and the FY 2007/08 Budget:

Budget Item	Final FY 2007/08 Budget	Final FY 2008/09 Budget	Increase (Decrease)
CCWA Expenses			
CCWA Operating Expenses	\$ 6,475,351	\$ 7,145,759	\$ 670,408
Revenue Bond Debt Service Payments	10,815,291	11,340,542	525,251
Capital Improvement Projects	211,480	380,155	168,675
Non-Annual Recurring Expenses	(133,741)	-	133,741
Total CCWA Expenses:	17,368,381	18,866,456	1,498,075
Pass-Through Expenses			
DWR Fixed Costs	29,114,550	27,870,361	(1,244,189)
DWR Variable Costs	4,866,904	4,318,646	(548,258)
Warren Act and Trust Fund Payments	401,701	523,341	121,640
Total Pass-Through Expenses:	34,383,155	32,712,349	(1,670,806)
Subtotal Gross Budget:	51,751,536	51,578,804	(172,732)
CCWA Credits	(2,559,310)	(1,777,610)	781,700
TOTAL:	\$ 49,192,226	\$ 49,801,195	\$ 608,968

CCWA Operating Expense Budget

The FY 2008/09 CCWA operating expense budget totals \$7,145,759, which is \$670,407 higher than the FY 2007/08 operating expense budget, a 10.35% increase.

The following table shows the allocation between the fixed and variable CCWA O&M expenses for FY 2008/09 and FY 2007/08.

	Final FY 2007/08 Budget	Final FY 2008/09 Budget	Increase	Percentage Change
Fixed O&M	\$ 5,054,445	\$ 5,423,206	\$ 368,761	7.30%
Variable O&M	1,420,906	1,722,553	301,647	21.23%
Total:	\$ 6,475,351	\$ 7,145,759	\$ 670,407	10.35%

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

Personnel Expenses

Personnel expenses are increasing about \$257,000 (excluding capitalized salaries and benefits), which includes the following changes from the prior year:

- The FY 2008/09 Budget includes a \$147,797 salary pool for employee salary treatment approved by the CCWA Board of Directors on March 27, 2008.
- PERS Retirement expenses are increasing by about \$39,000 for an increase in employee salaries, the PERS contribution rate and the prior year change in the PERS contract to the one-year final compensation formula.
- Health insurance expenses are increasing by about \$24,000 due to an estimated 10% increase in premium amounts for 2009.

Supplies and Equipment

Supplies and equipment expenses are increasing by about \$195,000 due primarily to an increase in chemical costs for an increase in requested water deliveries. For FY 2008/09, chemical costs are based on \$29.70 per acre-foot.

Professional Services

Professional services expenses are increasing by about \$38,000 for a \$20,000 increase in legal expenses coupled with an \$18,000 increase in miscellaneous professional services expenses.

General and Administrative

General and administrative expenses are increasing by approximately \$34,000 mainly due to an increase in the State Water Contractors dues for FY 2008/09 for a significant increase activities undertaken by the Contractors organization as a result of the recent litigation and significant delta activities.

Utilities

Utility expenses are increasing by about \$113,000 mainly due to an increase in requested water deliveries for the South Coast project participants for FY 2008/09. Electrical expenses for the Santa Ynez Pumping Facility are budgeted at \$55 per acre-foot.

Other Expenses

Other expenses are increasing by about \$21,000 due to an increase in computer related expenses and the appropriated contingency, partially off-set by a decrease in the non-capitalized projects budget.

CCWA Capital Improvement Projects

The FY 2008/09 Budget includes \$380,155 for capital improvements entirely funded from project participant assessments.

Please refer to the “Capital Improvements” section of the FY 2008/09 Budget for additional information.

Regional Water Treatment Plant Allocation and Exchange Agreement Modifications

The FY 2008/09 fixed, capital and variable regional water treatment plant allocation (and associated credit) is \$1,781,824. The FY 2008/09 fixed, capital and variable exchange agreement modifications total \$405,663.

CCWA 2006A Revenue Bond Debt Service

CCWA 2006A revenue bond debt service for FY 2008/09 totals \$11.3 million, which is \$0.5 million more than the prior year amount. This increase is due to the credits provided in the prior year associated with refunding the outstanding 1996 revenue bonds at a lower interest rate.

Warren Act and Trust Fund Payments

The FY 2008/09 Budget includes \$523,341 for Warren Act and Trust Fund MOU payments based on \$58 per acre-foot.

CCWA Credits

The FY 2008/09 budget includes the following credits:

CCWA O&M Credits	\$	1,431,288
O&M Reserve Fund Interest Income		92,458
Rate Coverage Reserve Fund Interest		207,432
Prepayments and Other Credits		46,432
	\$	<u>1,777,610</u>

DWR Fixed Charges

The FY 2008/09 DWR fixed charges total \$28,152,407, which is \$1,651,823 less than the FY 2007/08 Budget.

- Transportation capital charges are decreasing by \$320,221 due to the following:

Rate Management Credits The FY 2007/08 DWR budget was based on rate management credit funding levels of 25% of full funding for calendar year 2008. However, the actual rate management credits provided by DWR for calendar year 2008 were approximately 64% of full

funding. Therefore, the actual charges for FY 2007/08 were lower than projected in the budget, which generated additional credits against the FY 2008/09 budget.

New this Fiscal Year: Beginning with this fiscal year budget, rate management credits will only be based on actual rate management credits provided by DWR. Previously, estimated rate management credits for the next calendar year were included in the budget, thereby decreasing the payments from the project participants. However, given the volatility of the revenues available to DWR to pay rate management credits, many times the actual credits have been significantly different from the estimates used in the budget. Therefore, the CCWA board of directors adopted a policy so that only actual rate management credits paid by DWR will be included in the fiscal year budget.

- Coastal Branch Phase II charges are decreasing by \$803,918 due to fluctuating debt payment amounts for the various series of bond issues which financed the Coast Branch Phase II project costs issued by DWR.
- Transportation Minimum OMP&R charges are decreasing by \$604,754 from the prior year budget due to a lower than projected actual costs for calendar year 2008 which created additional credits available to offset the current year amounts. Additionally, the estimated operating costs are less than projected in the prior year budget.
- Delta water charges are increasing by \$100,450 for an anticipated increase in the Delta Water Charge associated with activities by DWR in the Sacramento-San Joaquin delta. It is anticipated that significant fish-related and conservation activities will occur in FY 2008/09, and so this budget includes a \$5/AF increase over the stated DWR Delta Water Charge amount.

The DWR variable charges for FY 2008/09 total \$4,318,646, which is \$548,258 lower than the budgeted FY 2007/08 variable payments.

- Off-aqueduct charges total \$1,586,010, which is \$348,399 higher than the prior year amount. This increase is attributed to increased capital and operating costs for DWR's off-aqueduct power generation facilities; specifically the Reid-Gardner power plant in Southern Nevada.
- Variable OMP&R charges total \$2,732,636 which is \$896,657 less than the prior year amount. The decrease is due to lower power costs in calendar year 2008 than anticipated in the FY 2007/08 budget which created additional credits available to offset the current year amount. These savings are partially offset by an increase in the budgeted electrical costs per acre-foot from \$115/AF to \$125/AF, coupled with an increase in the requested water deliveries for FY 2008/09.

CONCLUSION

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

Sincerely,

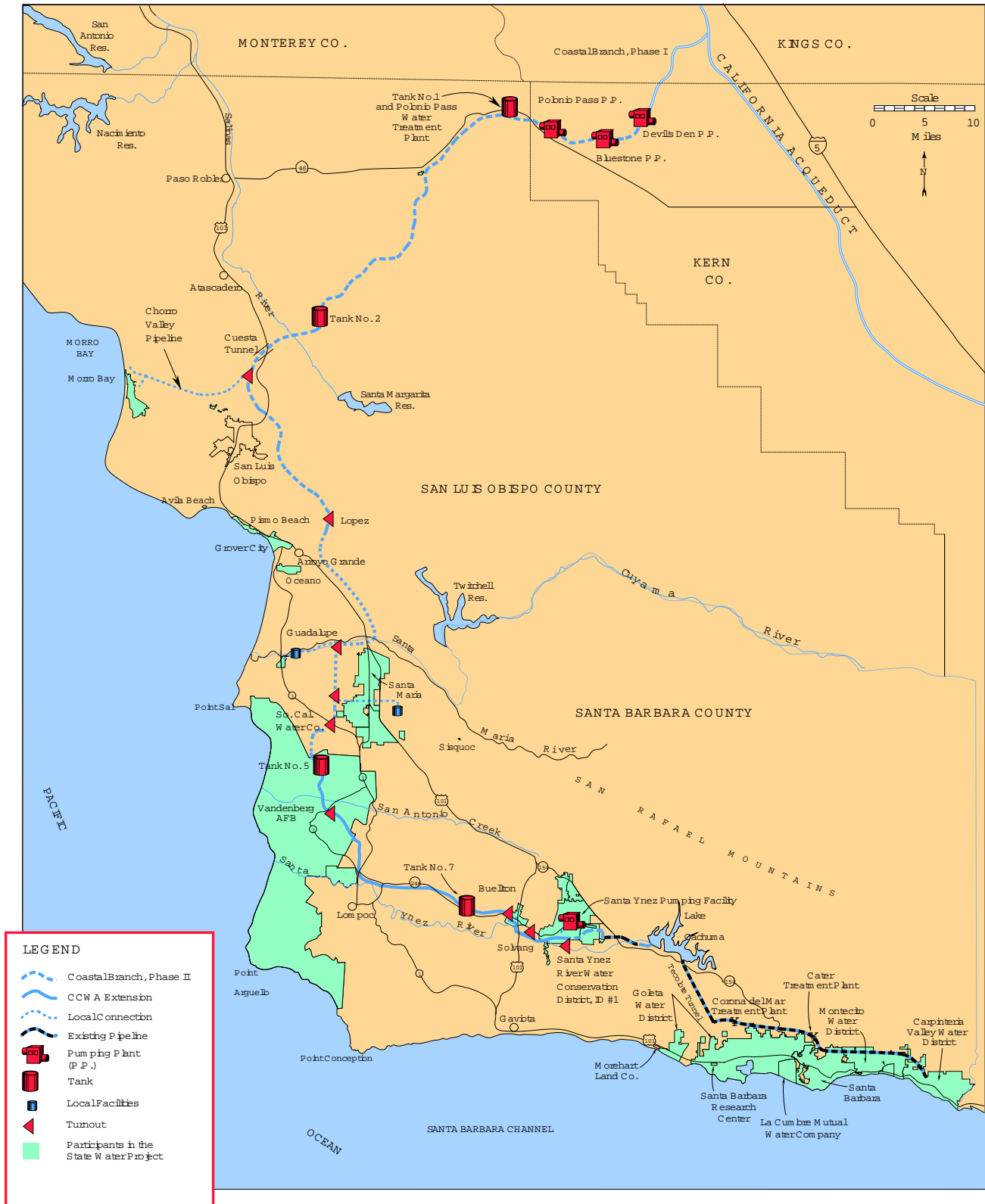


William Brennan
Executive Director



Ray A. Stokes
Deputy Director

Project Map



PROJECT MAP OF COASTAL BRANCH PHASE II

Central Coast Water Authority
Organization Overview, Structure and Staffing
Fiscal Year 2008/09 Budget

The Authority is a public entity duly organized and existing under a Joint Exercise of Powers Agreement – Central Coast Water Authority, dated as of August 1, 1991, by and among nine public agencies in Santa Barbara County, two of which have subsequently merged. The members entered into the Agreement to exercise their common power to acquire, construct, operate and maintain works and facilities for the development and use of water resources and water rights including without limitation, works and facilities to divert, store, pump, treat and deliver water for beneficial uses. In particular, the members expressed their desire to create the Authority to finance, develop, operate and maintain the Authority’s facilities for their mutual benefit and to act on behalf of the members with respect to the Department of Water Resources (DWR) facilities. The Authority currently has a staff of 26 full-time and 3 part-time employees.

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

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

Central Coast Water Authority
Organization Overview, Structure and Staffing
Fiscal Year 2008/09 Budget

Board of Directors Voting Percentages

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

CCWA Committees

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

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

Santa Barbara County Project Participants

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

Central Coast Water Authority
Organization Overview, Structure and Staffing
 Fiscal Year 2008/09 Budget

Santa Barbara County Project Participant Table A Amounts

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

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

San Luis Obispo County Water Purchasers

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

San Luis Obispo County Project Participant Table A Amounts

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

Central Coast Water Authority
Organization Overview, Structure and Staffing
Fiscal Year 2008/09 Budget

Water Supply Agreements

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

Local Water Treatment Agreements

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

State Water Project

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

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

The Coastal Branch Phase II pipeline, which was constructed by DWR between 1995 and 1997 to supply State water to San Luis Obispo and Santa Barbara Counties, runs from the Coastal Branch Phase I terminus over the coastal

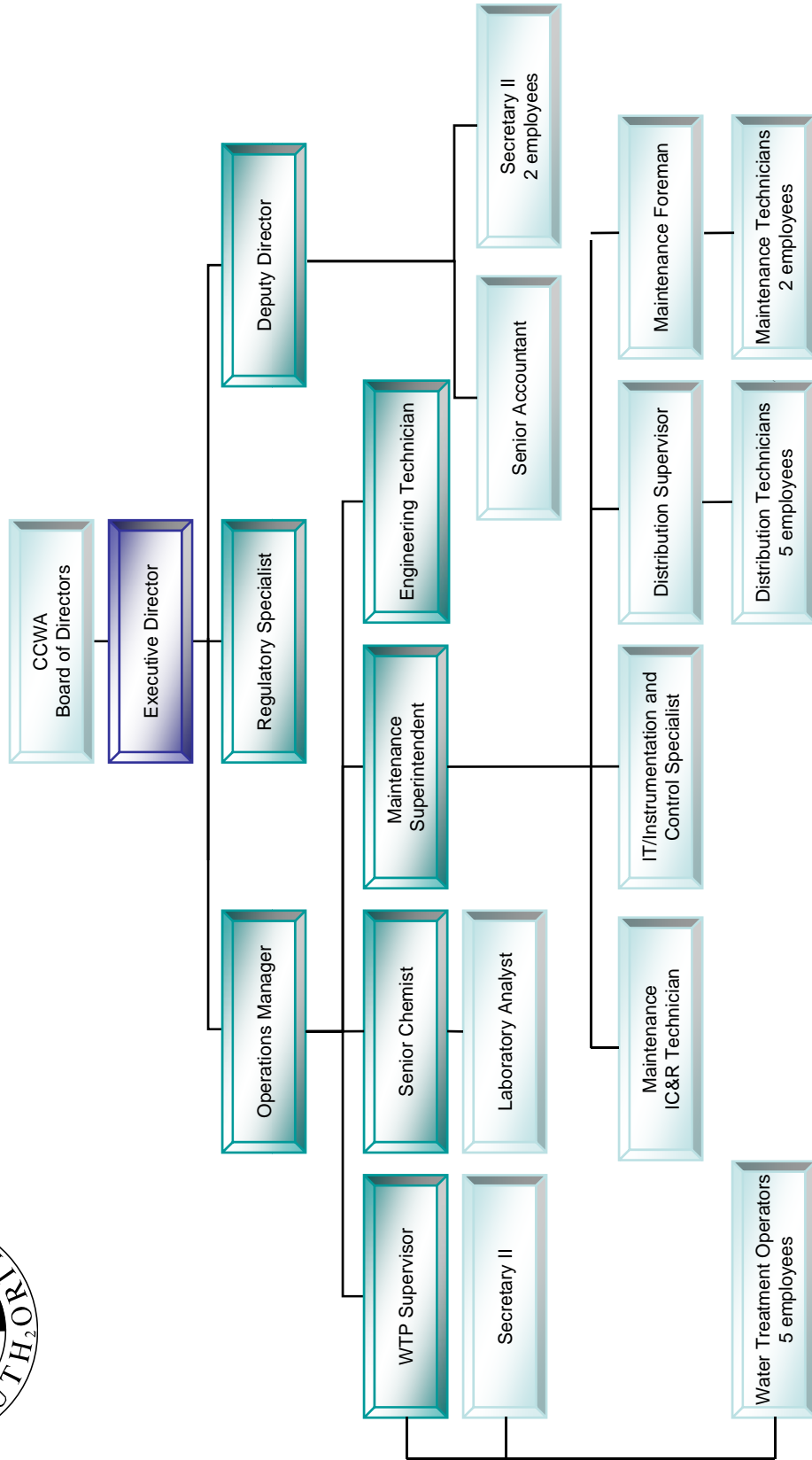
Central Coast Water Authority
Organization Overview, Structure and Staffing
Fiscal Year 2008/09 Budget

mountains to and through the County of San Luis Obispo to a terminus in northern Santa Barbara County. Its largest diameter is 57 inches between the Devils Den Pumping Plant and Tank 1 and its smallest diameter is 42 inches along the southerly-most 48 miles.

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

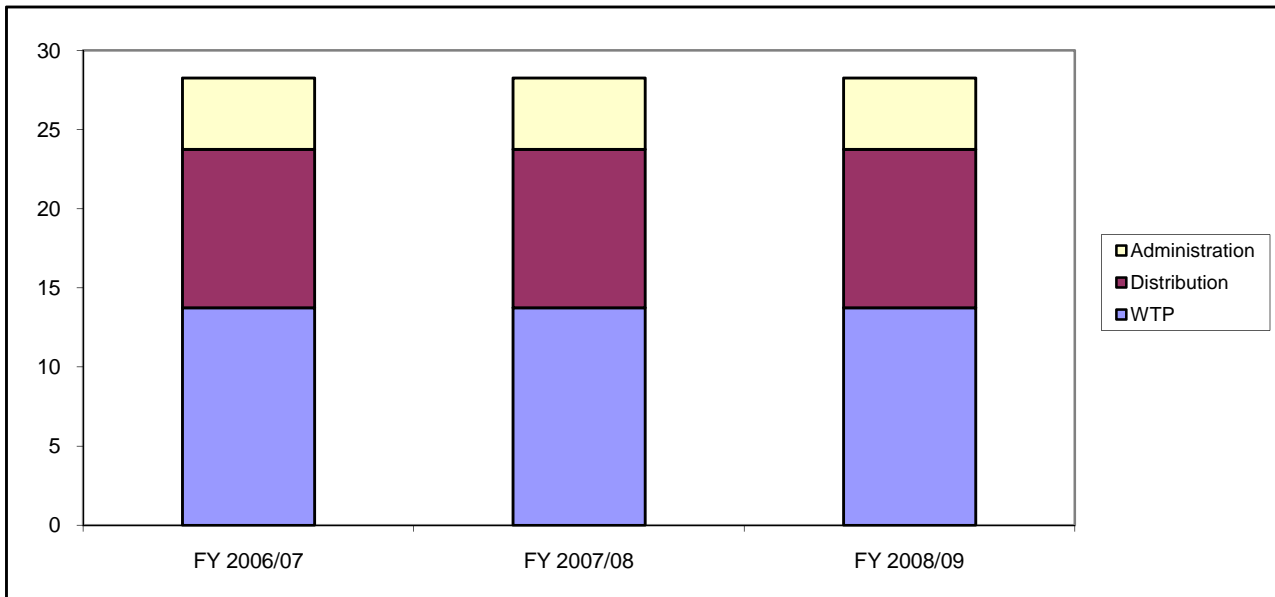
The water treatment plant receives raw water from the Coastal Branch Phase II and, after treatment, returns the water to the Coastal Branch Phase II. The plant is sized at 43 million gallons per day to accommodate the maximum annual entitlement of both counties. The plant uses conventional modern treatment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

Central Coast Water Authority Organization Chart FY 2008/09



Central Coast Water Authority
Personnel Count Summary
All Departments
 Fiscal Year 2008/09 Budget

PERSONNEL COUNT SUMMARY					
Position Title	Number	Number	Number	Change	Change
	Authorized FY 2006/07	Authorized FY 2007/08	Requested FY 2008/09	Over FY 2006/07	Over FY 2007/08
Executive Director	1.00	1.00	1.00	-	-
Deputy Director	1.00	1.00	1.00	-	-
Operations Manager	1.00	1.00	1.00	-	-
Regulatory Specialist	1.00	1.00	1.00	-	-
Senior Accountant	1.00	1.00	1.00	-	-
Secretary II	2.50	2.50	2.50	-	-
WTP Supervisor	1.00	1.00	1.00	-	-
Distribution Supervisor	1.00	1.00	1.00	-	-
Maintenance Superintendent	1.00	1.00	1.00	-	-
Maintenance Foreman	1.00	1.00	1.00	-	-
Senior Chemist	1.00	1.00	1.00	-	-
Laboratory Analyst	0.75	0.75	0.75	-	-
IT/Instrumentation & Control Specialist	1.00	1.00	1.00	-	-
Engineering Technician	1.00	1.00	1.00	-	-
Maintenance Technician	2.00	2.00	2.00	-	-
Maintenance/IC&R Technician	1.00	1.00	1.00	-	-
WTP Operator	5.00	5.00	5.00	-	-
Distribution Technician	5.00	5.00	5.00	-	-
TOTAL:	28.25	28.25	28.25	-	-



Central Coast Water Authority
Budget Process
Fiscal Year 2008/09 Budget

Fiscal Year Budget

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

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

Four Year Financial Plan

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

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

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

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

Committee Review of the Budget

The initial review of the budget is presented to the Finance and Operating Committees each March. Each of these Committees provides input to staff

Central Coast Water Authority
Budget Process
Fiscal Year 2008/09 Budget

regarding the requested budget. As required by California's Brown Act and Public Records Act, both meetings are posted at least 72 hours, and typically one week, in advance of the meetings inviting the public to attend and provide input regarding the proposed budget.

Board Adoption of the Fiscal Year Budget

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

Budget Amendment Process

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

CCWA Financial Schedule FY 2008/09

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

CCWA FINANCIAL SCHEDULE

FISCAL YEAR 2008/2009

	FY 2007/08												FY 2008/09											
	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A
1.0	BUDGET																							
1.1	Receive DWR Statement of Charges (for following calendar year)																							
1.2	Project Participants Provide Delivery Requests for Budget Purposes																							
1.4	Submit Delivery Forecast and Warren Act Payment to USBR																							
1.5	Prepare Draft Budget*																							
1.6	Submit Preliminary Budget to Operating Committee																							
1.7	Submit Preliminary Budget to Finance Committee																							
1.8	Submit Preliminary Budget to Board of Directors																							
1.9	Board Approval of Final Budget																							
2.0	REVENUE																							
2.1	Project Participant Assessment Billings (CCWA Fixed Expenses)																							
2.2	SLO WTP and Coastal Branch Phase II Billing (CCWA Fixed Expenses)																							
2.3	Project Participant DWR Billings (Fixed Expenses)																							
2.4	Project Participant Bond Payment Billings																							
2.5	CCWA and DWR Variable Cost Billings																							
3.0	EXPENSES																							
3.1	CCWA Expenses																							
3.1.1	Administration / O&M Payments																							
3.1.2	Warren Act Payment																							
3.1.3	MOU Trust Fund Payments																							
3.2	CCWA Project Funds																							
3.2.1	Semi-Annual Bond Payment																							
3.3	DWR Payments																							
3.3.1	Semi Annual DWR Capital Cost Payment																							
3.3.2	Semi Annual DWR Coastal Branch Extension Payment																							
3.3.3	Monthly DWR Minimum and Variable OMP&R Cost Payment																							
4.0	WATER TRANSFERS AND SALES																							
4.1	CCWA Turnback Pool Sales																							
4.2	DWR Turnback Pool Sales																							

*Contains the FY 2008/2009 Budget and the Four-Year Financial Plan for FY 2008/09 through FY 2011/12

DWR Statement Received
 CCWA Board / Committee Milestone

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

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

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

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January 3, 2008

Central Coast Water Authority
Financial Reporting Basis
Fiscal Year 2008/09 Budget

Budget Reporting

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

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

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

Administration

Water Treatment Plant

Distribution

CCWA Reaches

Mission Hills II
Santa Ynez I
Santa Ynez II

DWR Reaches

Reach 33B
Reach 34
Reach 35
Reach 37
Reach 38

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

Financial Statement Reporting

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

Central Coast Water Authority
Budget Policy and Strategy
Fiscal Year 2008/09 Budget

The Fiscal Year 2008/09 Budget document has been prepared after analyzing, evaluating, and justifying both the financial and non-financial objectives and goals of the Authority for the current year and beyond. The Authority's budget is a comprehensive document which enables the Board of Directors and Authority staff to evaluate the Authority's past and future.

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

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

BUDGET POLICIES

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

Central Coast Water Authority
Budget Policy and Strategy
Fiscal Year 2008/09 Budget

- Laws and policies limiting revenue sources and expenditures must be explicitly addressed in the budget process.
- No Unfunded Mandates The Board of Directors will not establish a goal or policy without also providing the necessary funding to accomplish those goals or policies.
- Budget Change Policy The adopted budget may only be changed by Board action. Budget change requests may be made by staff to the Board of Directors at a regularly scheduled Board meeting. The Board will then consider the requests based on staff's recommendations and approve or deny the requests by a majority vote.
- Bond Coverage Policy The project participants have covenanted to collect sufficient revenues to maintain net revenues of 125% of all State water payments made to the Central Coast Water Authority. Net revenues are defined as gross revenues minus operating expenses and excluding depreciation. The Authority's staff will assist project participants in guaranteeing compliance with this covenant.
- Reconciliation of Charges The Authority will endeavor to reconcile differences between actual expenditures incurred and amounts billed to the member agencies and other project participants in a timely manner. Under-expenditures in the budget will be returned to project participants as credits in subsequent billings.
- Investment Income Allocation The Authority will endeavor to provide timely allocation of investment income to the member agencies and other project participants for payments covering 1996 revenue bond debt service and DWR charges.
- DWR Charges and Credits The Authority will endeavor to provide sufficient information to the member agencies and other project participants regarding the DWR charges to enable them to gain a full understanding of the charges. Additionally, the Authority will provide credits given by DWR on the next available billing sent to the project participants. Rate management credits provided by DWR will only be included as a credit in the CCWA budget based on the actual rate management credits provided each year. No rate management credit estimates will be used in determining the current year budget.
- Four Year Financial Plan In conjunction with preparation of the fiscal year budget, the Authority will also prepare and make available a four year financial plan which provides estimates of the total State water costs for the four-year period.

Central Coast Water Authority
Budget Policy and Strategy
Fiscal Year 2008/09 Budget

- Annual Allocation of Recurring Expenditures (Non-Annual Recurring Expenses – i.e., “NARES”) The Authority will endeavor to identify non-annual recurring operating expenses and capital expenditures and allocate a portion of such expenditures over a number of years prior to the anticipated expenditure to eliminate large variances in the annual operating assessments to the project participants.
- Distribution Department Financial Reach Allocation Percentages The Authority will amend the Distribution Department financial reach allocation percentages for fixed O&M costs based on the actual costs incurred by financial reach. These percentages will be based on the actual percentages from the Yearend Budget Report two years prior to the current budget year.
- Spare Parts Inventory The Authority will track the purchase of spare parts inventory greater than \$2,000 and allocate costs to the appropriate financial reach when the spare parts are actually used at a specific location or financial reach.
- Appropriated Contingency No expenditure will be made from the Appropriated Contingency account without prior approval from the Board of Directors.
- Staff Salary Pool Policy The overall salary pool will consist of two separate pools: (1) a pool for all employees excluding the Executive Director and Deputy Director, and (2) a pool – i.e., proposed salary treatment – for the Executive Director and Deputy Director.

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

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

Central Coast Water Authority
Budget Policy and Strategy
Fiscal Year 2008/09 Budget

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

- Employee Benefits Funding Benchmark The Authority will calculate the Employee Benefits Percentage (EBP) in conjunction with the Budget preparation. The EBP calculation will include PERS retirement, health insurance, cafeteria plan benefits, dental/vision insurance, long-term disability and life insurance as a proportion of the full-time regular wages budget for the fiscal year. If the EBP exceeds 38%, staff will provide alternatives for Board consideration so that the revised EBP remains at or below 38%.
- Budget Transfer Policy If CCWA staff determine funds are available in an Operations and Maintenance or Project account, staff may transfer available funds to other accounts and/or projects which were not anticipated in the CCWA Board adopted budget with the approval of the Finance Committee Chairperson, or alternatively, the CCWA Board Chairperson. Transfer of funds for projects and/or one-time expenditures cannot exceed \$10,000. Staff will prepare a summary of the Budget Fund Transfers which will include the source and destination of the funds, financial reaches impacted and justification for the transfer. A summary of the approved transfers will be included on the CCWA Board Consent Calendar as part of the next regularly scheduled Board meeting.
- Self-Funded Dental/Vision Plan Annual Limits and Premium Amounts The CCWA self-funded Dental/Vision plan annual limit on total expenditures for each covered employee and the corresponding premium amount will increase at the beginning of each plan year by the December to December percentage change of the Los Angeles/Riverside All Urban Consumers, Consumers Price Index.

CAPITAL IMPROVEMENTS POLICY

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

Central Coast Water Authority
Budget Policy and Strategy
Fiscal Year 2008/09 Budget

DEBT POLICY

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

RESERVE POLICY

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

INVESTMENT POLICY

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

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

Central Coast Water Authority
Budget Policy and Strategy
Fiscal Year 2008/09 Budget

ACCOUNTING, AUDITING AND FINANCIAL REPORTING POLICIES

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

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Rainbow over filter deck at the Water Treatment Plant

Budget Summary

The Budget Summary section of the FY 2008/09 Budget includes tables and graphs which summarize all revenues and expenditures included in the budget document. Additionally, graphs and tables showing the projected expenditures through FY 2011/12 are included in this section as well as cost per acre-foot amounts based on the FY 2008/09 Budget.

Highlights

Budget Summary

• FY 2008/09 Gross Budget	\$ 51,578,804
• FY 2007/08 Gross Budget	<u>\$ 51,751,536</u>
Decrease:	\$ (172,732)
• FY 2008/09 CCWA Credits	\$ 2,559,310
• FY 2007/08 CCWA Credits	<u>\$ 1,777,609</u>
Decrease:	\$ (781,701)
• FY 2008/09 Net Budget (After CCWA Credits)	\$ 49,801,195
• FY 2007/08 Net Budget (After CCWA Credits)	<u>\$ 49,192,226</u>
Increase:	\$ 608,968

Significant Budget Changes

- DWR Fixed cost decrease of \$1,244,000
- DWR Variable cost decrease of \$548,000
- CCWA Fixed O&M Expense budget increase of \$369,000
- CCWA Variable O&M Expense budget increase of \$302,000
- Revenue bond debt service payment increase of \$525,000
- Other miscellaneous increases including CIP and Warren Act Charges of \$425,000

Central Coast Water Authority
Budget Summary
Fiscal Year 2008/09 Budget

	FY 2006/07 Actual	FY 2007/08 Budget	FY 2007/08 Estimated Actual	FY 2008/09 Budget	Change from FY 2007/08 Budget	Change from FY 2007/08 Est. Actual
Beginning Cash Balance	\$ 2,000,000	\$ 2,253,342	\$ 2,023,343	\$ 2,000,000		
SOURCES OF CASH						
CCWA Operating Expenses	6,108,452	6,475,351	6,475,351	7,145,759	670,408	670,408
Debt Service Payments	11,163,819	10,815,291	10,815,291	11,340,542	525,251	525,251
Capital Improvement Projects	195,663	211,480	211,480	380,155	168,675	168,675
Non-Annual Recurring Expenses	240,685	(133,741)	(133,741)	-	133,741	133,741
Investment Income and Other	351,328	-	250,000	-	-	(250,000)
CCWA Credits	(1,843,626)	(2,559,310)	(2,508,694)	(1,777,609)	781,701	731,085
Subtotal Revenues	16,216,321	14,809,071	15,109,687	17,088,846	2,279,775	1,979,159
<i>Pass-Through Expenses</i>						
DWR Fixed Costs	29,426,935	29,114,550	29,555,754	27,870,361	(1,244,189)	(1,685,393)
DWR Variable Costs	3,446,967	4,866,904	3,185,144	4,318,646	(548,258)	1,133,503
Warren Act Charges	85,648	401,701	218,266	523,341	121,640	305,076
Subtotal Pass-Through Expenses	32,959,550	34,383,155	32,959,163	32,712,349	(1,670,806)	(246,815)
TOTAL SOURCES OF CASH	49,175,870	49,192,226	48,068,850	49,801,196	608,969	1,732,345
USES OF CASH						
<i>CCWA Operating Expenses</i>						
Personnel	2,592,933	3,130,062	2,648,724	3,402,328	272,266	753,603
Office Expenses	22,441	25,760	18,248	25,760	-	7,512
Supplies and Equipment	786,465	1,131,428	797,466	1,326,821	195,392	529,355
Monitoring Expenses	51,963	70,000	36,850	85,100	15,100	48,250
Repairs and Maintenance	217,235	202,628	125,481	203,233	605	77,752
Professional Services	293,307	292,050	223,227	330,600	38,550	107,373
General and Administrative	177,033	204,625	184,863	239,010	34,385	54,147
Utilities	349,299	625,668	560,130	739,120	113,453	178,990
Other Expenses	606,886	793,130	682,179	793,788	657	111,609
Total Operating Expenses	5,097,562	6,475,351	5,277,168	7,145,759	670,408	1,868,591
<i>Other Expenditures</i>						
Warren Act Charges	137,815	401,701	218,266	523,341	121,640	305,076
Capital Improvement Projects ⁽¹⁾	209,677	331,081	351,082	380,155	49,074	29,073
CCWA Credits	(1,843,626)	(2,559,310)	(2,508,694)	(1,777,609)	781,701	731,085
2006 Revenue Bond Debt Service	11,133,231	10,815,291	10,815,291	11,340,542	525,251	525,251
Unexpended O&M Assessments	1,087,813	-	1,198,182	-	-	-
Total Other Expenditures	10,724,910	8,988,763	10,074,127	10,466,428	1,477,665	1,590,484
Total CCWA Expenditures	15,822,472	15,464,114	15,351,295	17,612,187	2,148,074	3,459,075
<i>DWR Charges</i>						
Fixed DWR Charges	29,426,935	29,114,550	29,555,754	27,870,361	(1,244,189)	(1,685,393)
Variable DWR Charges	3,446,967	4,866,904	3,185,144	4,318,646	(548,258)	1,133,503
Total DWR Charges	32,873,902	33,981,454	32,740,898	32,189,007	(1,792,447)	(551,890)
TOTAL USES OF CASH	48,696,375	49,445,568	48,092,193	49,801,195	355,627	2,907,184
Ending Cash Balance	\$ 2,479,496	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ -	-
Non-Annual Recurring Balance	496,773	-	-	-		
Operating Reserve Balance	2,000,000	2,000,000	2,000,000	2,000,000		
General Fund Balance	\$ (17,278)	\$ 0	\$ 0	\$ -		

(1) Includes NARES expenditures.

**Central Coast Water Authority
Total Expenditures Summary
Fiscal Year 2008/09 Budget**

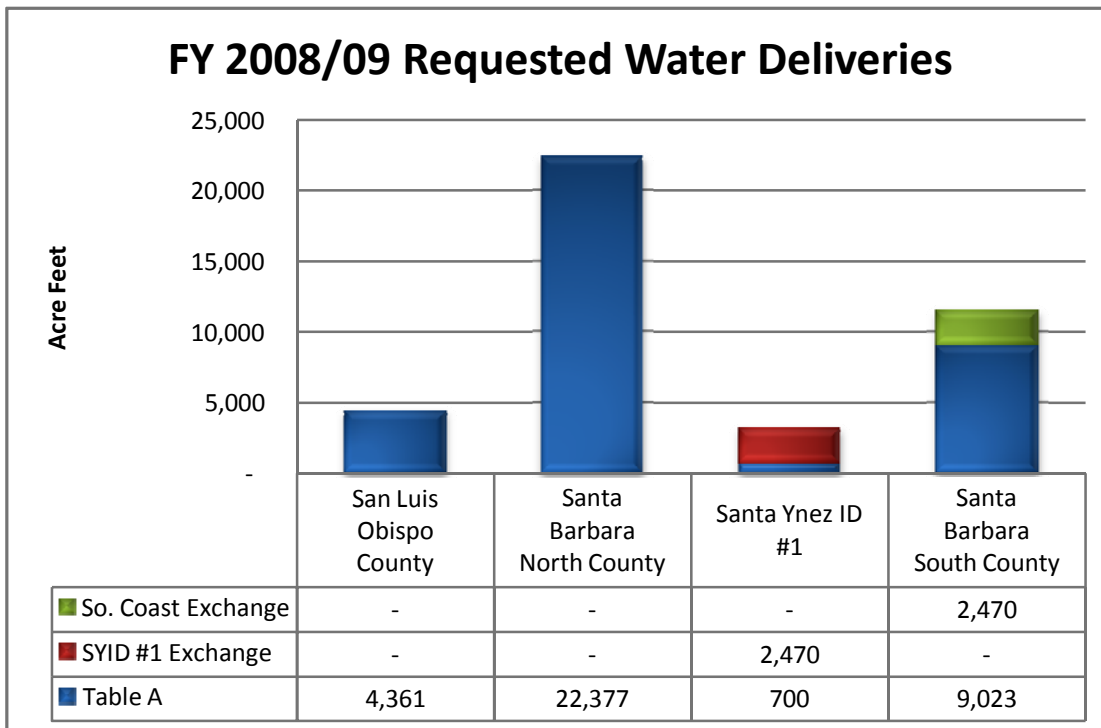
Project Participant	Unadjusted Fixed CCWA Operating Expense (1)	Unadjusted Variable CCWA Operating Expense	Exchange Agreement Adjustment Cap. & Fixed	Exchange Agreement Adjustment Variable	Regional WTP Allocation	Regional WTP Credit	Adjusted Charge	Warren Act Charges (2)	2006A		Subtotal FY 2008/09 CCWA	Non-Annual Recurring Expenses	CCWA Credits	Total FY 2008/09 CCWA
									Revenue	Bond Debt Service				
Guadalupe	63,004	19,844	-	-	\$26,257	\$0	\$109,106	-	160,613	-	\$269,719	-	(\$21,734)	247,985
Santa Maria	1,818,389	447,370	-	-	\$737,611	-	3,003,380	-	-	-	3,003,380	-	(617,008)	2,386,372
Golden State Water	58,838	17,324	-	-	\$23,684	-	99,846	-	-	-	99,846	-	(14,099)	85,747
Vandenberg AFB	685,227	152,767	-	-	\$250,654	-	1,088,648	-	-	-	1,088,648	-	(391,295)	697,353
Buellton	85,667	20,285	-	-	\$27,446	-	133,398	-	285,403	-	418,801	-	(20,623)	398,178
Santa Ynez (Solvang)	216,338	47,247	-	-	\$69,818	-	333,403	-	876,333	-	1,209,736	-	(68,507)	1,151,229
Santa Ynez	86,361	22,049	-	-	\$139,866	-	653,939	-	329,117	-	983,056	-	(16,487)	966,569
Goleta	792,533	379,268	(118,035)	327,874	\$171,771	(\$607,307)	590,226	235,534	2,796,261	-	3,622,021	-	(246,918)	3,375,103
Morehart Land	35,242	19,030	0	(28,004)	\$9,473	(\$33,482)	30,263	12,760	126,811	-	169,834	-	(31,025)	138,809
La Cumbre	176,366	69,199	-	0	\$44,901	(\$157,961)	132,505	46,400	607,297	-	786,201	-	(84,099)	702,102
Raytheon	8,818	4,757	-	0	\$2,368	(\$8,371)	7,573	3,190	26,488	-	37,251	-	(7,004)	30,248
Santa Barbara	528,008	79,416	(78,690)	(18,669)	\$98,029	(\$341,717)	286,377	40,716	1,698,189	-	2,005,281	-	(68,666)	1,936,615
Montecito	528,767	252,845	(78,690)	(18,669)	\$114,514	(\$404,871)	393,895	157,023	1,995,604	-	2,546,522	-	(35,092)	2,511,430
Carpinteria	352,079	53,780	(52,460)	(12,446)	\$85,432	(\$228,116)	178,269	27,719	1,139,816	-	1,345,804	-	(66,110)	1,279,694
Shandon	6,797	-	-	-	-	-	6,797	-	12,811	-	19,608	-	(1,898)	17,710
Chorro Valley	174,606	74,149	-	-	-	-	248,755	-	1,020,684	-	1,269,440	-	(45,099)	1,224,341
Lopez	186,311	63,223	-	-	-	-	249,534	-	265,115	-	514,649	-	(51,946)	462,703
TOTAL:	5,803,361	\$1,722,553	\$0	(\$0)	\$1,781,824	(\$1,781,824)	\$7,525,914	\$523,341	\$11,340,542	\$0	\$19,389,797	\$0	(1,777,609)	\$17,612,187

(1) Includes capital improvement projects.

Project Participant	Transportation Capital Through Reach 35	Transportation Capital Reach 37	Transportation Capital Reach 38	Transportation Minimum OMP & R	Water System Revenue		Delta Water Charges	Off-Aqueduct Charges		DWR Variable Charges		DWR Interest Income	Total DWR Charges	TOTAL DWR and CCWA
					Bond	Variable		Fixed	Variable	OMP & R	Variable			
Guadalupe	\$ 290,932	\$ -	\$ -	\$ -	\$ 15,214	\$ 16,512	\$ 16,512	\$ 368,772	\$ 22,572	\$ 69,000	\$ 91,572	\$ (2,908)	\$ 457,436	\$ 705,421
Santa Maria	8,520,297	418,278	-	1,356,440	446,552	486,413	11,227,981	620,296	1,009,245	1,629,541	(89,008)	12,768,514	15,154,888	
Golden State Water	263,566	12,910	-	41,794	13,765	15,020	347,054	15,219	43,832	59,050	(10,550)	395,554	481,301	
Vandenberg AFB	2,892,914	142,008	232,861	460,788	151,604	165,122	4,045,297	207,111	333,466	540,577	-	4,585,874	5,283,227	
Buellton	304,985	14,924	24,472	48,435	15,957	17,376	426,148	27,703	53,998	81,701	(3,284)	504,564	902,743	
Santa Ynez (Solvang)	782,179	38,729	63,508	121,389	40,740	40,964	1,087,509	61,565	128,004	189,569	(8,450)	1,268,629	2,419,857	
Santa Ynez	269,215	12,910	21,169	46,138	14,560	19,116	363,108	18,538	59,937	78,475	(3,185)	458,399	1,424,968	
Goleta	2,365,078	116,188	190,523	371,027	122,056	125,728	3,290,599	240,318	342,818	583,136	(39,532)	3,834,203	7,209,306	
Morehart Land	104,929	5,164	8,468	16,576	5,554	5,969	146,660	6,325	17,055	23,380	(4,921)	165,119	303,929	
La Cumbre	527,529	25,820	42,338	83,587	30,040	30,040	736,843	37,314	72,904	110,219	(12,281)	834,780	1,536,883	
Raytheon	27,366	1,291	2,117	4,320	1,401	1,492	37,987	1,515	1,875	3,390	(1,686)	39,692	69,839	
Santa Barbara	1,578,145	77,459	127,015	251,114	82,636	90,023	2,206,392	70,823	157,250	228,073	(76,513)	2,357,952	4,294,567	
Montecito	1,578,145	77,459	127,015	251,114	82,636	90,023	2,206,392	201,173	339,378	540,551	(18,067)	2,728,876	5,240,306	
Carpinteria	1,051,394	51,639	84,677	167,527	55,058	60,080	1,470,375	55,537	103,875	159,412	(11,663)	1,618,124	2,897,818	
Goleta 2500 AF	21,335	-	-	63,188	9,154	7,614	171,291	-	-	-	-	-	171,291	
Shandon	-	-	-	-	-	-	-	-	-	-	-	-	-	
Chorro Valley	-	-	-	-	-	-	-	-	-	-	-	-	-	
Lopez	-	-	-	-	-	-	-	-	-	-	-	-	-	
TOTAL:	\$ 20,578,007	\$ 994,779	\$ 924,162	\$ 3,323,552	\$ 1,084,415	\$ 1,241,492	\$ 28,152,407	\$ 1,586,010	\$ 2,732,636	\$ 4,318,646	\$ (282,045)	\$ 32,189,007	\$ 49,801,195	

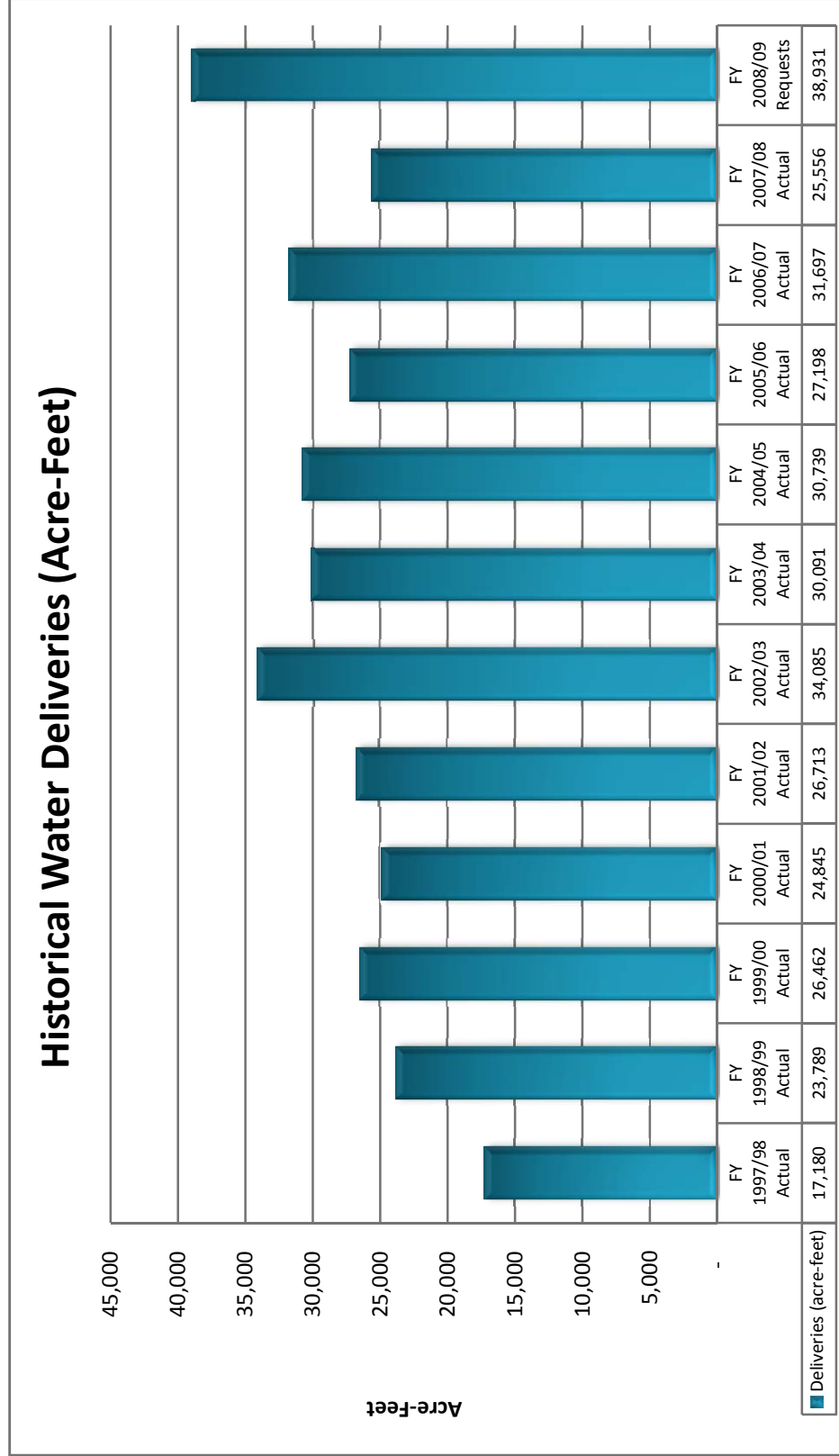
Central Coast Water Authority
FY 2008/09 Delivery Requests (Acre Feet)

Project Participant	Requested Deliveries	Exchange Deliveries	Net Deliveries
Shandon	-	-	-
Lopez	2,007	-	2,007
Chorro Valley	2,354	-	2,354
Guadalupe	630	-	630
Santa Maria	14,203	-	14,203
Golden State Water	550	-	550
VAFB	4,850	-	4,850
Buellton	644	-	644
Solvang	1,500	-	1,500
Santa Ynez	700	2,470	3,170
Goleta	4,950	(889)	4,061
Morehart	220	-	220
La Cumbre	800	-	800
Raytheon	55	-	55
Santa Barbara	1,295	(593)	702
Montecito	3,300	(593)	2,707
Carpinteria	873	(395)	478
TOTAL:	38,931	-	38,931

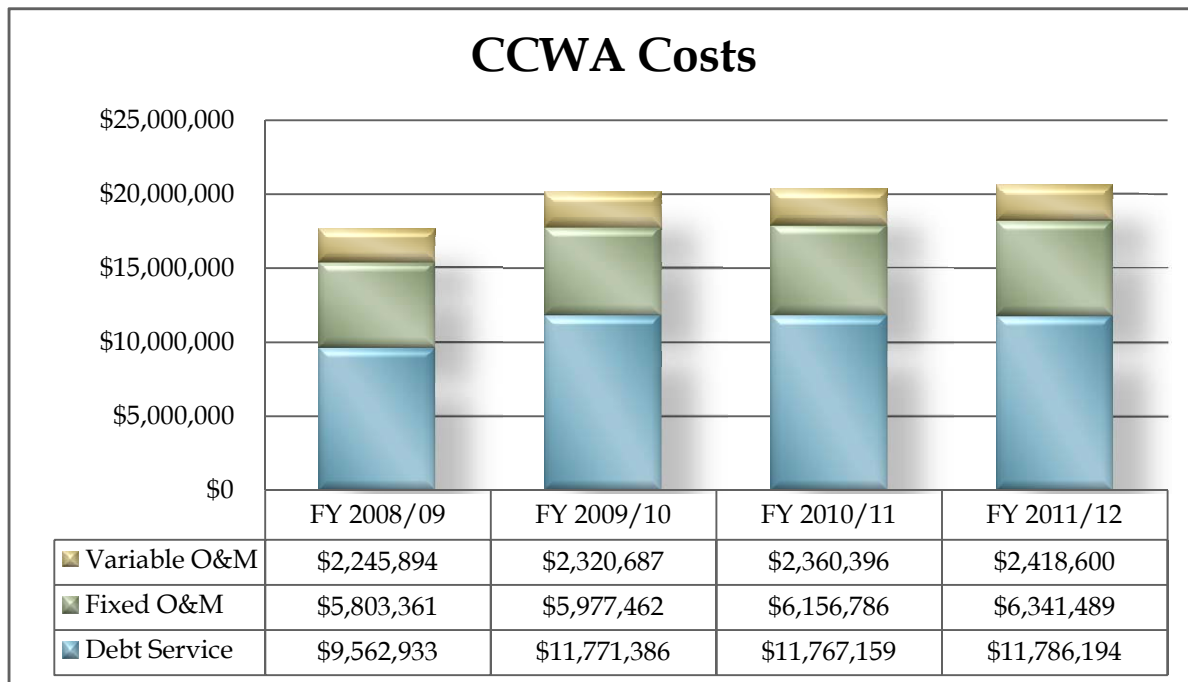
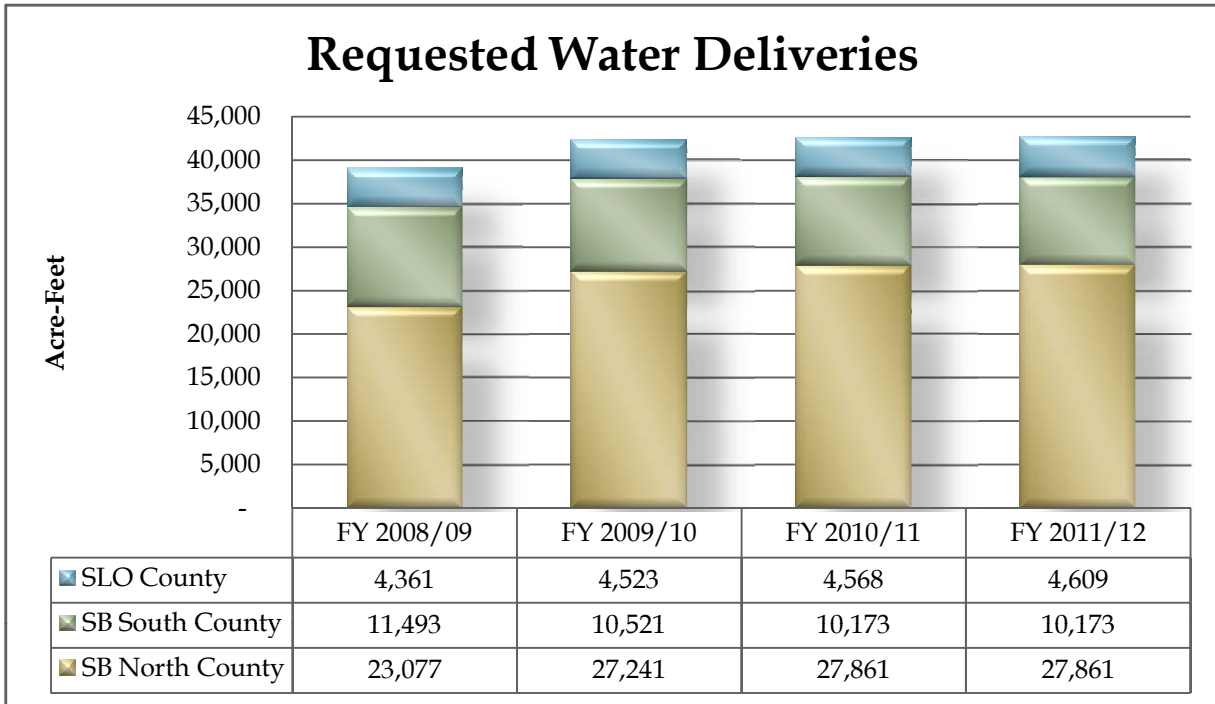


Santa Ynez ID#1 exchanges its Lake Cachuma entitlement for an equal amount of the Santa Barbara County south coast project participant State water. The amounts in the graph above show both the Santa Ynez ID#1 exchanged State water and the South coast Cachuma water taken in the exchange.

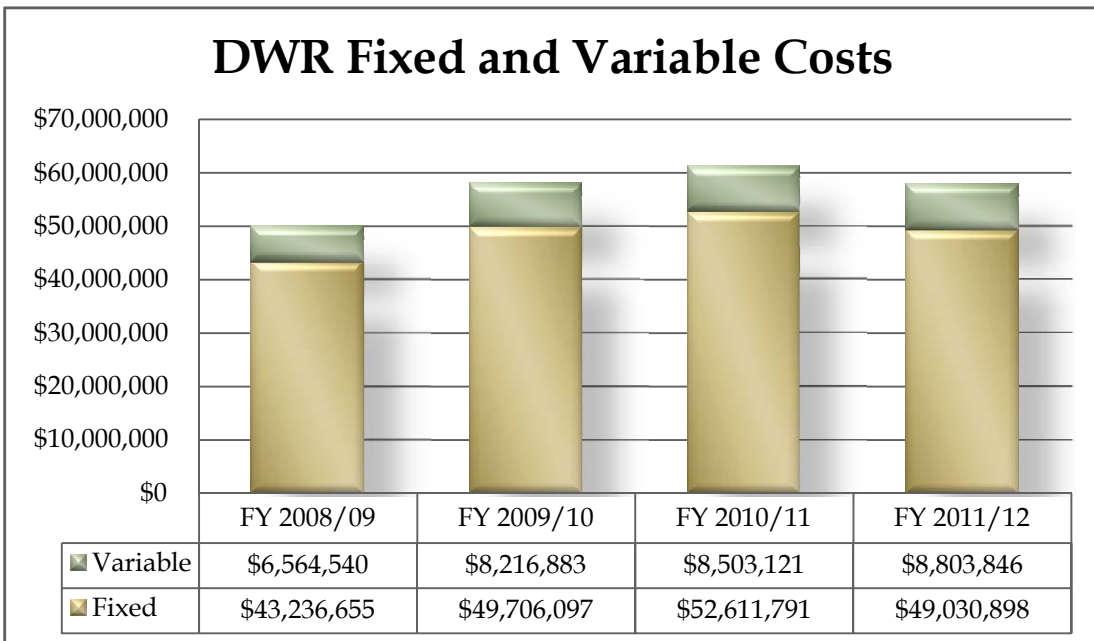
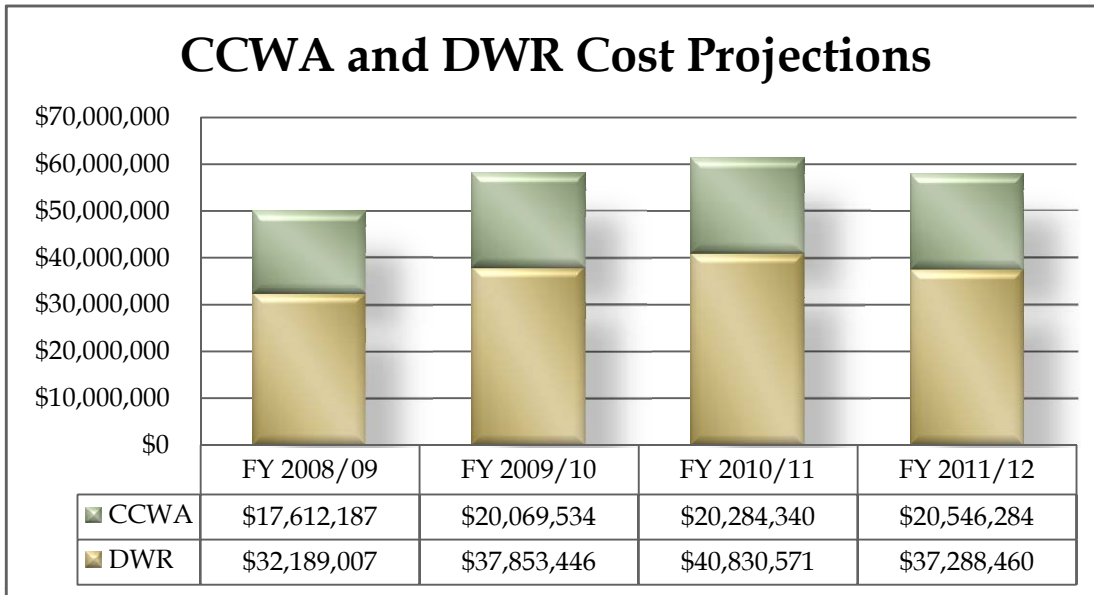
Central Coast Water Authority
Water Delivery History



Central Coast Water Authority
Projected Future State Water Costs
 FY 2008/09 to 2011/12



Central Coast Water Authority
Projected Future State Water Costs
 FY 2008/09 to 2011/12



FY 2008/09 charges net of CCWA credits.

Central Coast Water Authority
Cost Per Acre-Foot Analysis
 Fiscal Year 2008/09 Budget

To calculate the cost per acre-foot of water to the CCWA project participants, one must distinguish between the various “cost-types” and the various “water-types.”

Cost-Types

The two cost-types are fixed and variable costs.

Fixed costs include all CCWA and DWR costs which do not vary with the quantity of water delivered to the project participant, and generally, include CCWA fixed operations and maintenance costs, CCWA revenue bond payments and DWR fixed costs.

Variable costs include all CCWA and DWR costs which are only incurred if the project participant takes water deliveries. These include power (electrical) costs to pump the water and chemical costs to treat the water.

Water-Types

When discussing the cost per acre-foot, there are generally three (3) different “types” of water delivered by CCWA.

FY 2008/09 Table A Fixed Cost Per Acre-Foot

As described above, this includes all costs which do not vary with the quantity of water delivered to the project participant.

Project Participant	Table A Amount	Fixed Cost Per Acre-Foot	
		Fixed Costs Excluding CCWA Credits	Fixed Cost Per Acre-Foot
Guadalupe	550	\$ 610,560	\$ 1,110.11
Santa Maria	16,200	13,578,211	838.16
Golden State Water C	500	414,504	829.01
VAFB	5,500	4,941,304	898.42
Buellton	578	816,085	1,411.91
Santa Ynez (Solvang)	1,500	2,229,215	1,486.14
Santa Ynez ⁽¹⁾	500	909,208	1,818.42
Goleta	4,500	6,616,350	1,470.30
Morehart	200	297,665	1,488.32
La Cumbre	1,000	1,460,186	1,460.19
Raytheon	50	70,076	1,401.51
Santa Barbara	3,000	4,090,834	1,363.61
Montecito	3,000	4,563,688	1,521.23
Carpinteria	2,000	2,774,306	1,387.15
TOTAL:	39,078	\$ 43,372,190	

Central Coast Water Authority
Cost Per Acre-Foot Analysis
Fiscal Year 2008/09 Budget

Fixed Cost Per Acre-Foot Difference Between Project Participants

As the above shows, there are significant differences between the fixed cost per acre-foot for each of the project participants. Explanations for these differences include:

Bond Financing vs Capital Deposits The City of Santa Maria, Golden State Water Company and Vandenberg Air Force Base all contributed cash for their respective share of the construction costs of the CCWA facilities. As such, their fixed cost per acre-foot is lower because they are not paying the CCWA revenue bond payments.

Location Along the CCWA Pipeline As general rule, a project participant only pays to get the water to their location, which includes capital facilities necessary to deliver the water to each project participant. Therefore, a project participant which is higher upstream of the pipeline will have less capital costs than a project participant which is located further downstream.

Revenue Bond Capitalized Interest Elections During construction of the CCWA project facilities, all financing participants were able to elect to pay for their share of the revenue bond interest expense beyond the initial three years, with revenue bond proceeds, up to a total of five years (also referred to as “capitalized interest” elections). Certain financing participants elected longer capitalized interest elections which increase their total borrowing costs and therefore, they have a higher fixed cost per acre-foot.

Customized Revenue Bond Repayment Elections In order to offset the near-term higher costs of State water during the first ten (10) years of revenue bond repayments, all financing participants were given the option of electing customized revenue bond repayment elections consisting of gradually increasing debt service payments over the first ten years and then level debt service payments afterwards; decreased debt service payments for the first ten years and then a large step-up for the remaining term or level debt service for the entire revenue bond repayment term. Those financing participants that elected customized (i.e., escalating or step-up) repayment elections have higher debt service payments which is reflected in their higher fixed cost per acre-foot.

Financing of Local Facilities When the CCWA revenue bonds were issued to finance construction of the CCWA project facilities, certain financing participants requested that CCWA also finance certain local facilities to be constructed by individual project participants. Those financing participants that elected to finance their local facilities with the CCWA

Central Coast Water Authority
Cost Per Acre-Foot Analysis
 Fiscal Year 2008/09 Budget

revenue bonds have higher revenue bond debt service payments which is reflected in their higher fixed cost per acre-foot.

FY 2008/09 Table A Variable Cost Per Acre-Foot

This represents the variable costs for all water deliveries excluding exchange water deliveries to the South Coast project participants. Generally, these amounts include the CCWA power and chemical costs, adjustments for the variable Regional Water Treatment Plant Allocation (retreatment charge and credits), DWR variable costs and Warren Act and Trust Fund payments for Table A deliveries into Lake Cachuma for the South Coast project participants (*please refer to the Water Treatment Plant section of this Budget for additional information on the Regional Water Treatment Plant Allocation*).

Project Participant	FY 2008/09 Requested Deliveries			Variable Cost Per Acre-Foot TABLE A DELIVERIES							Table A Variable Cost/AF
	Requested Deliveries	Exchange Deliveries	Net Deliveries	CCWA WTP Variable	CCWA SYPF Variable	Retreatment Variable Charge	Retreatment Variable Credit	DWR Variable	Warren Act Charges	Total Variable	
Guadalupe	630	-	630	\$ 19,844		\$ 5,180		\$ 105,294		\$ 130,318	\$ 206.85
Santa Maria	14,203	-	14,203	447,370		116,771		2,373,797		2,937,938	206.85
Golden State Water C	550	-	550	17,324		4,522		91,923		113,769	206.85
VAFB	4,850	-	4,850	152,767		39,875		810,597		1,003,239	206.85
Buellton	644	-	644	20,285		5,295		107,634		133,214	206.85
Santa Ynez (Solvang)	1,500	-	1,500	47,247		12,332		250,700		310,280	206.85
Santa Ynez ⁽¹⁾	700	2,470	3,170	22,049		26,059		116,993		165,102	206.85
Goleta	4,950	(889)	4,061	155,916	223,351	33,387	(127,912)	827,311	235,534	1,347,587	288.36
Morehart	220	-	220	6,930	12,100	1,809	(6,930)	36,769	12,760	63,438	288.36
La Cumbre	800	-	800	25,199	44,000	6,577	(25,199)	133,707	46,400	230,684	288.36
Raytheon	55	-	55	1,732	3,025	452	(1,732)	9,192	3,190	15,860	288.36
Santa Barbara	1,295	(593)	702	40,790	38,553	5,774	(22,121)	216,438	40,733	320,167	288.25
Montecito	3,300	(593)	2,707	103,944	148,901	22,258	(85,275)	551,540	157,023	898,392	288.36
Carpinteria	873	(395)	478	27,498	26,282	3,929	(15,052)	145,908	27,716	216,281	288.36
TOTAL:	34,570	-	34,570	\$ 1,088,895	\$ 496,212	\$ 284,220	\$ (284,220)	\$ 5,777,804	\$ 523,355	\$ 7,886,266	

Central Coast Water Authority
Cost Per Acre-Foot Analysis
 Fiscal Year 2008/09 Budget

FY 2008/09 Exchange Variable Cost Per Acre-Foot

This represents the cost per acre-foot for water exchanged between the Santa Ynez River Water Conservation District, ID#1 (Santa Ynez, ID#1) and the South Coast exchange participants (*please refer to the Water Treatment Plant section of this Budget for additional information on the Santa Ynez Exchange Agreement*). These costs include the CCWA variable costs paid by Santa Ynez, ID#1, the Polonio Pass Water Treatment Plant fixed and capital amounts paid by Santa Ynez, ID#1 to the south coast project participants, and the DWR variable costs paid by the South Coast exchange participants.

Project Participant	FY 2008/09 Requested Deliveries			Variable Cost Per Acre-Foot - EXCHANGE DELIVERIES					Exchange Variable Cost/AF
	Requested Deliveries	Exchange Deliveries	Net Deliveries	Exchange Deliveries	CCWA Exchange Variable	CCWA Fixed & Capital Exchange	DWR Variable	Total Exchange Costs	
Guadalupe	630	-	630						
Santa Maria	14,203	-	14,203						
Golden State Water C	550	-	550						
VAFB	4,850	-	4,850						
Buellton	644	-	644						
Santa Ynez (Solvang)	1,500	-	1,500						
Santa Ynez ⁽¹⁾	700	2,470	3,170	2,470	\$ 77,789	\$ 327,874	-	\$ 405,663	\$ 164.26
Goleta	4,950	(889)	4,061	(889)			\$ 148,593	148,593	167.13
Morehart	220	-	220	-			-	-	
La Cumbre	800	-	800	-			-	-	
Raytheon	55	-	55	-			-	-	
Santa Barbara	1,295	(593)	702	(593)			99,062	99,062	167.13
Montecito	3,300	(593)	2,707	(593)			99,062	99,062	167.13
Carpinteria	873	(395)	478	(395)			66,041	66,041	167.13
TOTAL:	34,570	-	34,570	-	\$ 77,789	\$ 327,874	\$ 412,759	\$ 818,422	

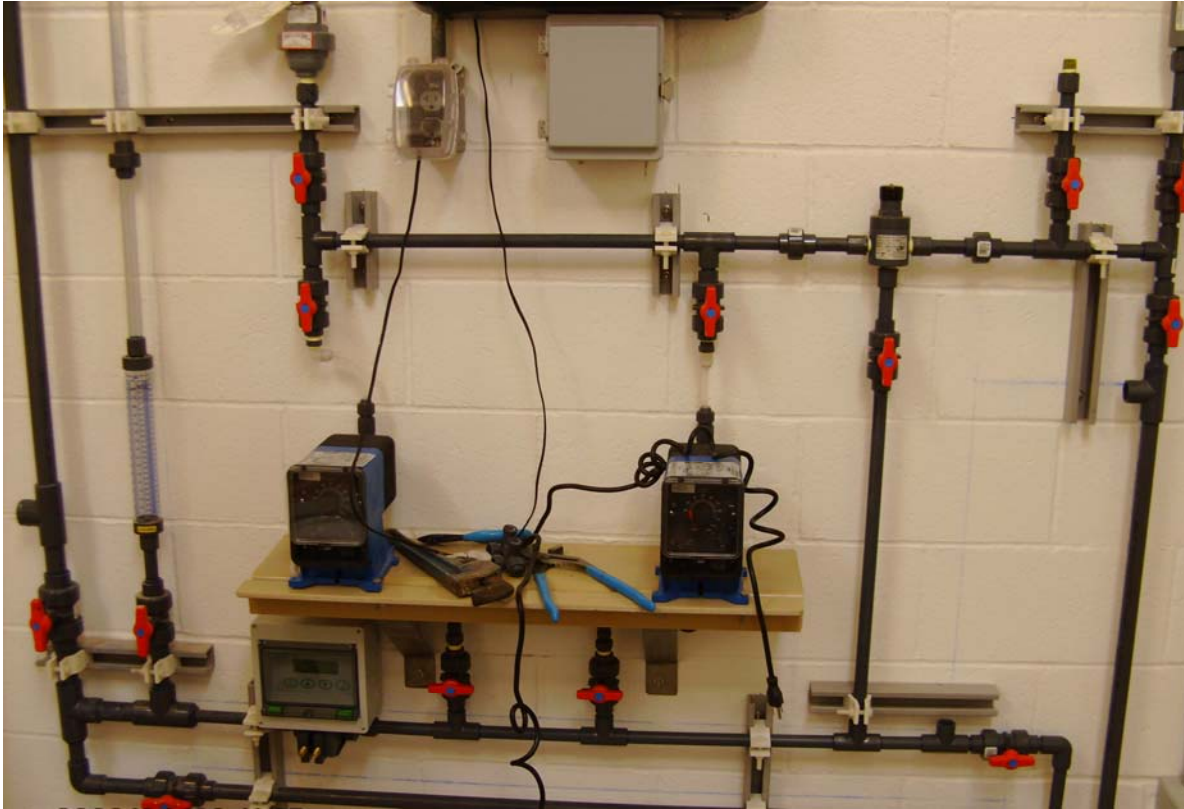
Year-End Reconciliation and Adjustments to Cost Per Acre-Foot Amounts

At the close of each fiscal year all costs are reconciled or “trued-up” to the fiscal year budget and actual billings to the project participants. This reconciliation process results in adjustments to all cost components. Additionally, the amounts included in the CCWA budget for DWR variable costs, generally exclude certain credits that are returned on an annual basis. Therefore, when the DWR variable costs are trued-up, the total cost per acre-foot generally decreases when compared to the calculated amount in the budget.

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Tank 7 Chlorine Injection Plumbing

Revenues and Sources of Cash

The Revenues and Sources of Cash section of the FY 2008/09 Budget includes information on the Authority's revenues, pass-through receipts and a narrative explanation on the Authority's billing procedures and cash management.

Central Coast Water Authority
Revenues and Sources of Cash
 Fiscal Year 2008/09 Budget

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

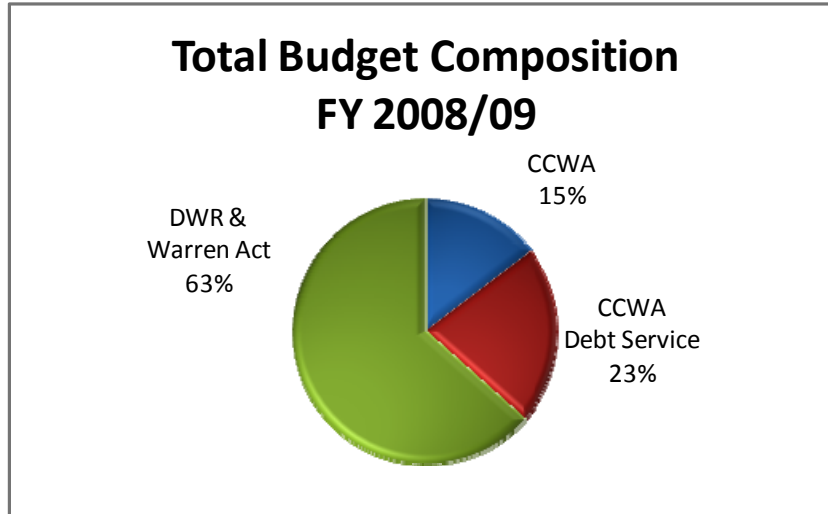
Revenues and Other Sources of Cash

Revenues	FY 2006/07 Actual	FY 2007/08 Estimated Actual	FY 2008/09 Budget
CCWA Operating Expenses ⁽¹⁾	\$ 6,108,452	\$ 6,475,351	\$ 7,145,759
Debt Service Payments	11,163,819	10,815,291	11,340,542
Capital Improvement Projects (CIP)	195,663	211,480	380,155
Non-Annual Recurring Expenses	240,685	(133,741)	-
Investment Income	351,328	250,000	-
Subtotal Revenues	18,059,947	17,618,381	18,866,456
<u>Pass-Through Expenses</u>			
DWR Fixed Costs	29,733,265	30,678,448	28,152,407
DWR Variable Costs	3,446,967	3,185,144	4,318,646
DWR Account Interest	(306,330)	(1,122,694)	(282,045)
Warren Act Charges ⁽¹⁾	85,648	218,266	523,341
Subtotal Pass Through Expenses	32,959,550	32,959,163	32,712,349
Gross Budget Before Credits	51,019,496	50,577,544	51,578,804
Credits and Prepayments	(1,843,626)	(2,508,694)	(1,777,609)
TOTAL SOURCES OF CASH	\$49,175,870	\$48,068,850	\$49,801,196

(1) Adjusted for Santa Ynez Exchange Agreement modifications.

Central Coast Water Authority
Revenues and Sources of Cash
Fiscal Year 2008/09 Budget

Revenues and Other Sources of Cash



FY 2007/08 Actual Cash Receipts

The actual cash receipts for FY 2007/08 are anticipated to be less than the actual expenditures for the year because of credits given to the project participants for (1) unexpended operating expense assessments for FY 2006/07, (2) interest income for FY 2006/07, and (3) differences between the DWR actual fixed payments and the budgeted fixed payments.

CCWA Operating Expense Revenues

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

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

Central Coast Water Authority
Revenues and Sources of Cash
Fiscal Year 2008/09 Budget

The following table shows the Authority's operating expense budget modified as a result of the Regional Water Treatment Plant modifications and the Santa Ynez Exchange Agreement resulting in the net revenues to the Authority.

Project Participant	CCWA Fixed Operating Expenses	CCWA Variable Operating Expenses	Regional WTP Allocation	Regional WTP Allocation Credit	Exchange Agreement Adjustment Cap. and Fixed	Exchange Agreement Adjustment Variable	Adjusted CCWA Operating Expenses
Guadalupe	\$ 63,004	\$ 19,844	\$ 26,257	\$ -	\$ -	\$ -	\$ 109,106
Santa Maria	1,818,399	447,370	737,611	-	-	-	3,003,380
Golden State Water Co.	58,838	17,324	23,684	-	-	-	99,846
Vandenberg AFB	685,227	152,767	250,654	-	-	-	1,088,648
Buellton	85,667	20,285	27,446	-	-	-	133,398
Santa Ynez (Solvang)	216,338	47,247	69,818	-	-	-	333,403
Santa Ynez	86,361	22,049	139,866	-	327,874	77,789	653,939
Goleta	792,533	379,268	171,771	(607,307)	(118,035)	(28,004)	590,226
Morehart Land	35,242	19,030	9,473	(33,482)	-	-	30,263
La Cumbre	176,366	69,199	44,901	(157,961)	-	-	132,505
Raytheon	8,818	4,757	2,368	(8,371)	-	-	7,573
Santa Barbara	528,008	79,416	98,029	(341,717)	(78,690)	(18,669)	266,377
Montecito	528,767	252,845	114,514	(404,871)	(78,690)	(18,669)	393,895
Carpinteria	352,079	53,780	65,432	(228,116)	(52,460)	(12,446)	178,269
Shandon	6,797	-	-	-	-	-	6,797
Chorro Valley	174,606	74,149	-	-	-	-	248,755
Lopez	186,311	63,223	-	-	-	-	249,534
TOTAL:	\$5,803,361	\$1,722,553	\$1,781,824	(\$1,781,824)	\$ -	\$ -	\$ 7,525,914

The adjusted total CCWA Operating Expense revenues, including capital improvement projects funded with CCWA O&M assessments for Fiscal Year 2008/09, are **\$7,525,914**.

Please refer to the *“Operating Expenses”* section of this budget for additional information regarding the Operating Expense reimbursement payments from the CCWA project participants.

Central Coast Water Authority
Revenues and Sources of Cash
 Fiscal Year 2008/09 Budget

Debt Service Payments

The debt service payments on the 2006 Revenue Bonds issued by the Authority are paid entirely by the financing participants based on their proportional share of the project capital costs. Payments by the financing participants for debt service are treated as revenue by the Authority.

For FY 2008/09, total revenue for debt service payments will be \$11,340,542 or about \$528,000 more than the FY 2007/08 payment. The following table shows each financing participant's share of the debt service. Please refer to the "Debt Management" section of this budget for additional information regarding the debt payments from the CCWA financing participants.

Financing Participant	FY 2008/09 Debt Service Payments ⁽¹⁾	Local Project Debt Service Payments ⁽²⁾	FY 2008/09 Net Debt Service Revenue
Avila Beach	\$ 14,237	\$ (1,593)	\$ 12,644
California Men's Colony	113,167	(35,591)	77,575
County of SLO	120,552	(37,956)	82,596
Cuesta College	56,588	(17,798)	38,790
Morro Bay	730,378	(272,259)	458,118
Oceano	94,573	(10,856)	83,717
Pismo Beach	156,305	(17,923)	138,382
Shandon	12,811	(1,282)	11,528
Guadalupe	160,613	(46,288)	114,325
Buellton	285,403	(7,534)	277,869
Santa Ynez (Solvang)	876,333	(20,097)	856,235
Santa Ynez	329,117	(8,906)	320,211
Goleta	2,796,261	(114,420)	2,681,841
Morehart Land	126,811	(527)	126,285
La Cumbre	607,297	(2,634)	604,663
Raytheon	26,488	(696)	25,793
Santa Barbara	1,698,189	(24,979)	1,673,210
Montecito	1,995,604	(39,738)	1,955,866
Carpinteria	1,139,816	(35,802)	1,104,014
TOTAL:	\$ 11,340,542	\$ (696,880)	\$ 10,643,662
(1) 2006A revenue bond principal and interest, minus FY 2007/08 debt service account interest income credits plus bond trustee fees.			
(2) Payments from project participants for local facilities financed with CCWA revenue bonds.			

Central Coast Water Authority
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FY 2008/09 CCWA Credits

The following table shows a summary of the FY 2008/09 credits for each project participant. Certain project participants have elected to apply their credits against Authority assessments over a number of years.

Project Participant	CCWA O&M Credits	O&M Reserve Fund Interest Credits	Rate Coverage Reserve Fund Interest Credit	Prepayments and Miscellaneous Interest Credits	Total CCWA Credits
Guadalupe	\$16,087	\$1,502	\$ 4,146		\$21,734
Santa Maria	462,326	44,856	109,768	59	617,008
Golden State Water Co.	12,732	1,367	-		14,099
Vandenberg AFB	391,295	-	-		391,295
Buellton	12,654	1,583	6,385		20,623
Santa Ynez (Solvang)	39,421	4,108	14,978		58,507
Santa Ynez	4,788	1,369	10,330		16,487
Goleta	234,567	12,351	-		246,918
Morehart Land	12,812	548	-	17,666	31,025
La Cumbre	49,250	2,738	9,665	22,446	84,099
Raytheon	2,860	137	-	4,007	7,004
Santa Barbara	60,451	8,215	-		68,666
Montecito	-	8,214	26,878		35,092
Carpinteria	40,474	5,471	20,165		66,110
Shandon	1,509		389		1,898
Oceano CSD			4,728	2,253	6,982
Avila Beach CSD			-		-
Pismo Beach			-		-
Avila Valley Water Co.					-
San Miguelito Water Co.					-
San Luis School					-
Chorro Valley	45,099		-		45,099
Lopez	44,964	-	-	-	44,964
TOTAL:	\$1,431,288	\$92,458	\$207,432	\$46,431	\$1,777,609

Investment Income and Cash Management

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

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

Central Coast Water Authority
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Bank Account Cash Balances

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

Debt Service Payments

Payments made by the financing participants for debt service payments on the 2006 Revenue Bonds are held in a separate account and invested in accordance with the Authority's investment policy with investment maturities corresponding to the debt service payment dates. Investment income within this account is allocated to the financing participants based on the proportional amount initially paid.

Investment Income

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

DWR Payment Investments

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

CCWA Operating Expense Revenue

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

Central Coast Water Authority
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Pass-Through Expenses

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

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

Warren Act Charges

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

There are two components to the Warren Act charges: (1) Trust Fund payments of \$43 an acre-foot and (2) Warren Act charges of \$15 per acre foot.

The following table shows the calculation of the Warren Act and Trust Fund payments for FY 2008/09.

Warren Act and Trust Fund Charges

Project Participant	Total FY 2008/09 Deliveries to Lake Cachuma (AF)	Total Warren Act and Trust Fund Payments
Goleta	4,061	\$ 235,534
Morehart Land Co.	220	12,760
LaCumbre	800	46,400
Raytheon	55	3,190
Santa Barbara	702	40,716
Montecito	2,707	157,023
Carpinteria	478	27,719
TOTAL:	9,023	\$523,341

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The following table represents the Fiscal Year 2008/09 DWR and Warren Act charges to be collected and paid by the Authority (*see the Department of Water Resources section of this document for further information on the DWR charges*).

Project Participant	FY 2008/09 DWR Fixed Charges	FY 2008/09 DWR Variable Charges	FY 2008/09 Interest Income	FY 2008/09 Warren Act Charges ⁽¹⁾	Total Pass-Through Expenses
Guadalupe	\$368,772	\$91,572	(\$2,908)	\$ -	\$457,436
Santa Maria	11,227,981	1,629,541	(89,008)	-	12,768,514
Golden State Water Co.	347,054	59,050	(10,550)	-	395,554
Vandenberg AFB	4,045,297	540,577	-	-	4,585,874
Buellton	426,148	81,701	(3,284)	-	504,564
Santa Ynez (Solvang)	1,087,509	189,569	(8,450)	-	1,268,629
Santa Ynez	383,108	78,475	(3,185)	-	458,399
Goleta	3,461,890	583,136	(39,532)	235,534	4,241,028
Morehart Land	146,660	23,380	(4,921)	12,760	177,879
LaCumbre	736,843	110,219	(12,281)	46,400	881,180
Raytheon	37,987	3,390	(1,685)	3,190	42,882
Santa Barbara	2,206,392	228,073	(76,513)	40,716	2,398,668
Montecito	2,206,392	540,551	(18,067)	157,023	2,885,899
Carpinteria	1,470,375	159,412	(11,663)	27,719	1,645,843
Shandon	N/A	N/A	-	-	-
Chorro Valley	N/A	N/A	-	-	-
Lopez	N/A	N/A	-	-	-
TOTAL:	\$28,152,407	\$4,318,646	(\$282,045)	\$523,341	\$32,712,349

(1) Adjusted for Santa Ynez Exchange Agreement modifications.

Central Coast Water Authority
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Authority Billing Procedures

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

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

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

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

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

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

The following table provides a breakdown of the various revenues and pass-through expenses for Fiscal Year 2008/09 for each project participant.

Central Coast Water Authority
Revenues and Sources of Cash
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Project Participant	FY 2008/09 Operating Expenses ⁽¹⁾	FY 2008/09 Debt Service Payments	FY 2008/09 DWR Costs	FY 2008/09 Warren Act Charges ⁽²⁾	FY 2008/09 CCWA Credits	FY 2008/09 Total Payments
Guadalupe	\$109,106	\$ 160,613	\$457,436	\$0	\$ (21,734)	\$705,421
Santa Maria	3,003,380	-	12,768,514	-	(617,008)	15,154,885
Golden State Water Co.	99,846	-	395,554	-	(14,099)	481,301
Vandenberg AFB	1,088,648	-	4,585,874	-	(391,295)	5,283,227
Buellton	133,398	285,403	504,564	-	(20,623)	902,743
Santa Ynez (Solvang)	333,403	876,333	1,268,629	-	(58,507)	2,419,857
Santa Ynez	653,939	329,117	458,399	-	(16,487)	1,424,968
Goleta	590,226	2,796,261	4,005,494	235,534	(246,918)	7,380,597
Morehart Land	30,263	126,811	165,119	12,760	(31,025)	303,929
La Cumbre	132,505	607,297	834,780	46,400	(84,099)	1,536,883
Raytheon	7,573	26,488	39,692	3,190	(7,004)	69,939
Santa Barbara	266,377	1,698,189	2,357,952	40,716	(68,666)	4,294,567
Montecito	393,895	1,995,604	2,728,876	157,023	(35,092)	5,240,306
Carpinteria	178,269	1,139,816	1,618,124	27,719	(66,110)	2,897,818
Shandon	6,797	12,811	N/A	-	(1,898)	17,710
Chorro Valley	248,755	1,020,684	N/A	-	(45,099)	1,224,341
Lopez	249,534	265,115	N/A	-	(51,946)	462,703
TOTAL:	\$7,525,914	\$11,340,542	\$32,189,007	\$523,341	(\$1,777,609)	\$49,801,196

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

(2) Adjusted for Santa Ynez Exchange Agreement Modifications.

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“Scary Eyes” bird deterrent over sedimentary basins at the Polonio Pass Water Treatment Plant

Department of Water Resources Charges

The Department of Water Resources (DWR) section of the FY 2008/09 Budget provides information on the Authority’s payments to DWR. This section includes information on the allocation of the fixed and variable DWR costs and other information regarding the FY 2008/09 DWR charges.

Highlights

Total FY 2008/09 DWR Charges **\$ 32,189,007**

- DWR Fixed Charges \$ 28,152,407
- DWR Variable Charges \$ 4,318,646
- Interest Income Credits \$ (282,045)

Fixed Charge Highlights

- Total fixed charge decrease over FY 2007/08 of \$1,651,823
- Decrease in Transportation Capital charges \$320,221
- Decrease in Coastal Branch Phase II charges of \$803,918
- Decrease in Transportation Minimum OMP&R charges of \$604,754
- Rate Management Funds Credits totaling \$941,476.
- New policy: Only actual rate management credits provided by DWR will be included in the budget.

Variable Charge Highlights

- Total variable charge decrease over FY 2007/08 of \$548,258
- Estimated Variable OMP&R unit rate for 2008 and 2009: \$125.00

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

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

DWR Billing Procedures

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

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

Summary of FY 2008/09 DWR Charges

The DWR charges for the first half of FY 2008/09 are based on the 2008 Statement of Charges. The DWR charges for the second half of FY 2008/09 are based on forecasts prepared by the DWR State Water Project Analysis Office. DWR transportation capital charges starting in 1998 are based on a Coastal Branch Phase II project cost of approximately \$481 million. Coastal Branch Extension capital charges are based on the allocation share of debt service principal and interest payments from the various DWR revenue bond debt issues allocated to repay the capital costs of the Coastal Branch Phase II.

The fixed DWR charges are allocated to the various project participants based on their State water Table A allocation. The variable DWR charges are allocated in proportion to the project participant requested deliveries. San Luis Obispo County pays DWR directly for its DWR costs. The table on page 60 shows fixed and variable DWR costs for each project participant.

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The FY 2008/09 DWR fixed charges total \$28,152,407, which is \$1,651,823 less than the FY 2007/08 Budget.

- Transportation capital charges are decreasing by \$320,221 due to the following:

Rate Management Credits The FY 2007/08 DWR budget was based on rate management credit funding levels of 25% of full funding for calendar year 2008. However, the actual rate management credits provided by DWR for calendar year 2008 were approximately 64% of full funding. Therefore, the actual charges for FY 2007/08 were lower than projected in the budget, which generated additional credits against the FY 2008/09 budget.

New this Fiscal Year: Beginning with this fiscal year budget, rate management credits will only be based on actual rate management credits provided by DWR. Previously, estimated rate management credits for the next calendar year were included in the budget, thereby decreasing the payments from the project participants. However, given the volatility of the revenues available to DWR to pay rate management credits, many times the actual credits have been significantly different from the estimates used in the budget. Therefore, the CCWA board of directors adopted a policy so that only actual rate management credits paid by DWR will be included in the fiscal year budget.

- Coastal Branch Phase II charges are decreasing by \$803,918 due to fluctuating debt payment amounts for the various series of bond issues which financed the Coast Branch Phase II project costs issued by DWR.
- Transportation Minimum OMP&R charges are decreasing by \$604,754 from the prior year budget due to a lower than projected actual costs for calendar year 2008 which created additional credits available to offset the current year amounts. Additionally, the estimated operating costs are less than projected in the prior year budget.
- Delta water charges are increasing by \$100,450 for an anticipated increase in the Delta Water Charge associated with activities by DWR in the Sacramento-San Joaquin delta. It is anticipated that significant fish-related and conservation activities will occur in FY 2008/09, and so this budget includes a \$5/AF increase over the stated DWR Delta Water Charge amount.

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The DWR variable charges for FY 2008/09 total \$4,318,646, which is \$548,258 lower than the budgeted FY 2007/08 variable payments.

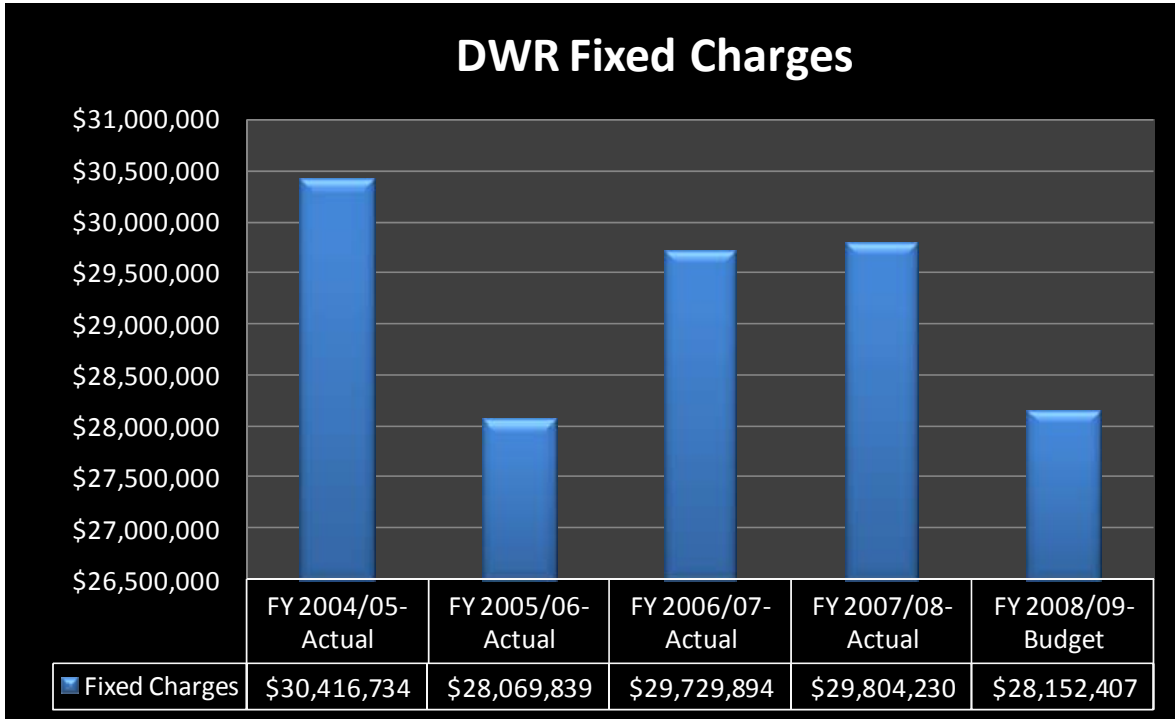
- Off-aqueduct charges total \$1,586,010, which is \$348,399 higher than the prior year amount. This increase is attributed to increased capital and operating costs for DWR's off-aqueduct power generation facilities; specifically the Reid-Gardner power plant in Southern Nevada.
- Variable OMP&R charges total \$2,732,636 which is \$896,657 less than the prior year amount. The decrease is due to lower power costs in calendar year 2008 than anticipated in the FY 2007/08 budget which created additional credits available to offset the current year amount. These savings are partially offset by an increase in the budgeted electrical costs per acre-foot from \$115/AF to \$125/AF, coupled with an increase in the requested water deliveries for FY 2008/09.

The following table provides a comparison of the FY 2007/08 and FY 2008/09 DWR charges. The FY 2008/09 charges are partially offset by DWR account investment income payable to the project participants.

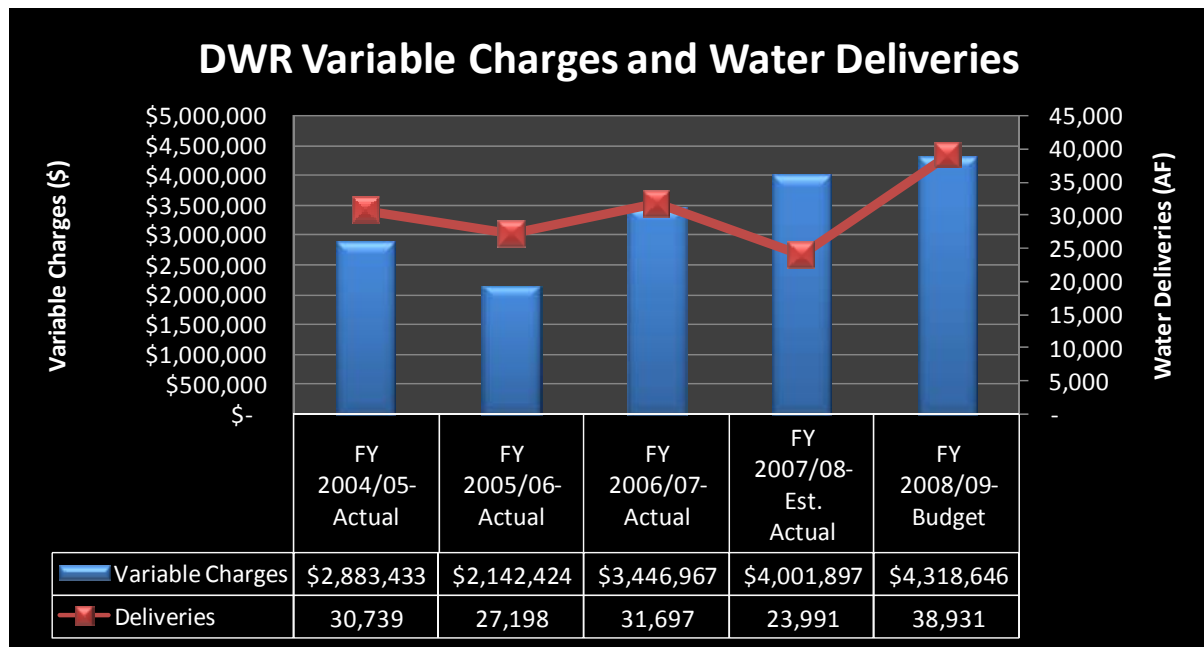
<i>DWR Fixed and Variable Cost Comparison</i>			
Cost Component	FY 2007/08 Budget	FY 2008/09 Budget	Increase (Decrease)
Transportation Capital	\$ 20,898,228	\$20,578,007	\$ (320,221)
Coastal Branch Phase II	2,722,858	1,918,940	(803,918)
Transportation Minimum OMP&R	3,934,306	3,329,552	(604,754)
Water System Revenue Bond	1,107,796	1,084,415	(23,381)
Delta Water Charges	1,141,042	1,241,492	100,450
Subtotal Fixed DWR Charges	29,804,230	28,152,407	(1,651,823)
Off-Aqueduct Charges	1,237,611	1,586,010	348,399
Variable OMP&R	3,629,293	2,732,636	(896,657)
Subtotal Variable DWR Charges	4,866,904	4,318,646	(548,258)
DWR Account Investment Income	(689,680)	(282,045)	407,635
Total DWR Charges	\$ 33,981,454	\$32,189,007	\$(1,792,447)

Central Coast Water Authority
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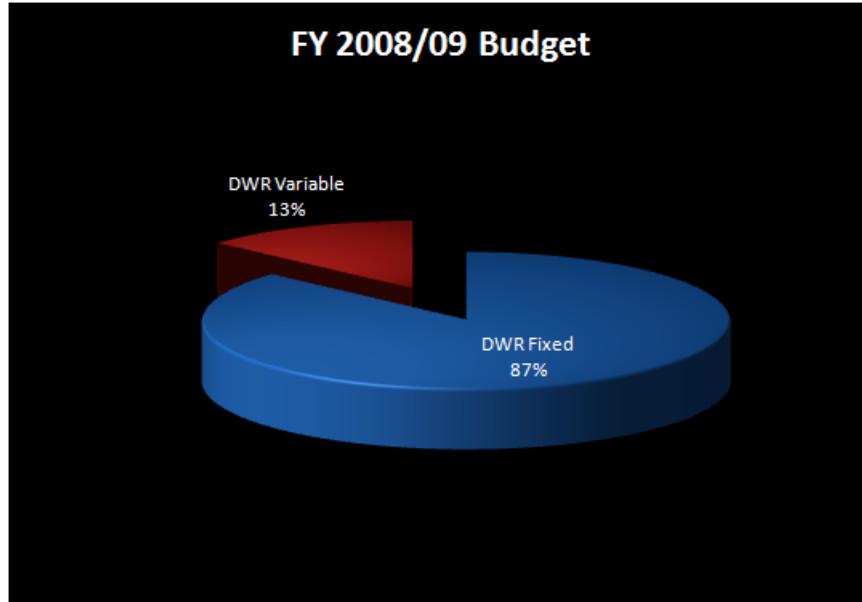
The following graph shows the five-year history of the budgeted DWR fixed costs.



The following graph shows the five-year history of the budgeted DWR variable costs and water deliveries for each year.



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Department of Water Resources Charges
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Detail of DWR Fixed Costs

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

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

The following table shows the Transportation Capital Costs for Reaches 1 through 35 for FY 2008/09 by project participant.

TRANSPORTATION CAPITAL CHARGES

Project Participant	Table A	Percentage	Reaches 1 to 35 ⁽¹⁾	One-Shot Adjustment	Rate Management Funds Credit	Prior Year Credits ⁽²⁾	FY 2008/09 Transportation Capital Charges
Guadalupe	550	1.41%	\$ 313,700	\$ (724)	\$ (11,763)	\$ (10,282)	\$ 290,932
Santa Maria	16,200	41.46%	9,239,898	(21,314)	(346,486)	(351,802)	8,520,297
Golden State Water Co.	500	1.28%	285,182	(658)	(10,694)	(10,264)	263,566
VAFB	5,500	14.07%	3,137,003	(7,236)	(117,634)	(119,218)	2,892,914
Buellton	578	1.48%	329,670	(760)	(12,362)	(11,563)	304,985
Santa Ynez (Solvang) ⁽³⁾	1,500	3.84%	848,128	(1,973)	(31,826)	(32,149)	782,179
Santa Ynez ⁽³⁾	500	1.28%	292,600	(658)	(10,950)	(11,778)	269,215
Goleta	4,500	11.52%	2,566,638	(5,920)	(96,246)	(99,394)	2,365,078
Morehart	200	0.51%	114,073	(263)	(4,278)	(4,603)	104,929
La Cumbre	1,000	2.56%	570,364	(1,316)	(21,388)	(20,132)	527,529
Raytheon	50	0.13%	28,518	(66)	(1,069)	(17)	27,366
Santa Barbara	3,000	7.68%	1,711,092	(3,947)	(64,164)	(64,836)	1,578,145
Montecito	3,000	7.68%	1,711,092	(3,947)	(64,164)	(64,836)	1,578,145
Carpinteria	2,000	5.12%	1,140,728	(2,631)	(42,776)	(43,927)	1,051,394
Subtotal:	39,078	100.00%	\$ 22,288,688	\$ (51,413)	\$ (835,802)	\$ (844,801)	\$ 20,556,673
Goleta Additional Table A	2,500	5.50%	22,410	-	(1,075)	-	21,335
CCWA Drought Buffer	3,908	-	-	-	-	-	-
TOTAL:	45,486		\$ 22,311,098	\$ (51,413)	\$ (836,877)	\$ (844,801)	\$ 20,578,007

- (1) Reach 36 was deleted during project design. DWR Reaches to the end of Coastal Branch Phase II consist of Reaches 1 to 35. The Coastal Branch extension consists of Reaches 37 and 38.
- (2) Credits or additional amount due from FY 2007/08 transportation capital reconciliation.
- (3) Adjusted for transfer of the Solvang 150 acre foot drought buffer Table A to Santa Ynez.

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Transportation Charges - Reaches 37 and 38 This represents the debt service for the Coastal Branch Extension bonds issued by DWR for the Coastal Branch Extension facilities in Santa Barbara County south of the Santa Maria River. The following table shows the Coastal Branch Extension Transportation Capital charges for Reaches 37 and 38. The charges are allocated according to DWR's actual construction costs for the project with 51.84% allocated to Reach 37 and 48.16% allocated to Reach 38.

TRANSPORTATION CAPITAL-COASTAL BRANCH EXTENSION

Project Participant	Reach 37				
	Table A	Percentage	Transportation Capital	Reach 37 Credits ⁽¹⁾	Net Reach 37 Transp. Costs
Guadalupe	-	0.00%	-	-	\$ -
Santa Maria	16,200	42.05%	638,609	(191,074)	447,535
Golden State Water Co.	500	1.30%	19,710	(5,897)	13,813
VAFB	5,500	14.28%	216,812	(64,871)	151,941
Buellton	578	1.50%	22,785	(6,817)	15,968
Santa Ynez (Solvang)	1,500	3.89%	59,130	(17,692)	41,438
Santa Ynez	500	1.30%	19,710	(5,897)	13,813
Goleta	4,500	11.68%	177,391	(53,076)	124,315
Morehart	200	0.52%	7,884	(2,359)	5,525
La Cumbre	1,000	2.60%	39,420	(11,795)	27,626
Raytheon	50	0.13%	1,971	(590)	1,381
Santa Barbara	3,000	7.79%	118,261	(35,384)	82,877
Montecito	3,000	7.79%	118,261	(35,384)	82,877
Carpinteria	2,000	5.19%	78,841	(23,589)	55,251
Total:	38,528	100.00%	1,518,786	(454,425)	\$ 1,064,361

Project Participant	Reach 38					FY 2007/08 Credits	FY 2008/09 Transportation Capital Charges
	Table A	Percentage	Transportation Capital	Reach 38 Credits ⁽¹⁾	Net Reach 38 Transp. Costs		
Guadalupe	-	0.00%	-	-	\$ -	\$ -	\$ -
Santa Maria	-	0.00%	-	-	-	(29,533)	418,002
Golden State Water Co.	-	0.00%	-	-	-	(1,011)	12,802
VAFB	5,500	25.20%	355,522	(106,373)	249,149	(26,037)	375,054
Buellton	578	2.65%	37,362	(11,179)	26,183	(2,872)	39,279
Santa Ynez (Solvang)	1,500	6.87%	96,961	(29,011)	67,950	(7,065)	102,323
Santa Ynez	500	2.29%	32,320	(9,670)	22,650	(2,225)	34,238
Goleta	4,500	20.62%	290,882	(87,033)	203,849	(21,587)	306,578
Morehart	200	0.92%	12,928	(3,868)	9,060	(968)	13,617
La Cumbre	1,000	4.58%	64,640	(19,341)	45,300	(4,841)	68,085
Raytheon	50	0.23%	3,232	(967)	2,265	(144)	3,502
Santa Barbara	3,000	13.74%	193,921	(58,022)	135,899	(14,131)	204,646
Montecito	3,000	13.74%	193,921	(58,022)	135,899	(14,131)	204,646
Carpinteria	2,000	9.16%	129,281	(38,681)	90,600	(9,681)	136,170
Total:	21,828	100.00%	1,410,971	(422,166)	\$ 988,804	\$ (134,225)	\$ 1,918,940

(1) Includes credits for the return of bond cover of \$810,194 and Rate Management Funds Credits of \$66,397.

Central Coast Water Authority
Department of Water Resources Charges
 Fiscal Year 2008/09 Budget

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

The following table shows the Transportation Charge-Minimum OMP&R charges for FY 2008/09.

TRANSPORTATION MINIMUM OMP&R

Project Participant	Table A	Percentage	Reaches 1 to 35	One-Shot Adjustment	FY 2007/08 Credit Amount	FY 2008/09 Transportation Minimum OMP&R
Guadalupe	550	1.41%	\$ 51,824	\$ 75	\$ (5,786)	\$ 46,114
Santa Maria	16,200	41.46%	1,526,462	2,221	(172,243)	1,356,440
Golden State Water Co.	500	1.28%	47,113	69	(5,388)	41,794
VAFB	5,500	14.07%	518,243	754	(58,209)	460,788
Buellton	578	1.48%	54,463	79	(6,107)	48,435
Santa Ynez (Solvang) ⁽¹⁾	1,500	3.84%	136,690	206	(15,507)	121,389
Santa Ynez ⁽¹⁾	500	1.28%	51,762	69	(5,692)	46,138
Goleta	4,500	11.52%	424,017	617	(53,607)	371,027
Morehart	200	0.51%	18,845	27	(2,296)	16,576
La Cumbre	1,000	2.56%	94,226	137	(10,776)	83,587
Raytheon	50	0.13%	4,711	7	(398)	4,320
Santa Barbara	3,000	7.68%	282,678	411	(31,975)	251,114
Montecito	3,000	7.68%	282,678	411	(31,975)	251,114
Carpinteria	2,000	5.12%	188,452	274	(21,199)	167,527
Subtotal:	<u>39,078</u>	<u>100.00%</u>	<u>\$ 3,682,165</u>	<u>\$ 5,359</u>	<u>\$ (421,160)</u>	<u>\$ 3,266,364</u>
Goleta Additional Table A	2,500	-	63,096	92	-	\$ 63,188
CCWA Drought Buffer	3,908	-	-	-	-	-
TOTAL:	<u>45,486</u>	<u>-</u>	<u>\$ 3,745,261</u>	<u>\$ 5,451</u>	<u>\$ (421,160)</u>	<u>\$ 3,329,552</u>

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

Central Coast Water Authority
Department of Water Resources Charges
 Fiscal Year 2008/09 Budget

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

The following table shows the Water System Revenue Bond Surcharge for FY 2008/09.

WATER SYSTEM REVENUE BOND SURCHARGE

Project Participant	Table A	Percentage	Gross WSRB Charges	Return of Bond Cover ⁽²⁾	FY 2007/08 WSRB Credits	FY 2008/09 WSRB Charges
Guadalupe	550	1.41%	\$ 32,179	\$ (14,003)	\$ (2,963)	\$ 15,214
Santa Maria	16,200	41.46%	947,812	(412,437)	(88,823)	446,552
Golden State Water Co.	500	1.28%	29,253	(12,730)	(2,759)	13,765
VAFB	5,500	14.07%	321,788	(140,025)	(30,160)	151,604
Buellton	578	1.48%	33,817	(14,715)	(3,144)	15,957
Santa Ynez (Solvang) ⁽¹⁾	1,500	3.84%	86,210	(37,493)	(7,976)	40,740
Santa Ynez ⁽¹⁾	500	1.28%	30,804	(13,425)	(2,819)	14,560
Goleta	4,500	11.52%	263,281	(114,566)	(26,659)	122,056
Morehart	200	0.51%	11,701	(5,092)	(1,055)	5,554
La Cumbre	1,000	2.56%	58,507	(25,459)	(5,519)	27,529
Raytheon	50	0.13%	2,925	(1,273)	(252)	1,401
Santa Barbara	3,000	7.68%	175,521	(76,377)	(16,508)	82,636
Montecito	3,000	7.68%	175,521	(76,377)	(16,508)	82,636
Carpinteria	2,000	5.12%	117,014	(50,918)	(11,037)	55,058
Subtotal	39,078	100.00%	\$ 2,286,334	\$ (994,891)	\$ (216,183)	\$ 1,075,261
Goleta Additional Table A	2,500	-	\$ 16,597	(7,443)	-	\$ 9,154
CCWA Drought Buffer	3,908	-	-	-	-	-
TOTAL:	45,486	-	\$ 2,302,932	\$ (1,002,334)	\$ (216,183)	\$ 1,084,415

(1) Adjusted for the transfer of Solvang 150 acre foot drought buffer Table A to Santa Ynez.
 (2) WSRB return of bond cover for July 2006 and January 2007 payments.

Central Coast Water Authority
Department of Water Resources Charges
 Fiscal Year 2008/09 Budget

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

No Table A reductions are assumed for FY 2008/09.

The following table shows the Delta Water Charges for FY 2008/09.

DELTA WATER CHARGE						
Project Participant	Table A Including Drought Buffer	Percentage	Gross Delta Water Charges	Rate Management Funds Credit	FY 2007/08 (Credits) Amount Due	FY 2008/09 Delta Water Charges
Guadalupe	605	1.41%	\$ 19,295	(508)	\$ (2,274)	\$ 16,512
Santa Maria	17,820	41.46%	568,312	(14,960)	(66,939)	486,413
Golden State Water Co.	550	1.28%	17,541	(462)	(2,059)	15,020
VAFB	6,050	14.07%	192,946	(5,079)	(22,744)	165,122
Buellton	636	1.48%	20,283	(534)	(2,373)	17,376
Santa Ynez (Solvang)	1,500	3.49%	47,838	(1,259)	(5,615)	40,964
Santa Ynez	700	1.63%	22,324	(588)	(2,620)	19,116
Goleta	4,950	11.52%	157,865	(4,155)	(27,981)	125,728
Morehart	220	0.51%	7,016	(185)	(862)	5,969
La Cumbre	1,100	2.56%	35,081	(923)	(4,118)	30,040
Raytheon	55	0.13%	1,754	(46)	(216)	1,492
Santa Barbara	3,300	7.68%	105,243	(2,770)	(12,450)	90,023
Montecito	3,300	7.68%	105,243	(2,770)	(12,450)	90,023
Carpinteria	2,200	5.12%	70,162	(1,847)	(8,235)	60,080
Subtotal	42,986	100.00%	\$ 1,370,902	\$ (36,086)	\$ (170,938)	\$ 1,163,878
Goleta Additional Table A	2,500	5.50%	\$ 79,730	(2,116)	-	\$ 77,614
TOTAL:	45,486	-	\$ 1,450,631	\$ (38,202)	\$ (170,938)	\$ 1,241,492

Central Coast Water Authority
Department of Water Resources Charges
 Fiscal Year 2008/09 Budget

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

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

The following table shows the Off-Aqueduct charges for FY 2008/09.

Project Participant	Table A Allocation		OFF-AQUEDUCT CHARGES				FY 2007/08	TOTAL
	Allocation		2008	One-Half	2009	One-Half	(Credits)	FY 2008/09
	Table A	Percentage	Off-Aqueduct ^(1 & 2)	Year	Off-Aqueduct ⁽³⁾	Year	Charges ⁽⁴⁾	Off-Aqueduct
Guadalupe	605	1.33%	\$ 24,999	\$ 12,499	\$ 25,983	\$ 12,991	\$ (2,919)	\$ 22,572
Santa Maria	17,820	39.18%	736,331	368,165	765,306	382,653	(130,522)	620,296
Golden State Water Co.	550	1.21%	22,726	11,363	23,621	11,810	(7,955)	15,219
VAFB	6,050	13.30%	249,989	124,994	259,826	129,913	(47,796)	207,111
Buellton	636	1.40%	26,280	13,140	27,314	13,657	906	27,703
Santa Ynez (Solvang) ⁽⁵⁾	1,500	3.30%	61,981	30,990	64,420	32,210	(1,635)	61,565
Santa Ynez ⁽⁶⁾	700	1.54%	28,924	14,462	30,063	15,031	(10,955)	18,538
Goleta	7,450	16.38%	307,838	153,919	319,951	159,976	(73,576)	240,318
Morehart	220	0.48%	9,091	4,545	9,448	4,724	(2,944)	6,325
La Cumbre	1,100	2.42%	45,453	22,726	47,241	23,621	(9,032)	37,314
Raytheon	55	0.12%	2,273	1,136	2,362	1,181	(802)	1,515
Santa Barbara	3,300	7.25%	136,358	68,179	141,723	70,862	(68,217)	70,823
Montecito	3,300	7.25%	136,358	68,179	141,723	70,862	62,133	201,173
Carpinteria	2,200	4.84%	90,905	45,453	94,482	47,241	(37,157)	55,537
	45,486	100.00%	\$ 1,879,503	\$ 939,752	\$ 1,953,462	\$ 976,731	\$ (330,473)	\$ 1,586,010

(1) Off-aqueduct charges are billed to the project participants in four equal installments based on the calendar year DWR charges.

(2) Source: DWR invoice dated July 1, 2007.

(3) Source: Attachment #3, July 1, 2007 DWR Invoice.

(4) Credits for reconciliation of 2007 off-aqueduct charges, return of bond cover and SMIF interest.

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

(6) Pursuant to the Exchange Agreement, Santa Ynez only pays Off-Aqueduct charges on its Table A deliveries. The South Coast project participants which participate in the Exchange Agreement pay the Off-Aqueduct charges for exchange water they accept.

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

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

Central Coast Water Authority
Department of Water Resources Charges
Fiscal Year 2008/09 Budget

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

The following table shows the Variable OMP&R charges for FY 2008/09.

Project Participant	VARIABLE OMP&R CHARGES									
	July 1, 2007 to Dec 31, 2007 ⁽¹⁾			\$125.00/AF ⁽²⁾	Jan 1, 2008 to June 30, 2008 ⁽³⁾			\$125.00/AF ⁽⁴⁾	FY 2007/08	TOTAL
	Requested Delivery	SYID#1 Exchanges	Net Deliveries	2008 Var OMP&R	Requested Delivery	SYID#1 Exchanges	Net Deliveries	2009 Var OMP&R	Credits ⁽⁵⁾	FY 2008/09 Var. OMP&R
Guadalupe	326	-	326	\$ 40,750	304	-	304	\$ 38,000	\$ (9,750)	\$ 69,000
Santa Maria	5,903	-	5,903	737,875	8,300	-	8,300	1,037,500	(766,130)	1,009,245
Golden State Water Co.	297	-	297	37,125	253	-	253	31,625	(24,918)	43,832
VAFB	2,435	-	2,435	304,375	2,415	-	2,415	301,875	(272,784)	333,466
Buellton	334	-	334	41,750	310	-	310	38,750	(26,502)	53,998
Santa Ynez (Solvang)	795	-	795	99,375	705	-	705	88,125	(59,496)	128,004
Santa Ynez ⁽⁶⁾	390	1,496	1,886	48,750	310	974	1,284	38,750	(27,563)	59,937
Goleta	2,365	(539)	1,826	295,625	2,585	(351)	2,234	323,125	(275,932)	342,818
Morehart	109	-	109	13,625	111	-	111	13,875	(10,445)	17,055
La Cumbre	405	-	405	50,625	395	-	395	49,375	(27,096)	72,904
Raytheon	38	-	38	4,750	17	-	17	2,125	(5,000)	1,875
Santa Barbara	1,059	(359)	700	132,375	236	(234)	2	29,500	(4,625)	157,250
Montecito	1,650	(359)	1,291	206,250	1,650	(234)	1,416	206,250	(73,122)	339,378
Carpinteria	515	(239)	276	64,375	358	(156)	202	44,750	(5,250)	103,875
Total	16,621	-	16,621	\$ 2,077,625	17,949	-	17,949	\$ 2,243,625	\$(1,588,614)	\$ 2,732,636

(1) 2008 Requested Deliveries based on anticipated actual demand by each project participant without regard to the current DWR delivery allocation percentage.

(2) Source: Estimate of initial invoice rate for 2008.

(3) 2009 Requested Deliveries based on a 100% delivery allocation.

(4) Source: Estimate of invoice rate for 2009.

(5) Credits for FY 2007/08 actual deliveries compared to budgeted deliveries and DWR Variable OMP&R credits.

(6) Pursuant to the Exchange Agreement, Santa Ynez only pays Variable OMP&R charges on its entitlement deliveries. The South Coast project participants which participate in the Exchange Agreement pay the Variable OMP&R charges for exchange water they accept.

Other DWR Charges and Credits

Table A Entitlement Reductions These reductions are the result of elections by certain project participants to temporarily decrease their Table A allocation. This election eliminates the Delta Water Charge associated with the amount of State water Table A that has been reduced. No Table A reductions are assumed for calendar years 2008 or 2009.

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

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

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

CCWA Turnback Pool

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

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

Central Coast Water Authority
DWR Charges
 Fiscal Year 2008/09 Budget

Project Participant	DWR FIXED CHARGES							DWR VARIABLE CHARGES			DWR Account Interest	Total DWR Charges
	Transportation Capital Through Reach 35 ⁽¹⁾	Transportation Capital Reach 37	Transportation Capital Reach 38	Transportation Minimum OMP&R	Water System Revenue Bond	Delta Water Charges	Total Fixed	Off-Aqueduct Charges	Variable OMP&R	Total Variable		
Guadalupe	\$ 290,932	\$ -	\$ -	\$ 46,114	\$ 15,214	\$ 16,512	\$ 368,772	\$ 22,572	\$ 69,000	\$ 91,572	\$ (2,908)	\$ 457,436
Santa Maria	8,520,297	418,278	-	1,356,440	446,552	486,413	11,227,981	620,296	1,009,245	1,629,541	(89,008)	12,768,514
Golden State Water Co.	263,566	12,910	-	41,794	13,765	15,020	347,054	15,219	43,832	59,050	(10,550)	395,554
Vandenberg AFB	2,892,914	142,008	232,861	460,788	151,604	165,122	4,045,297	207,111	333,466	540,577	-	4,585,874
Buellton	304,985	14,924	24,472	48,435	15,957	17,376	426,148	27,703	53,998	81,701	(3,284)	504,564
Santa Ynez (Solvang)	782,179	38,729	63,508	121,389	40,740	40,964	1,087,509	61,565	128,004	189,569	(8,450)	1,268,629
Santa Ynez	269,215	12,910	21,169	46,138	14,560	19,116	383,108	18,538	59,937	78,475	(3,185)	458,399
Goleta	2,365,078	116,188	190,523	371,027	122,056	125,728	3,290,599	240,318	342,818	583,136	(39,532)	3,834,203
Morehart Land	104,929	5,164	8,468	16,576	5,554	5,969	146,660	6,325	17,055	23,380	(4,921)	165,119
La Cumbre	527,529	25,820	42,338	83,587	27,529	30,040	736,843	37,314	72,904	110,219	(12,281)	834,780
Raytheon	27,366	1,291	2,117	4,320	1,401	1,492	37,987	1,515	1,875	3,390	(1,685)	39,692
Santa Barbara	1,578,145	77,459	127,015	251,114	82,636	90,023	2,206,392	70,823	157,250	228,073	(76,513)	2,357,952
Montecito	1,578,145	77,459	127,015	251,114	82,636	90,023	2,206,392	201,173	339,378	540,551	(18,067)	2,728,876
Carpinteria	1,051,394	51,639	84,677	167,527	55,058	60,080	1,470,375	55,537	103,875	159,412	(11,663)	1,618,124
Goleta 2500 AF	21,335	-	-	63,188	9,154	77,614	171,291	-	-	-	-	171,291
Total	\$ 20,578,007	\$ 994,779	\$ 924,162	\$ 3,329,552	\$ 1,084,415	\$ 1,241,492	\$ 28,152,407	\$ 1,586,010	\$ 2,732,636	\$ 4,318,646	\$ (282,045)	\$ 32,189,007

(1) Reach 36 was deleted during project design.

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Fiber Optic Cable Repair on Drum Canyon Road

Operating Expenses

The Operating Expenses section of the FY 2008/09 Budget contains a summary of the consolidated department operating expenses and allocation of the Authority's operating expenses to its project participants.

Highlights

Summary Information

- **Total FY 2008/09 Operating Expenses** **\$ 7,145,759**
- Fixed expense increase \$ 368,761
- Variable expense decrease \$ 301,646
- Increase over FY 2007/08 Budget \$ 670,407

- Percentage increase 10.35%

Significant Operating Expense Changes

- Includes salary pool for FY 2008/09 of \$147,797.
- Chemical costs budgeted at \$29.70 an acre-foot.
- Employee benefits percentage for FY 2008/09: 38.86%

Central Coast Water Authority
Operating Expense Overview
Fiscal Year 2008/09 Budget

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

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

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

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

The Operations and Maintenance staff comprise the bulk (24.25) of the 28.25 Authority employees. They are charged with the mission of providing San Luis Obispo and Santa Barbara Counties with reliable, high quality supplemental water and the objectives of protecting the environment, cost effectively operating and maintaining all facilities and ensuring the water supply meets or exceeds health and safety standards.

Operating Expense Budget and Exchange Agreement Modifications

The Operating Expense Budget presented in this document represents the anticipated expenses to operate the Authority for Fiscal Year 2008/09. These expenses are billed to the project participants based on the individual Water Supply Agreements for each agency (*see the Revenues and Sources of Cash section of this document for further information on billings*).

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

Central Coast Water Authority
Operating Expense Overview
 Fiscal Year 2008/09 Budget

The Santa Ynez Exchange Agreement modifications for the Fiscal Year 2008/09 budget are as follows:

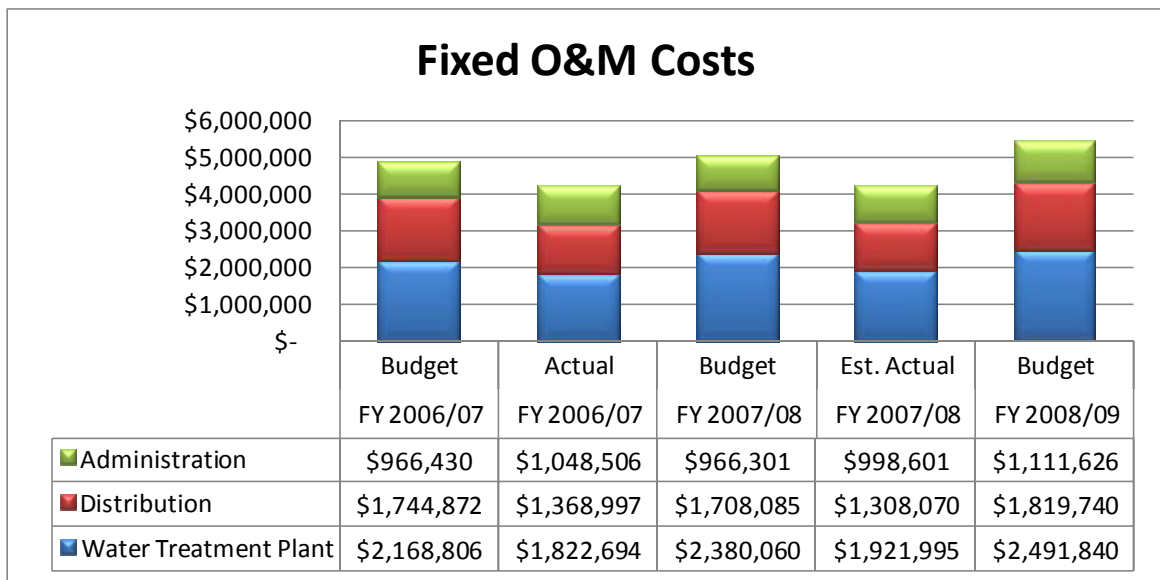
- Decrease in electrical costs at the Santa Ynez Pumping Facility of \$135,850.
- Decrease in Warren Act charges of \$143,260 (Warren Act charges are not included in the Operating Expense budget and are treated as a pass-through expense).

Fixed and Variable Operating Expenses

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

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

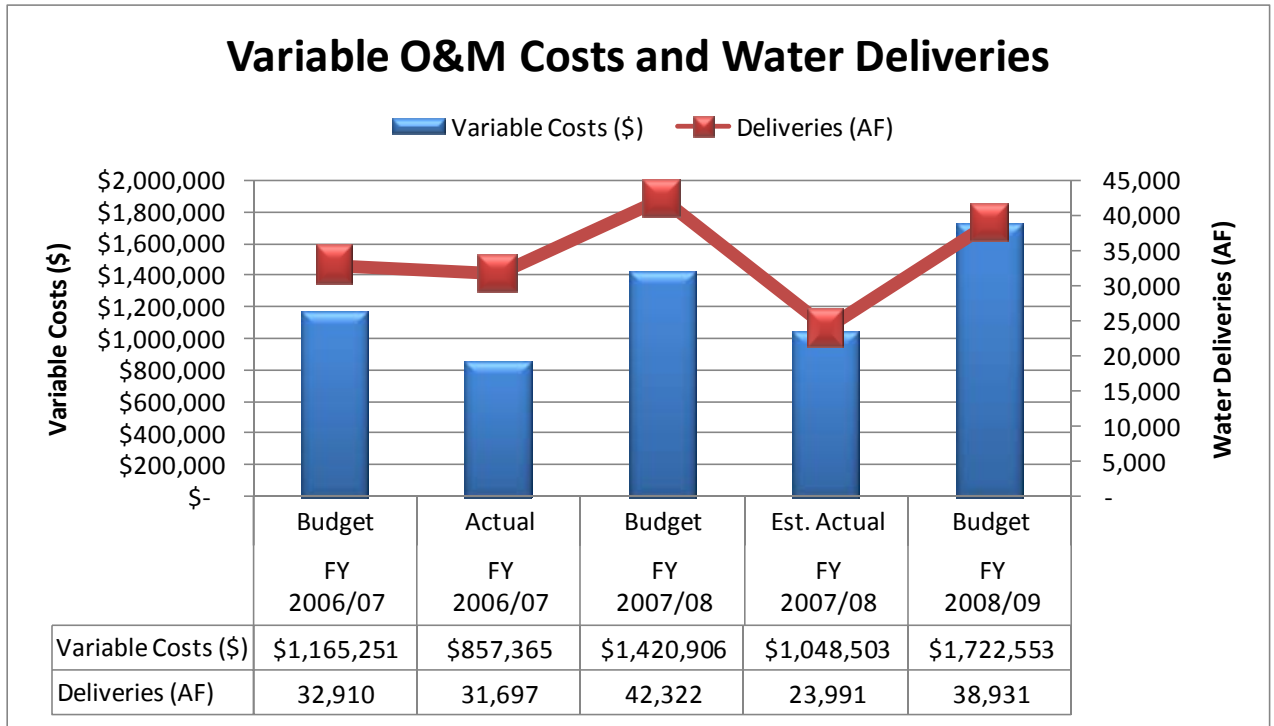
The following chart shows the three-year history of the fixed O&M costs in total and for each of the three departments.



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

The following chart shows the variable O&M costs compared to the requested and actual water deliveries for the same period.

Central Coast Water Authority
Operating Expense Overview
 Fiscal Year 2008/09 Budget



The Fiscal Year 2008/09 Consolidated Departmental Operating Expense Budget totals \$7,145,759, which is \$670,408 higher than the Fiscal Year 2007/08 Budget, a 10.35% increase. Explanations for the various changes within the budget are found in the departmental operating expense budgets that follow.

Approximately 47% of the operating expense budget represents personnel expenses. This is followed by 18% for supplies and equipment and the balance comprised of other expenses.

The chart on page 75 provides a detailed breakdown of the components of the FY 2008/09 budget.

Central Coast Water Authority
Operating Expense Overview
 Fiscal Year 2008/09 Budget

CCWA Employee Benefits Percentage

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

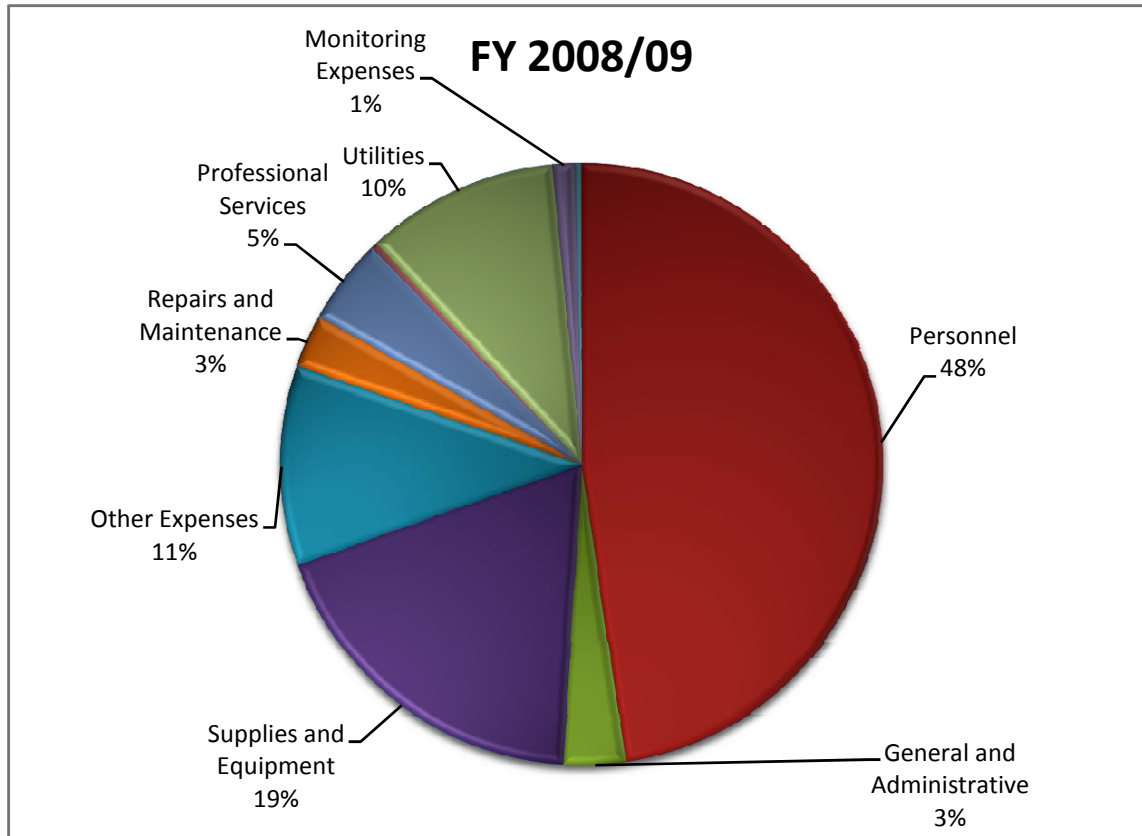
Employee Benefits Funding Benchmark: The Authority will calculate the Employee Benefits Percentage (EBP) in conjunction with the Budget preparation. The EBP calculation will include PERS retirement, health insurance, cafeteria plan benefits, dental/vision insurance, long-term disability and life insurance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

The following table shows the Employee Benefits Percentage calculation for the adopted and proposed budgets for fiscal years 2006/07 through 2008/09.

Employee Benefits Percentage Calculation			
	FY 2006/07	FY 2007/08	FY 2008/09
	Budget	Budget	Budget
Total Regular Salaries	\$ 2,008,016	\$ 2,060,772	\$ 2,210,759
Benefits			
PERS Retirement	368,630	374,087	413,309
Health Insurance	295,194	330,464	354,340
Cafeteria Plan Benefits	32,450	31,824	27,986
Dental/Vision Plan	39,532	48,174	45,084
Long-Term Disability	10,319	9,021	9,644
Life Insurance	8,308	8,652	8,782
Total Benefits:	\$ 754,433	\$ 802,222	\$ 859,146
Employee Benefits Percentage	37.57%	38.93%	38.86%

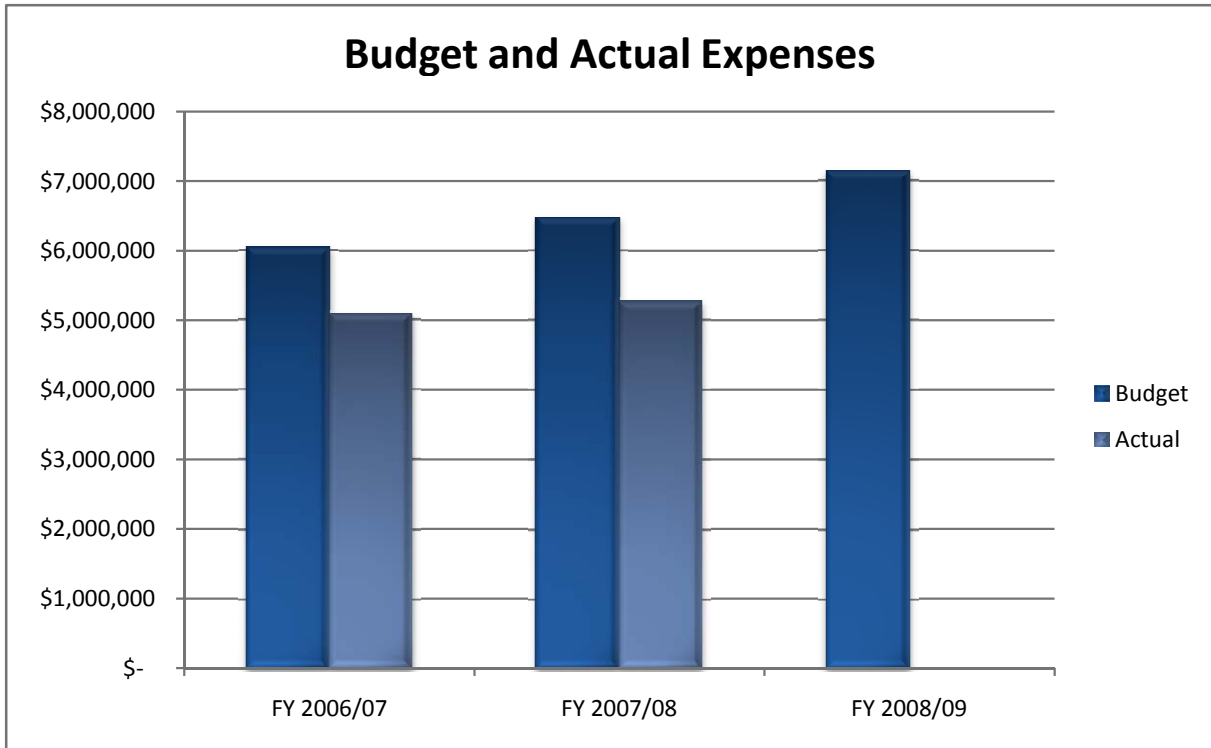
Central Coast Water Authority
Consolidated Department Operating Expenses
 Fiscal Year 2008/09 Budget

Item	FY 2008/09 Budget
Personnel	\$ 3,402,328
Office Expenses	25,760
Supplies and Equipment	1,326,821
Monitoring Expenses	85,100
Repairs and Maintenance	203,233
Professional Services	330,600
General and Administrative	239,010
Utilities	739,120
Other Expenses	768,438
Turnouts	25,350
TOTAL:	\$ 7,145,759



Central Coast Water Authority
Consolidated Department Operating Expenses
 Fiscal Year 2008/09 Budget

Item	FY 2006/07 Budget	FY 2006/07 Actual	FY 2007/08 Budget	FY 2007/08 Estimated Actual	FY 2008/09 Budget
Personnel	\$ 3,069,623	\$ 2,592,933	\$ 3,130,062	\$ 2,648,724	\$ 3,402,328
Office Expenses	27,260	22,441	25,760	18,248	25,760
Supplies and Equipment	1,015,421	786,465	1,131,428	797,466	1,326,821
Monitoring Expenses	89,400	51,963	70,000	36,850	85,100
Repairs and Maintenance	189,098	217,235	202,628	125,481	203,233
Professional Services	287,500	293,307	292,050	223,227	330,600
General and Administrative	198,433	177,033	204,625	184,863	239,010
Utilities	451,640	349,299	625,668	560,130	739,120
Other Expenses	670,880	560,781	747,480	636,529	768,438
Turnouts	46,105	46,105	45,650	45,650	25,350
Subtotal	\$ 6,045,359	\$ 5,097,562	\$ 6,475,351	\$ 5,277,168	\$ 7,145,759
Non-Annual Recurring	\$ 106,002	\$ 106,002	\$ -	\$ -	\$ -
TOTAL:	\$ 6,151,361	\$ 5,203,564	\$ 6,475,351	\$ 5,277,168	\$ 7,145,759



Central Coast Water Authority
Consolidated Department Operating Expenses
 Fiscal Year 2008/09 Administration/O&M Budget

Account Number	Account Name	FY 2006/07	FY 2006/07	FY 2007/08	FY 2007/08	FY 2008/09	Change from		Percent Change
		Budget	Actual	Budget	Estimated Actual	Budget	FY 2007/08	Budget	FY 2007/08 Budget
<u>PERSONNEL EXPENSES</u>									
5000.10	Full-Time Regular Wages	\$ 2,008,016	\$ 1,757,657	\$ 2,060,772	\$ 1,788,377	\$ 2,210,759	\$	\$ 149,988	7.28%
1300.60	Capitalized Wages and Overtime	(25,420)	(64,792)	(50,600)	(50,600)	(507)		50,093	-99.00%
5000.20	Overtime	95,608	74,081	97,506	75,246	102,525		5,019	5.15%
5000.40	Standby Pay	40,734	38,408	41,347	40,455	43,625		2,278	5.51%
5000.50	Shift Differential Pay	11,500	11,627	11,500	12,252	11,500		-	0.00%
5100.10	PERS Retirement	368,630	315,527	374,087	320,533	413,309		39,222	10.48%
5100.15	Medicare Taxes	31,695	27,165	32,511	27,700	34,791		2,281	7.01%
5100.20	Health Insurance	295,194	244,036	330,464	248,481	354,340		23,875	7.22%
5100.25	Workers' Compensation	103,077	62,142	82,224	50,552	72,986		(9,238)	-11.24%
5100.30	Vehicle Expenses	11,400	11,180	11,400	11,399	11,400		-	0.00%
5100.35	IRC 457-Employer Paid	30,000	29,923	31,000	29,568	31,000		-	0.00%
5100.40	Cafeteria Plan Benefits	32,450	28,992	31,824	28,558	27,986		(3,837)	-12.06%
5100.45	Dental/Vision Plan	39,532	39,187	48,174	53,552	45,084		(3,090)	-6.41%
5100.50	Long-Term Disability	10,319	7,316	9,021	7,580	9,644		623	6.91%
5100.55	Life Insurance	8,308	8,551	8,652	8,532	8,782		130	1.50%
5100.60	Employee Physicals	1,650	834	1,650	780	1,650		-	0.00%
5000.30	Temporary Services	6,000	1,141	15,000	-	15,000		-	0.00%
5100.70	Employee Incentive Programs	6,400	2,609	6,400	4,227	6,400		-	0.00%
5100.65	Employee Education Reimbursement	2,250	487	2,250	-	2,250		-	0.00%
1300.60	Capitalized Employee Benefits	(7,720)	(3,138)	(15,120)	(8,467)	(198)		14,922	-98.69%
Total Personnel Expenses:		3,069,623	2,592,933	3,130,062	2,648,724	3,402,328		272,266	8.70%

Central Coast Water Authority
Consolidated Department Operating Expenses
 Fiscal Year 2008/09 Administration/O&M Budget

Account Number	Account Name	FY 2006/07	FY 2006/07	FY 2007/08	FY 2007/08	FY 2008/09	Change from		
		Budget	Actual	Budget	Estimated Actual	Budget	FY 2007/08	FY 2007/08	
							Budget	Budget	
<u>OFFICE EXPENSES</u>									
5200.20	Office Supplies	18,740	14,046	17,240	9,217	15,240	(2,000)	-11.60%	
5200.30	Misc. Office Expenses	8,520	8,396	8,520	9,031	10,520	2,000	23.47%	
Total Office Expenses:		27,260	22,441	25,760	18,248	25,760	-	0.00%	
<u>SUPPLIES AND EQUIPMENT</u>									
5500.10	Uniform Expenses	14,450	10,073	16,830	9,352	16,830	-	0.00%	
5500.15	Minor Tools and Equipment	15,000	12,590	18,500	9,072	15,000	(3,500)	-18.92%	
5500.20	Spare Parts	-	-	-	-	-	-	N/A	
5500.25	Landscape Equipment and Supplies	2,500	766	6,500	332	9,500	3,000	46.15%	
5500.30	Chemicals-Fixed	-	-	-	-	-	-	N/A	
5500.31	Chemicals-Variable	898,571	691,920	1,003,198	690,770	1,187,337	184,138	18.36%	
5500.35	Maintenance Supplies/Hardware	20,000	13,386	20,000	14,202	20,000	-	0.00%	
5500.40	Safety Supplies	10,000	6,053	10,000	11,800	12,000	2,000	20.00%	
5500.45	Fuel and Lubricants	47,400	50,434	48,900	50,565	53,654	4,754	9.72%	
5500.50	Seed/Erosion Control Supplies	7,000	900	7,000	11,373	12,000	5,000	71.43%	
5500.55	Backflow Prevention Supplies	500	342	500	-	500	-	0.00%	
Total Supplies and Equipment:		1,015,421	786,465	1,131,428	797,466	1,326,821	195,392	17.27%	
<u>MONITORING EXPENSES</u>									
5600.10	Lab Supplies	39,000	40,702	38,000	28,038	38,000	-	0.00%	
5600.20	Lab Tools and Equipment	5,000	626	5,000	193	15,500	10,500	210.00%	
5600.30	Lab Testing	45,400	10,635	27,000	8,619	31,600	4,600	17.04%	
Total Monitoring Expenses:		89,400	51,963	70,000	36,850	85,100	15,100	21.57%	

Central Coast Water Authority
Consolidated Department Operating Expenses
 Fiscal Year 2008/09 Administration/O&M Budget

Account Number	Account Name	FY 2006/07	FY 2006/07	FY 2007/08	FY 2007/08	FY 2008/09	Change from		
		Budget	Actual	Budget	Estimated Actual	Budget	FY 2007/08	FY 2007/08	
							Budget	Budget	
<u>REPAIRS AND MAINTENANCE</u>									
5700.10	Equipment Repairs and Maintenance	114,400	152,316	125,280	71,069	125,280	-	-	0.00%
5700.20	Vehicle Repairs and Maintenance	19,420	12,443	19,420	7,910	19,420	-	-	0.00%
5700.30	Building Maintenance	44,430	40,939	46,680	37,686	47,285	605	605	1.30%
5700.40	Landscape Maintenance	10,848	11,537	11,248	8,816	11,248	-	-	0.00%
Total Repairs and Maintenance:		189,098	217,235	202,628	125,481	203,233	605	605	0.30%
<u>PROFESSIONAL SERVICES</u>									
5400.10	Professional Services	126,850	80,393	113,550	66,919	131,600	18,050	18,050	15.90%
5400.20	Legal Services	45,000	150,094	60,000	86,147	80,000	20,000	20,000	33.33%
5400.30	Engineering Services	21,000	1,586	21,000	5,324	21,000	-	-	0.00%
5400.40	Permits	17,650	13,991	18,500	16,015	18,500	-	-	0.00%
5400.50	Non-Contractual Services	48,000	20,869	48,000	17,822	46,500	(1,500)	(1,500)	-3.13%
5400.60	Accounting Services	29,000	26,375	31,000	31,000	33,000	2,000	2,000	6.45%
Total Professional Services:		287,500	293,307	292,050	223,227	330,600	38,550	38,550	13.20%

Central Coast Water Authority
Consolidated Department Operating Expenses
 Fiscal Year 2008/09 Administration/O&M Budget

Account Number	Account Name	FY 2006/07	FY 2006/07	FY 2007/08	FY 2007/08	FY 2008/09	Change from		
		Budget	Actual	Budget	Estimated Actual	Budget	FY 2007/08	FY 2007/08	
							Budget	Budget	
<u>GENERAL AND ADMINISTRATIVE</u>									
5300.10	Meetings and Travel	47,250	39,612	47,250	53,083	54,050	6,800	14.39%	
5300.20	Mileage Reimbursement	1,600	1,743	1,650	929	1,650	-	0.00%	
5300.30	Dues and Memberships	94,923	105,510	101,465	105,623	132,230	30,765	30.32%	
5300.40	Publications	5,810	3,916	5,810	1,806	4,830	(980)	-16.87%	
5300.50	Training	27,750	14,104	27,750	10,942	27,750	-	0.00%	
5300.60	Advertising	6,000	3,271	6,000	2,590	5,000	(1,000)	-16.67%	
5300.70	Printing and Binding	5,000	2,535	4,000	3,417	4,000	-	0.00%	
5300.80	Postage	10,100	6,340	10,700	6,473	9,500	(1,200)	-11.21%	
Total General and Administrative:		198,433	177,033	204,625	184,863	239,010	34,385	16.80%	

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UTILITIES

5800.20	Natural Gas	5,440	5,267	5,740	5,683	6,370	630	10.98%
5800.30	Electric-Fixed	133,140	143,658	157,260	167,022	162,244	4,984	3.17%
5800.35	Electric-VARIABLE	266,680	165,445	417,708	357,733	535,216	117,509	28.13%
5800.40	Water	2,400	2,083	2,400	2,163	2,550	150	6.25%
5800.50	Telephone	37,200	25,191	35,080	19,772	24,240	(10,840)	-30.90%
5800.60	Waste Disposal	6,780	7,655	7,480	7,757	8,500	1,020	13.64%
Total Utilities:		451,640	349,299	625,668	560,130	739,120	113,453	18.13%

Central Coast Water Authority
Consolidated Department Operating Expenses
 Fiscal Year 2008/09 Administration/O&M Budget

Account Number	Account Name	FY 2006/07	FY 2006/07	FY 2007/08	FY 2007/08	FY 2008/09	Change from		
		Budget	Actual	Budget	Estimated Actual	Budget	FY 2007/08	FY 2007/08	
							Budget	Budget	
<u>OTHER EXPENSES</u>									
5900.10	Insurance	126,287	122,498	130,259	115,319	133,074	2,815	2.16%	
5900.30	Non-Capitalized Projects	234,310	281,265	310,221	310,221	289,755	(20,466)	-6.60%	
5900.40	Equipment Rental	37,400	26,198	34,200	30,922	33,840	(360)	-1.05%	
5900.50	Non-Capitalized Equipment	30,000	11,284	25,000	10,910	25,000	-	0.00%	
5900.60	Computer Expenses	125,250	119,537	121,530	129,157	148,358	26,828	22.08%	
5900.70	Appropriated Contingency	117,632	-	126,270	40,000	138,410	12,140	9.61%	
Total Other Expenses:		670,880	560,781	747,480	636,529	768,438	20,957	2.80%	
	Turnout Expenses	46,105	46,105	45,650	45,650	25,350	(20,300)	-44.47%	
	TOTAL OPERATING EXPENSES	\$ 6,045,359	\$ 5,097,562	\$ 6,475,351	\$ 5,277,168	\$ 7,145,759	\$ 670,408	10.35%	

Central Coast Water Authority
Operating Expense and CIP Expense Allocation by Department
 Fiscal Year 2008/09 Budget

Project Participant	Administration Department		Water Treatment Plant Department Fixed Costs					Turnout Costs
	Entitlement	Percentage	Administration Expenses	WTP Fixed	WTP and Capital Retirement	Exchange Fixed and Capital Adjustments	Total Fixed WTP Costs	
Shandon	-	-	\$ -	100	5,799	-	5,799	-
Chorro Valley	-	-	-	2,338	144,284	-	144,284	7,000
Lopez	-	-	-	2,392	146,488	-	146,488	2,600
Guadalupe	550	1.41%	16,490	550	34,043	21,078	55,121	2,150
Santa Maria	16,200	41.46%	485,704	16,200	997,554	620,840	1,618,393	2,500
Golden State Water Co.	5,000	1.28%	14,991	5,000	30,081	19,162	49,242	3,500
VAFB	5,500	14.07%	164,900	5,500	336,136	210,779	546,915	2,000
Buellton	578	1.48%	17,329	578	36,468	22,151	58,619	2,350
Santa Ynez (Solvang)	1,500	3.84%	44,973	1,500	93,006	57,485	150,491	1,750
Santa Ynez	5,000	1.28%	14,991	5,000	44,334	113,807	486,014	1,500
Goleta	4,500	11.52%	134,918	4,500	261,487	(341,011)	(197,559)	-
Morehart Land	200	0.51%	5,996	200	11,640	(18,888)	(7,248)	-
La Cumbre	1,000	2.56%	29,982	1,000	58,356	(94,439)	(36,083)	-
Raytheon (SBRC)	50	0.13%	1,499	50	2,917	(4,722)	(1,805)	-
Santa Barbara	3,000	7.68%	89,945	3,000	173,977	(227,341)	(132,054)	-
Montecito	3,000	7.68%	89,945	3,000	174,736	(227,341)	(131,294)	-
Carpinteria	2,000	5.12%	59,963	2,000	116,058	(151,560)	(87,962)	-
TOTAL:	39,078	100.00%	\$ 1,171,626	43,908	\$ 2,667,362	\$ (0)	\$ 2,667,362	\$ 25,350

Project Participant	Distribution Department Fixed Costs										Total Fixed Operating Costs
	Reach 33B	Reach 34	Reach 35	Reach 37	Reach 38	Mission Hills II	Santa Ynez I	Santa Ynez II	Total Fixed Distribution Costs	Total Fixed Operating Costs	
Shandon	998	-	-	-	-	-	-	-	998	998	6,797
Chorro Valley	23,322	-	-	-	-	-	-	-	23,322	23,322	174,606
Lopez	23,861	13,362	-	-	-	-	-	-	37,223	37,223	186,311
Guadalupe	5,486	3,072	1,762	-	-	-	-	-	10,321	10,321	84,082
Santa Maria	161,598	90,496	51,905	28,642	-	-	-	-	332,641	332,641	2,439,238
Golden State Water Co.	4,988	2,793	1,602	884	-	-	-	-	10,267	10,267	78,000
VAFB	54,864	30,724	17,622	9,724	26,786	42,472	-	-	182,192	182,192	896,006
Buellton	5,766	3,229	1,852	1,022	2,815	4,463	10,374	-	29,520	29,520	107,818
Santa Ynez (Solvang)	14,963	8,379	4,806	2,652	7,305	11,583	26,921	-	76,610	76,610	273,823
Santa Ynez	4,988	2,793	1,602	884	2,435	3,861	8,974	-	25,537	25,537	528,041
Goleta	44,888	25,138	14,418	7,956	21,916	34,750	80,763	166,299	396,129	396,129	333,488
Morehart Land	1,995	1,117	641	354	974	1,544	3,589	7,391	17,606	17,606	16,354
La Cumbre	9,975	5,586	3,204	1,768	4,870	7,722	17,947	36,955	88,029	88,029	81,927
Raytheon (SBRC)	499	279	160	88	244	386	897	1,848	4,401	4,401	4,096
Santa Barbara	29,926	16,759	9,612	5,304	14,611	23,166	53,842	110,866	264,086	264,086	221,977
Montecito	29,926	16,759	9,612	5,304	14,611	23,166	53,842	110,866	264,086	264,086	222,736
Carpinteria	19,950	11,172	6,408	3,536	9,741	15,444	35,895	73,911	176,057	176,057	148,058
TOTAL:	437,990	231,659	125,205	68,119	106,308	168,559	293,044	508,137	1,939,022	\$ 5,803,361	

Central Coast Water Authority
Operating Expense and CIP Expense Allocation by Department
 Fiscal Year 2008/09 Budget

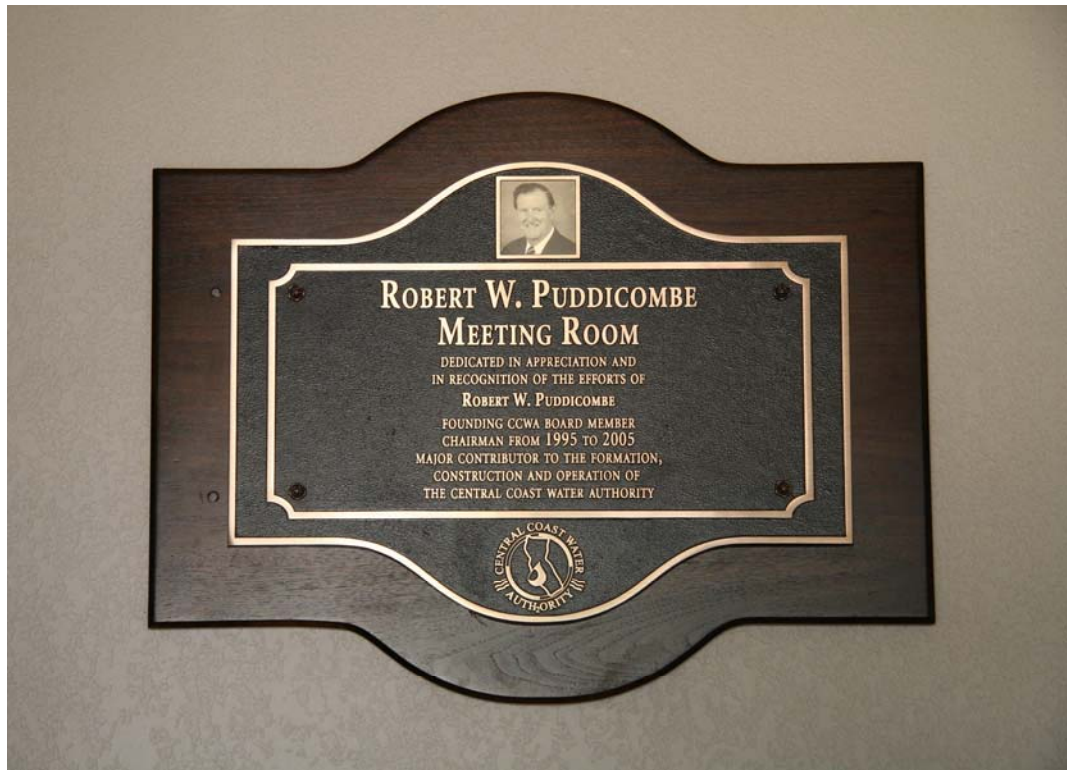
<u>Distribution Department Variable Costs</u>										Total Distribution Variable Costs
Project Participant	Reach 33B	Reach 34	Reach 35	Reach 37	Reach 38	Mission Hills II	Santa Ynez I	Santa Ynez II		
Shandon	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Chorro Valley	0	-	-	-	-	-	-	-	-	0
Lopez	0	0	-	-	-	-	-	-	-	0
Guadalupe	0	0	0	-	-	-	-	-	-	0
Santa Maria	0	0	0	0	0	-	-	-	-	0
Golden State Water Co.	0	0	0	0	-	-	-	-	-	0
VAFB	0	0	0	0	0	0	-	-	-	0
Buellton	0	0	0	0	0	0	0	-	-	0
Santa Ynez (Solvang)	0	0	0	0	0	0	0	-	-	0
Santa Ynez	0	0	0	0	0	0	0	-	-	0
Goleta	0	0	0	0	0	0	0	223,351	-	223,351
Morehart Land	0	0	0	0	0	0	0	12,100	-	12,100
La Cumbre	0	0	0	0	0	0	0	44,000	-	44,000
S.B. Research	0	0	0	0	0	0	0	3,025	-	3,025
Santa Barbara	0	0	0	0	0	0	0	38,626	-	38,626
Montecito	0	0	0	0	0	0	0	148,901	-	148,901
Carpinteria	0	0	0	0	0	0	0	26,282	-	26,282
TOTAL:	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 496,285	\$ 0	\$ 496,285

Project Participant	<u>Water Treatment Plant Variable Costs</u>			Total WTP Variable Costs	Total Variable Operating Costs	TOTAL FIXED AND VARIABLE OPERATING COSTS	Summary of Total Costs	
	WTP Variable	WTP Variable Retreatment	WTP Variable Exchange Adjustments				Fixed O&M Costs	Variable O&M Costs
Shandon	-			-	-	6,797	Administration	\$ 1,111,626
Chorro Valley	74,149			74,149	74,149	248,755	Water Treatment Plant	2,491,840
Lopez	63,223			63,223	63,223	249,534	Distribution	1,819,740
Guadalupe	19,844	5,180		25,024	25,024	109,106	Total Fixed O&M Costs	5,423,206
Santa Maria	447,370	116,771		564,141	564,141	3,003,380	Variable O&M Costs	
Golden State Water Co.	17,324	4,522		21,846	21,846	99,846	Water Treatment Plant	1,226,268
VAFB	152,767	39,875		192,641	192,641	1,088,648	Distribution	496,285
Buellton	20,285	5,295		25,580	25,580	133,398	Total Variable O&M Costs	1,722,553
Santa Ynez (Solvang)	47,247	12,332		59,580	59,580	333,403	Capital Improvement Projects	380,155
Santa Ynez	22,049	26,059	77,789	125,897	125,897	653,939	Total O&M and CIP Costs:	\$ 7,525,914
Goleta	155,916	(94,525)	(28,004)	33,387	256,739	590,226		
Morehart Land	6,930	(5,121)	0	1,809	13,909	30,263		
La Cumbre	25,199	(18,621)	0	6,577	50,577	132,505		
S.B. Research	1,732	(1,280)	0	452	3,477	7,573		
Santa Barbara	40,790	(16,347)	(18,669)	5,774	44,400	266,377		
Montecito	103,944	(63,017)	(18,669)	22,258	171,159	393,895		
Carpinteria	27,498	(11,123)	(12,446)	3,929	30,211	178,269		
TOTAL:	\$ 1,226,268	\$ (0)	\$ -	1,226,268	1,722,553	\$ 7,525,914		

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CCWA Board of Directors' Resolution No. 07-05 Renames CCWA's Board Room as the "Robert W. Puddicombe Meeting Room"

Administration Department

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

Highlights

Department Information

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

Budget Information

- Total FY 2008/09 O&M Budget \$1,111,626
- O&M Budget increase over FY 2007/08 \$ 145,325
- Percentage increase over FY 2007/08 15.04%

Significant Accomplishments During FY 2007/08

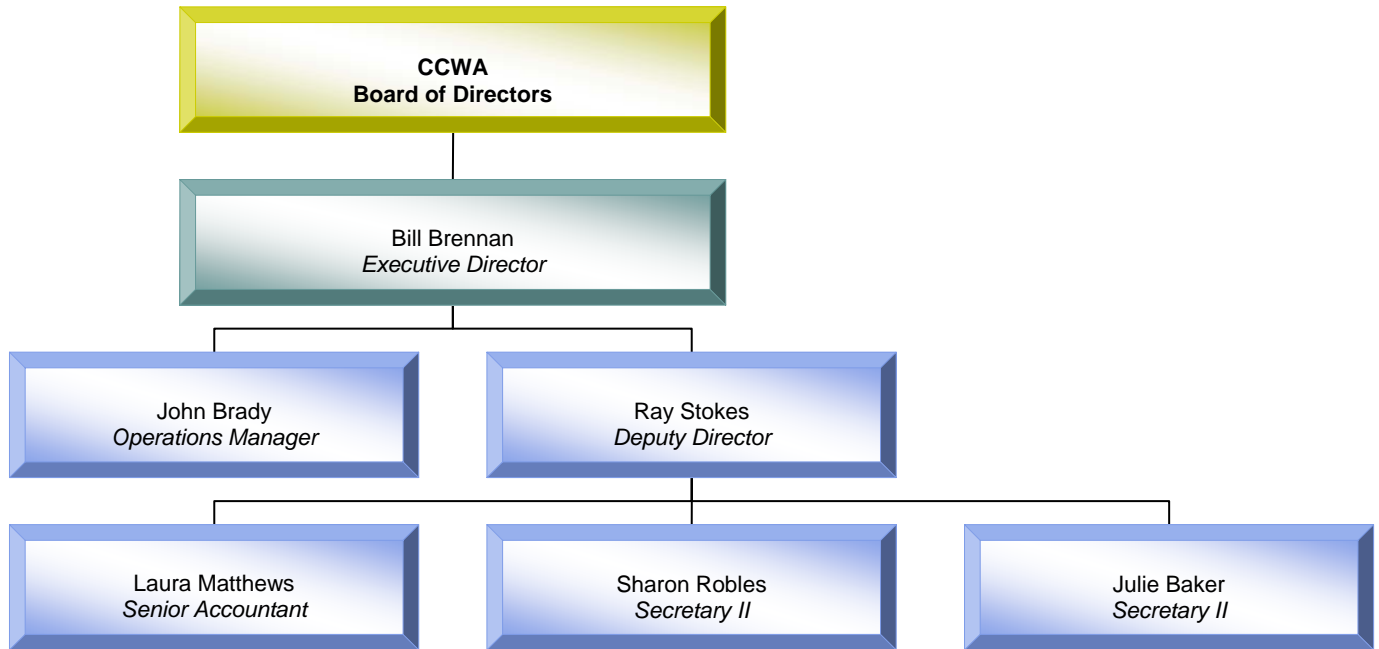
- Secured agreement from DWR and the State Water Contractors to reacquire the 12,214 acre-feet of suspended Table A water.
- Completed the MOU for a dry-year water option/purchase program with San Luis Obispo County.

Significant Goals for FY 2008/09

- Continue to investigate ground water banking, acquisition of suspended SBCFC&WCD water and unallocated SLOCFC&WCD water, and other opportunities to increase State water reliability.

Central Coast Water Authority
Administration Department
Fiscal Year 2008/09 Budget

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



EXECUTIVE DIRECTOR

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

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

Central Coast Water Authority
Administration Department
Fiscal Year 2008/09 Budget

DEPUTY DIRECTOR

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

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

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

ENGINEERING

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



Chemical feed room piping upgrade at the Water Treatment Plant

Central Coast Water Authority
Administration Department
Fiscal Year 2008/09 Budget

2007 ACCOMPLISHMENTS AND 2008 GOALS

The following pages list all of the Authority's 2007 goals and their status (i.e., "Accomplishments") and the Authority's 2008 goals. The 2007 accomplishments and 2008 goals that are the responsibility of the Water Treatment Plant and Distribution Departments are repeated in the Water Treatment Plant and Distribution Department sections of this budget. Also included is a table of performance indicators ("Service Efforts and Accomplishments") for the Administration Department.

<u>Goal</u>	<u>Status</u>
Complete 2007 Compensation and Benefits Survey. [2/07]	Completed 2/07.
Work with the Department of Water Resources and State Water Contractors to ensure fair and equitable allocation of the costs associated with the Department's relicensing of the power generation facilities at Oroville Lake (FERC relicensing) and costs associated with CALFED. [Ongoing]	Initial allocation of FERC costs agreed to among the Contractors. DWR has not agreed to the Contractors allocation.
Participate and represent CCWA's interests in State Water Contractors Association and the State Water Project Contractors Authority. [Ongoing]	General Manager, Bill Mancinelli, passed away in January. New contract General Manager hired 7/07. Sanitary Survey completed. East Branch Enlargement, MWQI and Energy grant projects ongoing.
Continue to work with Department of Water Resource's fiscal staff through the State Water Contractors Audit-Finance Committee to maximize rate management credits (RMC) for 2007 and 2008. [4/07]	2007 RMC reduced due to the financed recreation costs issue. 2008 RMC are estimated to be about \$23 million.
Continue to work with Department of Water Resources O&M staff through the State Water Contractors O&M and Engineering Committees to control O&M expenses and when possible to capitalize high cost projects. [Ongoing]	Bill Brennan joined Energy Committee as vice chair.
Complete all required actions to reacquire 12,214 acre-feet of Santa Barbara County suspended SWP water. [12/07]	Secured agreement to reacquire water from DWR and SWC. First planning meeting with County scheduled for 1/08.
Evaluate need for a Senior Accountant position. [3/07]	Completed. New position approved by the Board.

Central Coast Water Authority
Administration Department
Fiscal Year 2008/09 Budget

Evaluate remaining usable life for CCWA computer network servers and replace critical servers. [12/07]	Completed 12/07.
Complete final allocation of CCWA project costs, amend debt service schedules and closeout remaining bond trustee and capital deposit accounts. [6/07]	Completed – June 2007.
Prepare history of actual State water payments by project participant from FY 1996/97 through the current fiscal year and distribute to project participants. [12/07]	No progress.
Complete MOU for dry year option/purchase program with San Luis Obispo County. [6/07]	Final draft agreement will be presented to Operating Committee and Board 1/08.
Investigate groundwater banking and storage opportunities in Santa Barbara County, San Luis Obispo County and elsewhere in California.	Groundwater banking feasibility report for San Luis Obispo County received 9/07. Next phase of discussions will take place in 2008.
Assist San Luis Obispo County as needed in transferring Shandon Table A Amount water and ensure that any transfers do not detrimentally impact existing project participants. [12/07]	San Luis Obispo County project participants are again showing interest in assigning the Shandon water.
Continue work on Accounting Department and Administration Department policies and procedures manual chapters on Administrative, Accounts Payable, Purchasing, Cash Management, and Project Participant Invoices. [12/07]	On-going.
Prepare the FY 2007/08 Budget in conformance with Government Finance Officers Association (GFOA) and submit it to GFOA for the “Distinguished Budget Presentation” award. [7/07]	FY 2007/08 Budget submitted to GFOA.
Prepare a Comprehensive Annual Financial Report for FY 2006/07 in conformance with GFOA and submit it to GFOA for the “Excellence in Financial Reporting” award. [11/07]	Report completed. Printing and submittal to GFOA will be completed in 1/08.
Prepare and submit FY 2005/06 report of continuing disclosure to Bond Trustee. [3/07]	Completed.

Contracts

Preserve benefits of Monterey Amendment (Amendment No. 16 to the State Water Contract) to CCWA’s project participants and its customers. [Ongoing]	Monterey EIR draft completed 12/07.
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Central Coast Water Authority
Administration Department
Fiscal Year 2008/09 Budget

Renew agreement with DWR to operate and maintain the treated water portion of the Coastal Branch Extension. [1/07] Completed. New agreement now runs through 2016.

DWR Coordination

Coordinate pipeline and water treatment plant inspections with annual DWR shutdown for Coastal Branch Phase I maintenance. [11/07] Completed 11/07.

Assist DWR in removing sediment from raw water pump station forebays. [12/07] Bluestone pump station forebay was cleaned by DWR 3/07.

Engineering

Complete development of five and twenty year Capital Improvement program. [9/07] Preliminary work has been initiated.

Migrate CCWA as-built drawings to one consistent electronic format. [12/07] Postponed to 2008.

Explore and address remaining fiber optic cable continuity issues. [12/07] Fiber optic toning package was field tested and purchased. Installation scheduled for 2/08.

Identify Polonio Pass WTP sludge lagoon C rehabilitation needs. [9/07] Inflow study has been completed and traced back to Lagoon B. Sludge lagoon C had vegetation removed and was regraded 9/07.

Complete rapid small-scale test for GAC comparisons. [9/07] Completed 12/07.

Install Phase 2 of the Control System Upgrade at Polonio Pass WTP. [11/07] Completed 11/07.

Complete input/output upgrade at Energy Dissipation Valve Vault. [11/07] Completed 12/07.

Environmental and Safety

Complete HCP (Habitat Conservation Plan) according to schedule presented by National Fish and Wildlife Service. [12/07] Ongoing.

Update Process Safety Management Plan. [2/07] Completed 9/07.

Update Injury and Illness Prevention Program. [3/07] Completed 10/07.

Central Coast Water Authority
Administration Department
 Fiscal Year 2008/09 Budget

Monitor and repair revegetation and erosion damage following 2006 abandoned pipeline removal along Santa Rosa Road. [3-year commitment]	Ongoing: Revegetation monitoring for 3 years as of 10/06.
Design solutions and repair erosion damage in pipeline alignment near Creston. [3/07]	Postponed to 2008.
Remove supports and protections for maturing oak trees and continue oak tree monitoring program for DWR Reaches 1-6 and CCWA Schedules A, B and C. [Ongoing]	Support removal completed 8/07. Annual monitoring and counting completed 11/07.
Request and participate in bi-annual Cal/OSHA consultation inspection at the Polonio Pass WTP. [9/07]	Completed 9/07.

Post 2007 Goals

<u>Goals</u>	<u>Status</u>
Obtain approval of and implement Financial amendment to the State Water Contract through the State Water Contractors.	
Identify and implement mechanisms to firm up water supply reliability as needed.	Staff are investigating several groundwater banking programs for applicability.
Identify and implement mechanisms to offset shortages due to drought,	CCWA is participating in SWPCA dry year program, working with San Luis Obispo County to institute a short term transfer program and reviewing a transfer program with Yuba County for applicability.
Consider San Luis Obispo County membership in CCWA if requested.	
Work with State Water Contractors and DWR to develop and implement a multi-year water transfer policy.	

Central Coast Water Authority
Administration Department
Fiscal Year 2008/09 Budget

2008 Goals

Administration and Accounting

Goal

Work with the Department of Water Resources and State Water Contractors to ensure fair and equitable allocation of the costs associated with the Department's relicensing of the power generation facilities at Oroville Lake (FERC relicensing) and costs associated with CALFED. [Ongoing]

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

Continue to work with Department of Water Resource's fiscal staff through the State Water Contractors Audit-Finance Committee to maximize rate management credits for 2008 and 2009. [4/08]

Continue to work with Department of Water Resources O&M staff through the State Water Contractors O&M and Engineering Committees to control O&M expenses and when possible to capitalize high cost projects. [Ongoing]

Investigate alternative health care plans for CCWA staff. [6/08]

Complete all required actions to reacquire 12,214 acre-feet of Santa Barbara County suspended SWP water. [12/08]

Hire a new Engineering Technician. [3/08]

Prepare history of actual State water payments by project participant from FY 1996/97 through the current fiscal year and distribute to project participants [12/08]

Assist San Luis Obispo County as needed in transferring Shandon Table A Amount water and ensure that any transfers do not detrimentally impact existing project participants. [12/08]

Prepare the FY 2008/09 Budget in conformance with Government Finance Officers Association (GFOA) and submit it to GFOA for the "Distinguished Budget Presentation" award. [7/08]

Continue work on Accounting Department and Administration Department policies and procedures manual chapters on Administrative, Accounts Payable, Purchasing, Cash Management, and Project Participant Invoices. [12/08]

Central Coast Water Authority
Administration Department
Fiscal Year 2008/09 Budget

Prepare a Comprehensive Annual Financial Report for FY 2007/08 in conformance with GFOA and submit it to GFOA for the “Excellence in Financial Reporting” award. [11/08]

Prepare and submit FY 2006/07 report of continuing disclosure to Bond Trustee. [3/08]

Investigate groundwater banking and storage opportunities in Santa Barbara County, San Luis Obispo County and elsewhere in California. [12/08]

Contracts

Preserve benefits of Monterey Amendment (Amendment No. 16 to the State Water Contract) to CCWA’s project participants and its customers. [Ongoing]

DWR Coordination

Coordinate pipeline and water treatment plant inspections with annual DWR shutdown for Coastal Branch Phase I maintenance. [11/08]

Assist DWR in removing sediment from raw water pump station forebays. [12/08]

Engineering

Complete development of five and twenty year Capital Improvement program. [9/08]

Migrate CCWA as-built drawings to one consistent electronic format. [12/08]

Develop Comprehensive encroachment permit program. [6/08]

Research commercially available database software for maintaining pipeline right-of-way data. [9/08]

Coordinate detailed analysis of pipeline conveyance capacity. [6/08]

Research available technology and programs for leak detection in large diameter pipelines. [11/08]

Research and evaluate potential mitigation measures to address side slope water seepage from the WTP sludge lagoons. [11/08]

Central Coast Water Authority
Administration Department
Fiscal Year 2008/09 Budget

Develop and implement a monitoring program for the flexible joint connections between the large diameter HDPE pipe and concrete structures at the WTP. [11/08]

Research available options for repairing areas of concrete deterioration/distress within the WTP. [9/08]

Environmental and Safety

Complete HCP (Habitat Conservation Plan) according to schedule presented by National Fish and Wildlife Service. [6/08]

Research and install updated fall protection devices at Tanks 2 and 5. [8/08]

Participate in Cal/OSHA consultation inspection at WTP. [7/08]

Monitor and repair revegetation and erosion damage caused by 2006 abandoned pipeline removal along Santa Rosa Road. [3-year commitment]

Continue monitoring erosion near major blow-off at Huero Huero Creek. With Operations Manager assistance, develop long term erosion control solution. [12/08]

Remove supports and protections for maturing oak trees and continue oak tree monitoring program for DWR Reaches 3 and 4. [11/08]

With Operations Manager assistance develop long term solution for exposed pipe in upper Santa Ynez River. [12/08]

Post 2007 Goals

Obtain approval of and implement Financial amendment to the State Water Contract through the State Water Contractors.

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

Identify and implement mechanisms to offset shortages due to drought.

Consider San Luis Obispo County membership in CCWA if requested.

Central Coast Water Authority
Administration Department
Fiscal Year 2008/09 Budget

ADMINISTRATION DEPARTMENT OPERATING EXPENSE OVERVIEW

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

The Administration Department operating expense budget for FY 2008/09 is increasing by \$145,325 or 15.04% when compared to the FY 2007/08 Budget. The total FY 2008/09 budget is \$1,111,626 compared to the FY 2007/08 budget of \$966,301. The following items represent the major changes in the Administration Department budget.

Personnel Expenses Total personnel expenses are increasing by approximately \$63,000 due to the following:

- Administration Department FY 2008/09 salary pool allocation of \$29,443.
- PERS retirement expense increase of \$11,625 for a higher contribution rate and higher salary amount for FY 2008/09.
- All other employee benefit expenses are changed only slightly from the prior year budget amounts.

Professional Services The professional services budget is increasing by \$21,100 due to a \$20,000 increase in the legal services budget to more closely reflect the actual legal costs being incurred and a \$2,000 increase in accounting services.

General and Administrative General and administrative expenses are increasing by about \$35,000 primarily due to an increase in the State Water Contractors (SWC) dues. These increases are attributed to additional activities to be undertaken by the SWC in FY 2008/09 associated with legal issues of the State Water Project, fish protection and mitigation issues and other state-wide policy and technical issues affecting the State Water Project.

Other Expenses Other expenses are increasing by about \$30,500 due to an increase in computer-related expenses for an increase in software annual maintenance contracts and other general computer-related monitoring and consulting expenses.

Central Coast Water Authority
Personnel Services Summary
Administration Department
Fiscal Year 2008/09 Budget

PERSONNEL COUNT SUMMARY					
Position Title	Number Auth. FY 2006/07	Number Auth. FY 2007/08	Number Requested FY 2008/09	Change Over FY 2006/07	Change Over FY 2007/08
Executive Director ⁽¹⁾	0.50	0.50	0.50	-	-
Deputy Director	1.00	1.00	1.00	-	-
Operations Manager ⁽¹⁾	0.25	0.25	0.25	-	-
Senior Accountant	-	1.00	1.00	1.00	-
Accounting Specialist	1.00	-	-	(1.00)	-
Secretary II	1.75	1.75	1.75	-	-
TOTAL:	4.50	4.50	4.50	-	-

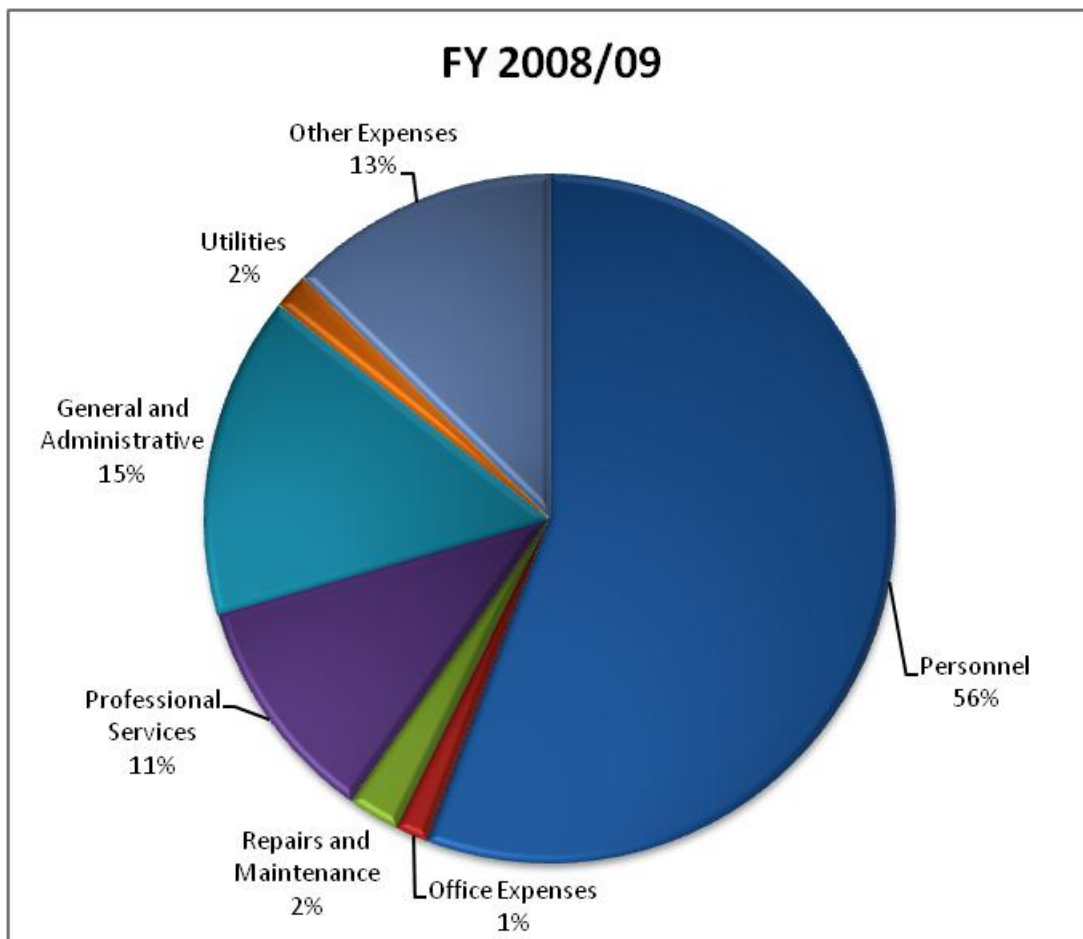
PERSONNEL WAGE SUMMARY				
Position Title	Position Classification	Minimum Monthly Salary	Maximum Monthly Salary	FY 2007/08 Current Salary
Executive Director ⁽¹⁾	N/A	N/A	N/A	\$ 81,984
Deputy Director	N/A	N/A	N/A	\$ 142,584
Operations Manager ⁽¹⁾	25	\$ 8,349	\$ 10,185	\$ 26,749
Senior Accountant	16	\$ 5,206	\$ 6,352	\$ 70,138
Secretary II	11	\$ 4,042	\$ 4,932	\$ 89,378
FY 2008/09 Salary Pool				\$ 29,433
TOTAL:				\$ 440,265

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

The Operations Manager is allocated to Administration (25%), Water Treatment Plant (35%) and Distribution (40%).

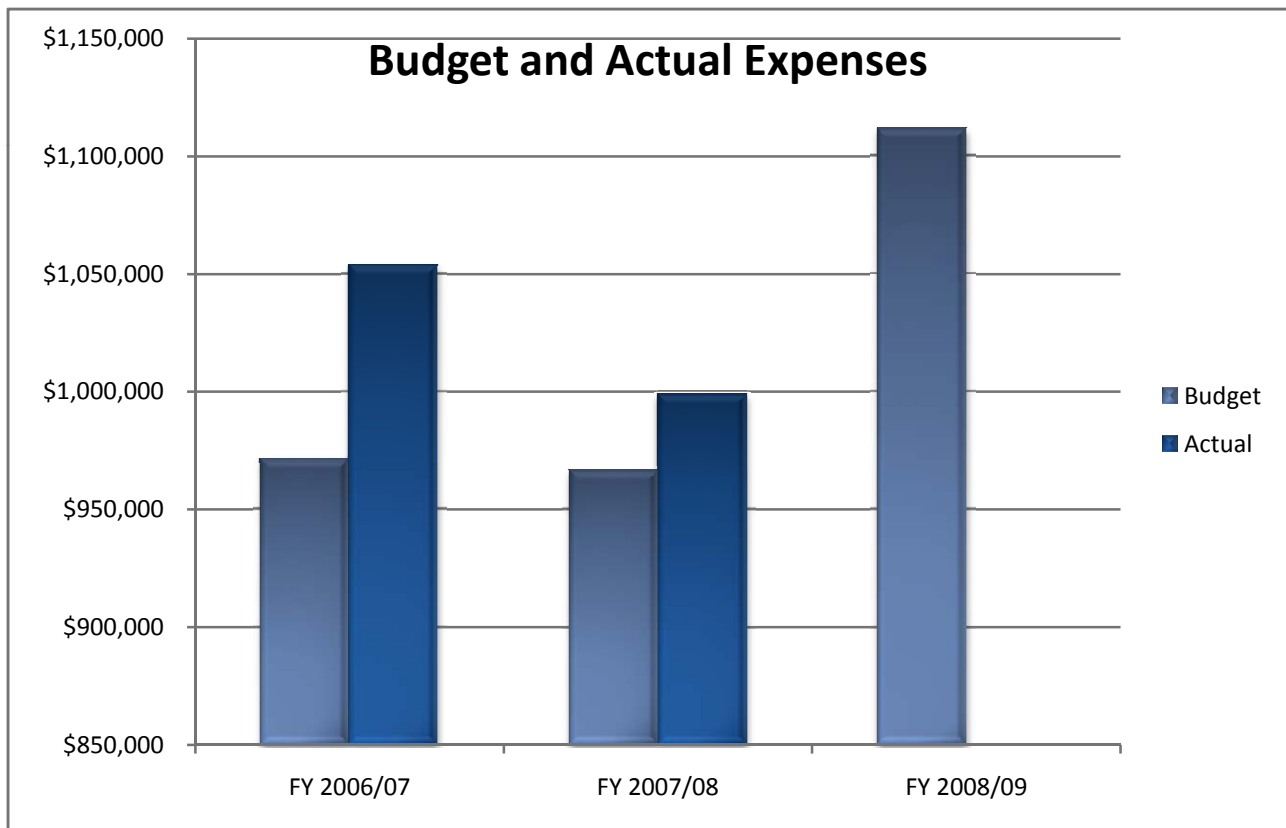
Central Coast Water Authority
Administration Department Operating Expenses
 Fiscal Year 2008/09 Budget

Item	FY 2008/09 Budget
Personnel	\$ 620,010
Office Expenses	17,200
Repairs and Maintenance	27,160
Professional Services	119,700
General and Administrative	168,360
Utilities	18,260
Other Expenses	140,936
TOTAL:	<u>\$ 1,111,626</u>



Central Coast Water Authority
Administration Department Operating Expenses
 Fiscal Year 2008/09 Budget

Item	FY 2006/07 Budget	FY 2006/07 Actual	FY 2007/08 Budget	FY 2007/08 Estimated Actual	FY 2008/09 Budget
Personnel	\$ 535,603	\$ 543,684	\$ 557,164	\$ 557,890	\$ 620,010
Office Expenses	17,000	13,828	17,000	13,571	17,200
Supplies and Equipment	-	-	-	-	-
Repairs and Maintenance	25,030	21,521	28,160	19,925	27,160
Professional Services	84,600	219,076	98,600	123,581	119,700
General and Administration	127,533	129,933	133,075	131,715	168,360
Utilities	21,820	19,493	21,900	15,258	18,260
Other Expenses	154,844	100,970	110,402	136,661	140,936
Subtotal	\$ 966,430	\$ 1,048,506	\$ 966,301	\$ 998,601	\$ 1,111,626
Non-Annual Recurring	\$ 5,000	\$ 5,000	\$ -	\$ -	\$ -
TOTAL:	\$ 971,430	\$ 1,053,506	\$ 966,301	\$ 998,601	\$ 1,111,626



Central Coast Water Authority
Administration Department Operating Expenses
 Fiscal Year 2008/09 Administration/O&M Budget

Account Number	Account Name	FY 2006/07	FY 2006/07	FY 2007/08	FY 2007/08	FY 2008/09	Change from		Percent Change
		Budget	Actual	Budget	Estimated Actual	Budget	FY 2007/08	Budget	FY 2007/08
<u>PERSONNEL EXPENSES</u>									
5000.10	Full-Time Regular Wages	\$ 375,850	\$ 384,105	\$ 390,660	\$ 396,305	\$ 440,265	\$	49,606	12.70%
1300.60	Capitalized Wages and Overtime	-	-	-	-	-	-	-	N/A
5000.20	Overtime	2,000	195	2,000	1,012	2,000	-	-	0.00%
5000.40	Standby Pay	-	-	-	-	-	-	-	N/A
5000.50	Shift Differential Pay	-	-	-	-	-	-	-	N/A
5100.10	PERS Retirement	70,284	72,110	72,272	71,047	83,897	11,625	11,625	16.08%
5100.15	Medicare Taxes	5,805	6,394	6,031	6,239	6,750	719	719	11.93%
5100.20	Health Insurance	23,068	22,983	23,347	17,538	24,452	1,105	1,105	4.73%
5100.25	Workers' Compensation	4,782	3,723	4,216	3,000	3,963	(252)	(252)	-5.98%
5100.30	Vehicle Expenses	11,400	11,180	11,400	11,399	11,400	-	-	0.00%
5100.35	IRC 457-Employer Paid	22,500	22,442	23,250	22,176	23,250	-	-	0.00%
5100.40	Cafeteria Plan Benefits	8,827	11,048	11,650	12,510	11,934	284	284	2.44%
5100.45	Dental/Vision Plan	6,475	6,164	7,891	6,266	7,384	(506)	(506)	-6.41%
5100.50	Long-Term Disability	1,898	1,539	1,679	1,591	1,890	211	211	12.55%
5100.55	Life Insurance	1,264	1,424	1,319	1,355	1,373	55	55	4.14%
5100.60	Employee Physicals	-	-	-	-	-	-	-	N/A
5000.30	Temporary Services	-	-	-	-	-	-	-	N/A
5100.70	Employee Incentive Programs	1,200	378	1,200	800	1,200	-	-	0.00%
5100.65	Employee Education Reimbursement	250	-	250	-	250	-	-	0.00%
5100.86	Non-Capitalized Projects Overhead	-	-	-	6,653	-	-	-	N/A
Total Personnel Expenses:		535,603	543,684	557,164	557,890	620,010	\$	62,846	11.28%

Central Coast Water Authority
Administration Department Operating Expenses
 Fiscal Year 2008/09 Administration/O&M Budget

Account Number	Account Name	FY 2006/07 Budget	FY 2006/07 Actual	FY 2007/08 Budget	FY 2007/08 Estimated Actual	FY 2008/09 Budget	Change from FY 2007/08 Budget	Percent Change FY 2007/08 Budget
<u>OFFICE EXPENSES</u>								
5200.20	Office Supplies	12,000	9,011	12,000	6,671	10,200	(1,800)	-15.00%
5200.30	Miscellaneous Office Expenses	5,000	4,817	5,000	6,900	7,000	2,000	40.00%
Total Office Expenses:		17,000	13,828	17,000	13,571	17,200	200	1.18%
<u>SUPPLIES AND EQUIPMENT</u>								
5500.10	Uniform Expenses	-	-	-	-	-	-	N/A
5500.15	Minor Tools and Equipment	-	-	-	-	-	-	N/A
5500.20	Spare Parts	-	-	-	-	-	-	N/A
5500.25	Landscape Equipment and Supplies	-	-	-	-	-	-	N/A
5500.30	Chemicals-Fixed	-	-	-	-	-	-	N/A
5500.31	Chemicals-Variable	-	-	-	-	-	-	N/A
5500.35	Maintenance Supplies/Hardware	-	-	-	-	-	-	N/A
5500.40	Safety Supplies	-	-	-	-	-	-	N/A
5500.45	Fuel and Lubricants	-	-	-	-	-	-	N/A
5500.50	Seed/Erosion Control Supplies	-	-	-	-	-	-	N/A
5500.55	Backflow Prevention Supplies	-	-	-	-	-	-	N/A
Total Supplies and Equipment:		-	-	-	-	-	-	N/A
<u>MONITORING EXPENSES</u>								
5600.10	Lab Supplies	-	-	-	-	-	-	N/A
5600.20	Lab Tools and Equipment	-	-	-	-	-	-	N/A
5600.30	Lab Testing	-	-	-	-	-	-	N/A
Total Monitoring Expenses:		-	-	-	-	-	-	-

Central Coast Water Authority
Administration Department Operating Expenses
 Fiscal Year 2008/09 Administration/O&M Budget

Account Number	Account Name	FY 2006/07	FY 2006/07	FY 2007/08	FY 2007/08	FY 2008/09	Change from		Percent Change
		Budget	Actual	Budget	Estimated Actual	Budget	FY 2007/08	Budget	FY 2007/08
<u>REPAIRS AND MAINTENANCE</u>									
5700.10	Equipment Repairs and Maintenance	4,400	3,370	5,280	2,268	5,280	-	-	0.00%
5700.20	Vehicle Repairs and Maintenance	-	-	-	-	-	-	-	N/A
5700.30	Building Maintenance	17,530	15,867	19,780	15,201	18,780	(1,000)	(1,000)	-5.06%
5700.40	Landscape Maintenance	3,100	2,284	3,100	2,456	3,100	-	-	0.00%
Total Repairs and Maintenance:		25,030	21,521	28,160	19,925	27,160	(1,000)	(1,000)	-3.55%
<u>PROFESSIONAL SERVICES</u>									
5400.10	Professional Services	7,200	42,357	4,200	2,612	3,200	(1,000)	(1,000)	-23.81%
5400.20	Legal Services	45,000	148,468	60,000	86,147	80,000	20,000	20,000	33.33%
5400.30	Engineering Services	-	-	-	-	-	-	-	N/A
5400.40	Permits	-	-	-	-	-	-	-	N/A
5400.50	Non-Contractual Services	3,400	1,877	3,400	3,822	3,500	100	100	2.94%
5400.60	Accounting Services	29,000	26,375	31,000	31,000	33,000	2,000	2,000	6.45%
Total Professional Services:		84,600	219,076	98,600	123,581	119,700	21,100	21,100	21.40%
<u>GENERAL AND ADMINISTRATIVE</u>									
5300.10	Meeting and Travel	24,500	23,956	24,500	29,975	31,300	6,800	6,800	27.76%
5300.20	Mileage Reimbursement	1,000	433	1,000	929	1,000	-	-	0.00%
5300.30	Dues and Memberships	82,623	93,486	89,165	89,165	119,030	29,865	29,865	33.49%
5300.40	Publications	3,510	2,719	3,510	1,005	2,530	(980)	(980)	-27.92%
5300.50	Training	5,000	2,521	5,000	1,239	5,000	-	-	0.00%
5300.60	Advertising	2,000	245	2,000	2,590	1,000	(1,000)	(1,000)	-50.00%
5300.70	Printing and Binding	5,000	2,535	4,000	3,417	4,000	-	-	0.00%
5300.80	Postage	3,900	4,039	3,900	3,395	4,500	600	600	15.38%
Total General and Administrative:		127,533	129,933	133,075	131,715	168,360	35,285	35,285	26.52%
<u>UTILITIES</u>									
5800.20	Natural Gas	540	320	540	298	420	(120)	(120)	-22.22%
5800.30	Electric-Fixed	6,600	4,790	6,600	5,848	6,600	-	-	0.00%

Central Coast Water Authority
Administration Department Operating Expenses
 Fiscal Year 2008/09 Administration/O&M Budget

Account Number	Account Name	FY 2006/07		FY 2007/08		FY 2008/09		Change from		Percent Change
		Budget	Actual	Budget	Estimated Actual	Budget	Budget	FY 2007/08	Budget	
5800.35	Electric-Variable	-	-	-	-	-	-	-	-	N/A
5800.40	Water	1,200	855	1,200	820	1,200	1,200	-	-	0.00%
5800.50	Telephone	11,200	11,295	11,080	5,968	7,440	7,440	(3,640)	(3,640)	-32.85%
5800.60	Waste Disposal	2,280	2,233	2,480	2,324	2,600	2,600	120	120	4.84%
Total Utilities:		21,820	19,493	21,900	15,258	18,260	18,260	(3,640)	(3,640)	-16.62%

OTHER EXPENSES

5900.10	Insurance	17,095	17,442	18,895	18,895	20,111	20,111	1,216	1,216	6.44%
5900.30	Non-Capitalized Projects	-	10,276	-	-	-	-	-	-	N/A
5900.40	Equipment Rental	10,400	7,199	7,200	7,215	6,840	6,840	(360)	(360)	-5.00%
5900.50	Non-Capitalized Equipment	10,000	763	5,000	2,136	5,000	5,000	-	-	0.00%
5900.60	Computer Expenses	98,400	65,290	60,360	68,415	87,188	87,188	26,828	26,828	44.45%
5900.70	Appropriated Contingency	18,950	-	18,947	40,000	21,797	21,797	2,850	2,850	15.04%
Total Other Expenses:		154,844	100,970	110,402	136,661	140,936	140,936	30,534	30,534	27.66%
TOTAL OPERATING EXPENSES		\$ 966,430	\$ 1,048,506	\$ 966,301	\$ 998,601	\$ 1,111,626	\$ 1,111,626	\$ 145,325	\$ 145,325	15.04%

**CENTRAL COAST WATER AUTHORITY
ADMINISTRATION FY 2008/09 BUDGET**

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

Description: Funds for the Administration Department regular employees. Includes \$29,433 for the FY 2008/09 salary pool.

FY 08/09 Requested Budget	440,265
FY 07/08 Estimated Actual	396,305
Increase (Decrease)	43,960

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

Description: Overtime expenses for non-exempt Administration employees.

FY 08/09 Requested Budget	2,000
FY 07/08 Estimated Actual	1,012
Increase (Decrease)	988

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

Description: Not funded.

FY 08/09 Requested Budget	-
FY 07/08 Estimated Actual	-
Increase (Decrease)	-

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

Description: Funds for the employer and employee portion of PERS retirement system contributions. Based on a 19.056% contribution rate for FY 2008/09.

FY 08/09 Requested Budget	83,897
FY 07/08 Estimated Actual	71,047
Increase (Decrease)	12,850

**CENTRAL COAST WATER AUTHORITY
ADMINISTRATION FY 2008/09 BUDGET**

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

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

FY 08/09 Requested Budget	6,750
FY 07/08 Estimated Actual	6,239
Increase (Decrease)	511

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

Description: Funds for the employer provided portion of medical insurance coverage for Administration employees. Budget amount is based on actual medical insurance election for the Administration Department. Includes an increase for 2009 estimated at 10%.
Family: \$ 14,906
Emp+1: \$ 12,694
Emp: \$ 5,386

FY 08/09 Requested Budget	24,452
FY 07/08 Estimated Actual	17,538
Increase (Decrease)	6,914

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

Description: Funds for Workers' Compensation insurance for the Administration Department. Based on an X-Mod rate of 86%. Based on a 5% premium increase over FY 2007/08.

FY 08/09 Requested Budget	3,963
FY 07/08 Estimated Actual	3,000
Increase (Decrease)	963

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

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

FY 08/09 Requested Budget	11,400
FY 07/08 Estimated Actual	11,399
Increase (Decrease)	1

**CENTRAL COAST WATER AUTHORITY
ADMINISTRATION FY 2008/09 BUDGET**

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

Description: Funds for employer paid matching deferred compensation contributions for the Executive Director and Deputy Director. Executive Director portion is allocated 50% to administration, 25% to the water treatment plant and 25% to the distribution department.

FY 08/09 Requested Budget	23,250
FY 07/08 Estimated Actual	22,176
Increase (Decrease)	1,074

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

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

FY 08/09 Requested Budget	11,934
FY 07/08 Estimated Actual	12,510
Increase (Decrease)	(576)

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

Description: Funds for the self-funded dental/vision plan. The plan provides \$2,933 per year per family for dental and vision expenses. Budgeted amount is \$1,555 per year per employee. Annual limit is based on an increase over the prior year amount for the percentage change in the CPI.

FY 08/09 Requested Budget	7,384
FY 07/08 Estimated Actual	6,266
Increase (Decrease)	1,118

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

Description: Funds for premiums paid for long-term disability insurance. Based on a rate of \$0.47 per \$100 of salary.

FY 08/09 Requested Budget	1,890
FY 07/08 Estimated Actual	1,591
Increase (Decrease)	299

**CENTRAL COAST WATER AUTHORITY
ADMINISTRATION FY 2008/09 BUDGET**

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

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

FY 08/09 Requested Budget	1,373
FY 07/08 Estimated Actual	1,355
Increase (Decrease)	18

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

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

FY 08/09 Requested Budget	250
FY 07/08 Estimated Actual	-
Increase (Decrease)	250

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

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

FY 08/09 Requested Budget	1,200
FY 07/08 Estimated Actual	800
Increase (Decrease)	400

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

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

Description: Funds for Office supplies for the Administration Department. Based on \$850 per month in office supply expenses.

FY 08/09 Requested Budget	10,200
FY 07/08 Estimated Actual	6,671
Increase (Decrease)	3,529

**CENTRAL COAST WATER AUTHORITY
ADMINISTRATION FY 2008/09 BUDGET**

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

Description: Funds for miscellaneous expenses such as picture developing, awards, business cards, kitchen supplies and SBB&T monthly bank fees \$150.

FY 08/09 Requested Budget	7,000
FY 07/08 Estimated Actual	6,900
Increase (Decrease)	100

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

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

FY 08/09 Requested Budget	31,300
FY 07/08 Estimated Actual	29,975
Increase (Decrease)	1,325

\$	4,500	ACWA Conferences
\$	22,800	SWC Meetings (\$1,900 per month)
\$	4,000	Other miscellaneous meetings
\$	31,300	TOTAL

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

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

FY 08/09 Requested Budget	1,000
FY 07/08 Estimated Actual	929
Increase (Decrease)	71

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

Description: Funds for professional dues.

FY 08/09 Requested Budget	119,030
FY 07/08 Estimated Actual	89,165
Increase (Decrease)	29,865

\$	50,000	SWC Bay Delta Charges
\$	25,000	State Water Contractors Dues
\$	25,280	MWQI Charges for 2009 Calendar Year
\$	11,500	ACWA
\$	2,000	SWPCA JPA Allocation
\$	2,250	Support various water education programs
\$	3,000	Employee Professional Dues and Misc.
\$	119,030	TOTAL

**CENTRAL COAST WATER AUTHORITY
ADMINISTRATION FY 2008/09 BUDGET**

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

Description: Funds for publications received by CCWA
 \$ 780 News clipping service (\$195 quarterly)
 \$ 500 Personnel related subscriptions
 \$ 500 Employee professional publications
 \$ 750 Other Publications - General
 \$ 2,530 TOTAL

FY 08/09 Requested Budget	2,530
FY 07/08 Estimated Actual	1,005
Increase (Decrease)	1,525

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

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

FY 08/09 Requested Budget	5,000
FY 07/08 Estimated Actual	1,239
Increase (Decrease)	3,761

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

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

FY 08/09 Requested Budget	1,000
FY 07/08 Estimated Actual	2,590
Increase (Decrease)	(1,590)

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

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

FY 08/09 Requested Budget	4,000
FY 07/08 Estimated Actual	3,417
Increase (Decrease)	583

**CENTRAL COAST WATER AUTHORITY
ADMINISTRATION FY 2008/09 BUDGET**

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

Description: Funds for all postal and mail expenses.
 \$ 3,600 Postage meter expenses (\$300 per month)
 \$ 900 Overnight and shipping svcs (\$75 per month)
 \$ 4,500 **TOTAL**

FY 08/09 Requested Budget	4,500
FY 07/08 Estimated Actual	3,395
Increase (Decrease)	1,105

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

Description: Funds for miscellaneous consultants and other services.
 Administration office alarm system \$ 2,200
 Other services \$ 1,000
TOTAL: \$ 3,200

FY 08/09 Requested Budget	3,200
FY 07/08 Estimated Actual	2,612
Increase (Decrease)	588

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

Description: Funds for CCWA legal services.
 \$ 65,000 Brownstein Hyatt Farber Schreck
 General Counsel
 \$ 15,000 Sheppard Mullin Personnel Counsel
 \$ 80,000 **TOTAL**

FY 08/09 Requested Budget	80,000
FY 07/08 Estimated Actual	86,147
Increase (Decrease)	(6,147)

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

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

FY 08/09 Requested Budget	-
FY 07/08 Estimated Actual	-
Increase (Decrease)	-

**CENTRAL COAST WATER AUTHORITY
ADMINISTRATION FY 2008/09 BUDGET**

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

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

FY 08/09 Requested Budget	3,500	\$	900	IRC 125 Plan administraton fees (\$75 per mo)
FY 07/08 Estimated Actual	3,822	\$	1,100	Employee Assistance Program
Increase (Decrease)	(322)	\$	1,500	Other miscellaneous
		\$	3,500	TOTAL

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

Description: Funds for the annual audit of the FY 2007/08 Financial Statements and the State Water Contractors audit fees.

FY 08/09 Requested Budget	33,000	\$	15,000	State Water Contractor audit fees
FY 07/08 Estimated Actual	31,000	\$	18,000	Auditing FY 2007/08 financial statements
Increase (Decrease)	2,000	\$	33,000	TOTAL

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

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

FY 08/09 Requested Budget	5,280	\$	3,000	Copier maintenance agreement
FY 07/08 Estimated Actual	2,268	\$	1,580	Postage machine, fax, printer agreements
Increase (Decrease)	3,012	\$	700	Other misc. equipment repairs
		\$	5,280	TOTAL

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

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

FY 08/09 Requested Budget	18,780	\$	480	Monthly Pest Control
FY 07/08 Estimated Actual	15,201	\$	13,300	Janitorial services and supplies
Increase (Decrease)	3,579	\$	2,000	Building repairs
		\$	3,000	HVAC quarterly maintenance
		\$	18,780	TOTAL

**CENTRAL COAST WATER AUTHORITY
ADMINISTRATION FY 2008/09 BUDGET**

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

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

FY 08/09 Requested Budget	3,100	\$	2,100	Gardener (\$175 per month)
FY 07/08 Estimated Actual	2,456	\$	700	Irrigation Water (\$58 per month)
Increase (Decrease)	644	\$	300	Miscellaneous
		\$	3,100	TOTAL

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

Description: Funds for natural gas service to the Administration building (\$35 per month).

FY 08/09 Requested Budget	420			
FY 07/08 Estimated Actual	628			
Increase (Decrease)	(208)			

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

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

FY 08/09 Requested Budget	6,600			
FY 07/08 Estimated Actual	5,848			
Increase (Decrease)	752			

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

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

FY 08/09 Requested Budget	1,200			
FY 07/08 Estimated Actual	820			
Increase (Decrease)	380			

**CENTRAL COAST WATER AUTHORITY
ADMINISTRATION FY 2008/09 BUDGET**

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

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

FY 08/09 Requested Budget	7,440	\$	960	Long distance (\$80 per month)
FY 07/08 Estimated Actual	5,968	\$	4,800	Local long distance (\$400 per month)
Increase (Decrease)	1,472	\$	1,680	Cell phone airtime (\$140 per month)
		\$	7,440	TOTAL

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

Description: Funds for waste disposal services for the Administration building.

FY 08/09 Requested Budget	2,600	\$	2,400	Waste Disposal service (\$200 per month)
FY 07/08 Estimated Actual	2,324	\$	200	Hazardous Waste Disposal
Increase (Decrease)	276	\$	2,600	TOTAL

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

Description: Funds for insurance related expenses.

FY 08/09 Requested Budget	20,111	\$	1,412	Property and auto insurance based on allocation provided by JPIA
FY 07/08 Estimated Actual	18,895	\$	14,199	General Liability and E&O apportioned by payroll percentages
Increase (Decrease)	1,216	\$	4,500	Employee fidelity bond
		\$	20,111	TOTAL

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

Description: Funds for rental of equipment.

FY 08/09 Requested Budget	6,840	\$	1,840	Postage meter (\$460 per quarter)
FY 07/08 Estimated Actual	7,215	\$	4,500	Copier lease (\$375 per month)
Increase (Decrease)	(375)	\$	500	Other
		\$	6,840	TOTAL

**CENTRAL COAST WATER AUTHORITY
ADMINISTRATION FY 2008/09 BUDGET**

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

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

FY 08/09 Requested Budget	5,000
FY 07/08 Estimated Actual	2,136
Increase (Decrease)	2,864

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

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

FY 08/09 Requested Budget	87,188
FY 07/08 Estimated Actual	68,415
Increase (Decrease)	18,773

\$	9,528	Internet Provider (\$794 per month)
\$	42,900	Annual service agreements
\$	34,760	Compuvision and other computer expenses
\$	87,188	TOTAL

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

Description: 2.0% of operating expenses

FY 08/09 Requested Budget	21,797
FY 07/08 Estimated Actual	40,000
Increase (Decrease)	(18,203)

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View of Parkfield Valley from Polonio Pass Water Treatment Plant

Water Treatment Plant Department

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

Highlights

Department Information

- Number of employees 13.75
- Polonio Pass Water Treatment Plant design capacity 49.44 million gallons per day
- FY 2008/09 requested water deliveries 38,931 acre-feet

Budget Information

- Total FY 2008/09 O&M Budget \$ 3,718,108
- O&M Budget increase over FY 2007/08 \$ 298,065
- Percentage increase 8.72%
- Fixed O&M Expenses \$ 2,491,840
- Variable O&M Expenses \$ 1,226,268
- FY 2008/09 budgeted chemical cost \$ 29.70 per acre-foot
- Regional Water Treatment Plant Cost Per AF:
 - Fixed and Capital \$ 38.32
 - Variable \$ 8.22
- Exchange Agreement Modifications Per AF:
 - Fixed and Capital \$ 133.00
 - Variable \$ 31.50

Significant Accomplishments During FY 2007/08

- Implemented the Long Term 2 surface water treatment rule and stage 2 disinfection byproducts rules.
- Completed the ten-year update of the Polonio Pass WTP operations manual.

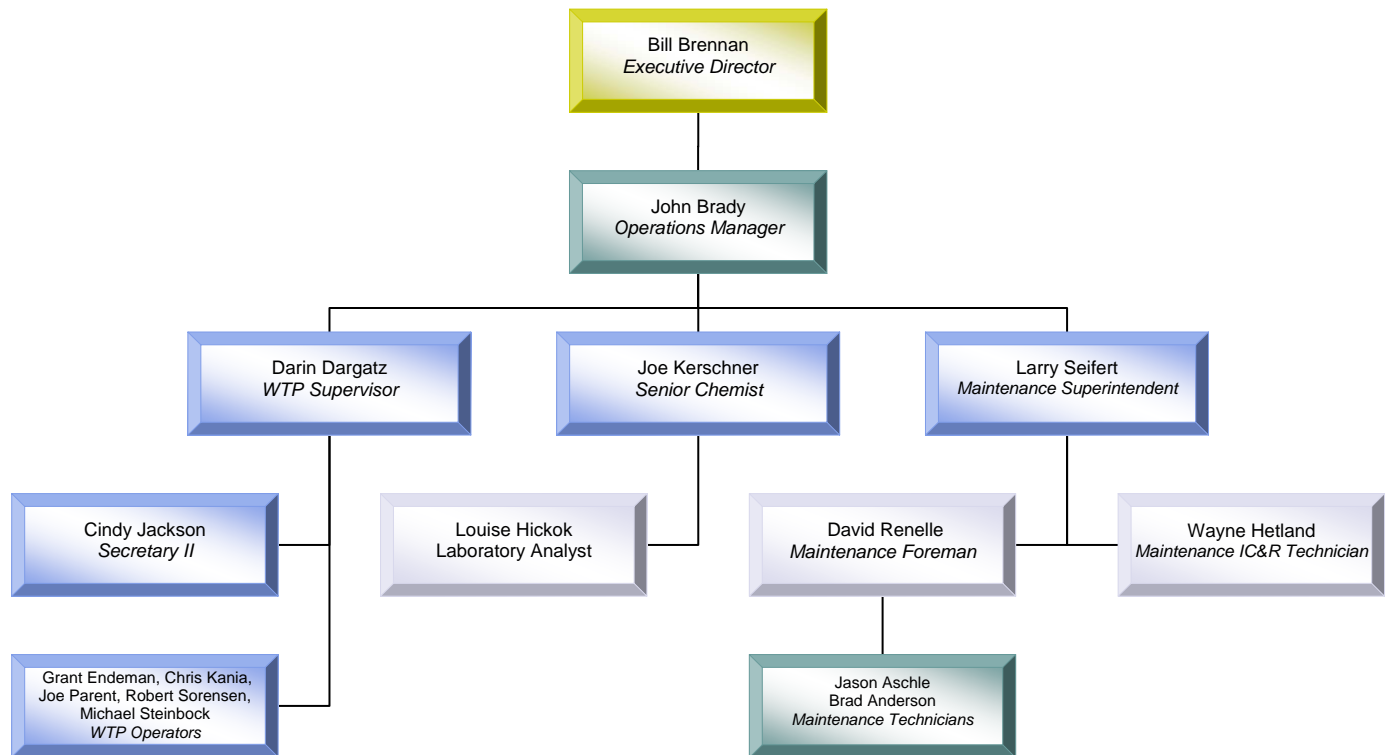
Significant Goals for FY 2008/09

- Continue compliance monitoring for the Long Term 2 surface water treatment rule and stage 2 disinfection byproducts rules.
- Identify and pursue all possible cost saving and quality enhancing opportunities with initial emphasis on taste and odor control, communications, electrical usage, overtime requirements, and revegetation and erosion control.

Central Coast Water Authority
Water Treatment Plant Department
Fiscal Year 2008/09 Budget

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

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



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

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

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

Central Coast Water Authority
Water Treatment Plant Department
Fiscal Year 2008/09 Budget



Treatment Plant Control Room

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



Total Organic Analyzer Unit at Polonio
Pass Water Treatment Laboratory

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

The following pages list the 2007 accomplishments, performance indicators (“Service Efforts and Accomplishments”) and 2008 goals for the Water Treatment Plant Department.

Central Coast Water Authority
Water Treatment Plant Department
Fiscal Year 2008/09 Budget

2007 ACCOMPLISHMENTS

Implement Long Term 2 Surface Water Treatment Rule and Stage 2 Disinfection Byproducts rules. [12/07]

Sampling began April 18 and will be done monthly per the EPA schedule for two years.

Implement flow pacing for WTP chlorine, sodium hydroxide, and ammonium hydroxide systems. [12/07]

The filter effluent flow meter, to be utilized for flow pacing, has been installed. PLC logic modifications are in progress.

Complete ten-year update of the Polonio Pass WTP operations manual. [12/07]

Completed 12/07.

Re-plumb aluminum sulfate chemical feed system at the Polonio Pass WTP. [11/07]

Project is 80% finished and will be completed by 2/08.

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

A digital telephone system connection and combination Internet access, T1 service, installed to enhance communications and provide lower operating costs.

Staff implemented interior lighting and exterior deck lighting modifications to reduce power demand. This program also qualified CCWA for rebates from PG&E.

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

CCWA held workshop on Long Term 2 Surface Water Treatment Rule and Stage 2 Disinfection Byproducts rules for project participants 6/07 and a free chlorine workshop in 8/07.

Central Coast Water Authority
Water Treatment Plant Department
Fiscal Year 2008/09 Budget

New Goals for Calendar Year 2008

Continue compliance monitoring for Long Term 2 Surface Water Treatment Rule and Stage 2 Disinfection Byproducts rules. [12/08]

Update WTP Operations Plan for DHS. [8/08]

Conduct emergency preparedness training exercise with O&M staff. Operate the distribution system in manual mode and test satellite backup communications. [6/08]

Investigate the need for additional emergency generators in system. [6/08]

Complete evaluation of sodium bisulfate storage tank and implement appropriate project. [11/08]

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

Identify and pursue approaches to maximize delivery allocation and maintain high water quality consistent with project participants' needs. [Ongoing]

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

Central Coast Water Authority
Water Treatment Plant Department
 Fiscal Year 2008/09 Budget

WATER TREATMENT PLANT DEPARTMENT OPERATING EXPENSE OVERVIEW

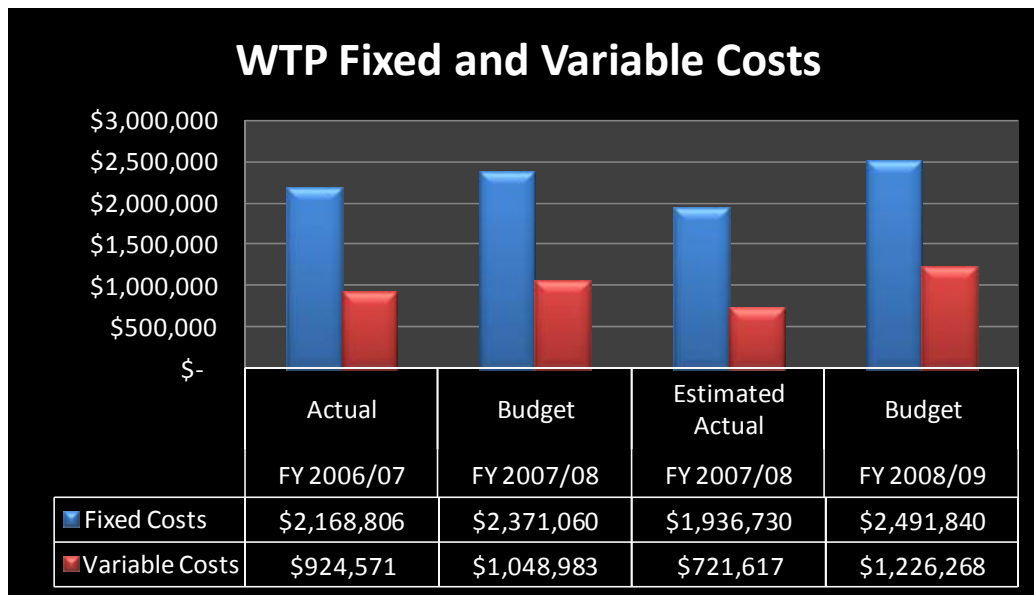
The expenses associated with operating the Water Treatment Plant are divided into fixed and variable O&M costs.

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

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

For FY 2008/09, the Water Treatment Plant variable O&M costs total \$1,226,268 comprised of \$1,187,337 for chemical expenses and \$38,931 for electrical costs based on treatment and delivery of 38,931 acre-feet of water for the year.

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



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

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

Central Coast Water Authority
Water Treatment Plant Department
Fiscal Year 2008/09 Budget

Fiscal Year 2008/09 Operating Expense Budget

The FY 2008/09 water treatment plant operating expense budget is \$3,718,108 which is \$298,065 higher than the previous year's budget of \$3,420,043, an 8.72% increase.

The personnel expense section of the Water Treatment Plant budget represents approximately 43% of the budget. Supplies and equipment comprise 34% with other expenses making up the balance of the budget. The variable O&M expenses are included in the supplies and equipment and utilities section of the budget. The chart on page 139 shows the allocation of the various components of the water treatment plant operating expense budget.

Personnel Expenses Total personnel expenses are increasing by about \$99,000 (excluding capitalized salaries and benefits) when compared to the FY 2007/08 budget for the following reasons.

- An increase in full-time regular wages for the FY 2008/09 salary pool allocation of \$67,906.
- Health insurance expense increase of approximately \$12,100 for a projected 10% increase effective January 1, 2009.
- PERS retirement expense increase of about \$18,500 for an increase in the employee annual salaries and the PERS contract change implemented last year to the one-year highest compensation formula for determining PERS benefits.

Supplies and Equipment Total supplies and equipment expenses for FY 2008/09 are about \$189,000 higher than the previous year primarily due to a 2,146 AF increase in requested water deliveries compared to the prior year coupled with an increase in the estimated chemical cost per acre-foot from \$27/AF last year to \$29.70/AF this fiscal year.

Monitoring Expenses Monitoring expenses are increasing by \$15,000 for an increase in lab tools and equipment expenses. Amount includes additional funds for an outside laboratory contractor, and instrumentation to allow chlorophyll A analysis and sieve analysis for the GAC.

Other Expenses Other expenses are decreasing by approximately \$45,000 due to a decrease in the non-capitalized project expenses at the Water Treatment Plant (please see the non-capitalized project expense section in this section of the Budget).

Central Coast Water Authority
Water Treatment Plant Department
 Fiscal Year 2008/09 Budget

FY 2008/09 Granular Activated Carbon (GAC) Replacement

As part of the Authority's on-going efforts to maintain high water quality for its project participants, the GAC in three of the water treatment plant filters is scheduled to be replaced during FY 2008/09. The estimated cost of this project is \$289,435 and will be funded through the fixed Water Treatment Plant operating expense budget in the "Non-Capitalized Project" operating expense account. Approximately \$168,000 of the funds needed for the project will be provided by carryover funds from the FY 2007/08 project which was not completed due to timing issues, with the balance of around \$121,000 being collected in the FY 2008/09 budget.

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

The following table shows the allocation of the FY 2008/09 GAC replacement costs (the allocation of the funds from the FY 2007/08 Budget is shown in the FY 2007/08 Budget).

GAC Replacement Allocation

Project Participant	Total		Net Deliveries	Allocation of		Regional WTP Allocation Credit	Exchange Agreement Variable Modifications	Net GAC Replacement Cost
	Deliveries July 2005 to June 2008 (Est.)	Exchange Agreement Deliveries		GAC Replacement on Delivery Basis	Regional WTP Allocation			
Guadalupe	1,400		1,400	\$ 1,900	\$ 248			\$ 2,147
Santa Maria	37,863		37,863	51,382	6,696			58,078
Golden State Water Co.	707		707	959	125			1,084
Vandenberg AFB	11,199		11,199	15,197	1,981			17,178
Buellton	1,922		1,922	2,608	340			2,948
Santa Ynez (Solvang)	3,923		3,923	5,324	694			6,017
Santa Ynez	1,965	8,034	9,999	2,667	1,768		10,902	15,337
Goleta	5,841	(2,893)	2,948	7,926	521	(4,000)	(3,926)	521
Morehart Land	235	-	235	319	42	(319)	-	42
La Cumbre	2,054	-	2,054	2,787	363	(2,787)	-	363
Raytheon (SBRC)	100	-	100	136	18	(136)	-	18
Santa Barbara	1,925	(1,926)	(1)	2,612	(0)	2	(2,614)	(0)
Montecito	6,218	(1,926)	4,292	8,438	759	(5,824)	(2,614)	759
Carpinteria	1,703	(1,288)	415	2,311	73	(563)	(1,748)	73
Shandon	-		-	-	-			-
Chorro Valley	6,409		6,409	8,698	-			8,698
Lopez	5,726		5,726	7,770	-			7,770
TOTAL:	89,190	-	89,190	\$ 121,035	\$ 13,627	\$ (13,627)	\$ (0)	\$ 121,035

Central Coast Water Authority
Water Treatment Plant Department
 Fiscal Year 2008/09 Budget

Non-Capitalized Projects

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

The following table is a summary of the FY 2008/09 Water Treatment Plant Non-Capitalized Projects.

<i>Non-Capitalized Projects-Reach Specific</i>		
Project Description	Financial Reach	Amount ⁽¹⁾
Chemical feed pump piping repairs	WTP	\$ 9,020
GAC Replacement, Filters 3 and 5	WTP	121,035
Computer & Communications Room Upgrades	WTP	16,349
Repaint chemical storage tanks	WTP	12,600
Pulsation dampers-Chemical feed room	WTP	11,162
Arc Flash Study	WTP	15,750
Repair waste wash water pumps	WTP	13,643
Base side HDPE chemical piping repairs	WTP	4,800
TOTAL:		<u>\$ 204,359</u>
(1) Excludes CCWA labor and overhead costs.		

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Description:	<i>Chemical Feed PVC Piping Repairs</i>	
Expanded Description	The ammonia and caustic chemical feed lines are constructed of PVC and have exceeded their useful life. The piping will be replaced and will be installed to provide better alignment and control.	
Estimated Charge	\$8,000	
Sales Tax	\$620	
Contingency (5%)	\$400	
Subtotal without CCWA Labor	\$9,020	
Labor and overhead	\$12,780	
Total Cost	\$21,800	
Financial Reach	Water Treatment Plant	
Operating Budget Impact:	Replacing pipelines that have reached the end of their useful life will eliminate the need for emergency repairs and the associated elevated costs.	

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Description:	<i>Computer and Communication Room Improvement</i>	
Expanded Description	The SCADA computers and networking equipment that is currently located in the water treatment plant operator control room will be relocated and installed in a rack-mounting system in another dedicated room at the plant.	
Estimated Charge	\$14,500	
Sales Tax	\$1,124	
Contingency (5%)	\$725	
Subtotal without CCWA Labor	\$16,349	
Labor and overhead	\$8,630	
Total Cost	\$24,979	
Financial Reach	Water Treatment Plant	
Operating Budget Impact:	Relocating the SCADA computers and network equipment will allow better access for servicing and repair. Improved access reduces labor time associated with routine maintenance.	

Central Coast Water Authority
Water Treatment Plant Department
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Description:	<i>Repaint Chemical Storage Tanks</i>	
Expanded Description	The water treatment plant has six chemical storage tanks. As part of a scheduled recoating, two tanks will be repainted for FY 08/09. Two tanks will be painted per year until all six tanks have been painted. Paint coatings on chemical tanks require periodic recoating due to weathering over time.	
Estimated Charge	\$12,000	
Sales Tax	\$0	
Contingency (5%)	\$600	
Total Cost	\$12,600	
Financial Reach	Water Treatment Plant	
Operating Budget Impact:	Maintaining tank paint coating in good condition will assist with protecting the underlying metal from corrosion and thus extend the service life of the tank. An extended service life reduces replacement costs over the long term.	

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Description:	<i>Pulsation Dampener Replacement on Chemical Feed Pump</i>	
Expanded Description	The pulsation dampeners on the chemical feed pumps will be replaced with new pulsation dampeners. The current pulsation dampeners on the chemical feed pumps are obsolete and no longer supported by the manufacturer.	
Estimated Charge	\$9,900	
Sales Tax	\$767	
Contingency (5%)	\$495	
Subtotal without CCWA Labor	\$11,162	
Labor and overhead	\$2,341	
Total Cost	\$13,503	
Financial Reach	Water Treatment Plant	
Operating Budget Impact:	The pulsation dampeners reduce the potential for hydraulic hammering within the chemical piping system, which reduces the potential for pipeline leakage. Cost comparison of purchasing replacement parts to purchasing and installing new pulsation dampeners indicate replacement is the most cost effective option.	

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Description:	<i>Repair Waste Wash Water Pumps (7-P-02 and 7-P-03)</i>	
Expanded Description	The pumping efficiency of the two waste wash water pumps has declined through time to a current level of 40%. These pumps will be rebuilt to increase the pumping efficiency. Waste wash water pump 7-P-01 was rebuilt last year successfully increasing its pumping efficiency.	
Estimated Charge	\$12,100	
Sales Tax	\$938	
Contingency (5%)	\$605	
Subtotal without CCWA Labor	\$13,643	
Labor and overhead	\$1,782	
Total Cost	\$15,425	
Financial Reach	Water Treatment Plant	
Operating Budget Impact:	The pumping efficiency of the two waste wash water pumps is currently at 40%. This translates to increased energy use. By rebuilding the pumps, the pumping efficiency can be increased and consequently reduce energy consumption.	

Central Coast Water Authority
Water Treatment Plant Department
 Fiscal Year 2008/09 Budget

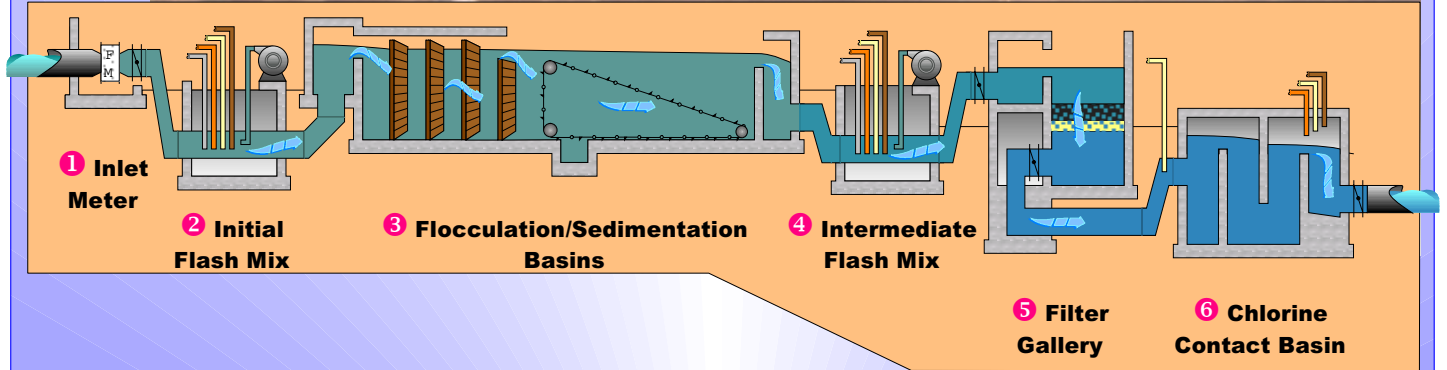
Description:	<i>Chemical Feed HDPE Piping Repairs</i>	
Expanded Description	The HDPE to Steel transition fittings have corroded and need to be replaced to avoid future leakage (located in the basic side of our chemical storage facilities). The transition fittings will be removed and replaced with HDPE flanges.	
Estimated Charge	\$4,000	
Sales Tax	\$0	
Contingency (5%)	\$800	
Subtotal without CCWA Labor	\$4,800	
Labor and overhead	\$1,459	
Total Cost	\$6,259	
Financial Reach	Water Treatment Plant	
Operating Budget Impact:	The replacing the corroding HDPE to steel transition fittings will reduce the potential for pipeline leakage. This saves costs associated with responding to a chemical leak and pipe repair.	

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Description:	<i>Granular Activate Carbon Replacement for Filter #3 and #5</i>	
Expanded Description	The granular activated carbon (GAC) in the filters at the water treatment plant requires replacement once every three years due to reduction in absorptive capacity over time and use. The GAC will be replaced in three filters. Funds from the prior fiscal year will be combined with new funds from this fiscal year to complete the project.	
Estimated Charge	\$121,035	
Sales Tax	\$0	
Contingency (5%)	\$0	
Subtotal without CCWA Labor	\$121,035	
Total Cost	\$121,035	
Financial Reach	Water Treatment Plant	
Operating Budget Impact:	The routine replacement of GAC ensures the reliability of the materials absorptive capacity as well as ensures consistent water treatment. The GAC is only replaced in two to three filters per year, as opposed to all at once, to minimize large variations in the operations budget from year to year. Unplanned replacement could lead to large variations in the operating budget.	

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Description:	<i>Arc Flash Study</i>	
Expanded Description	Perform an Arc Flash survey at the WTP to bring the electrical panels into code and compliance with Cal/OSHA standards.	
Estimated Charge	\$15,000	
Sales Tax	\$0	
Contingency (5%)	\$750	
Subtotal without CCWA Labor	\$15,750	
Total Cost	\$15,750	
Financial Reach	Water Treatment Plant	
Operating Budget Impact:	Safety and compliance issue.	



Polonio Pass Water Treatment Plant

Central Coast Water Authority

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Regional Water Treatment Plant Allocation

Instead of building a pipeline around or through Lake Cachuma to the South Coast to convey State water to the South Coast project participants, the Authority is conveying State water using the lake and existing conveyance facilities. The water is dechloraminated (de-treated) at the Santa Ynez Pumping Facility before it is discharged into the lake.

Since the South Coast project participants must “retreat” the State water that is delivered from Lake Cachuma, they would effectively be paying twice to treat the water if the Regional Water Treatment Plant Allocation agreement was not in place. Initial treatment occurs at the Polonio Pass Water Treatment Plant and retreatment occurs at the various South Coast project participants’ treatment plants.

The Regional Water Treatment Plant Allocation is a credit financed by Santa Barbara County project participants which directly receive treated State water from the Coastal Branch Extension or CCWA pipeline. The credit is applied to the South Coast project participants to cover their costs to retreat State water. In short, the purpose of this credit is to ensure that all Authority project participants pay the same cost to treat State water. The treatment plant capital and fixed and variable operating and maintenance costs are included in the Regional Water Treatment Plant Allocation calculation.

In order to properly allocate the capital cost component of the water treatment plant for those project participants that did not participate in the bond financing (Santa Maria, Golden State Water Company and Vandenberg Air Force Base), an imputed debt service schedule has been prepared which allocates treatment plant debt service as though all Santa Barbara County participants shared in the financing in proportion to their entitlement allocation. The current budgeted capital component of the Regional Water Treatment Plant Allocation and Credit is based on a remaining principal balance of \$35,896,498 for constructing the Polonio Pass Water Treatment Plant at an interest cost of 4.24% for 15 years. These terms match the terms of the Authority’s outstanding 2006A refunding revenue bonds.

The Regional Water Treatment Plant Allocation computations also take into account the effect of the Santa Ynez Exchange Agreement on certain project participants (*see “Santa Ynez Exchange Agreement” included in this section of the Budget*).

The following tables show the calculation of the FY 2008/09 Regional Water Treatment Plant Allocation and Credit.

Central Coast Water Authority
Regional Water Treatment Plant Fixed and Capital Allocation and Credit
FY 2008/09 Budget

Project Participant	Allocated Table A (1)			Unadjusted Fixed & Capital			Adjusted Fixed & Capital (4)			Fixed & Capital Retirement Charge (5)		
	Table A Amount	Exchange Deliveries	Allocated Table A Percentage	WTP Fixed Operating Costs (2)	Imputed WTP Debt Service Costs (3)	Total Unadjusted Fixed & Cap.	Capital Retirement Adjustment	Fixed O&M Retirement Adjustment	Total Adjusted Fixed & Capital	Allocated Table A %	Fixed & Capital Retirement Adjustments	Cost Per AF of Allocated Table A Amount
Guadalupe	550		1.25%	\$ 31,896	\$ 41,123	\$ 73,019	\$ 52,994	\$ 41,103	\$ 94,087	1.41%	\$ 21,078	\$ 38.32
Santa Maria	16,200		36.90%	939,476	1,211,268	2,150,744	1,560,916	1,210,668	2,771,584	41.46%	620,840	38.32
Golden State Water	500		1.14%	28,996	37,385	66,381	48,176	37,366	85,543	1.28%	19,162	38.32
VAFB	5,500		12.53%	318,958	411,233	730,191	529,941	411,029	940,970	14.07%	210,779	38.32
Buellton	578		1.32%	33,520	43,217	76,736	55,692	43,195	98,887	1.48%	22,151	38.32
Santa Ynez (Solvang)	1,500		3.42%	86,989	112,154	199,143	144,529	112,099	256,628	3.84%	57,485	38.32
Santa Ynez	500	2,470	6.76%	172,216	37,385	209,601	286,133	221,929	508,061	7.60%	113,807	38.32
Goleta	4,500	(889)	8.22%	209,406	336,463	545,870	347,923	269,854	617,778	9.24%	138,383	38.32
Morehart	200		0.46%	11,598	14,954	26,552	19,271	14,947	34,217	0.51%	7,665	38.32
La Cumbre	1,000		2.28%	57,992	74,770	132,762	96,353	74,733	171,085	2.56%	38,323	38.32
Raytheon	50		0.11%	2,900	3,738	6,638	4,818	3,737	8,554	0.13%	1,916	38.32
Santa Barbara	3,000	(593)	5.48%	139,604	224,309	363,913	231,949	179,903	411,852	6.16%	92,256	38.32
Montecito	3,000	(593)	5.48%	139,604	224,309	363,913	231,949	179,903	411,852	6.16%	92,256	38.32
Carpinteria	2,000	(395)	3.66%	93,069	149,539	242,609	154,633	119,935	274,568	4.11%	61,504	38.32
SB County Subtotal:	39,078	-	89.00%	2,266,224	2,921,848	5,188,072	3,765,277	2,920,399	6,685,676	100.00%	1,497,603	
SLO County	4,830	-	11.00%	280,103	361,137	641,240	0	-	-	-	-	-
TOTAL:	43,908	-	100.00%	\$ 2,546,327	\$ 3,282,985	\$ 5,829,313	\$ 3,765,277	\$ 2,920,399	\$ 6,685,676	100.00%	\$ 1,497,603	

Fixed & Capital Retirement Allocation Factor

Total South Coast Table A	11,280
Total SB County Table A	39,078
Subtotal:	50,358
South Coast Retreated %	1.29

Total Adjusted Fixed & Capital Costs (SB County) \$ 6,685,676
 Total Unadjusted Fixed & Capital Costs (SB County) 5,188,072
Fixed & Capital WTP Allocation Amount \$ 1,497,603

Project Participant	South Coast Fixed & Capital Retirement Credits (6)	
	South Coast Allocated Table A	South Coast Credit/AF On Allocated Table A
Guadalupe		
Santa Maria		
Golden State Water		
VAFB		
Buellton		
Santa Ynez (Solvang)		
Goleta	3,611	(132.76)
Morehart	200	(26.552)
La Cumbre	1,000	(132.762)
Raytheon	50	(6.638)
Santa Barbara	2,407	(319.596)
Montecito	2,407	(319.596)
Carpinteria	1,605	(213.064)
SB County Subtotal:	11,280	(1,497.603)
SLO County	0	0.00%
TOTAL:	11,280	(1,497.603)

(1) Allocated Table A represents Table A contract amount, minus exchange deliveries for the South Coast project participants and plus exchange deliveries for Santa Ynez ID #1.
 (2) Unadjusted Fixed Operating Costs represents the WTP fixed O&M costs allocated to all project participants in proportion to contract Table A amounts.
 (3) Imputed WTP Debt Service Costs represents the cost to repay the construction costs of the WTP based on an unpaid balance of \$35,896,498 at 4.24% interests for 15 years, which corresponds to CCWA 2006A revenue bonds.
 (4) Adjusted Fixed and Capital amounts represents the unadjusted WTP fixed and capital costs times the Fixed and Capital Retirement Allocation Factor.
 (5) Fixed and Capital Retirement Charge represents the difference between the unadjusted fixed and capital costs and the adjusted fixed and capital costs, allocated in proportion to the Santa Barbara County allocated Table A percentage.
 (6) South Coast Fixed and Capital Retirement Credits represents the fixed and capital credits allocated to the South Coast agencies in proportion to the South Coast allocated Table A amounts.

Central Coast Water Authority
Regional Water Treatment Plant Fixed and Capital Allocation and Credit
FY 2009/09 Budget

Project Participant	WTP Requested Water Deliveries			WTP Variable Operating Costs				South Coast Variable Retirement Credits				TOTAL	
	Requested Deliveries	Exchange Deliveries	Net Deliveries	WTP Variable Costs	Variable Retirement Adjustment	Retirement Variable Allocation	Retirement Variable Cost Per AF	South Coast Actual Deliveries	South Coast Delivery Percentage	South Coast Variable Credit	Credit/AF On Actual Deliveries	Fixed, Capital & Variable Retirement	Fixed, Capital & Variable Credits
Guadalupe	630		630	\$ 19,844	25,024	5,180	8.22					\$ 26,257	
Santa Maria	14,203		14,203	447,370	564,141	116,771	8.22					737,611	
Golden State Water	550		550	17,324	21,846	4,522	8.22					23,684	
VAFB	4,850		4,850	152,767	192,641	39,875	8.22					250,654	
Buellton	644		644	20,285	25,580	5,295	8.22					27,446	
Santa Ynez (Solvang)	1,500		1,500	47,247	59,580	12,332	8.22					69,818	
Santa Ynez	700	2,470	3,170	99,838	125,897	26,059	8.22					139,866	
Goleta	4,950	(889)	4,061	127,912	161,300	33,387	8.22	4,061	45.00%	\$ (127,912)	(31.50)	171,771	\$ (607,307)
Morehart	220	-	220	6,930	8,738	1,809	8.22	220	2.44%	(6,930)	(31.50)	9,473	(33,482)
La Cumbre	800	-	800	25,199	31,776	6,577	8.22	800	8.87%	(25,199)	(31.50)	44,901	(157,961)
Raytheon	55	-	55	1,732	2,185	452	8.22	55	0.61%	(1,732)	(31.50)	2,368	(8,371)
Santa Barbara	1,295	(593)	702	22,121	27,895	5,774	8.22	702	7.78%	(22,121)	(31.50)	98,029	(341,717)
Montecito	3,300	(593)	2,707	85,275	107,533	22,258	8.22	2,707	30.00%	(85,275)	(31.50)	114,514	(404,871)
Carpinteria	873	(395)	478	15,052	18,980	3,929	8.22	478	5.30%	(15,052)	(31.50)	65,432	(228,116)
SB County Subtotal:	34,570	-	34,570	1,088,895	1,373,115	284,220	8.22	9,023	100.00%	(284,220)		1,781,824	(1,781,824)
SLO County	4,361		4,361	137,373	-	-		0	0.00%	-		-	-
TOTAL:	38,931	0	38,931	\$ 1,226,268	\$ 1,373,115	\$ 284,220		9,023	100.00%	\$ (284,220)		\$ 1,781,824	\$ (1,781,824)

Variable Retirement Allocation Factor

Total South Coast Deliveries	9,023
Total SB County Deliveries	34,570
Subtotal:	43,593
South Coast Retreated %	1.26

Central Coast Water Authority
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Santa Ynez Exchange Agreement

On January 1, 1995 the Authority purchased a five-mile long pipeline from Santa Ynez River Water Conservation District, Improvement District #1 (SYID#1) to convey State water into Lake Cachuma for delivery to certain Santa Barbara County South Coast project participants who are also Cachuma Project members.

SYID#1 has a contract with the U.S. Bureau of Reclamation for water from the Cachuma Project and, until January 1, 1995, owned a pipeline which extends from Lake Cachuma to the Santa Ynez area. This pipeline was used to deliver water from Lake Cachuma to SYID#1.

The Authority acquired the Cachuma pipeline from SYID#1 under the Santa Ynez River/State Water Project Exchange Agreement (the “Santa Ynez Exchange Agreement”). Also, water stored at Lake Cachuma which would normally be delivered to SYID#1 is exchanged for an equal amount of State water delivered to the Santa Ynez turnout. This State water originally ordered by the South Coast project participants is exchanged with SYID#1 Cachuma Lake water.

SYID#1 pays the variable and fixed costs to treat exchanged water as well as regional water treatment plant allocations (*see “Regional Water Treatment Plant Allocation” narrative included in this section*).

The benefits of exchange are:

- SYID#1 does not have to build a treatment plant to treat its Cachuma water because it will instead receive State water.
- The South Coast project participants obtain water at a reduced cost because they are purchasing less expensive Cachuma water from SYID#1. The South Coast project participants are also reimbursed for fixed capital and variable treatment costs for the State water that is delivered to and paid for by SYID#1. Additionally the South Coast project participants do not pay for power and Warren Act charges for the exchanged State water that would otherwise be delivered to the lake.
- All the South Coast project participants’ Santa Ynez II reach capital costs are reduced because an existing pipeline was acquired to convey State water from the Santa Ynez area to the lake. Otherwise, the Authority would have had to construct an additional five miles of new pipeline at much greater expense.

Under the Santa Ynez Exchange Agreement, the South Coast project participants are required to take delivery of an amount of water that equals or exceeds SYID#1’s annual allocation of Cachuma water.

The following tables show the FY 2008/09 Santa Exchange Agreement modifications.

Central Coast Water Authority
Santa Ynez Exchange Agreement Modifications
FY 2008/09 Budget

Project Participant	Table A Amounts			WTP Fixed O&M Exchange Modifications			WTP Capital Exchange Modifications			Total		WTP Requested Water Deliveries		
	Table A Amount	Exchange Deliveries	Table A Percentage	WTP Fixed Operating Costs	WTP Fixed O&M Cost Per AF	WTP Fixed Exchange Adjustments	WTP Debt Service Costs	Imputed Debt Service Per AF	WTP Capital Exchange Adjustments	Fixed & Capital Exchange Mods	Requested Deliveries	Exchange Deliveries	Net Deliveries	
Guadalupe	550		1.25%	\$ 31,896	\$ 58	\$ -	\$ -	\$ 75	\$ -	\$ -	630		630	
Santa Maria	16,200		36.90%	939,476	58	-	1,211,268	75	-	-	14,203		14,203	
Golden State Water	500		1.14%	28,996	58	-	37,385	75	-	-	550		550	
VAFB	5,500		12.53%	318,958	58	-	411,233	75	-	-	4,850		4,850	
Buellton	578		1.32%	33,520	58	-	43,217	75	-	-	644		644	
Santa Ynez (Solvang)	1,500		3.42%	86,989	58	-	112,154	75	-	-	1,500		1,500	
Santa Ynez	500	2,470	1.14%	28,996	58	143,220	37,385	75	184,654	327,874	700	2,470	3,170	
Goleta	4,500	(889)	10.25%	260,966	58	(51,559)	336,463	75	(66,475)	(118,035)	4,950	(889)	4,061	
Morehart	200	-	0.46%	11,598	58	-	14,954	75	-	-	220		220	
La Cumbre	1,000	-	2.28%	57,992	58	-	74,770	75	-	-	800		800	
Raytheon	50	-	0.11%	2,900	58	-	3,738	75	-	-	55		55	
Santa Barbara	3,000	(593)	6.83%	173,977	58	(34,373)	224,309	75	(44,317)	(78,690)	1,295	(593)	702	
Montecito	3,000	(593)	6.83%	173,977	58	(34,373)	224,309	75	(44,317)	(78,690)	3,300	(593)	2,707	
Carpinteria	2,000	(395)	4.55%	115,985	58	(22,915)	149,539	75	(29,545)	(52,460)	873	(395)	478	
SB County Subtotal:	39,078	-	89.00%	2,266,224	-	-	2,921,848	-	-	-	34,570	-	34,570	
SLO County	4,830	-	11.00%	280,103	-	-	361,137	-	-	-	4,361	-	4,361	
TOTAL:	43,908	-	100.00%	\$ 2,546,327	\$ -	\$ -	\$ 3,282,985	\$ -	\$ -	\$ -	38,931	0	38,931	

Project Participant	WTP Variable Exchange Modifications			Total Exchange Modifications		
	WTP Variable Costs	VTP Variabl Costs Per Acre-Foot	Variable Exchange Modifications	TOTAL EXCHANGE MODIFICATION	Cost (Credit)	Per Acre-Foot
Guadalupe	\$ 19,844	\$ 31.50	-	-	-	-
Santa Maria	447,370	31.50	-	-	-	-
Golden State Water	17,324	31.50	-	-	-	-
VAFB	152,767	31.50	-	-	-	-
Buellton	20,285	31.50	-	-	-	-
Santa Ynez (Solvang)	47,247	31.50	-	-	-	-
Santa Ynez	22,049	31.50	\$ 77,789	405,663	\$ 164	164
Goleta	155,916	31.50	(28,004)	(146,039)	\$ (164)	(164)
Morehart	6,930	31.50	-	-	-	-
La Cumbre	25,199	31.50	-	-	-	-
Raytheon	1,732	31.50	-	-	-	-
Santa Barbara	40,790	31.50	(18,669)	(97,359)	\$ (164)	(164)
Montecito	103,944	31.50	(18,669)	(97,359)	\$ (164)	(164)
Carpinteria	27,498	31.50	(12,446)	(64,906)	\$ (164)	(164)
SB County Subtotal:	1,088,895	-	-	-	-	-
SLO County	137,373	-	-	-	-	-
TOTAL:	\$ 1,226,268	\$ -	\$ -	\$ -	\$ -	\$ -

Central Coast Water Authority
Personnel Services Summary
Water Treatment Plant Department
Fiscal Year 2008/09 Budget

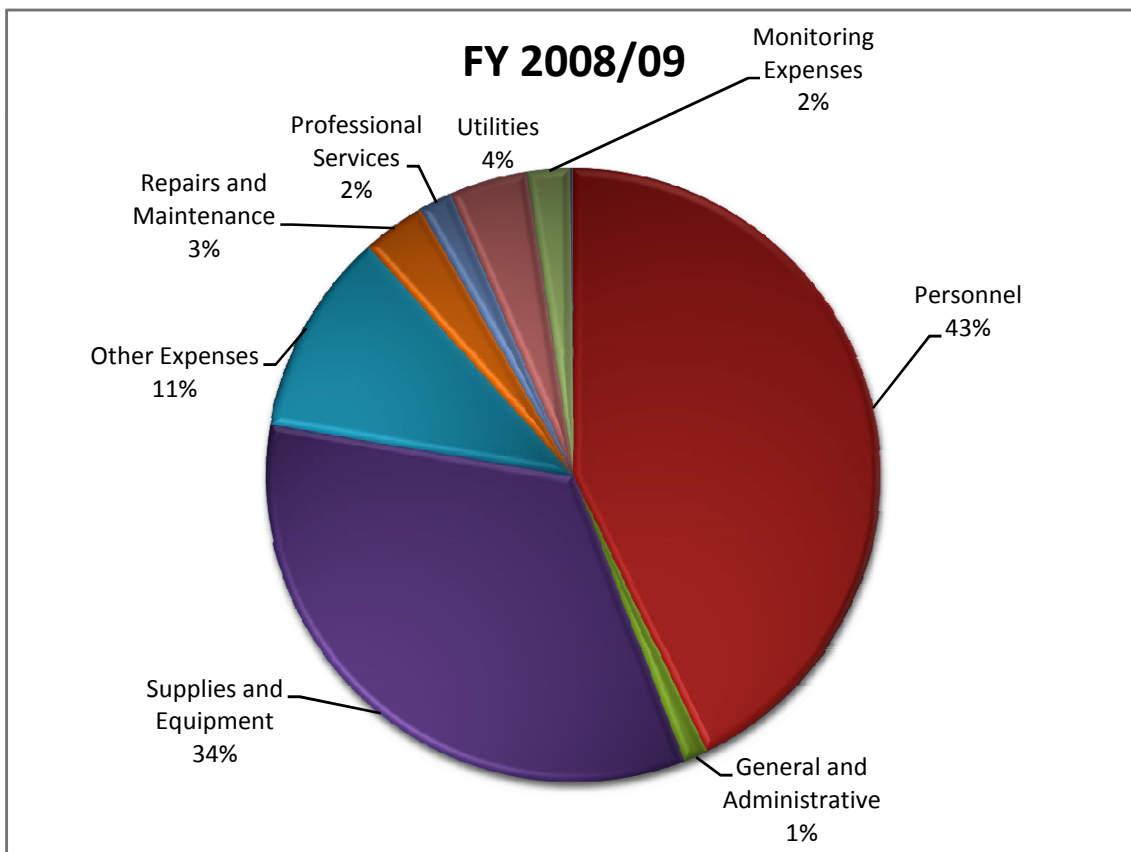
PERSONNEL COUNT SUMMARY					
Position Title	Number Auth. FY 2006/07	Number Auth. FY 2007/08	Number Requested FY 2008/09	Change Over FY 2006/07	Change Over FY 2007/08
Executive Director ⁽¹⁾	0.25	0.25	0.25	-	-
Operations Manager ⁽²⁾	0.35	0.35	0.35	-	-
WTP Supervisor	1.00	1.00	1.00	-	-
Maintenance Superintendent ⁽³⁾	0.60	0.60	0.60	-	-
Maintenance Foreman	1.00	1.00	1.00	-	-
Regulatory Specialist ⁽⁴⁾	0.25	0.25	0.25	-	-
Senior Chemist	1.00	1.00	1.00	-	-
Maintenance Technician	2.00	2.00	2.00	-	-
Maintenance/IC&R Technician	0.80	0.80	0.80	-	-
WTP Operators	5.00	5.00	5.00	-	-
Lab Analyst	0.75	0.75	0.75	-	-
Secretary II	0.75	0.75	0.75	-	-
TOTAL:	13.75	13.75	13.75	-	-

PERSONNEL WAGE SUMMARY				
Position Title	Position Classification	Minimum Monthly Salary	Maximum Monthly Salary	FY 2007/08 Current Salary
Executive Director ⁽¹⁾	N/A	N/A	N/A	\$ 40,992
Operations Manager ⁽²⁾	25	\$ 8,349	\$ 10,185	\$ 37,448
WTP Supervisor	20	\$ 6,422	\$ 7,835	\$ 81,474
Maintenance Superintendent ⁽³⁾	20	\$ 6,422	\$ 7,835	\$ 54,276
Maintenance Foreman	16	\$ 5,206	\$ 6,352	\$ 73,549
Regulatory Specialist ⁽⁴⁾	18	\$ 5,783	\$ 7,055	\$ 20,176
Senior Chemist	18	\$ 5,783	\$ 7,055	\$ 80,683
Maintenance Technicians	14	\$ 4,687	\$ 5,718	\$ 112,482
Maintenance/IC&R Technician	15	\$ 4,940	\$ 6,026	\$ 50,319
WTP Operators	14	\$ 4,687	\$ 5,718	\$ 317,533
Lab Analyst	11	\$ 4,042	\$ 4,932	\$ 39,718
Secretary II	11	\$ 4,042	\$ 4,932	\$ 39,187
FY 2008/09 Salary Pool				\$ 67,906
TOTAL:				\$ 1,015,742

- (1) The Executive Director is allocated to Administration (50%), Water Treatment Plant (25%) and Distribution (25%).
(2) The Operations Manager is allocated to Administration (25%), Water Treatment Plant (35%) and Distribution (40%).
(3) The Maintenance Superintendent is allocated to Water Treatment Plant (60%) and Distribution (40%).
(4) The Regulatory Specialist is allocated to Water Treatment Plant (25%) and Distribution (75%).

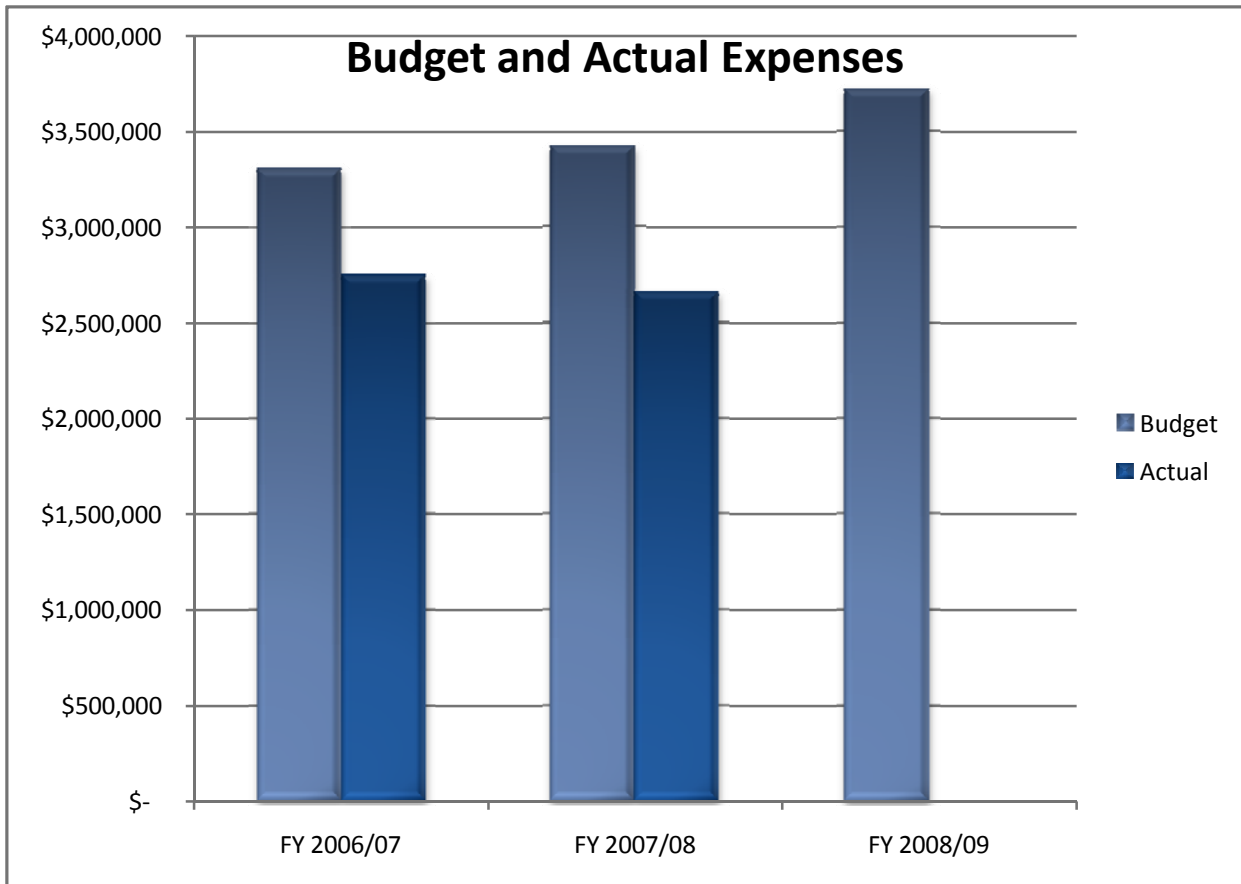
Central Coast Water Authority
Water Treatment Plant Department Operating Expenses
 Fiscal Year 2008/09 Budget

Item	FY 2008/09 Budget
Personnel	\$ 1,593,536
Office Expenses	5,760
Supplies and Equipment	1,246,602
Monitoring Expenses	85,100
Repairs and Maintenance	123,725
Professional Services	65,500
General and Administrative	47,550
Utilities	152,831
Other Expenses	397,504
TOTAL:	\$ 3,718,108



Central Coast Water Authority
Water Treatment Plant Department Operating Expenses
 Fiscal Year 2008/09 Budget

Item	FY 2006/07 Budget	FY 2006/07 Actual	FY 2007/08 Budget	FY 2007/08 Estimated Actual	FY 2008/09 Budget
Personnel	\$ 1,421,189	\$ 1,214,180	\$ 1,459,402	\$ 1,264,701	\$ 1,593,536
Office Expenses	7,260	6,455	5,760	2,293	5,760
Supplies and Equipment	942,816	729,403	1,057,463	730,491	1,246,602
Monitoring Expenses	89,400	51,963	70,000	36,850	85,100
Repairs and Maintenance	112,500	146,898	122,900	82,300	123,725
Professional Services	62,500	27,700	62,700	21,596	65,500
General and Administrative	47,800	29,637	48,450	40,573	47,550
Utilities	139,000	122,096	150,585	125,473	152,831
Other Expenses	270,912	207,857	442,783	354,070	397,504
Subtotal	\$ 3,093,377	\$ 2,536,191	\$ 3,420,043	\$ 2,658,347	\$ 3,718,108
Non-Annual Recurring	\$ 213,428	\$ 213,428	\$ -	\$ -	\$ -
TOTAL:	\$ 3,306,805	\$ 2,749,619	\$ 3,420,043	\$ 2,658,347	\$ 3,718,108



Central Coast Water Authority
Water Treatment Plant Department Operating Expenses
 Fiscal Year 2008/09 Administration/O&M Budget

Account Number	Account Name	FY 2006/07	FY 2006/07	FY 2007/08	FY 2007/08	FY 2008/09	Change from		Percent Change
		Budget	Actual	Budget	Estimated Actual	Budget	FY 2007/08	Budget	
PERSONNEL EXPENSES									
5000.10	Full-Time Regular Wages	\$ 817,367	\$ 819,721	\$ 944,989	\$ 819,721	\$ 1,015,742	\$ 70,753		7.49%
1300.60	Capitalized Wages and Overtime	(15,120)	(31,892)	(27,100)	(27,100)	-	27,100		-100.00%
5000.20	Overtime	45,604	28,602	47,249	42,639	50,787	3,538		7.49%
5000.40	Standby Pay	17,199	20,304	18,542	22,740	19,068	526		2.83%
5000.50	Shift Differential Pay	11,500	11,627	11,500	12,252	11,500	-		0.00%
5000.10	PERS Retirement	168,943	146,178	173,109	152,950	191,642	18,533		10.71%
5100.15	Medicare Taxes	14,357	12,515	14,879	13,174	15,964	1,085		7.29%
5100.20	Health Insurance	159,449	144,794	180,447	151,405	192,550	12,103		6.71%
5100.25	Workers' Compensation	53,674	35,196	44,992	28,364	40,148	(4,844)		-10.77%
5100.30	Vehicle Expenses	-	-	-	-	-	-		N/A
5100.35	IRC 457-Employer Paid	3,750	3,740	3,875	3,696	3,875	-		0.00%
5100.40	Cafeteria Plan Benefits	17,266	13,499	13,924	12,513	12,432	(1,492)		-10.71%
5100.45	Dental/Vision Plan	19,425	22,994	23,672	29,621	22,153	(1,518)		-6.41%
5100.50	Long-Term Disability	4,615	3,561	4,072	3,874	4,356	284		6.98%
5100.55	Life Insurance	3,717	4,415	3,921	4,648	3,969	48		1.22%
5100.60	Employee Physicals	750	439	750	-	750	-		0.00%
5000.30	Temporary Services	5,000	-	5,000	-	5,000	-		0.00%
5100.70	Employee Incentive Programs	2,600	1,082	2,600	2,224	2,600	-		0.00%
5100.65	Employee Education Reimbursement	1,000	175	1,000	-	1,000	-		0.00%
1300.60	Capitalized Employee Benefits	(4,620)	(20,416)	(8,020)	(8,020)	-	8,020		-100.00%
Total Personnel Expenses:		1,421,189	1,214,180	1,459,402	1,264,701	1,593,536	134,135		9.19%

Central Coast Water Authority
Water Treatment Plant Department Operating Expenses
 Fiscal Year 2008/09 Administration/O&M Budget

Account Number	Account Name	FY 2006/07 Budget	FY 2006/07 Actual	FY 2007/08 Budget	FY 2007/08 Estimated Actual	FY 2008/09 Budget	Change from FY 2007/08 Budget	Percent Change FY 2007/08 Budget
<u>OFFICE EXPENSES</u>								
5200.20	Office Supplies	4,740	4,189	3,240	874	3,240	-	0.00%
5200.30	Miscellaneous Office Expenses	2,520	2,266	2,520	1,419	2,520	-	0.00%
Total Office Expenses:		7,260	6,455	5,760	2,293	5,760	-	0.00%
<u>SUPPLIES AND EQUIPMENT</u>								
5500.10	Uniform Expenses	8,245	4,422	10,265	5,823	10,265	-	0.00%
5500.15	Minor Tools and Equipment	5,000	2,785	8,500	4,136	5,000	(3,500)	-41.18%
5500.20	Spare Parts	-	-	-	-	-	-	N/A
5500.25	Landscape Equipment and Supplies	1,500	380	5,500	120	8,500	3,000	54.55%
5500.30	Chemicals-Fixed	-	-	-	-	-	-	N/A
5500.31	Chemicals-Variable	898,571	691,920	1,003,198	690,770	1,187,337	184,138	18.36%
5500.35	Maintenance Supplies/Hardware	10,000	7,506	10,000	6,069	10,000	-	0.00%
5500.40	Safety Supplies	6,000	4,403	5,000	6,842	7,000	2,000	40.00%
5500.45	Fuel and Lubricants	13,500	17,714	15,000	16,731	18,500	3,500	23.33%
5500.50	Seed/Erosion Control Supplies	-	-	-	-	-	-	N/A
5500.55	Backflow Prevention Supplies	-	274	-	-	-	-	N/A
Total Supplies and Equipment:		942,816	729,403	1,057,463	730,491	1,246,602	189,138	17.89%
<u>MONITORING EXPENSES</u>								
5600.10	Lab Supplies	39,000	40,702	38,000	28,038	38,000	-	0.00%
5600.20	Lab Tools and Equipment	5,000	626	5,000	193	15,500	10,500	210.00%
5600.30	Lab Testing	45,400	10,635	27,000	8,619	31,600	4,600	17.04%
Total Monitoring Expenses:		89,400	51,963	70,000	36,850	85,100	15,100	21.57%

Central Coast Water Authority
Water Treatment Plant Department Operating Expenses
 Fiscal Year 2008/09 Administration/O&M Budget

Account Number	Account Name	FY 2006/07	FY 2006/07	FY 2007/08	FY 2007/08	FY 2008/09	Change from		Percent Change
		Budget	Actual	Budget	Estimated Actual	Budget	FY 2007/08	FY 2007/08	
<i>REPAIRS AND MAINTENANCE</i>									
5700.10	Equipment Repairs and Maintenance	80,000	117,340	90,000	56,001	90,000	-	-	0.00%
5700.20	Vehicle Repairs and Maintenance	5,000	4,936	5,000	3,165	5,000	-	-	0.00%
5700.30	Building Maintenance	22,900	19,462	22,900	19,474	23,725	825	825	3.60%
5700.40	Landscape Maintenance	4,600	5,160	5,000	3,660	5,000	-	-	0.00%
	Total Repairs and Maintenance:	112,500	146,898	122,900	82,300	123,725	825	825	0.67%
<i>PROFESSIONAL SERVICES</i>									
5400.10	Professional Services	15,600	7,188	15,600	9,409	13,400	(2,200)	(2,200)	-14.10%
5400.20	Legal Services	-	541	-	-	-	-	-	N/A
5400.30	Engineering Services	5,000	-	5,000	334	5,000	-	-	0.00%
5400.40	Permits	14,900	10,712	15,100	11,853	15,100	-	-	0.00%
5400.50	Non-Contractual Services	27,000	9,260	27,000	-	32,000	5,000	5,000	18.52%
5400.60	Accounting Services	-	-	-	-	-	-	-	N/A
	Total Professional Services:	62,500	27,700	62,700	21,596	65,500	2,800	2,800	4.47%
<i>GENERAL AND ADMINISTRATIVE</i>									
5300.10	Meeting and Travel	13,750	9,797	13,750	17,225	13,750	-	-	0.00%
5300.20	Mileage Reimbursement	600	1,116	650	-	650	-	-	0.00%
5300.30	Dues and Memberships	11,000	11,086	11,000	14,415	11,900	900	900	8.18%
5300.40	Publications	1,000	475	1,000	389	1,000	-	-	0.00%
5300.50	Training	13,750	3,561	13,750	5,691	13,750	-	-	0.00%
5300.60	Advertising	2,000	1,433	2,000	-	2,000	-	-	0.00%
5300.70	Printing and Binding	-	-	-	-	-	-	-	N/A
5300.80	Postage	5,700	2,169	6,300	2,853	4,500	(1,800)	(1,800)	-28.57%
	Total General and Administrative:	47,800	29,637	48,450	40,573	47,550	(900)	(900)	-1.86%

Central Coast Water Authority
Water Treatment Plant Department Operating Expenses
 Fiscal Year 2008/09 Administration/O&M Budget

Account Number	Account Name	FY 2006/07 Budget	FY 2006/07 Actual	FY 2007/08 Budget	FY 2007/08 Estimated Actual	FY 2008/09 Budget	Change from FY 2007/08 Budget	Percent Change FY 2007/08 Budget
UTILITIES								
5800.20	Natural Gas	4,500	4,440	4,800	4,958	5,500	700	14.58%
5800.30	Electric-Fixed	96,000	86,306	96,000	88,229	97,000	1,000	1.04%
5800.35	Electric-VARIABLE	26,000	21,576	36,785	22,057	38,931	2,146	5.83%
5800.40	Water	-	-	-	-	-	-	N/A
5800.50	Telephone	10,000	7,158	10,000	7,108	8,400	(1,600)	-16.00%
5800.60	Waste Disposal	2,500	2,617	3,000	3,121	3,000	-	0.00%
	Total Utilities:	139,000	122,096	150,585	125,473	152,831	2,246	1.49%
OTHER EXPENSES								
5900.10	Insurance	62,298	59,064	67,596	57,905	68,951	1,355	2.00%
5900.30	Non-Capitalized Projects	113,210	112,121	256,020	256,020	204,359	(51,661)	-20.18%
5900.40	Equipment Rental	15,000	8,830	15,000	12,835	15,000	-	0.00%
5900.50	Non-Capitalized Equipment	10,000	6,272	10,000	1,568	10,000	-	0.00%
5900.60	Computer Expenses	9,750	21,570	26,910	25,742	26,910	-	0.00%
5900.70	Appropriated Contingency	60,654	-	67,257	-	72,285	5,028	7.48%
	Total Other Expenses:	270,912	207,857	442,783	354,070	397,504	(45,279)	-10.23%
	TOTAL OPERATING EXPENSES	\$ 3,093,377	\$ 2,536,191	\$ 3,420,043	\$ 2,658,347	\$ 3,718,108	\$ 298,065	8.72%

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2008/09 BUDGET**

ACCOUNT NUMBER: 5000.10

ACCOUNT TITLE: Full-Time Regular Salaries

Description: Funds for the WTP staff salaries.
Includes \$67,906 for the FY 2008/09 salary pool.

FY 08/09 Requested Budget	1,015,742
FY 07/08 Estimated Actual	819,721
Increase (Decrease)	196,021

ACCOUNT NUMBER: 5000.20

ACCOUNT TITLE: Overtime

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

FY 08/09 Requested Budget	50,787
FY 07/08 Estimated Actual	42,639
Increase (Decrease)	8,148

ACCOUNT NUMBER: 1300.60

ACCOUNT TITLE: Capitalized Salaries and Overtime

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

FY 08/09 Requested Budget	(22,723)
FY 07/08 Estimated Actual	(27,100)
Increase (Decrease)	4,377

ACCOUNT NUMBER: 5000.30

ACCOUNT TITLE: Temporary Services

Description: Temporary services for the Water Treatment Plant Department.

FY 08/09 Requested Budget	5,000
FY 07/08 Estimated Actual	-
Increase (Decrease)	5,000

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

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2008/09 BUDGET**

ACCOUNT NUMBER: 5000.40

ACCOUNT TITLE: Stand-by Pay

Description: Funds for stand-by pay for one employee assigned to stand-by duty on a 24-hour basis. Based on \$1.52 per hour (5% of average hourly rate) for 8,760 hours for WTP operator and \$1.97 per hour for Instrumentation and Control employee stand-by pay (1/3 to WTP and 2/3 to Distribution)

FY 08/09 Requested Budget	19,068
FY 07/08 Estimated Actual	22,740
Increase (Decrease)	(3,672)

ACCOUNT NUMBER: 5000.50

ACCOUNT TITLE: Shift Differential Pay

Description: Funds for shift employee pay.

FY 08/09 Requested Budget	11,500
FY 07/08 Estimated Actual	12,252
Increase (Decrease)	(752)

ACCOUNT NUMBER: 5100.10

ACCOUNT TITLE: PERS Retirement

Description: Funds for the employer and employee portion of PERS retirement system contributions. Based on a 19.056% contribution rate for FY 2008/09.

FY 08/09 Requested Budget	191,642
FY 07/08 Estimated Actual	152,950
Increase (Decrease)	38,692

ACCOUNT NUMBER: 5100.15

ACCOUNT TITLE: Medicare

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

FY 08/09 Requested Budget	15,964
FY 07/08 Estimated Actual	13,174
Increase (Decrease)	2,790

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2008/09 BUDGET**

ACCOUNT NUMBER: 5100.20

ACCOUNT TITLE: Health Insurance

FY 08/09 Requested Budget	192,550
FY 07/08 Estimated Actual	151,405
Increase (Decrease)	41,145

Description: Funds for the employer provided portion of medical insurance coverage for WTP employees. Amount is based on the Cafeteria plan elections for each employee. Includes an estimated premium increase of 10% in 2008.
Family: \$ 14,906
Emp+1: \$ 12,694
Emp: \$ 5,386

ACCOUNT NUMBER: 5100.25

ACCOUNT TITLE: Workers' Compensation Insurance

FY 08/09 Requested Budget	40,148
FY 07/08 Estimated Actual	28,364
Increase (Decrease)	11,784

Description: Funds for Workers' Compensation insurance for the WTP Department. Based on an X-Mod rate of 86%. Based on a 10% premium increase over FY 2007/08.

ACCOUNT NUMBER: 5100.35

ACCOUNT TITLE: Employer Paid Deferred Compensation

FY 08/09 Requested Budget	3,875
FY 07/08 Estimated Actual	3,696
Increase (Decrease)	179

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

ACCOUNT NUMBER: 5100.40

ACCOUNT TITLE: Cafeteria Plan Benefits

FY 08/09 Requested Budget	12,432
FY 07/08 Estimated Actual	12,513
Increase (Decrease)	(81)

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

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2008/09 BUDGET**

ACCOUNT NUMBER: 5100.45

ACCOUNT TITLE: Dental/Vision Plan

FY 08/09 Requested Budget	22,153
FY 07/08 Estimated Actual	29,621
Increase (Decrease)	(7,468)

Description: Funds for the self-funded dental/vision plan. The plan provides \$2,933 per year per family for dental and vision expenses. Budgeted amount is \$1,555 per year per employee. Annual limit is based on an increase over the prior year amount for the percentage change in the CPI.

ACCOUNT NUMBER: 5100.50

ACCOUNT TITLE: Long-Term Disability

FY 08/09 Requested Budget	4,356
FY 07/08 Estimated Actual	3,874
Increase (Decrease)	482

Description: Funds for premiums paid for long-term disability insurance. Based on a rate of \$0.47 per \$100 of salary.

ACCOUNT NUMBER: 5100.55

ACCOUNT TITLE: Life Insurance

FY 08/09 Requested Budget	3,969
FY 07/08 Estimated Actual	4,648
Increase (Decrease)	(679)

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

ACCOUNT NUMBER: 5100.60

ACCOUNT TITLE: Employee Physicals

FY 08/09 Requested Budget	750
FY 07/08 Estimated Actual	-
Increase (Decrease)	750

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

\$ 750 5 physicals @ \$150 each

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2008/09 BUDGET**

ACCOUNT NUMBER: 5100.65

ACCOUNT TITLE: Employee Education Reimbursement

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

FY 08/09 Requested Budget	1,000
FY 07/08 Estimated Actual	-
Increase (Decrease)	1,000

ACCOUNT NUMBER: 5100.80

ACCOUNT TITLE: Employee Incentive Programs

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

FY 08/09 Requested Budget	2,600
FY 07/08 Estimated Actual	2,224
Increase (Decrease)	376

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

ACCOUNT NUMBER: 1300.60

ACCOUNT TITLE: Capitalized Employee Benefits

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

FY 08/09 Requested Budget	(8,862)
FY 07/08 Estimated Actual	(8,020)
Increase (Decrease)	(842)

ACCOUNT NUMBER: 5200.20

ACCOUNT TITLE: Office Supplies

Description: Funds for office supplies for the WTP. Based on \$270 per month in office supply expenses.

FY 08/09 Requested Budget	3,240
FY 07/08 Estimated Actual	874
Increase (Decrease)	2,366

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2008/09 BUDGET**

ACCOUNT NUMBER: 5200.30

ACCOUNT TITLE: Miscellaneous Office Expenses

Description: Funds for miscellaneous expenses associated with CCWA. This includes picture developing, awards, business cards, coffee, kitchen supplies, etc., estimated at \$210 per month.

FY 08/09 Requested Budget	2,520
FY 07/08 Estimated Actual	1,419
Increase (Decrease)	1,101

ACCOUNT NUMBER: 5300.10

ACCOUNT TITLE: Meetings and Travel

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

FY 08/09 Requested Budget	13,750
FY 07/08 Estimated Actual	17,225
Increase (Decrease)	(3,475)

ACCOUNT NUMBER: 5300.20

ACCOUNT TITLE: Mileage Reimbursement

Description: Funds for reimbursement to employees for mileage expenses.

FY 08/09 Requested Budget	650
FY 07/08 Estimated Actual	-
Increase (Decrease)	650

ACCOUNT NUMBER: 5300.30

ACCOUNT TITLE: Dues and Memberships

Description: Funds for professional dues.

Chlorine Institute	\$ 900
AWWA dues	400
AWWARF dues	9,600
Certification	1,000
Total	\$ 11,900

FY 08/09 Requested Budget	\$ 14,415
FY 07/08 Estimated Actual	14,415
Increase (Decrease)	(2,515)

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2008/09 BUDGET**

ACCOUNT NUMBER: 5300.40

ACCOUNT TITLE: Publications

Description: Funds for publications received by the WTP.

FY 08/09 Requested Budget	1,000
FY 07/08 Estimated Actual	389
Increase (Decrease)	611

ACCOUNT NUMBER: 5300.50

ACCOUNT TITLE: Training

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

FY 08/09 Requested Budget	13,750
FY 07/08 Estimated Actual	5,691
Increase (Decrease)	8,059

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

ACCOUNT NUMBER: 5300.60

ACCOUNT TITLE: Advertising

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

FY 08/09 Requested Budget	2,000
FY 07/08 Estimated Actual	-
Increase (Decrease)	2,000

ACCOUNT NUMBER: 5300.80

ACCOUNT TITLE: Postage

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

FY 08/09 Requested Budget	4,500
FY 07/08 Estimated Actual	2,853
Increase (Decrease)	1,647

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2008/09 BUDGET**

ACCOUNT NUMBER: 5400.10

ACCOUNT TITLE: Professional Services
Description: Outside professional services including:

\$	1,000	Cathodic protection
	2,000	Fire system/extinguisher inspection
	5,400	Security
	1,300	Crane inspection
	700	Oil analysis
	500	Miscellaneous
	1,000	Emergency generator/forklift service
	1,500	Equipment Calibration
\$	13,400	TOTAL

FY 08/09 Requested Budget	13,400
FY 07/08 Estimated Actual	9,409
Increase (Decrease)	3,991

ACCOUNT NUMBER: 5400.20

ACCOUNT TITLE: Legal Services
Description: Not funded for this fiscal year.

FY 08/09 Requested Budget	-
FY 07/08 Estimated Actual	-
Increase (Decrease)	-

ACCOUNT NUMBER: 5400.30

ACCOUNT TITLE: Engineering Services
Description: Funds for all non-capitalized engineering services and small projects.

FY 08/09 Requested Budget	5,000
FY 07/08 Estimated Actual	334
Increase (Decrease)	4,666

ACCOUNT NUMBER: 5400.40

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

FY 08/09 Requested Budget	15,100
FY 07/08 Estimated Actual	11,853
Increase (Decrease)	3,247

\$	11,000	Drinking Water Program
	2,000	DHS Lab Accreditation
	600	Emergency Generator Permit
	1,500	Hazardous Materials Fees
\$	15,100	TOTAL

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2008/09 BUDGET**

ACCOUNT NUMBER: 5400.50

ACCOUNT TITLE: Non-Contractual Services

Description: Funds for miscellaneous non-contractual services.

FY 08/09 Requested Budget	32,000
FY 07/08 Estimated Actual	-
Increase (Decrease)	32,000

\$	12,000	Miscellaneous facility painting
	20,000	Road oiling
\$	32,000	TOTAL

ACCOUNT NUMBER: 5500.10

ACCOUNT TITLE: Uniform Expenses

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

FY 08/09 Requested Budget	10,265
FY 07/08 Estimated Actual	5,823
Increase (Decrease)	4,442

\$	5,940	Uniform Service (\$495 per month)
	1,650	Blue jean pants (\$150/year for 11 employees)
	2,275	Boots (\$175/year for 13 employees)
	400	Misc. uniform requirements (jackets, etc.)
\$	10,265	TOTAL

ACCOUNT NUMBER: 5500.15

ACCOUNT TITLE: Minor Tools and Equipment

Description: Funds for the purchase of minor tools and equipment, plus a one-time increase for a mini-crane.

FY 08/09 Requested Budget	5,000
FY 07/08 Estimated Actual	4,136
Increase (Decrease)	864

ACCOUNT NUMBER: 5500.20

ACCOUNT TITLE: Spare Parts

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

FY 08/09 Requested Budget	-
FY 07/08 Estimated Actual	-
Increase (Decrease)	-

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2008/09 BUDGET**

ACCOUNT NUMBER: 5500.25

ACCOUNT TITLE: Landscape Supplies

Description: Funds for the purchase of supplies for landscape maintenance at the WTP, plus a one-time cost of \$4,000 for landscape improvements in front of the Operations Building.

FY 08/09 Requested Budget	8,500
FY 07/08 Estimated Actual	120
Increase (Decrease)	8,380

ACCOUNT NUMBER: 5500.31

ACCOUNT TITLE: Chemicals-Variable

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

Based on \$29.70 per acre foot and 38,931 acre feet of requests in FY 2008/09 and \$5,000 for taste and odor reduction chemicals. Santa Ynez Pumping Facility chemical costs are budgeted at \$2.89/AF for 9,023 AF of water delivered into Lake Cachuma.

FY 08/09 Requested Budget	1,187,337
FY 07/08 Estimated Actual	690,770
Increase (Decrease)	496,567

ACCOUNT NUMBER: 5500.35

ACCOUNT TITLE: Maintenance Supplies/Hardware

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

FY 08/09 Requested Budget	10,000
FY 07/08 Estimated Actual	6,069
Increase (Decrease)	3,931

ACCOUNT NUMBER: 5500.40

ACCOUNT TITLE: Safety Supplies

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

FY 08/09 Requested Budget	7,000
FY 07/08 Estimated Actual	6,842
Increase (Decrease)	158

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2008/09 BUDGET**

ACCOUNT NUMBER: 5500.45

ACCOUNT TITLE: Fuel and Lubricants

Description: Funds for the purchase of fuel and lubricants for WTP vehicles, equipment and emergency generator.

Does not include mileage reimbursement expenses.

FY 08/09 Requested Budget	18,500
FY 07/08 Estimated Actual	16,731
Increase (Decrease)	1,769

ACCOUNT NUMBER: 5600.10

ACCOUNT TITLE: Laboratory Supplies

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

FY 08/09 Requested Budget	38,000
FY 07/08 Estimated Actual	28,038
Increase (Decrease)	9,962

ACCOUNT NUMBER: 5600.20

ACCOUNT TITLE: Laboratory Tools and Equipment

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

FY 08/09 Requested Budget	15,500
FY 07/08 Estimated Actual	193
Increase (Decrease)	15,307

\$	8,500	Spectrophotometer and pH Meter
	3,000	Sieve Analysis Equipment
	3,000	Centrifuge
	1,000	Maserator
\$	15,500	TOTAL

ACCOUNT NUMBER: 5600.30

ACCOUNT TITLE: Lab Testing

Description: Funds for outside lab services.

FY 08/09 Requested Budget	31,600
FY 07/08 Estimated Actual	8,619
Increase (Decrease)	22,981

\$	20,600	MIB Study
	3,200	DBP Analysis
	3,000	Annual analysis
	200	Monthly Aluminum Analysis
	-	Taste and Odor Analysis
	4,600	Miscellaneous Analyses (includes LT2)
\$	31,600	TOTAL

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2008/09 BUDGET**

ACCOUNT NUMBER: 5700.10

ACCOUNT TITLE: Equipment Repairs and Maintenance

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

FY 08/09 Requested Budget	90,000
FY 07/08 Estimated Actual	56,001
Increase (Decrease)	33,999

ACCOUNT NUMBER: 5700.20

ACCOUNT TITLE: Vehicle Repairs and Maintenance

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

FY 08/09 Requested Budget	5,000
FY 07/08 Estimated Actual	3,165
Increase (Decrease)	1,835

ACCOUNT NUMBER: 5700.30

ACCOUNT TITLE: Building Maintenance

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

FY 08/09 Requested Budget	23,725
FY 07/08 Estimated Actual	19,474
Increase (Decrease)	4,251

\$	1,000	Miscellaneous repairs
	3,200	Site improvements (includes painting)
	12,625	Janitorial service
	3,000	HVAC
	3,900	Janitorial Supplies
\$	23,725	TOTAL

ACCOUNT NUMBER: 5700.40

ACCOUNT TITLE: Landscape Maintenance

Description: Funds for the maintenance of the WTP facility landscape. Includes weed abatement for sludge lagoons and leachfield.

FY 08/09 Requested Budget	5,000
FY 07/08 Estimated Actual	3,660
Increase (Decrease)	1,340

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2008/09 BUDGET**

ACCOUNT NUMBER: 5800.20

ACCOUNT TITLE: Natural Gas Service

Description: Funds for natural gas service to the WTP.

FY 08/09 Requested Budget	5,500
FY 07/08 Estimated Actual	4,958
Increase (Decrease)	542

ACCOUNT NUMBER: 5800.30

ACCOUNT TITLE: Electric Service-Fixed

Description: Funds for electrical service to the WTP.

FY 08/09 Requested Budget	97,000
FY 07/08 Estimated Actual	88,229
Increase (Decrease)	8,771

ACCOUNT NUMBER: 5800.31

ACCOUNT TITLE: Electric Service-Variable

Description: Funds for electrical service to the WTP.
Variable electrical costs estimated at \$1 per acre-foot.

FY 08/09 Requested Budget	38,931
FY 07/08 Estimated Actual	22,057
Increase (Decrease)	16,874

ACCOUNT NUMBER: 5800.40

ACCOUNT TITLE: Water/Sewer

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

FY 08/09 Requested Budget	-
FY 07/08 Estimated Actual	-
Increase (Decrease)	-

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2008/09 BUDGET**

ACCOUNT NUMBER: 5800.50

ACCOUNT TITLE: Telephone

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

FY 08/09 Requested Budget	8,400
FY 07/08 Estimated Actual	7,108
Increase (Decrease)	1,292

ACCOUNT NUMBER: 5800.60

ACCOUNT TITLE: Waste Disposal

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

FY 08/09 Requested Budget	3,000
FY 07/08 Estimated Actual	3,121
Increase (Decrease)	(121)

ACCOUNT NUMBER: 5900.10

ACCOUNT TITLE: Insurance

Description: Funds for insurance coverage.

FY 08/09 Requested Budget	68,951
FY 07/08 Estimated Actual	57,905
Increase (Decrease)	11,046

\$	36,191	Property and auto coverage based on the apportionment provided by JPIA.
\$	32,759	General liability and E&O based on salary proportions.
\$	68,951	TOTAL

ACCOUNT NUMBER: 5900.30

ACCOUNT TITLE: Non-Capitalized Projects

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

FY 08/09 Requested Budget	204,359
FY 07/08 Estimated Actual	256,020
Increase (Decrease)	(51,661)

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2008/09 BUDGET**

ACCOUNT NUMBER: 5900.40

ACCOUNT TITLE: Equipment Rental

Description: Funds for rental of equipment for the WTP.

FY 08/09 Requested Budget	15,000
FY 07/08 Estimated Actual	12,835
Increase (Decrease)	2,165

ACCOUNT NUMBER: 5900.50

ACCOUNT TITLE: Non-Capitalized Fixed Assets

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

FY 08/09 Requested Budget	10,000
FY 07/08 Estimated Actual	1,568
Increase (Decrease)	8,432

ACCOUNT NUMBER: 5900.60

ACCOUNT TITLE: Computer Expenses

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

FY 08/09 Requested Budget	26,910
FY 07/08 Estimated Actual	25,742
Increase (Decrease)	1,168

Service Contracts	\$8,750
Minor purchases	\$1,000
Compuvision	\$17,160
Total	\$26,910

ACCOUNT NUMBER: 5900.70

ACCOUNT TITLE: Appropriated Contingency

Description: 2.0% of requested budget.

FY 08/09 Requested Budget	72,047
FY 07/08 Estimated Actual	-
Increase (Decrease)	72,047

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Flag pole repair at Buellton Administrative Office

Distribution Department

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

Highlights

Department Information

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

Budget Information

- Total FY 2008/09 O&M Budget \$2,316,025
- O&M Budget increase over FY 2007/08 \$ 237,168
- Percentage increase 11.35%
- Fixed O&M expenses \$1,819,740
- Variable O&M expenses \$ 496,285
- FY 2008/09 budgeted electrical cost \$55 per acre-foot

Significant Accomplishments During FY 2007/08

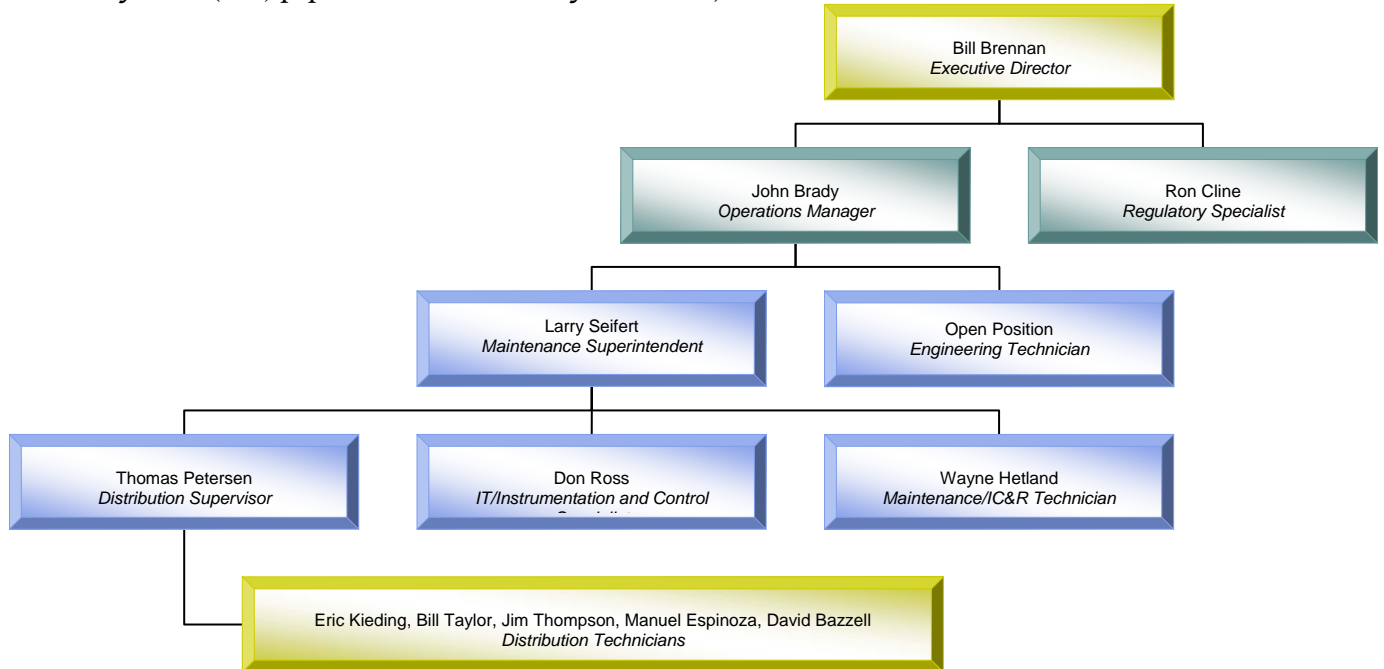
- Implemented the distribution system security enhancements.

Significant Goals for FY 2008/09

- Develop comprehensive encroachment permit program.
- Complete internal inspection of pipeline Reach 4.

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



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

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



Preparing dewatering area for pipeline leak repair

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

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

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

The following pages list the 2007 accomplishments, performance indicators (“Service Efforts and Accomplishments”) and 2008 goals for the Distribution Department.

2007 DISTRIBUTION ACCOMPLISHMENTS

Engineering

<u>Goal</u>	<u>Status</u>
Complete development of five and twenty year Capital Improvement programs. [9/07]	Preliminary work has been initiated.
Migrate CCWA as-built drawings to one consistent electronic format. [12/07]	Postponed to 2008.
Explore and address remaining fiber optic cable continuity issues. [12/07]	Fiber optic toning package was field tested and purchased. Installation scheduled for 2/08.
Identify Polonio Pass WTP sludge lagoon C rehabilitation needs. [9/07]	Inflow study has been completed and traced back to Lagoon B. Sludge lagoon C had vegetation removed and was regraded 9/07.
Complete rapid small-scale test for GAC comparisons. [9/07]	Completed 12/07.
Install Phase 2 of the Control System Upgrade at Polonio Pass WTP. [11/07]	Completed 11/07.

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Complete input/output upgrade at Energy Dissipation Valve Vault. [11/07] Completed 12/07.

Environmental and Safety

Goal

Complete HCP (Habitat Conservation Plan) according to schedule presented by National Fish and Wildlife Service. [12/07]	Ongoing.
Update Process Safety Management Plan. [2/07]	Completed 9/07.
Update Injury and Illness Prevention Program. [3/07]	Completed 10/07.
Monitor and repair revegetation and erosion damage following 2006 abandoned pipeline removal along Santa Rosa Road. [3-year commitment]	Ongoing: Revegetation monitoring for 3 years as of 10/06.
Design solutions and repair erosion damage in pipeline alignment near Creston. [3/07]	Postponed to 2008.
Remove supports and protections for maturing oak trees and continue oak tree monitoring program for DWR Reaches 1-6 and CCWA Schedules A, B and C. [Ongoing]	Support removal completed 8/07. Annual monitoring and counting completed 11/07
Request and participate in bi-annual Cal/OSHA consultation inspection at the Polonio Pass WTP. [9/07]	Completed 9/07.

Operations and Maintenance

Goal

Status

Implement distribution system security enhancements. [12/07]	Twelve security cameras and mounting hardware have been purchased. Towers for camera mounting have been purchased and received. Tower concrete footings and communications conduits have been installed at Tanks 2, 5, 7 and the EDV.
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Central Coast Water Authority
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Complete the Santa Ynez Pump Facility sodium bisulfite tank modifications. [9/07]

Initial tank evaluations have begun. A cost analysis is underway to determine the feasibility of replacement rather than repair.

Complete internal pipeline inspection of Reach 4. [11/07]

Leak found and repaired in Mission Hills II section of pipeline. 11/07

Implement permanent chlorine feed system at Tank 7. [6/07]

The building completed 9/07. Feed systems to be completed by staff in 2008.

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

A digital telephone system connection and combination Internet access, T1 service, installed to enhance communications and provide lower operating costs.

Staff implemented interior lighting and exterior deck lighting modifications to reduce power demand. This program also qualified CCWA for rebates from PG&E.

Identify and pursue approaches to maximize delivery allocation and maintain high water quality consistent with project participants' needs. [Ongoing]

Staff participated in several meetings with San Luis Obispo County regarding a dry year transfer program. Program should be functional by 2/08.

Staff are updating the pipeline capacity analysis originally done by Penfield and Smith in 2005.

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Engineering

Goal

Complete development of five and twenty year Capital Improvement programs. [9/08]

Migrate CCWA as-built drawings to one consistent electronic format. [12/08]

Develop Comprehensive encroachment permit program. [6/08]

Research commercially available database software for maintaining pipeline right-of-way data. [9/08]

Coordinate detailed analysis of pipeline conveyance capacity. [6/08]

Research available technology and programs for leak detection in large diameter pipelines. [11/08]

Research and evaluate potential mitigation measures to address side slope water seepage from the WTP sludge lagoons. [11/08]

Develop and implement a monitoring program for the flexible joint connections between the large diameter HDPE pipe and concrete structures at the WTP. [11/08]

Research available options for repairing areas of concrete deterioration/distress within the WTP. [9/08]

Environmental and Safety

Goal

Complete HCP (Habitat Conservation Plan) according to schedule presented by National Fish and Wildlife Service. [6/08]

Research and install updated fall protection devices at Tanks 2 and 5. [8/08]

Participate in Cal/OSHA consultation inspection at WTP. [7/08]

Monitor and repair revegetation and erosion damage caused by 2006 abandoned pipeline removal along Santa Rosa Road. [3-year commitment]

Continue monitoring erosion near major blow-off at Huero Huero Creek. With Operations Manager assistance, develop long term erosion control solution. [12/08]

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Remove supports and protections for maturing oak trees and continue oak tree monitoring program for DWR Reaches 3 and 4. [11/08]

With Operations Manager assistance develop long term solution for exposed pipe in upper Santa Ynez River. [12/08]

Operations and Maintenance

Goal

Conduct emergency preparedness training exercise with O&M staff. Operate the distribution system in manual mode and test satellite backup communications. [6/08]

Investigate the need for additional emergency generators in system. [6/08]

Complete evaluation of sodium bisulfate storage tank and implement appropriate project. [11/08]

Complete installation of permanent chlorination facilities at Tank 7. [3/08]

Complete internal pipeline inspection of Reach 4. [11/08]

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

Identify and pursue approaches to maximize delivery allocation and maintain high water quality consistent with project participants' needs. [Ongoing]

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

Central Coast Water Authority
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DISTRIBUTION DEPARTMENT OPERATING EXPENSE OVERVIEW

The distribution system for the State water facilities is divided into segments called “Financial Reaches.” These financial reaches are the portions of the pipeline through which the project participants receive and pay for water in accordance with their Water Supply Agreements.

Participation in each financial reach is based on the location of a particular project participant’s turnout. Each participant pays for its share of the Coastal Branch and Authority financial reaches down to the financial reach from which that participant takes delivery of water. For example, South Coast project participants pay for their share of all financial reaches since they take delivery from the terminus of the Authority pipeline.

The financial reaches for the distribution system include Authority reaches and DWR reaches. The facilities owned by the Authority are considered Authority reaches and those owned by DWR are considered DWR reaches.

The Distribution Department is responsible for maintaining both the Authority and the DWR reaches downstream of the Polonio Pass Water Treatment Plant.



Tank 5 Overflow Structure

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The following is a list of the various financial reaches including the facilities and/or landmarks located in each reach.

DWR REACHES

- Reach 33B Tank 1 through the Chorro Valley turnout
- Reach 34 Chorro Valley turnout through the Lopez turnout
- Reach 35 Lopez turnout through the Guadalupe turnout
- Reach 36 Deleted
- Reach 37 Guadalupe turnout to Southern Pacific Railroad crossing near Casmalia
- Reach 38 Southern Pacific Railroad crossing near Casmalia through Tank 5

CCWA (Authority) REACHES

- Mission Hills Tank 5 to La Purisima Road
- Santa Ynez I La Purisima Road to the Santa Ynez Pumping Facility
- Santa Ynez II Santa Ynez Pumping Facility to Lake Cachuma

The table and map on page 180 shows the participation by project participant, by financial reach and the corresponding percentage share of the operating costs for each project participant in each reach.

Distribution Allocation of Operating Expenses by Financial Reach

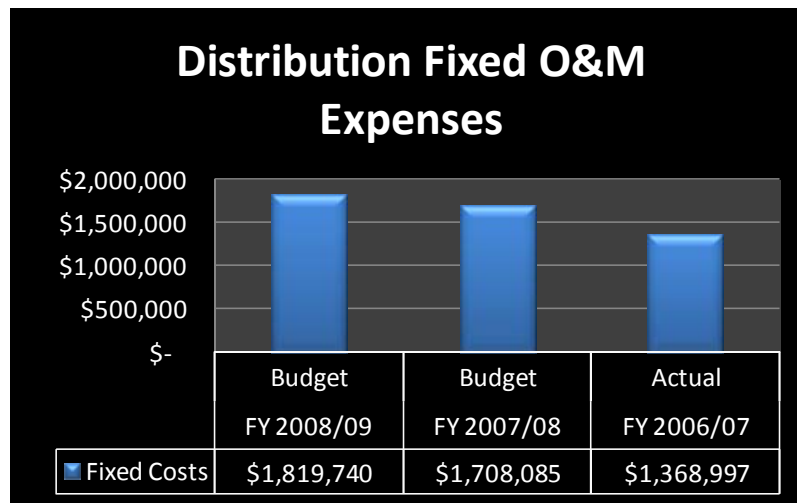
The Distribution Department operating expenses are allocated among the financial reaches listed above based on allocation percentages established by the Authority. These percentages are based on the FY 2006/07 actual operating expenses for each reach. The financial reach allocation percentages are adjusted each year based on the year-end budget status report actual operating expenses from the preceding fiscal year. The following table provides the allocation percentages for the Distribution Department operating expenses.

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Distribution Department Financial Reach Allocation			
Financial Reach	FY 2008/09 Allocation Percentage	FY 2007/08 Allocation Percentage	Increase (Decrease)
Reach 33B	22.13%	30.48%	-8.35%
Reach 34	13.21%	11.95%	1.26%
Reach 35	7.20%	5.72%	1.48%
Reach 37	3.92%	3.18%	0.74%
Reach 38	4.79%	3.81%	0.98%
Mission Hills II	9.70%	10.63%	-0.93%
Santa Ynez I	16.86%	16.22%	0.64%
Santa Ynez II	22.20%	18.01%	4.19%
TOTAL:	100.00%	100.00%	0.00%

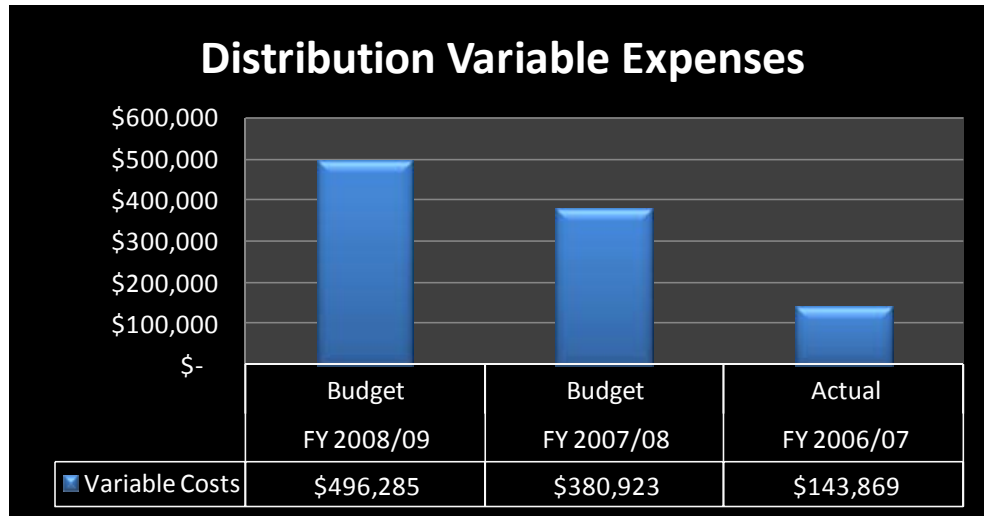
The expenses associated with the Distribution Department are divided into fixed and variable O&M costs.

Fixed O&M Costs are all costs of the distribution system that do not vary with the amount of water processed. Examples of these expenses include personnel costs, professional services and repair and maintenance costs. The following graph shows the three-year trend for the Distribution Department Fixed O&M expenses.



Variable O&M Costs are all costs that vary with the amount of water processed. The Distribution Department variable expenses are solely electrical costs to pump the South Coast project participant water into Lake Cachuma. The following graph shows the three-year trend for the Distribution Department variable O&M costs.

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The following table shows the allocation of the Distribution Department variable O&M costs (electrical costs) for the Fiscal Year 2008/09 Budget.

Project Participant	Requested Table A Deliveries ⁽¹⁾	Distribution Electrical Costs at \$55/AF
Goleta	4,061	\$ 223,351
Morehart	220	12,100
La Cumbre	800	44,000
Raytheon	55	3,025
Santa Barbara	702	38,553
Montecito	2,707	148,901
Carpinteria	478	26,282
Total South Coast:	9,023	\$ 496,212

(1) Excludes water deliveries exchanged with Santa Ynez ID#1.

Fiscal Year 2008/09 Operating Expense Budget

The Fiscal Year 2008/09 Distribution Department operating expense budget is \$2,316,025, which is \$237,168 higher than the previous year's budget of \$2,089,007, an increase of 11.35%. The personnel expense section of the Distribution Department budget represents approximately 51% of the budget. Utilities comprise 25%, with other expenses making up the balance of the budget. The chart on page 21 shows percentage of the various components of the Distribution Department operating expense budget. Variable O&M costs are included in the supplies and equipment and utilities categories.

Personnel Expenses Personnel expenses are increasing by about \$45,000 (excluding reductions for capitalized salaries and benefits) attributed to the following:

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- Salary increases for FY 2008/09 of \$50,458, partially offset by filling open positions in the past year with lower salaries than received by the previous employees in those positions.
- Health insurance expense increase of approximately \$11,000 for a projected 10% increase effective January 1, 2009.
- PERS retirement expense increase of about \$9,000 for higher salaries and a contract change to the one-year highest compensation formula for calculating PERS benefits.

Utility Expenses Utility expenses are increasing by about \$115,000 attributed to a 2,097 acre-feet increase in project participant requested water deliveries into Lake Cachuma for FY 2008/09 compared to the prior year. The estimated electrical cost per acre-foot of delivering water into Lake Cachuma remains at \$55/AF.

Other Expenses Other expenses are increasing by approximately \$36,000 due to an increase in non-capitalized project expenses (see the discussion on non-capitalized projects later in this section of the Budget).

Turnout Expenses Turnout expenses include funds for utility expenses at each turnout, equipment repairs and maintenance and non-capitalized projects.

The following table shows the FY 2008/09 O&M budget for the various CCWA turnouts.

TURNOUT EXPENSES								
Turnout	Electric Expense	Equipment Repairs and Maintenance	Phone Expenses	Other Expenses	Subtotal Operating Expenses	Capital Projects	TOTAL	
Guadalupe	\$ 650	\$ 1,000	\$ -	\$ 500	\$ 2,150	\$ -	\$ 2,150	
Santa Maria	500	1,500	-	500	2,500		2,500	
Golden State Water Co.	-	3,000	-	500	3,500		3,500	
Vandenberg Air Force Base	-	1,500	-	500	2,000		2,000	
Buellton	350	1,500	-	500	2,350		2,350	
Santa Ynez (Solvang)	250	1,000	-	500	1,750		1,750	
Santa Ynez	-	1,000	-	500	1,500		1,500	
Chorro Valley	-	1,500	5,000	500	7,000		7,000	
Lopez	600	1,500	-	500	2,600		2,600	
TOTAL:	\$ 2,350	\$ 13,500	\$ 5,000	\$ 4,500	\$ 25,350	\$ -	\$ 25,350	

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Non-Capitalized Projects

CCWA operates the Coastal Branch Extension for DWR through an Operations and Maintenance Agreement. Therefore, all expenses associated with the repairs and maintenance of the DWR portion of the Coastal Branch Extension are funded through the CCWA O&M assessments. Additionally, since CCWA does not own the DWR portion of the Coastal Branch Extension, capital related expenditures may not be capitalized as an asset on its books. The account also includes funding for projects on CCWA owned portions of the distribution system which are considered extraordinary expenses, but which are not eligible for capitalization.

The following table provides a summary of the Distribution Department Non-Capitalized Projects for FY 2008/09.

<i>Non-Capitalized Projects-Reach Specific</i>		
Project Description	Financial Reach	Amount
Tank 2 Flow meter CPU replacement	33B	15,785
Tank 2 inlet valve actuator	33B	35,375
Fall Protection Equipment, Tank 2, 5 & EDV	33B	2,067
	34	2,067
	38	2,067
Repair drain lines at Tank 5	38	21,000
Arc Flash Study	SYII	7,035
<i>TOTAL NON-CAPITALIZED PROJECTS</i>		<u>\$ 85,396</u>

Central Coast Water Authority
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Description:	Tank #2 Flow Meter CPU Replacement
Department:	Distribution System
Expanded Description	The existing flow meter at Tank #2 is obsolete and no longer serviceable. Therefore it will be replaced.
Estimated Charge	\$14,000
Sales Tax	\$1,085
Contingency (5%)	\$700
Subtotal without CCWA Labor	\$15,785
Labor and overhead	\$1,610
Total Cost	\$17,395
Financial Reach	Reach 33B
Operating Budget Impact:	Accurate measurement of flow rates passing through Tank #2 is essential for tank and pipeline monitoring. Inaccurate flow measurements could lead to undetected releases from the pipeline, which would allow pipeline leakage to go unabated longer than needed. Additional labor would be required to repair soil erosion or other potential negative impacts from an unrecognized pipeline leak or release.

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Distribution Department
 Fiscal Year 2008/09 Budget

Description:	Tank #2 Inlet Valve Actuator Replacement
Department:	Distribution System
Expanded Description	The response time of the Tank #2 inlet valve actuator is increasing with time, indicating that the valve actuator is reaching the end of its useful life. The existing actuator will be replaced to restore the required level of response time.
Estimated Charge	\$35,000
Sales Tax	\$0
Contingency (5%)	\$375
Subtotal without CCWA Labor	\$35,375
Labor and overhead	\$1,564
Total Cost	\$36,939
Financial Reach	Reach 33B
Operating Budget Impact:	The Tank #2 inlet valve actuator is a critical component in controlling the water level in Tank #2. A slow response time or failure of the actuator may result in disruption of the normal tank operation. Replacing the unit before complete failure will avoid escalated costs associated with emergency repair.

Central Coast Water Authority
Distribution Department
 Fiscal Year 2008/09 Budget

Description:	Upgrade Fall Protection Equipment at Tank #2, #5 and Energy Dissipation Vault
Department:	Distribution System
Expanded Description	To comply with OSHA regulations, the existing equipment must be upgraded. Existing fall protection equipment includes a pole mounted system which requires a lanyard connection to a personal fall protection harness worn by the climber. The new equipment is a wire cable system mounted directly on the ladder. This incorporates less space on the ladder and is more user-friendly.
Estimated Charge	\$5,500
Sales Tax	\$426
Contingency (5%)	\$275
Subtotal without CCWA Labor	\$6,201
Labor and overhead	\$734
Total Cost	\$6,935
Financial Reaches	Reaches- 33B, 34, 38
Operating Budget Impact:	Proper safety equipment minimizes work related injuries.

Central Coast Water Authority
Distribution Department
 Fiscal Year 2008/09 Budget

Description:	Repair Drain Lines and Install French Drain at Tank 5 Site
Department:	Distribution
Expanded Description	Following a series of rain storms, significant soil settlement was observed at the Tank 5 site. The soil settlement occurred directly over the tank 5 drain lines and near the paved access road. Based on camera studies of the drainage lines, the pipe joints have separated in a number of locations. This project will include excavation of the soil settlement area, repair of the damaged drain lines, backfill and re-compact the area. In addition, a French Drain will be installed to eliminate rising groundwater from flooding an electrical vault at Tank 5.
Estimated Charge	\$20,000
Sales Tax	\$0
Contingency (5%)	\$1,000
Total Cost	\$21,000
Financial Reach	Reach 38
Operating Budget Impact:	Repairing the drainage system and installing the French Drain at the Tank 5 site will reduce the potential of water damage, soil erosion and road pavement damage. This, in turn, will reduce the potential for increased labor costs associated with responding to incidents of water damage, soil erosion and road pavement damage.

Central Coast Water Authority
Distribution Department
 Fiscal Year 2008/09 Budget

Description:	Arc Flash Study
Department:	Distribution
Expanded Description	Perform an Arc Flash survey at the Santa Ynez Pumping Facility to bring the electrical panels into code and compliance with Cal/OSHA standards.
Estimated Charge	\$6,700
Sales Tax	\$0
Contingency (5%)	\$335
Total Cost	\$7,035
Financial Reach	Santa Ynez II
Operating Budget Impact:	Safety and compliance issue.

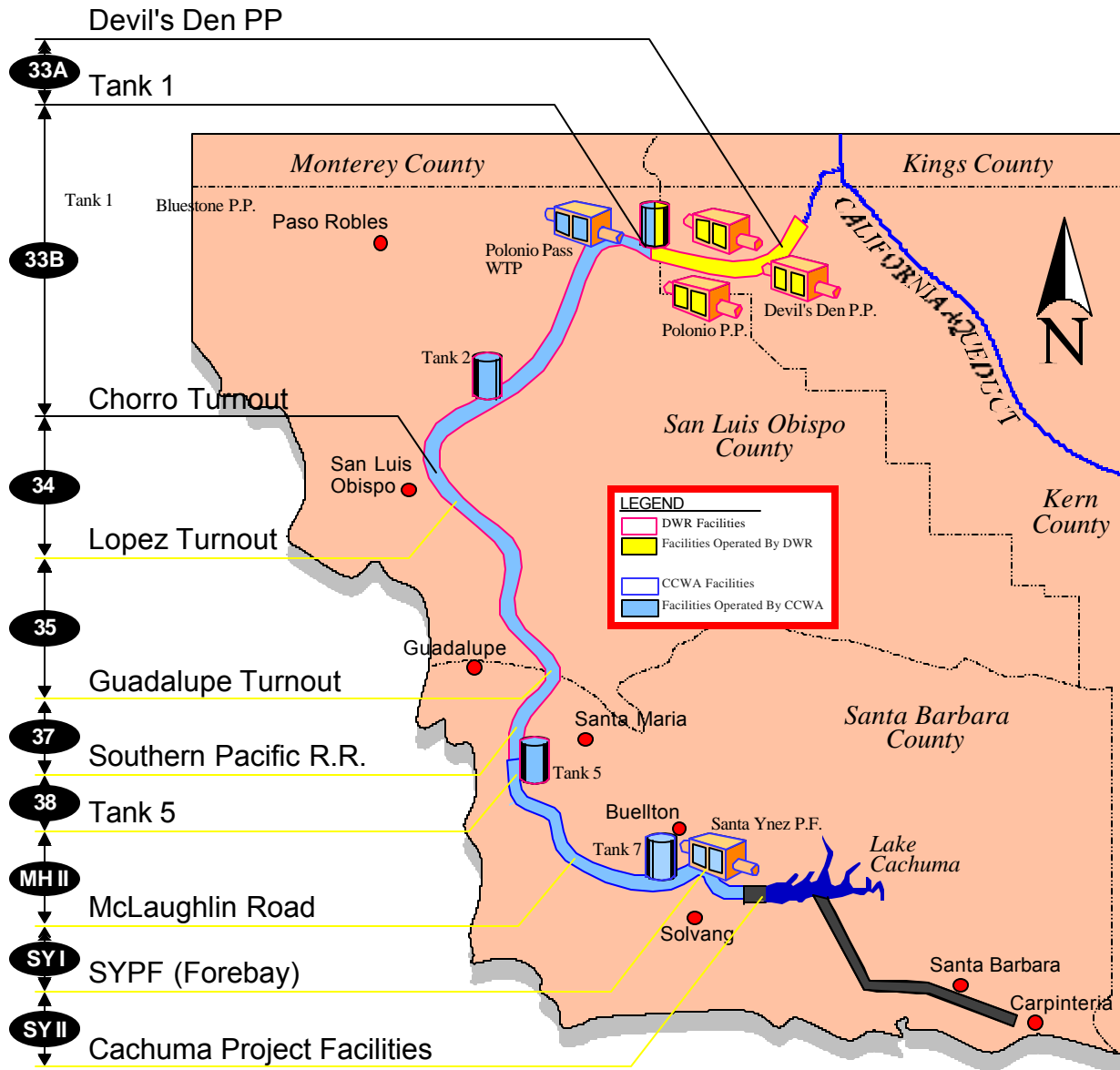
Central Coast Water Authority
Personnel Services Summary
Distribution Department
Fiscal Year 2008/09 Budget

PERSONNEL COUNT SUMMARY					
Position Title	Number Auth. FY 2006/07	Number Auth. FY 2007/08	Number Requested FY 2008/09	Change Over FY 2006/07	Change Over FY 2007/08
Executive Director ⁽¹⁾	0.25	0.25	0.25	-	-
Operations Manager	-	-	-	-	-
Operations Manager ⁽²⁾	0.40	0.40	0.40	-	-
Regulatory Specialist ⁽³⁾	0.75	0.75	0.75	-	-
Distribution Supervisor	1.00	1.00	1.00	-	-
Engineering Technician	1.00	1.00	1.00	-	-
Instrumentation & Control Specialist	1.00	1.00	1.00	-	-
Maintenance Superintendent ⁽⁴⁾	0.40	0.40	0.40	-	-
Maintenance/IC&R Technician	0.20	0.20	0.20	-	-
Distribution Technician	5.00	5.00	5.00	-	-
TOTAL:	10.00	10.00	10.00	-	-

PERSONNEL WAGE SUMMARY				
Position Title	Position Classification	Minimum Monthly Salary	Maximum Monthly Salary	FY 2007/08 Current Salary
Executive Director ⁽¹⁾	N/A		N/A	\$ 40,992
Operations Manager ⁽²⁾	25	\$ 8,349	\$ 10,185	\$ 42,798
Regulatory Specialist ⁽³⁾	18	\$ 5,783	\$ 7,055	\$ 60,528
Distribution Supervisor	18	\$ 5,783	\$ 7,055	\$ 75,254
Engineering Technician	16	\$ 5,206	\$ 6,352	\$ 50,003
Instrumentation & Control Specialist	18	\$ 5,783	\$ 7,055	\$ 81,598
Maintenance Superintendent ⁽⁴⁾	20	\$ 6,422	\$ 7,835	\$ 36,184
Maintenance/IC&R Technician	15	\$ 4,940	\$ 6,026	\$ 12,580
Distribution Technicians	14	\$ 4,687	\$ 5,718	\$ 304,357
FY 2008/09 Salary Pool				\$ 50,458
TOTAL:				\$ 754,752

- (1) The Executive Director is allocated to Administration (50%), Water Treatment Plant (25%) and Distribution (25%).
(2) The Operations Manager is allocated to Administration (25%), Water Treatment Plant (35%) and Distribution (40%).
(3) The Regulatory Specialist is allocated to Water Treatment Plant (25%) and Distribution (75%).
(4) The Maintenance Superintendent is allocated to Water Treatment Plant (60%) and Distribution (40%).

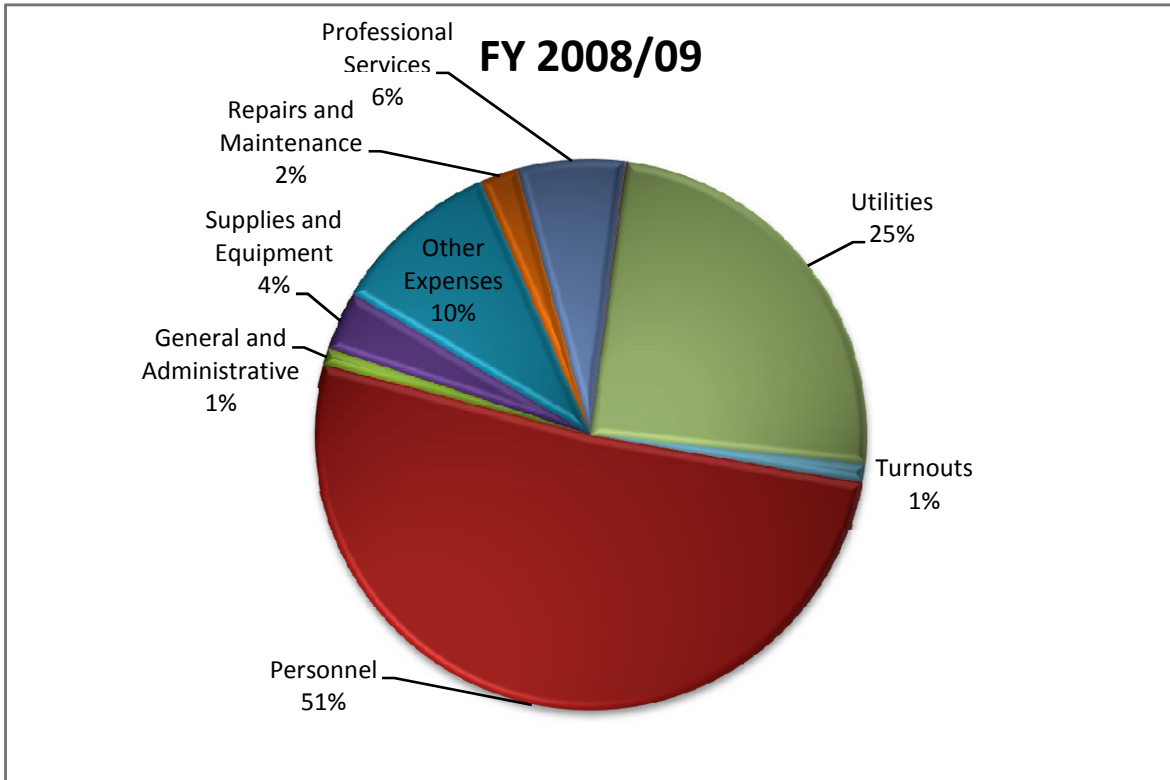
COASTAL BRANCH FINANCIAL REACHES



Purveyor	CONTRACT ENTITLEMENT IN FINANCIAL REACHES							
	WTP / 33B	34	35	37	38	MH II	SY I	SY II
Shandon	100							
Chorro Valley	2,338							
Lopez	2,392	2,392						
Guadalupe	550	550	550					
Santa Maria	16,200	16,200	16,200	16,200				
SCWC	500	500	500	500				
Vandenberg AFB	5,500	5,500	5,500	5,500	5,500	5,500		
Buellton	578	578	578	578	578	578	578	
Santa Ynez (Solvang)	1,500	1,500	1,500	1,500	1,500	1,500	1,500	
Santa Ynez	500	500	500	500	500	500	500	
Goleta	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Morehart Land	200	200	200	200	200	200	200	200
LaCumbre	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
SB Research	50	50	50	50	50	50	50	50
Santa Barbara	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Montecito	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700
Summerland	300	300	300	300	300	300	300	300
Carpinteria	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
TOTAL	43,908 AF	41,470 AF	39,078 AF	38,528 AF	21,828 AF	21,828 AF	16,328 AF	13,750 AF

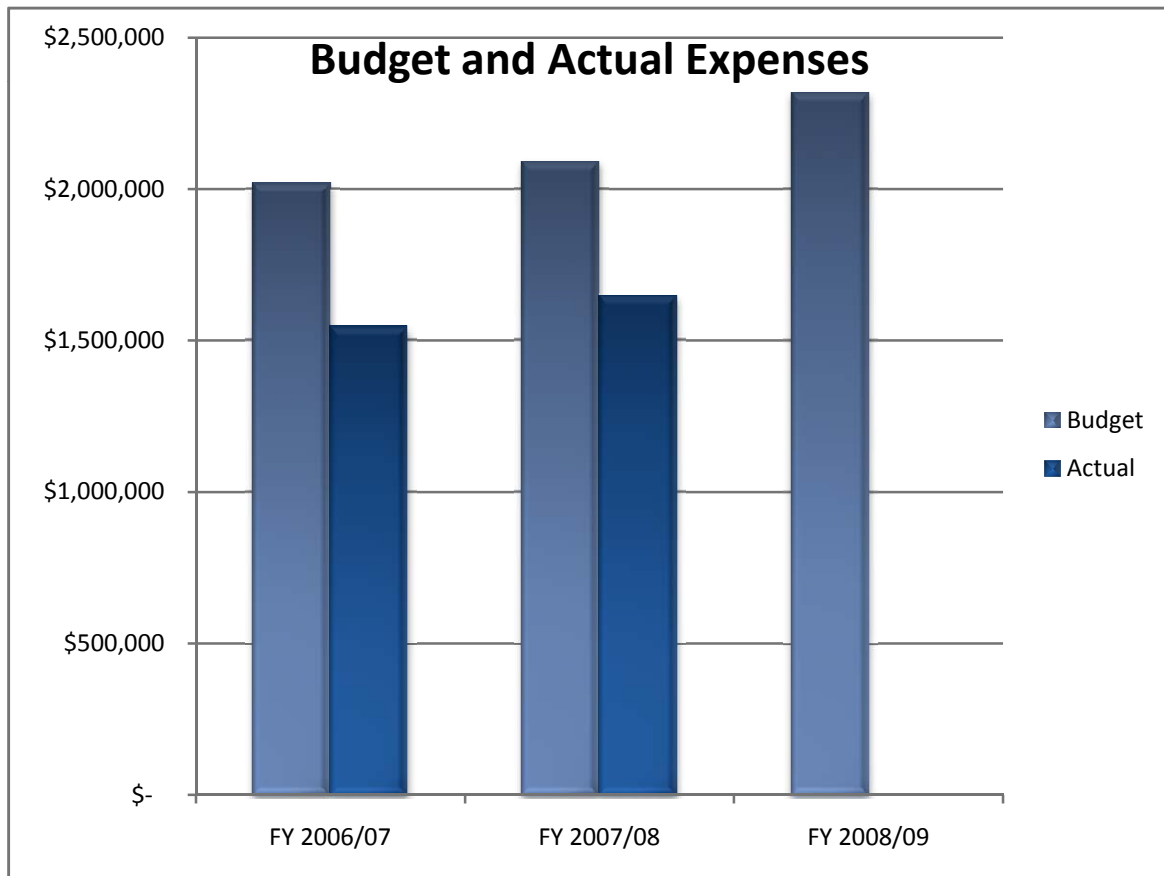
Central Coast Water Authority
Distribution Department Operating Expenses
 Fiscal Year 2008/09 Budget

Item	FY 2008/09 Budget
Personnel	\$ 1,188,781
Office Expenses	2,800
Supplies and Equipment	80,219
Monitoring Expenses	-
Repairs and Maintenance	52,348
Professional Services	145,400
General and Administrative	23,100
Utilities	568,029
Other Expenses	229,997
Turnouts	25,350
TOTAL:	\$ 2,316,025



Central Coast Water Authority
Distribution Department Operating Expenses
 Fiscal Year 2008/09 Budget

Item	FY 2006/07 Budget	FY 2006/07 Actual	FY 2007/08 Budget	FY 2007/08 Estimated Actual	FY 2008/09 Budget
Personnel	\$ 1,112,831	\$ 835,069	\$ 1,113,496	\$ 849,658	\$ 1,188,781
Office Expenses	3,000	2,158	3,000	2,384	2,800
Supplies and Equipment	72,605	57,062	73,965	66,975	80,219
Monitoring Expenses	-	-	-	-	-
Repairs and Maintenance	51,568	48,817	51,568	23,256	52,348
Professional Services	140,400	46,531	130,750	78,050	145,400
General and Administrative	23,100	17,462	23,100	12,575	23,100
Utilities	290,820	207,709	453,183	419,399	568,029
Other Expenses	245,123	251,954	194,295	145,799	229,997
Turnouts	46,105	46,105	45,650	45,650	25,350
Subtotal	\$ 1,985,552	\$ 1,512,866	\$ 2,089,007	\$ 1,643,746	\$ 2,316,025
Non-Annual Recurring	\$ 29,415	\$ 29,415	\$ -	\$ -	\$ -
TOTAL:	\$ 2,014,967	\$ 1,542,281	\$ 2,089,007	\$ 1,643,746	\$ 2,316,025



Central Coast Water Authority
Distribution Department Operating Expenses
 Fiscal Year 2008/09 Administration/O&M Budget

Account Number	Account Name	FY 2006/07 Budget	FY 2006/07 Actual	FY 2007/08 Budget	FY 2007/08 Estimated Actual	FY 2008/09 Budget	Change from FY 2007/08 Budget	Percent Change FY 2007/08 Budget
PERSONNEL EXPENSES								
5000.10	Full-Time Regular Wages	\$ 720,086	\$ 556,185	\$ 725,123	\$ 572,351	\$ 754,752	\$ 29,629	4.09%
1300.60	Capitalized Wages and Overtime	(10,300)	(32,899)	(23,500)	(23,500)	(507)	22,993	-97.84%
5000.20	Overtime	48,004	45,285	48,256	31,595	49,738	1,481	3.07%
5000.40	Standby Pay	23,535	18,103	22,805	17,715	24,557	1,752	7.68%
5000.50	Shift Differential Pay	-	-	-	-	-	-	N/A
5100.10	PERS Retirement	129,403	97,239	128,706	96,536	137,771	9,064	7.04%
5100.15	Medicare Taxes	11,533	8,256	11,601	8,287	12,077	477	4.11%
5100.20	Health Insurance	112,676	76,258	126,670	79,538	137,337	10,667	8.42%
5100.25	Workers' Compensation	44,621	23,223	33,017	19,188	28,874	(4,143)	-12.55%
5100.30	Vehicle Expenses	-	-	-	-	-	-	N/A
5100.35	IRC 457-Employer Paid	3,750	3,740	3,875	3,696	3,875	-	0.00%
5100.40	Cafeteria Plan Benefits	6,357	4,445	6,250	3,535	3,620	(2,630)	-42.08%
5100.45	Dental/Vision Plan	13,632	10,029	16,612	17,665	15,546	(1,066)	-6.41%
5100.50	Long-Term Disability	3,806	2,216	3,270	2,115	3,398	128	3.92%
5100.55	Life Insurance	3,327	2,712	3,412	2,529	3,440	28	0.81%
5100.60	Employee Physicals	900	395	900	780	900	-	0.00%
5000.30	Temporary Services	1,000	1,141	10,000	-	10,000	-	0.00%
5100.70	Employee Incentive Programs	2,600	1,150	2,600	1,203	2,600	-	0.00%
5100.65	Employee Education Reimbursement	1,000	312	1,000	-	1,000	-	0.00%
5100.86	Benefits-Non-Capitalized Projects	-	17,278	-	23,525	-	-	0.00%
1300.60	Capitalized Employee Benefits	(3,100)	-	(7,100)	(7,100)	(198)	6,902	-97.22%
Total Personnel Expenses:		1,112,831	835,069	1,113,496	849,658	1,188,781	75,285	6.76%

Central Coast Water Authority
Distribution Department Operating Expenses
 Fiscal Year 2008/09 Administration/O&M Budget

Account Number	Account Name	FY 2006/07 Budget	FY 2006/07 Actual	FY 2007/08 Budget	FY 2007/08 Estimated Actual	FY 2008/09 Budget	Change from FY 2007/08 Budget	Percent Change FY 2007/08 Budget
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OFFICE EXPENSES

5200.20	Office Supplies	2,000	845	2,000	1,672	1,800	(200)	-10.00%
5200.30	Miscellaneous Office Expenses	1,000	1,313	1,000	712	1,000	-	0.00%
Total Office Expenses:		3,000	2,158	3,000	2,384	2,800	(200)	-6.67%

SUPPLIES AND EQUIPMENT

5500.10	Uniform Expenses	6,205	5,652	6,565	3,529	6,565	-	0.00%
5500.15	Minor Tools and Equipment	10,000	9,806	10,000	4,936	10,000	-	0.00%
5500.20	Spare Parts	-	-	-	-	-	-	N/A
5500.25	Landscape Equipment and Supplies	1,000	387	1,000	212	1,000	-	0.00%
5500.30	Chemicals-Fixed	-	-	-	-	-	-	N/A
5500.31	Chemicals-Variabe	-	-	-	-	-	-	N/A
5500.35	Maintenance Supplies/Hardware	10,000	5,880	10,000	8,133	10,000	-	0.00%
5500.40	Safety Supplies	4,000	1,650	5,000	4,958	5,000	-	0.00%
5500.45	Fuel and Lubricants	33,900	32,720	33,900	33,834	35,154	1,254	3.70%
5500.50	Seed/Erosion Control Supplies	7,000	900	7,000	11,373	12,000	5,000	71.43%
5500.55	Backflow Prevention Supplies	500	68	500	-	500	-	0.00%
Total Supplies and Equipment:		72,605	57,062	73,965	66,975	80,219	6,254	8.46%

MONITORING EXPENSES

5600.10	Lab Supplies	-	-	-	-	-	-	N/A
5600.20	Lab Tools and Equipment	-	-	-	-	-	-	N/A
5600.30	Lab Testing	-	-	-	-	-	-	N/A
Total Monitoring Expenses:		-	-	-	-	-	-	N/A

Central Coast Water Authority
Distribution Department Operating Expenses
 Fiscal Year 2008/09 Administration/O&M Budget

Account Number	Account Name	FY 2006/07 Budget	FY 2006/07 Actual	FY 2007/08 Budget	FY 2007/08 Estimated Actual	FY 2008/09 Budget	Change from FY 2007/08 Budget	Percent Change FY 2007/08 Budget
<u>REPAIRS AND MAINTENANCE</u>								
5700.10	Equipment Repairs and Maintenance	30,000	31,606	30,000	12,800	30,000	-	0.00%
5700.20	Vehicle Repairs and Maintenance	14,420	7,507	14,420	4,745	14,420	-	0.00%
5700.30	Building Maintenance	4,000	5,610	4,000	3,011	4,780	780	19.50%
5700.40	Landscape Maintenance	3,148	4,093	3,148	2,700	3,148	-	0.00%
Total Repairs and Maintenance:		51,568	48,817	51,568	23,256	52,348	780	1.51%

<u>PROFESSIONAL SERVICES</u>								
5400.10	Professional Services	104,050	30,848	93,750	54,898	115,000	21,250	22.67%
5400.20	Legal Services	-	1,085	-	-	-	-	N/A
5400.30	Engineering Services	16,000	1,586	16,000	4,990	16,000	-	0.00%
5400.40	Permits	2,750	3,279	3,400	4,162	3,400	-	0.00%
5400.50	Non-Contractual Services	17,600	9,733	17,600	14,000	11,000	(6,600)	-37.50%
5400.60	Accounting Services	-	-	-	-	-	-	N/A
Total Professional Services:		140,400	46,531	130,750	78,050	145,400	14,650	11.20%

<u>GENERAL AND ADMINISTRATIVE</u>								
5300.10	Meeting and Travel	9,000	5,859	9,000	5,883	9,000	-	0.00%
5300.20	Mileage Reimbursement	-	194	-	-	-	-	N/A
5300.30	Dues and Memberships	1,300	939	1,300	2,043	1,300	-	0.00%
5300.40	Publications	1,300	722	1,300	412	1,300	-	0.00%
5300.50	Training	9,000	8,022	9,000	4,012	9,000	-	0.00%
5300.60	Advertising	2,000	1,593	2,000	-	2,000	-	0.00%
5300.70	Printing and Binding	-	-	-	-	-	-	N/A
5300.80	Postage	500	133	500	225	500	-	0.00%
Total General and Administrative:		23,100	17,462	23,100	12,575	23,100	-	0.00%

Central Coast Water Authority
Distribution Department Operating Expenses
 Fiscal Year 2008/09 Administration/O&M Budget

Account Number	Account Name	FY 2006/07 Budget	FY 2006/07 Actual	FY 2007/08 Budget	FY 2007/08 Estimated Actual	FY 2008/09 Budget	Change from FY 2007/08 Budget	Percent Change FY 2007/08 Budget
<u>UTILITIES</u>								
5800.20	Natural Gas	400	507	400	427	450	50	12.50%
5800.30	Electric Fixed	30,540	52,562	54,660	72,945	58,644	3,984	7.29%
5800.35	Electric-Variable	240,680	143,869	380,923	335,676	496,285	115,363	30.29%
5800.40	Water	1,200	1,228	1,200	1,343	1,350	150	12.50%
5800.50	Telephone	16,000	6,737	14,000	6,696	8,400	(5,600)	-40.00%
5800.60	Waste Disposal	2,000	2,805	2,000	2,312	2,900	900	45.00%
Total Utilities:		290,820	207,709	453,183	419,399	568,029	114,847	25.34%

<u>OTHER EXPENSES</u>								
5900.10	Insurance	46,895	45,992	43,768	38,520	44,012	244	0.56%
5900.30	Non-Capitalized Projects	121,100	158,868	54,201	54,201	85,396	31,195	57.55%
5900.40	Equipment Rental	12,000	10,169	12,000	10,872	12,000	-	0.00%
5900.50	Non-Capitalized Equipment	10,000	4,249	10,000	7,206	10,000	-	0.00%
5900.60	Computer Expenses	17,100	32,676	34,260	35,000	34,260	-	0.00%
5900.70	Appropriated Contingency	38,028	-	40,066	-	44,329	4,263	10.64%
Total Other Expenses:		245,123	251,954	194,295	145,799	229,997	35,702	18.38%
Turnouts		46,105	46,105	45,650	45,650	25,350	(20,300)	-44.47%
TOTAL OPERATING EXPENSES		\$ 1,985,552	\$ 1,512,866	\$ 2,089,007	\$ 1,643,746	\$ 2,316,025	237,168	11.35%

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION FY 2008/09 BUDGET**

ACCOUNT NUMBER: 5000.10

ACCOUNT TITLE: Full-Time Regular Salaries

Description: Funds for the Distribution regular full-time employees. Includes \$50,458 for FY 2008/09 salary pool.

FY 08/09 Requested Budget	754,752
FY 07/08 Estimated Actual	572,351
Increase (Decrease)	182,401

ACCOUNT NUMBER: 5000.20

ACCOUNT TITLE: Overtime

Description: Funds for overtime expenses for non-exempt Distribution employees.

FY 08/09 Requested Budget	49,738
FY 07/08 Estimated Actual	31,595
Increase (Decrease)	18,143

Overtime is set at 5.0% of salaries plus one hour per day to monitor SCADA system.

ACCOUNT NUMBER: 1300.60

ACCOUNT TITLE: Capitalized Salaries and Overtime

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

FY 08/09 Requested Budget	(23,500)
FY 07/08 Estimated Actual	(23,500)
Increase (Decrease)	-

ACCOUNT NUMBER: 5000.30

ACCOUNT TITLE: Temporary Services

Description: Temporary services for the Distribution Department, for the hiring of a student intern to assist with drawings and right-of-way documentation.

FY 08/09 Requested Budget	10,000
FY 07/08 Estimated Actual	-
Increase (Decrease)	10,000

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION FY 2008/09 BUDGET**

ACCOUNT NUMBER: 5000.40

ACCOUNT TITLE: Stand-by Pay

FY 08/09 Requested Budget	24,557
FY 07/08 Estimated Actual	17,715
Increase (Decrease)	6,842

Description: Funds for stand-by pay for one Distribution Technician and one Instrumentation and Control employee assigned to stand-by duty on a 24-hour basis. Based on \$1.49 per hour (5% of average hourly rate). 2/3 of Instrumentation Employee standby pay allocated to Distribution Department and 1/3 allocated to the Water Treatment Plant Department.

ACCOUNT NUMBER: 5100.10

ACCOUNT TITLE: PERS Retirement

FY 08/09 Requested Budget	137,771
FY 07/08 Estimated Actual	96,536
Increase (Decrease)	41,235

Description: Funds for the employer and employee portion of PERS retirement system contributions. Based on a 19.056% contribution rate for FY 2008/09 based on the 2% @ 55 formula.

ACCOUNT NUMBER: 5100.15

ACCOUNT TITLE: Medicare

FY 08/09 Requested Budget	12,077
FY 07/08 Estimated Actual	8,287
Increase (Decrease)	3,790

Description: Funds for the employer portion of Medicare taxes for the Distribution Department. Amount is equal to 1.45% of all wages.

ACCOUNT NUMBER: 5100.20

ACCOUNT TITLE: Health Insurance

FY 08/09 Requested Budget	137,337
FY 07/08 Estimated Actual	79,538
Increase (Decrease)	57,799

Description: Funds for the employer provided portion of medical insurance coverage for Distribution employees. Amount is based on the Cafeteria plan limits for each employee based on their dependent status as follows:
Family: \$ 14,906
Emp+1: \$ 12,694
Emp: \$ 5,386

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION FY 2008/09 BUDGET**

ACCOUNT NUMBER: 5100.25

ACCOUNT TITLE: Workers' Compensation Insurance

Description: Funds for Workers' Compensation insurance for the Distribution department. Based on an X-Mod rate of 86%. Based on a 10% premium increase over FY 2007/08.

FY 08/09 Requested Budget	28,874
FY 07/08 Estimated Actual	19,188
Increase (Decrease)	9,686

ACCOUNT NUMBER: 5100.35

ACCOUNT TITLE: Employer Paid Deferred Compensation

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

FY 08/09 Requested Budget	3,875
FY 07/08 Estimated Actual	3,696
Increase (Decrease)	179

ACCOUNT NUMBER: 5100.40

ACCOUNT TITLE: Cafeteria Plan Benefits

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

FY 08/09 Requested Budget	3,620
FY 07/08 Estimated Actual	3,535
Increase (Decrease)	85

ACCOUNT NUMBER: 5100.45

ACCOUNT TITLE: Dental/Vision Plan

Description: Funds for the self-funded dental/vision plan. The plan provides \$2,933 per year per family for dental and vision expenses. Budgeted amount is \$1,555 per year per employee. Annual limit is based on an increase over the prior year amount for the percentage change in the CPI.

FY 08/09 Requested Budget	15,546
FY 07/08 Estimated Actual	17,665
Increase (Decrease)	(2,119)

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION FY 2008/09 BUDGET**

ACCOUNT NUMBER: 5100.50

ACCOUNT TITLE: Long-Term Disability

Description: Funds for premiums paid for long-term disability insurance. Based on a rate of \$0.47 per \$100 of salary.

FY 08/09 Requested Budget	3,398
FY 07/08 Estimated Actual	2,115
Increase (Decrease)	1,283

ACCOUNT NUMBER: 5100.55

ACCOUNT TITLE: Life Insurance

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

FY 08/09 Requested Budget	3,440
FY 07/08 Estimated Actual	2,529
Increase (Decrease)	911

ACCOUNT NUMBER: 5100.60

ACCOUNT TITLE: Employee Physicals

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

FY 08/09 Requested Budget	900
FY 07/08 Estimated Actual	780
Increase (Decrease)	120

ACCOUNT NUMBER: 5100.65

ACCOUNT TITLE: Employee Education Reimbursement

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

FY 08/09 Requested Budget	1,000
FY 07/08 Estimated Actual	-
Increase (Decrease)	1,000

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION FY 2008/09 BUDGET**

ACCOUNT NUMBER: 5100.80

ACCOUNT TITLE: Employee Incentive Programs

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

FY 08/09 Requested Budget	2,600
FY 07/08 Estimated Actual	1,203
Increase (Decrease)	1,397

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

ACCOUNT NUMBER: 1300.60

ACCOUNT TITLE: Capitalized Employee Benefits

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

FY 08/09 Requested Budget	(7,100)
FY 07/08 Estimated Actual	(7,100)
Increase (Decrease)	-

ACCOUNT NUMBER: 5200.20

ACCOUNT TITLE: Office Supplies

Description: Funds for office supplies for the Distribution Department.

FY 08/09 Requested Budget	1,800
FY 07/08 Estimated Actual	1,672
Increase (Decrease)	128

ACCOUNT NUMBER: 5200.30

ACCOUNT TITLE: Miscellaneous Office Expenses

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

FY 08/09 Requested Budget	1,000
FY 07/08 Estimated Actual	712
Increase (Decrease)	288

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION FY 2008/09 BUDGET**

ACCOUNT NUMBER: 5300.10

ACCOUNT TITLE: Meetings and Travel

Description: Funds for Distribution Department employee meetings and travel expenses. Includes State Water Contractor travel for Executive Director and the Operations Manager/Engineer as well as travel expenses for winter maintenance.

FY 08/09 Requested Budget	9,000
FY 07/08 Estimated Actual	5,883
Increase (Decrease)	3,117

ACCOUNT NUMBER: 5300.20

ACCOUNT TITLE: Mileage Reimbursement

Description: Funds for reimbursement to employees for mileage expenses.

FY 08/09 Requested Budget	-
FY 07/08 Estimated Actual	-
Increase (Decrease)	-

ACCOUNT NUMBER: 5300.30

ACCOUNT TITLE: Dues and Memberships

Description: Funds for professional dues and memberships in required areas.

FY 08/09 Requested Budget	1,300
FY 07/08 Estimated Actual	2,043
Increase (Decrease)	(743)

ACCOUNT NUMBER: 5300.40

ACCOUNT TITLE: Publications

Description: Funds for publications received by the Distribution Department.

FY 08/09 Requested Budget	1,300
FY 07/08 Estimated Actual	412
Increase (Decrease)	888

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION FY 2008/09 BUDGET**

ACCOUNT NUMBER: 5300.50

ACCOUNT TITLE: Training

Description: Funds for training Distribution Department staff.
Does not include educational reimbursement.

FY 08/09 Requested Budget	9,000
FY 07/08 Estimated Actual	4,012
Increase (Decrease)	4,988

\$ 9,000 - \$1,000 per employee

ACCOUNT NUMBER: 5300.60

ACCOUNT TITLE: Advertising

Description: Funds for public relations materials
for the Distribution Department including open position advertising.

FY 08/09 Requested Budget	2,000
FY 07/08 Estimated Actual	-
Increase (Decrease)	2,000

ACCOUNT NUMBER: 5300.80

ACCOUNT TITLE: Postage

Description: Funds for all postal and mail expenses
for the Distribution Department.

FY 08/09 Requested Budget	500
FY 07/08 Estimated Actual	225
Increase (Decrease)	275

ACCOUNT NUMBER: 5400.10

ACCOUNT TITLE: Professional Services

Description:

\$ 81,250	Environmental Services
10,000	Cathodic protection
10,000	Miscellaneous (vault repairs, flow meter repairs, etc.)
8,500	Aerial survey and/or photos
1,500	Emergency generator service
1,000	Oil analysis
750	Fire extinguisher inspections
2,000	Crane inspections
\$ 115,000	TOTAL

FY 08/09 Requested Budget	115,000
FY 07/08 Estimated Actual	54,898
Increase (Decrease)	60,102

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION FY 2008/09 BUDGET**

ACCOUNT NUMBER: 5400.20

ACCOUNT TITLE: Legal Services

Description: Not funded for current fiscal year.

FY 08/09 Requested Budget	-
FY 07/08 Estimated Actual	-
Increase (Decrease)	-

ACCOUNT NUMBER: 5400.30

ACCOUNT TITLE: Engineering Services

Description: Funds for all non-capitalized engineering services.

FY 08/09 Requested Budget	16,000
FY 07/08 Estimated Actual	4,990
Increase (Decrease)	11,010

ACCOUNT NUMBER: 5400.40

ACCOUNT TITLE: Permits

Description: Funds for all required permits for the Distribution Department.

FY 08/09 Requested Budget	3,400
FY 07/08 Estimated Actual	4,162
Increase (Decrease)	(762)

1,200	Low Threat Discharge Permit
1,200	Diesel Permit
1,000	SYPP Business Plan
\$ 3,400	TOTAL

ACCOUNT NUMBER: 5400.50

ACCOUNT TITLE: Non-Contractual Services

Description: Funds for miscellaneous non-contractual services.

FY 08/09 Requested Budget	11,000
FY 07/08 Estimated Actual	14,000
Increase (Decrease)	(3,000)

\$ 11,000	Miscellaneous Painting
\$ 11,000	TOTAL

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION FY 2008/09 BUDGET**

ACCOUNT NUMBER: 5500.10

ACCOUNT TITLE: Uniform Expenses

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

FY 08/09 Requested Budget	6,565
FY 07/08 Estimated Actual	3,529
Increase (Decrease)	3,036

\$	3,240	Uniform Service (\$270 month)
	1,350	Blue jean pants (\$150/year for 9 employees)
	1,575	Boots (\$175/year for 9 employees)
	400	Misc. uniform requirements (jackets, etc.)
\$	6,565	TOTAL

ACCOUNT NUMBER: 5500.15

ACCOUNT TITLE: Minor Tools and Equipment

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

FY 08/09 Requested Budget	10,000
FY 07/08 Estimated Actual	4,936
Increase (Decrease)	5,064

ACCOUNT NUMBER: 5500.20

ACCOUNT TITLE: Spare Parts

Description: Not funded.

FY 08/09 Requested Budget	-
FY 07/08 Estimated Actual	-
Increase (Decrease)	-

ACCOUNT NUMBER: 5500.25

ACCOUNT TITLE: Landscape Equipment and Supplies

Description: Funds for the purchase of equipment and supplies for landscape maintenance at the pump station and the Buellton office.

FY 08/09 Requested Budget	1,000
FY 07/08 Estimated Actual	212
Increase (Decrease)	788

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION FY 2008/09 BUDGET**

ACCOUNT NUMBER: 5500.30

ACCOUNT TITLE: Chemicals-Fixed

Description: Not funded.

FY 08/09 Requested Budget	-
FY 07/08 Estimated Actual	-
Increase (Decrease)	-

ACCOUNT NUMBER: 5500.35

ACCOUNT TITLE: Maintenance Supplies/Hardware

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

FY 08/09 Requested Budget	10,000
FY 07/08 Estimated Actual	8,133
Increase (Decrease)	1,867

ACCOUNT NUMBER: 5500.40

ACCOUNT TITLE: Safety Supplies

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

FY 08/09 Requested Budget	5,000
FY 07/08 Estimated Actual	4,958
Increase (Decrease)	42

ACCOUNT NUMBER: 5500.45

ACCOUNT TITLE: Fuel and Lubricants

Description: Funds for the purchase of fuel and lubricants for Distribution Department vehicles. Does not include mileage reimbursement expenses.

FY 08/09 Requested Budget	35,154
FY 07/08 Estimated Actual	33,834
Increase (Decrease)	1,320

\$	31,006	Vehicles
	1,037	Emergency Generator Sets
	2,074	Lubricants
	1,037	Miscellaneous
\$	35,154	TOTAL

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION FY 2008/09 BUDGET**

ACCOUNT NUMBER: 5500.50

ACCOUNT TITLE: Seed/Plants/Erosion Control Supplies

Description: Funds for reseeding, replanting and erosion control supplies.

FY 08/09 Requested Budget	12,000
FY 07/08 Estimated Actual	11,373
Increase (Decrease)	627

\$	1,000	Seed
	1,000	Plants and materials
	10,000	Erosion control
\$	12,000	TOTAL

ACCOUNT NUMBER: 5500.55

ACCOUNT TITLE: Backflow Prevention Supplies

Description: Funds for backflow prevention.

FY 08/09 Requested Budget	500
FY 07/08 Estimated Actual	-
Increase (Decrease)	500

ACCOUNT NUMBER: 5700.10

ACCOUNT TITLE: Equipment Repairs and Maintenance

Description: Funds for repairs and maintenance of Distribution Department equipment.

FY 08/09 Requested Budget	30,000
FY 07/08 Estimated Actual	12,800
Increase (Decrease)	17,200

ACCOUNT NUMBER: 5700.20

ACCOUNT TITLE: Vehicle Repairs and Maintenance

Description: Funds for the repair and maintenance of Distribution Department vehicles.

FY 08/09 Requested Budget	14,420
FY 07/08 Estimated Actual	4,745
Increase (Decrease)	9,675

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION FY 2008/09 BUDGET**

ACCOUNT NUMBER: 5700.30

ACCOUNT TITLE: Building Maintenance

Description: Funds for the repair and maintenance of the Santa Ynez Pumping Facility.

FY 08/09 Requested Budget	4,780
FY 07/08 Estimated Actual	3,011
Increase (Decrease)	1,769

\$	2,000	Janitorial Service
	2,000	Miscellaneous Repairs
	780	Pest Control
\$	4,780	TOTAL

ACCOUNT NUMBER: 5700.40

ACCOUNT TITLE: Landscape Maintenance

Description: Funds for the maintenance of the Santa Ynez Pumping Facility (SYPF).

FY 08/09 Requested Budget	3,148
FY 07/08 Estimated Actual	2,700
Increase (Decrease)	448

\$	2,448	SYPF (\$204 month)
	700	SYPF spring mowing
\$	3,148	TOTAL

ACCOUNT NUMBER: 5800.20

ACCOUNT TITLE: Natural Gas Service

Description: Funds for natural gas service for the Distribution Department.

FY 08/09 Requested Budget	450
FY 07/08 Estimated Actual	427
Increase (Decrease)	23

ACCOUNT NUMBER: 5800.30

ACCOUNT TITLE: Electric Service-Fixed

Description: Funds for electrical service for the Distribution Dept.

FY 08/09 Requested Budget	58,644
FY 07/08 Estimated Actual	72,945
Increase (Decrease)	(14,301)

\$	11,556	Suite B & C	\$963 month
	960	2 Iso vaults	\$80 month
	4,800	2 Tanks	\$400 month
	2,340	11 Rectifiers	\$195 month
	1,992	EDV	\$166 month
	36,996	SYPF	\$3083 month
\$	58,644	TOTAL	

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION FY 2008/09 BUDGET**

ACCOUNT NUMBER: 5800.31

ACCOUNT TITLE: Electric Service-Variable

Description: Funds for electrical service for the Distribution Department.

FY 08/09 Requested Budget	496,285
FY 07/08 Estimated Actual	335,676
Increase (Decrease)	160,609

Acre feet pumped	9,023
Cost per acre foot	\$55
TOTAL	\$496,285

ACCOUNT NUMBER: 5800.40

ACCOUNT TITLE: Water/Sewer

Description: Funds for water and sewer service to the Distribution Department.

FY 08/09 Requested Budget	1,350
FY 07/08 Estimated Actual	1,343
Increase (Decrease)	7

ACCOUNT NUMBER: 5800.50

ACCOUNT TITLE: Telephone

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

FY 08/09 Requested Budget	8,400
FY 07/08 Estimated Actual	6,696
Increase (Decrease)	1,704

ACCOUNT NUMBER: 5800.60

ACCOUNT TITLE: Waste Disposal

Description: Funds for trash service and removal of hazardous waste (waste oil) for the Distribution Department.

FY 08/09 Requested Budget	2,900
FY 07/08 Estimated Actual	2,312
Increase (Decrease)	588

\$	2,500	Trash service
	400	Hazardous waste removal
\$	2,900	TOTAL

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION FY 2008/09 BUDGET**

ACCOUNT NUMBER: 5900.10

ACCOUNT TITLE: Insurance

Description: Funds for insurance coverage.

FY 08/09 Requested Budget	44,012
FY 07/08 Estimated Actual	38,520
Increase (Decrease)	5,493

\$	19,670	Property and Auto Insurance as apportioned by JPIA.
\$	24,342	General liability and E&O insurance pro rated by salary percentages.
\$	44,012	TOTAL

ACCOUNT NUMBER: 5900.30

ACCOUNT TITLE: Non-Capitalized Projects

Description: Funds for projects along the pipeline on facilities which are not owned by CCWA or do not qualify for capitalization under the CCWA capitalization policy (see detailed breakout in this section of the budget).

FY 08/09 Requested Budget	85,396
FY 07/08 Estimated Actual	54,201
Increase (Decrease)	31,195

ACCOUNT NUMBER: 5900.40

ACCOUNT TITLE: Equipment Rental

Description: Funds for rental of equipment for the Distribution Department.

FY 08/09 Requested Budget	12,000
FY 07/08 Estimated Actual	10,872
Increase (Decrease)	1,128

ACCOUNT NUMBER: 5900.50

ACCOUNT TITLE: Non-Capitalized Fixed Assets

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

FY 08/09 Requested Budget	10,000
FY 07/08 Estimated Actual	7,206
Increase (Decrease)	2,794



Chorro Turnout Sleeve Valve

Capital Improvements

The Capital Improvements Projects (CIP) section is a component of the non-operating expense section of the budget. The CIP budget includes expenses for fixed asset and equipment purchases as well as the accumulation of expenditures for construction projects undertaken by the Authority.

Central Coast Water Authority
Capital Improvements
Fiscal Year 2008/09 Budget

The Capital Improvements Projects (CIP) section is a component of the non-operating expense section of the budget. The CIP budget includes expenditures for fixed asset/equipment purchases as well as the accumulation of expenditures associated with construction projects undertaken by the Authority. The total CIP budget for FY 2008/09 is \$380,155.

Carry-Over

During the previous fiscal year, certain capital improvement projects were either not completed or started during the year. However, the Authority intends to complete these projects and expend the funds in the next fiscal year. Therefore, the items are treated as a “carry-over.” This means that the project is being carried forward from the previous fiscal year to the new fiscal year capital improvement budget. Additionally, the unused funds are moved from the previous fiscal year to the new fiscal year. For FY 2007/08, the following projects are recommended to be carried over to FY 2008/09:

- Santa Ynez Pumping Facility Sodium Bisulfite radar tank level transmitters: \$6,142
- Sodium Bisulfite tank modifications: \$21,950

The following non-capitalized projects are also being carried forward to FY 2008/09:

- Miscellaneous Concrete Repairs at the Water Treatment Plant: \$11,250
- Reach 4 Inspection: \$11,000
- Land Acquisition for the HCP: \$15,750
- Granular Activated Carbon Replacement: \$168,400

Funding of Capital Improvements Expenditures

The FY 2008/09 CIP expenditures are entirely funded from Project Participant Assessments.

The following table shows the allocation of the FY 2008/09 capital improvements by department and financial reach.

Central Coast Water Authority
Capital Improvements
 Fiscal Year 2008/09 Budget

FY 2008/09 Capital Improvements					
Capital Improvements	Specific		Water Treatment		Total
	Financial Reach	Administration	Plant	Distribution	
Computer Network Server Replacements	ADM	60,000			60,000
Computer Network Server Replacements	WTP		20,000		20,000
Vehicle Replacement-Pickup Truck	WTP		17,855		17,855
PLC Remote I/O Replacment	WTP		46,791		46,791
Inline Chlorine Analyzer Replacement	WTP		8,456		8,456
Inline pH Analyzer Replacement	WTP		8,231		8,231
Fire Pump Control Panel Replacement	WTP		26,496		26,496
Sludge Cross Collector Chain & Sprocket	WTP		26,496		26,496
Streaming Current Detector Replacement	WTP		11,839		11,839
Permanent Davit Arm Support Plates	WTP		9,358		9,358
Vehicles Replacements (2) Trucks	ALL			29,570	29,570
SYPF Flow Meter Replacement	SYII			39,463	39,463
Design and Environmental Permitting for Erosion Repair of the SYII Pipeline	SYII			75,600	75,600
Total:		\$ 60,000	\$ 175,522	\$ 144,633	\$ 380,155

State Water Project Construction Project

The facilities constructed by the Authority generally include a water treatment plant located at Polonio Pass in northeastern San Luis Obispo County to serve Santa Barbara County project participants and San Luis Obispo County water purchasers and a transmission system to serve Santa Barbara County project participants consisting of: (1) the Mission Hills II Extension, a buried pipeline approximately 12.3 miles long running from the terminus of the Coastal Branch Phase II on Vandenberg Air Force Base in Santa Barbara County southerly to the vicinity of the Lompoc Valley and (2) the Santa Ynez Extension, a buried pipeline approximately 29.3 miles long running from the terminus of the Mission Hills Extension easterly through the Santa Ynez Valley to a terminus at Cachuma Lake and which includes a pumping plant near Santa Ynez and a storage tank west of Buellton. Water is conveyed from that point to the South Coast of Santa Barbara County through existing Cachuma Project facilities, which traverse the Santa Ynez Mountains.

Final Project Cost Allocation and Reconciliation

On September 28, 2006, the Authority issued Series 2006A refunding revenue bonds in the amount of \$123,190,000, which refunded the outstanding \$142,985,000 of Series 1996A revenue bonds. When the 1996A revenue bonds were issued in October 1996, funds were withheld from the bond proceeds and capital deposits for the estimated future costs necessary to complete the construction of project facilities. After issuance of the 2006A refunding revenue bonds, a full reconciliation and final allocation of all project costs was completed and a corresponding net credit or additional amount due was calculated for each Santa Barbara County and San Luis Obispo County Project Participant.

Central Coast Water Authority
Capital Improvements
 Fiscal Year 2008/09 Budget

Description:	Vehicle Replacement
Department:	Distribution System - All Reaches
Expanded Description	Two vehicles will have been driven over 100,000 miles by the FY 07/08. CCWA replaces vehicles if over ten years old or over 100,000 miles. The vehicles to be replaced include (1) the Regulatory Specialist Vehicle and (2) the Distribution System Sample Vehicle.
Estimated Charge	\$39,880
Sales Tax	\$2,891
Contingency (5%)	\$1,994
Salvage of Replaced Vehicles	<u>(\$15,195)</u>
Subtotal without CCWA Labor	\$29,570
Operating Budget Impact:	Replacement of vehicles on a regular scheduled basis minimizes repair costs and ensures reliability.

Description:	Santa Ynez Pumping Plant Flow Meter Replacement
Department:	Distribution -Santa Ynez II
Expanded Description	The existing flow meter at the Santa Ynez Pumping Plant becomes inaccurate at low flow rates. The existing venturi meter will be replaced by an accusonic mass flow meter. The new meter will be capable of accurately measuring the ranges of flow rates expected at the Santa Ynez Pumping Plant.
Estimated Charge	\$35,000
Sales Tax	\$2,713
Contingency (5%)	<u>\$1,750</u>
Subtotal without CCWA Labor	\$39,463
Labor and overhead	\$704
Operating Budget Impact:	Accurate measurement of all flow rates is required for proper monitoring and verification of scheduled deliveries to Cachuma Lake.

Central Coast Water Authority
Capital Improvements
 Fiscal Year 2008/09 Budget

Description:	Design and Environmental Permitting for Erosion Repair of the Santa Ynez II Pipeline
Department:	Distribution System
Expanded Description	There are two areas where significant erosion has exposed the pipeline along the Santa Ynez II Reach. The pipeline is exposed at the San Lucas Creek crossing and the second area is located on property owned by the Bureau of Reclamation, near Cachuma Village.
Estimated Charge - Environmental Permitting	\$22,000
Preliminary Engineering	\$50,000
Contingency (5%)	<u>\$3,600</u>
Subtotal without CCWA Labor	\$75,600
Financial Reach	Santa Ynez II
Operating Budget Impact:	There is the potential of pipeline break due to erosion and high flow events in the Santa Ynez River. If there is a pipeline break, significant impact to operations will result as well as costly pipeline break response efforts.

Central Coast Water Authority
Capital Improvements
 Fiscal Year 2008/09 Budget

Description:	PLC Remote I/O Replacement of PCM 110, PCM 210 and PCM 220
Department:	Water Treatment Plant
Expanded Description	This is phase 3 of a three phase project. The PLC components in PCM 110, PCM 210 and PCM 220 will be replaced. These remote PLC are located in the inet building, blower building and chlorine contact basin building, respectively.
Estimated Charge	\$41,500
Sales Tax	\$3,216
Contingency (5%)	<u>\$2,075</u>
Subtotal without CCWA Labor	\$46,791
Labor and overhead	\$7,101
Total Cost	\$53,892
Operating Budget Impact:	Replacement parts for the existing PLC components are obsolete and no longer available. Failure of an existing component may require additional labor to respond to malfunctions and repair, which increases operational costs.

Central Coast Water Authority
Capital Improvements
 Fiscal Year 2008/09 Budget

Description:	Inline Chlorine Analyzer Replacement
Department:	Water Treatment Plant
Expanded Description	Two existing inline chlorine analyzers will be replaced. The existing chlorine analyzers are obsolete and no longer supported by the manufacturer.
Estimated Charge	\$7,500
Sales Tax	\$581
Contingency (5%)	<u>\$375</u>
Subtotal without CCWA Labor	\$8,456
Labor and overhead	\$2,665
Total Cost	\$11,121
Operating Budget Impact:	The manufacturer no longer supplies spare parts for the two existing inline chlorine analyzers. The instruments are critical monitoring instrumentation for process control and therefore need to be serviceable. Failure of an existing component may require additional labor to respond to malfunctions and repair, which increases operational costs.

Central Coast Water Authority
Capital Improvements
 Fiscal Year 2008/09 Budget

Description:	Inline pH Analyzer Replacement
Department:	Water Treatment Plant
Expanded Description	Four existing pH inline analyzers will be replaced. The existing pH analyzers are past their useful service life.
Estimated Charge	\$7,300
Sales Tax	\$566
Contingency (5%)	<u>\$365</u>
Subtotal without CCWA Labor	\$8,231
Labor and overhead	\$3,746
Total Cost	\$11,977
Operating Budget Impact:	These instruments are critical monitoring instrumentation for process control. Replacement of the analyzers will ensure reliability. Failure of an existing component may require additional labor to respond to malfunctions and repair, which increases operational costs.

Central Coast Water Authority
Capital Improvements
 Fiscal Year 2008/09 Budget

Description:	Fire Pump Control Panel Replacement
Department:	Water Treatment Plant
Expanded Description	The Fire Pump Control Panel will be replaced. The existing Fire Pump Control Panel is past its useful service life. In addition, the components are obsolete and any modification to the existing panel will void the Fire Rating.
Estimated Charge	\$23,500
Sales Tax	\$1,821
Contingency (5%)	<u>\$1,175</u>
Subtotal without CCWA Labor	\$26,496
Labor and overhead	\$3,483
Total Cost	\$29,979
Operating Budget Impact:	The Fire Pump Control Panel is a critical element of the fire suppression system at the water treatment plant. Replacing the panel will ensure reliability of an essential fire suppression system. A reliable fire suppression system will assist to minimize property loss in the event of a fire.

Central Coast Water Authority
Capital Improvements
 Fiscal Year 2008/09 Budget

Description:	Sludge Cross Collector Chain and Sprocket Replacement
Department:	Water Treatment Plant
Expanded Description	The existing cross collector chain and sprocket in the flocculation/sedimentation basin will be replaced. Inspection of this system and contact with the manufacturer indicates the chain and sprocket is past its useful service life.
Estimated Charge	\$23,500
Sales Tax	\$1,821
Contingency (5%)	<u>\$1,175</u>
Subtotal without CCWA Labor	\$26,496
Labor and overhead	\$8,705
Total Cost	\$35,201
Operating Budget Impact:	The cross collector chain and sprocket are essential components of the sludge removal system in the flocculation/sedimentation basin. Should this system fail, it would interfere with the water treatment plant's ability to maintain treatment production. Replacement of this system will ensure reliability. Failure of this component will require additional labor to respond to the failure, which increases operational costs.

Central Coast Water Authority
Capital Improvements
 Fiscal Year 2008/09 Budget

Description:	Streaming Current Detector Replacement
Department:	Water Treatment Plant
Expanded Description	One of the two existing inline streaming current detectors will be replaced. The streaming current detector planned for replacement is past its useful life. Spare parts are available for repair, but repair costs exceed replacement costs. The other detector was replaced last year.
Estimated Charge	\$10,500
Sales Tax	\$814
Contingency (5%)	<u>\$525</u>
Subtotal without CCWA Labor	\$11,839
Labor and overhead	\$792
Total Cost	\$12,631
Operating Budget Impact:	The streaming current detector planned for replacement monitors the settled water and is used to optimize process dosage rates. This optimization reduces chemical over-use and ensures reliable consistent water treatment. Failure of this component will require additional labor to respond to the failure, which increases operational costs.

Central Coast Water Authority
Capital Improvements
 Fiscal Year 2008/09 Budget

Description:	Installation of Permanent Davit Arm Support Plates
Department:	Water Treatment Plant
Expanded Description	Upgrading the fall protection man-hoist through installation of a permanent Davit Arm base at locations throughout the plant. This project will bring plant into OSHA compliance with respect to man-hoist operation.
Estimated Charge	\$8,300
Sales Tax	\$643
Contingency (5%)	\$415
Subtotal without CCWA Labor	\$9,358
Labor and overhead	\$5,093
Total Cost	\$14,451
Operating Budget Impact:	Through installation of permanent man-hoist supports, labor is saved by avoiding reinstallation of portable bases.

Central Coast Water Authority
Capital Improvements
 Fiscal Year 2008/09 Budget

Description:	Vehicle Replacement
Department:	Water Treatment Plant
Expanded Description	One vehicle will have been driven over 100,000 miles by the FY 07/08. CCWA replaces vehicles if over ten years old or over 100,000 miles. The vehicle to be replaced is the Maintenance Superintendent Vehicle.
Estimated Charge	\$21,545
Sales Tax	\$1,565
Contingency (5%)	\$1,075
Salvage of Replaced Vehicles	<u>(\$6,330)</u>
Subtotal without CCWA Labor	\$17,855
Operating Budget Impact:	Replacement of vehicles on a regular scheduled basis minimizes repair costs and ensures reliability.

Description:	Computer Network Server Replacements
Department:	Administration and Water Treatment Plant
Expanded Description	Replacement of existing computer network servers to new virtualization servers. Replaces 5 existing servers with 2 new virtualization servers and one back-up server.
Estimated Charge	\$75,000
Sales Tax	\$-0-
Contingency (5%)	<u>\$5,000</u>
Subtotal without CCWA Labor	\$80,000
Funding Source	Reach Specific Assessments: <ul style="list-style-type: none"> • Administration: \$60,000 • Water Treatment Plant: \$20,000
Operating Budget Impact:	Decrease in computer hardware costs and decreased electrical costs due to a reduction in total computer servers.



Cleaning of Clear Well at Water Treatment Plant

Debt Management

The Debt Management section of the FY 2008/09 Budget contains information on the Authority's outstanding revenue bonds including the Authority's authorization to issue debt, security for the bonds, bond coverage covenant, and the project participant debt payment schedule.

Highlights

2006A Revenue Bond Principal and Interest Due **\$ 11,590,126**

- FY 2008/09 Principal Payment \$ 6,190,000
- FY 2008/09 Interest Payments \$ 5,400,126

Bond Payment Funding Sources **\$ 11,590,126**

- Fixed Assessments from Project Participants \$ 11,340,542
- Debt Service Account Interest Credits \$ 251,584

2006 Revenue Bond Information

- Principal Payment Date October 1st
- Interest Payment Dates October 1st and April 1st
- Outstanding Principal Balance (6-30-08) \$ 117,295,000
- True Interest Cost (TIC) 4.24%
- Final maturity date October 1, 2021

Central Coast Water Authority
Debt Management
Fiscal Year 2008/09 Budget

Authorization to Issue Debt

The Authority is authorized pursuant to state law including, but not limited to, Section 6588(c) of the Government Code of the State of California, pursuant to ordinances approved by the voters in the service areas of certain of the Project Members and pursuant to Section 5(j) of the Authority Joint Exercise of Powers Agreement, to incur indebtedness to finance Authority facilities and is authorized pursuant to state law including, but not limited to, Section 6588(m) of the Government Code, Section 24 of the Water Supply Agreements and Section 18 of the Master Water Treatment Agreement, to assign and pledge to the repayment of such indebtedness amounts payable by the financing participants to the Authority.

The Authority is also authorized pursuant to Section 6586 of the California Government Code to issue refunding bonds in that the Authority has determined that there is a demonstrable net present value savings.

CCWA Debt Limit

There is no specific provision within the California Government Code that limits the amount of debt that may be issued by the Authority as a Joint Powers Authority within the State of California. However, there are certain limitations contained in each financing participant's Water Supply Agreement that limit the amount of debt that may be issued by CCWA on behalf of the financing participant.

General Discussion

In October 1992, the Authority sold \$177,120,000 in revenue bonds at a true interest cost of 6.64% to enable the Authority to finance a portion of the costs of constructing a water treatment plant to treat State water for use by various participating water purveyors and users within Santa Barbara and San Luis Obispo Counties, a transmission system to deliver such water to the participating water purveyors and users within Santa Barbara County, and certain local improvements to the water systems of some of the participating purveyors.

In November 1996, the Authority sold \$198,015,000 of revenue bonds at a true interest cost of 5.55% to defease the Authority's \$177,120,000 1992 revenue bonds and to pay certain costs of issuing the bonds. The 1996 bonds were issued in two series: Series A of \$173,015,000 and Series B of \$25,000,000. All outstanding Series B bonds were redeemed on October 1, 1998 pursuant to the call provisions in the Indenture of Trust. The Series B bonds were called with amounts transferred from the Construction Fund and the Reserve Fund.

Central Coast Water Authority
Debt Management
Fiscal Year 2008/09 Budget

Series 2006 A Refunding Revenue Bonds

On September 28, 2006, the Authority issued Series 2006A refunding revenue bonds in the amount of \$123,190,000 which refunded the outstanding \$142,985,000 Series 1996 A revenue bonds. The 2006A revenue bonds were issued at a true interest cost of 4.24% and were issued to reduce the Authority's total debt service payments over the next 15 years by \$4.4 million and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$3.4 million.

Security for the Bonds

Each Santa Barbara County project participant has entered into a Water Supply Agreement with the Authority pursuant to which the Santa Barbara County project participant is obligated to make certain payments to the Authority with respect to the project. Such payments, when received by or on behalf of the Authority, will constitute revenues pledged to secure the payment of the principal of and interest on the bonds.

The San Luis Obispo County Flood Control and Water Conservation District (SLOCFCWCD) has entered into a Master Water Treatment Agreement with the Authority pursuant to which SLOCFCWCD is obligated to make certain payments with respect to the water treatment plant and local projects for certain San Luis Obispo County project participants.

The bonds are not debts of the financing participants of the Authority, the State of California or any political subdivision of the State of California. The bonds are strictly a liability of the Authority.

The Bonds

The bonds are dated September 28, 2006 with interest payable on April 1 and principal and interest payable on October 1 of each year (*see the "2006A Revenue Bond Debt Service Schedule" in this section*).

Bond Coverage Covenant

Each Santa Barbara County project participant and each San Luis Obispo County water purchaser has agreed in its Water Supply Agreement or Local Water Treatment Agreement to comply with the bond coverage covenant. This covenant requires each project participant to fix, prescribe and collect rates and charges for its water system which will be at least sufficient to yield net water system revenues equal to 125% of the sum of the contract payments required to be made by each participant and purchaser in such fiscal year pursuant to its Water Supply Agreement or Local Water Treatment Agreement plus debt service.

Central Coast Water Authority
Debt Management
Fiscal Year 2008/09 Budget

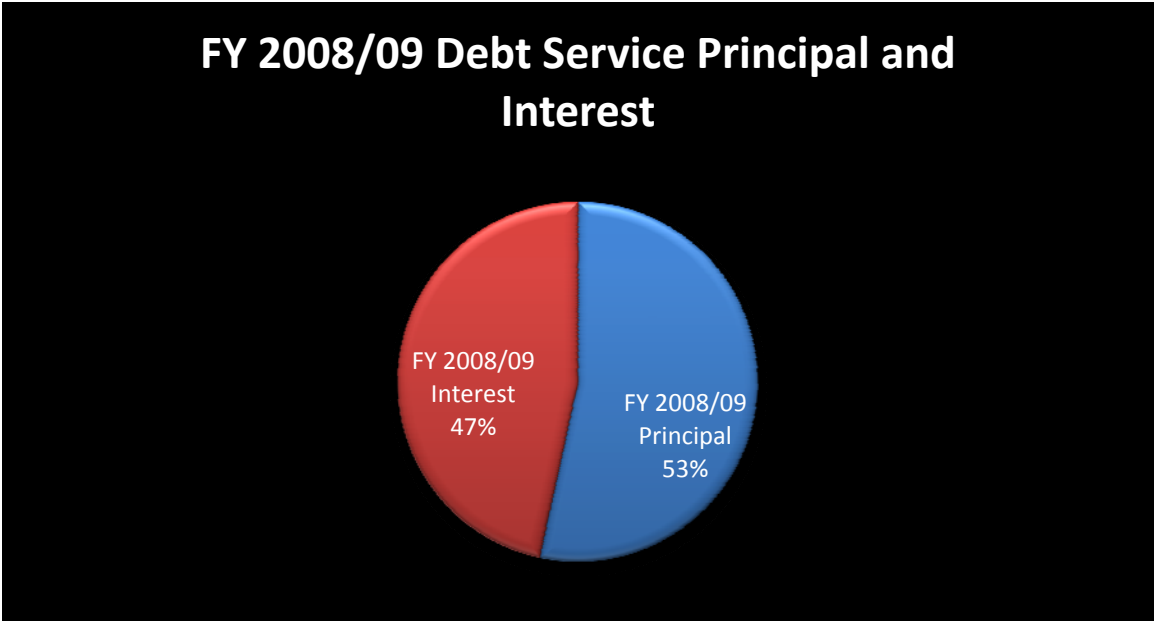
Fiscal Year 2008/09 Debt Service Budget

For FY 2008/09, total 2006A principal payments are \$6,190,000 and total interest due is \$5,400,126, totaling \$11,590,126. Additionally, Bond Trustee fees in the amount of \$2,000 are included in the debt service assessment.

The following are adjustments to the CCWA 2006A revenue bond debt service payments:

- Debt Service Account Interest Income Payments from the financing participants are invested in accordance with the CCWA Investment Policy. Investments are purchased which correspond to the debt service payment dates on the bonds. Total estimated investment income is \$251,583.

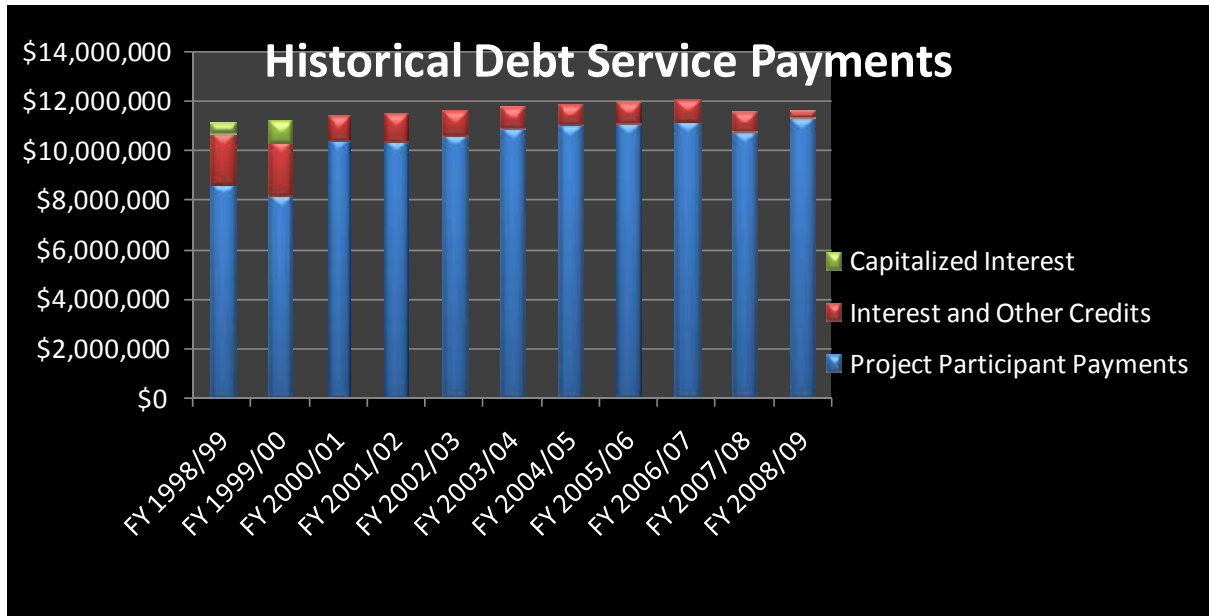
The following chart shows the total principal and interest payments for the 2006A revenue bonds for FY 2008/09.



Central Coast Water Authority
Debt Management
 Fiscal Year 2008/09 Budget

Historical CCWA Revenue Bond Debt Service Payments

The following graph shows the composition of the source of funds for payment of the CCWA revenue bond debt service payments for the past 10 years.



Project Participant Financing of Local Facilities

When the Authority’s facilities were constructed and financed with the original 1992 Revenue bond proceeds, certain financing participants elected to finance local facilities and costs with proceeds from the CCWA revenue bond issue. Since CCWA does not own these facilities, the financed costs are shown as a long-term receivable on the CCWA financial statements.

A portion of each principal payment paid by the financing participants who financed local facilities reduces the long-term receivable balance of the local facilities, and repayment of the long-term receivable is in direct proportion to the annual payment of principal on the outstanding CCWA 2006A revenue bonds.

The following table shows the original long-term receivable balance, payments against the long-term receivable prior to FY 2008/09 and the portion of the FY 2008/09 revenue bond principal payments allocated to repayment of the long-term receivable balance and corresponding ending balance.

Central Coast Water Authority
Debt Management
Fiscal Year 2008/09 Budget

Bond Principal Payment Allocated to Financed Local Facilities				
Financing Participant	Original Financed Local Facilities	Principal Payments Prior to FY 2008/09	FY 2008/09 Bond Principal Allocated to Local Facilities	Long Term Receivable Balance
Avila Beach	\$ 41,348	\$ (11,154)	\$ (1,593)	\$ 28,601
California Men's Colony	915,568	(241,144)	(35,591)	638,833
County of SLO	976,433	(257,198)	(37,956)	681,279
Cuesta College	457,835	(120,586)	(17,798)	319,452
Morro Bay	7,036,800	(1,877,730)	(272,259)	4,886,811
Oceano	281,692	(75,987)	(10,856)	194,849
Pismo Beach	465,088	(125,459)	(17,923)	321,706
Shandon	33,276	(8,976)	(1,282)	23,017
Guadalupe	1,201,137	(324,011)	(46,288)	830,837
Buellton	195,505	(52,738)	(7,534)	135,233
Santa Ynez (Solvang)	479,456	(65,691)	(20,097)	393,668
Santa Ynez	159,819	(23,999)	(8,906)	126,915
Goleta	2,969,066	(800,916)	(114,420)	2,053,731
Morehart Land	12,390	(2,408)	(527)	9,455
La Cumbre	61,948	(12,038)	(2,634)	47,276
Raytheon	18,052	(4,870)	(696)	12,487
Santa Barbara	648,172	(174,846)	(24,979)	448,346
Montecito	934,625	(181,624)	(39,738)	713,263
Carpinteria	929,035	(250,610)	(35,802)	642,622
TOTAL:	\$ 17,817,245	\$ (4,611,983)	\$ (696,880)	\$ 12,508,381

Central Coast Water Authority
2006 Revenue Bond Series A Debt Service Payments
 Fiscal Year 2008/09 Budget

Financing Participant	Allocation Percentage	FY 2008/09 Series A (10/1/08)		FY 2008/09 Series A (4/1/09)		Trustee Expenses	Debt Service Account Interest & Credits ⁽¹⁾	FY 2008/09 Total Payments
		Principal Payment	Interest Payment	Interest Payment	Interest Payment			
Avila Beach	0.11897%	\$ 7,087	\$ 3,162	\$ 3,020	\$ 2	\$ 965	\$ 14,237	
California Men's Colony	1.04062%	61,987	27,658	26,419	21	(2,918)	113,167	
County of SLO	1.10853%	66,032	29,463	28,143	22	(3,108)	120,552	
Cuesta College	0.52035%	30,996	13,830	13,210	10	(1,459)	56,588	
Morro Bay	6.71441%	399,958	178,460	170,461	134	(18,635)	730,378	
Oceano	0.86986%	51,815	23,120	22,083	17	(2,462)	94,573	
Pismo Beach	1.43766%	85,637	38,211	36,498	29	(4,070)	156,305	
Shandon	0.11779%	7,017	3,131	2,990	2	(330)	12,811	
Guadalupe	1.48049%	88,188	39,349	37,586	30	(4,540)	160,613	
Buellton	2.62260%	156,220	69,705	66,581	52	(7,156)	285,403	
Santa Ynez (Solvang)	6.94483%	479,750	214,063	204,468	139	(22,087)	876,333	
Santa Ynez	2.60816%	180,172	80,392	76,789	52	(8,288)	329,117	
Goleta	25.38455%	1,512,082	674,687	644,445	508	(35,461)	2,796,261	
Morehart Land	1.05459%	69,436	30,982	29,594	21	(3,222)	126,811	
La Cumbre	5.04894%	332,432	148,330	141,682	101	(15,248)	607,297	
Raytheon	0.24401%	14,535	6,486	6,195	5	(732)	26,488	
Santa Barbara	15.60468%	929,524	414,751	396,161	312	(42,559)	1,698,189	
Montecito	16.59331%	1,092,536	487,487	465,636	332	(50,386)	1,995,604	
Carpinteria	10.48564%	624,598	278,694	266,202	210	(29,888)	1,139,816	
TOTAL:	100.00000%	\$ 6,190,000	\$ 2,761,963	\$ 2,638,163	2,000	\$ (251,583)	\$ 11,340,542	

(1) Represents interest on the financing participant debt service payments for FY 2007/08.

Central Coast Water Authority
Series 2006A Revenue Bond Debt Service Schedule
Dated September 28, 2006

Debt Service Date	Interest Rate	Serial Maturity	Interest Due	Principal Outstanding	Fiscal Year Debt Service (Cash)
4/1/2007			2,927,860	123,190,000	2,927,860
10/1/2007	4.000%	5,895,000	2,879,863	117,295,000	
4/1/2008			2,761,963	117,295,000	11,536,825
10/1/2008	4.000%	6,190,000	2,761,963	111,105,000	
4/1/2009			2,638,163	111,105,000	11,590,125 FY 2008/09
10/1/2009	4.000%	6,430,000	2,638,163	104,675,000	
4/1/2010			2,509,563	104,675,000	11,577,725
10/1/2010	4.000%	6,695,000	2,509,563	97,980,000	
4/1/2011			2,375,663	97,980,000	11,580,225
10/1/2011	5.000%	6,960,000	2,375,663	91,020,000	
4/1/2012			2,201,663	91,020,000	11,537,325
10/1/2012	4.00% - 4.50%	7,335,000	2,201,663	90,645,000	
4/1/2013			2,045,800	90,645,000	11,582,463
10/1/2013	5.000%	7,625,000	2,045,800	83,020,000	
4/1/2014			1,855,175	83,020,000	11,525,975
10/1/2014	5.000%	8,010,000	1,855,175	75,010,000	
4/1/2015			1,654,925	75,010,000	11,520,100
10/1/2015	5.000%	8,405,000	1,654,925	66,605,000	
4/1/2016			1,444,800	66,605,000	11,504,725
10/1/2016	5.000%	8,825,000	1,444,800	57,780,000	
4/1/2017			1,224,175	57,780,000	11,493,975
10/1/2017	4.000%	9,265,000	1,224,175	48,515,000	
4/1/2018			1,038,875	48,515,000	11,528,050
10/1/2018	5.000%	9,640,000	1,038,875	38,875,000	
4/1/2019			797,875	38,875,000	11,476,750
10/1/2019	5.000%	10,125,000	797,875	28,750,000	
4/1/2020			544,750	28,750,000	11,467,625
10/1/2020	5.000%	10,630,000	544,750	18,120,000	
4/1/2021			279,000	18,120,000	11,453,750
10/1/2021	5.000%	11,160,000	279,000	6,960,000	11,439,000
			123,190,000	52,552,498	175,742,498

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Cathodic Test Station Repair at Black Road

Reserves and Cash Management

The Reserves and Cash Management section of the FY 2008/09 Budget includes information regarding the Authority's O&M Reserve Fund, Rate Coverage Reserve Fund and cash management information.

Highlights

<u>FY 2008/09 Total Reserve Balances</u>	\$10,156,230
• O&M Reserve Fund	\$ 2,000,000
• Rate Coverage Reserve Fund	\$ 8,232,799

Central Coast Water Authority
Reserves and Cash Management
Fiscal Year 2008/09 Budget

This section of the Budget discusses the two cash reserves maintained by the Authority; the Operations and Maintenance Reserve Fund and the Rate Coverage Reserve Fund. This section also discusses the Authority's cash management policies and the CCWA project participant investment pool.

Operations and Maintenance Reserve Fund Policy

During its December 18, 1997 regular meeting, the Board of Directors approved an "Operations and Maintenance Reserve Policy" as follows:

Purpose: The O&M Reserve Fund is intended to provide a mechanism for the Authority to undertake immediately unanticipated operation and maintenance activities, including emergency repairs, for which funds are not otherwise immediately available.

Contributions: Contributions to the O&M Reserve Fund are mandatory. Each Authority Contractor shall maintain on deposit with Authority in said Fund an amount of money equal to its pro-rata share of the Fund target size of \$2 million, which share is that Contractor's Water Supply Agreement Project Allotment divided by the Project Allotments held by all Authority Contractors. Each Contractor's initial contribution to the O&M Reserve Fund shall be drawn from cash held by Authority on behalf of the Contractor as of the date of the Fund's creation. If the Fund balance is reduced below \$2 million, Authority shall be authorized to (i) transfer into said Fund excess operating assessments and investment income from the Fund, and (ii) notify the participating Contractor if an additional contribution is necessary, in which event the contractor shall deposit an additional contribution within sixty-days (60) of the Authority notice.

Administration: The Treasurer shall invest funds held in the O&M Reserve Fund in liquid money market accounts (for example, LAIF) so that the funds shall be immediately available. O&M Reserve Fund investment earnings shall be considered to credit each Authority Contractor with respect to that Contractor's June 1 payment to Authority, except to the extent said earnings are needed to be retained to ensure that the Contractor's share of the Fund is fully funded, or as otherwise directed by the Contractor. The Treasurer shall prepare and disseminate to all Contractors a quarterly statement concerning the O&M Reserve Fund.

Central Coast Water Authority
Reserves and Cash Management
 Fiscal Year 2008/09 Budget

Use of Fund: Monies held in the O&M Reserve Fund may be expended only upon authorization of the Board of Directors for unanticipated operating and maintenance activities, including by way of example only: repair of earthquake-caused damage to Authority facilities; unanticipated need to purchase chemicals; major emergency repair or replacement of equipment; reserve for legal judgments. In the event that monies from the O&M Reserve Fund are expended for an activity which is to be funded by certain Contractors and not other Contractors (for example, repair of a certain reach of the pipeline), then (i) it is permissible to expend from the Fund an amount which exceeds the monies on deposit by those Contractors who are obligated to fund the activity under the WSA, and (ii) said Contractors shall replenish said Fund as quickly as possible, and in no event later than one year, including payment of interest on monies expended which exceeded the amount on deposit by said Contractors.

The following table shows the allocation of the Operations and Maintenance Reserve Fund by project participant.

Operations and Maintenance Reserve Fund

Project Participant	Table A Amount	% of Table A	Operating Reserve
City of Buellton	578	1.48%	\$ 29,582
Carpinteria Valley Water District	2,000	5.12%	102,359
Goleta Water District	4,500	11.52%	230,309
City of Guadalupe	550	1.41%	28,149
La Cumbre Mutual Water Company	1,000	2.56%	51,180
Montecito Water District	3,000	7.68%	153,539
Morehart Land Company	200	0.51%	10,236
City of Santa Barbara	3,000	7.68%	153,539
Raytheon Systems Company	50	0.13%	2,559
City of Santa Maria	16,200	41.46%	829,111
Santa Ynez RWCD, I.D. #1	2,000	5.12%	102,359
Golden State Water Company	500	1.28%	25,590
Vandenberg Air Force Base	5,500	14.07%	281,488
TOTAL	39,078	100.00%	2,000,000

Central Coast Water Authority
Reserves and Cash Management
Fiscal Year 2008/09 Budget

Rate Coverage Reserve Fund

During its December 18, 1997 regular meeting, the Board of Directors also adopted the “Rate Coverage Reserve Fund” policy as follows:

- Purpose:** The Rate Fund is intended to provide a mechanism to allow the Authority Contractors to satisfy a portion of their obligation under Section 20(a) of the Water Supply Agreement (WSAs) to impose rates and charges sufficient to collect 125% of their Contract Payments (as therein defined).
- Contributions:** Contributions to the Rate Fund are voluntary. During each year of participation, an Authority Contractor, which has elected to participate in the Rate Fund, shall maintain on deposit with the Authority in said Fund an amount of money, when combined with the moneys on deposit in the O&M Reserve Fund, sufficient to constitute all or a portion of 25% of that Contractor’s Contract Payments with respect to that year. A participating Contractor’s initial contribution to the Rate Fund may be drawn from cash held by the Authority on behalf of the Contractor as of the date of the Fund’s creation. In each subsequent year, the Authority shall notify the participating Contractor if an additional contribution is desired and the Contractor shall deposit said additional contribution within sixty-days (60) of the Authority notice. Voluntary contributions to the Fund by a Contractor may be made at any time, but shall not be considered with regard to satisfying the Contractor’s obligations until the subsequent July 1. For example to act as a credit for Fiscal Year 1998/99, a deposit must be received by the Authority prior to July 1, 1998. However, in the first year of the Fund’s creation, each Authority Contractor may elect to deposit additional funds into the Rate Fund within the first 30 days after adoption of this policy by the Authority Board of Directors. These balances will be counted toward the coverage calculations for FY 1997/98.
- Withdrawal:** A Contractor may withdraw from the Rate Fund effective 180 days after it submits written documentation to the Authority that is in compliance with its WSA rate coverage obligations without considering the Fund.

Central Coast Water Authority
Reserves and Cash Management
 Fiscal Year 2008/09 Budget

Administration: Investments of deposits in the Rate Coverage Reserve Fund will be in Permitted Investments described in clause (A) of the definition thereof contained in the Indenture of Trust, dated as of November 1, 1996, with maturities of one year or less or in the Local Agency Investment Fund or in other investments approved in writing by AMBAC. Rate Fund investment earnings shall be credited to the Contractors account within the Fund except to the extent the Contractor directs the Authority to credit said earnings to the Contractor's payments obligations or as otherwise directed by the Contractor. Deposits and related earnings on deposits for each project participant will be accounted for on an individual project participant basis even if commingled for investment purposes. The Treasurer shall prepare and disseminate to all Contractors a quarterly statement concerning the Rate Fund.

Use of Funds: Monies in the Rate Fund shall not be expended for any purpose, except upon approval of the Board of Directors (i) for emergency expenses, and (ii) to the extent necessary to supplement funds available from the O&M Reserve Fund provided that the Contractor submits written documentation to the Authority that it is in compliance with its WSA rate coverage obligations without considering the proposed expenditure from the fund.

The following table shows the Rate Coverage Reserve Fund balances, including interest income as of April 30, 2008. Participation in the fund for FY 2008/09 is not yet known. Prior to June 30, 2008, each project participant will be notified of the allowable deposit in the Rate Coverage Reserve Fund for FY 2008/09.

FY 2007/08 Rate Coverage Reserve Fund

Project Participant	FY 2007/08 Deposit
City of Buellton	\$ 253,433
Carpinteria Valley Water District	800,329
City of Guadalupe	164,543
La Cumbre Mutual Water Company	383,578
Montecito Water District	1,066,754
City of Santa Maria	4,356,620
Santa Ynez, RWCD, I.D. #1 (Solvang)	594,465
Santa Ynez, RWCD, I.D. #1	409,976
County of San Luis Obispo (Shandon)	15,442
Oceano Community Services District	187,661
TOTAL:	\$ 8,232,799

Central Coast Water Authority
Reserves and Cash Management
Fiscal Year 2008/09 Budget

Cash Management

The cash balances presented in “Total Budget Summary” page at the beginning of this document exclude cash balances invested in the CCWA Investment Pool (described below) with the exception of the CCWA O&M Reserve Fund. Additionally, the effects of other accounts receivables and payables have been added or subtracted from the cash balance presentation of the “Total Budget Summary” sheet to show the cash balances as if all receivables and payables had been received or paid.

Reconciliation of Prior Year Budget and Actual Amounts

It is the Authority’s policy to refund unexpended operating assessments and investment income on the Authority’s general operating account after the close of each fiscal year. This reconciliation occurs in conjunction with the closeout of the fiscal year and the preparation of the annual financial statements.

Since all excess “revenues” are returned to the project participants any “deficits” are collected from the project participants, the general fund balance, defined as total cash minus reserves, is projected to be zero. However, since the Authority receives assessment income in advance of the anticipated payment date, the actual cash balance will be positive.

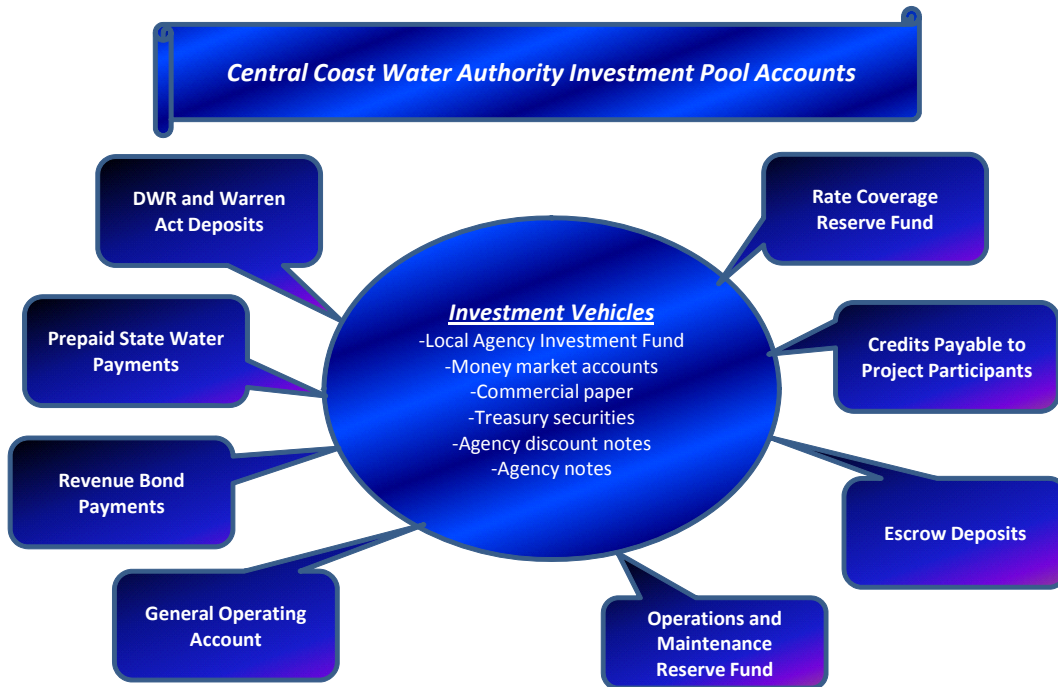
CCWA Investment Pool

All cash and investments paid by the project participants to the Authority are invested in accordance with the Authority’s Investment Policy found in the Appendix to this document. All cash and investments other than those funds held by the Authority’s Revenue bond trustee are allocated and invested in an investment pool which is comprised of the various “types” of payments paid by the Authority’s project participants further broken down by individual project participants within each account.

Each account within the CCWA investment pool receives investment income based on the account’s proportional share of the average daily balance for the month.

The following graphic shows the total CCWA Investment Pool and the various types of accounts in the pool.

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Reserves and Cash Management
 Fiscal Year 2008/09 Budget



Investment Pool Account Descriptions

- General Operating Account – general account for the investment of current year O&M budget funds and general unallocated funds [all operations and maintenance expenses and capital improvement projects listed in this budget].
- Operations and Maintenance Reserve Fund – a \$2 million operating reserve for emergency purposes [described in this section of the budget].
- Rate Coverage Reserve Fund – a fund in which certain project participants that are required to meet the coverage obligation in the Water Supply Agreement may elect to participant to aid them in meeting the coverage obligation [described in this section of the budget].
- Prepaid State Water Payments – Similar to the rate coverage reserve fund, certain project participants may elect to “prepay” a portion of the next year CCWA payments to decrease the coverage obligation in that year. In order to reduce the coverage obligation, the prepayment must be received and held by CCWA one full fiscal year in advance of when the prepayment will be applied against the payments.
- Revenue Bond Payments – funds paid by those project participants who participated in the CCWA revenue bonds. Deposits in this account

Central Coast Water Authority
Reserves and Cash Management
Fiscal Year 2008/09 Budget

represent annual debt service payments on the outstanding revenue bonds [refer to the “Debt Management” section of this budget].

- *DWR and Warren Act Payments* - funds paid by the CCWA project participants for both fixed and variable DWR payments and payments to the US Bureau of Reclamation for Warren Act charges for delivery of State Water into Lake Cachuma [refer to the “DWR” section of this budget].
- *Escrow Deposits* - deposits received from certain “non-public agency” project participants as required under their individual water supply agreements. The deposits are approximately equal to one year’s State water payment.
- *Credits payable to Project Participants*- credits from many sources but primarily for O&M credits and interest income credits for under-expended O&M costs from the prior fiscal year.

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Chorro Meter Vault Leak Repair

Four Year Financial Plan

The Four Year Financial Plan contains pro-forma projections for each Santa Barbara and San Luis Obispo County project participant through FY 2011/12. Additionally, this section includes each project participants' requested water deliveries for five years on a fiscal year and calendar year basis.

Central Coast Water Authority
Four Year Financial Plan
Fiscal Year 2008/09 Budget

The Four Year Financial Plan shows the allocated share of the Authority's costs to each project participant for four consecutive fiscal years beginning with the current budget year.

The Four Year Financial Plan is prepared to provide each project participant an estimate of future costs for the Authority. Specifically, these projections are used by the Authority's project participants to assist in establishing water rates for their local agencies and ensuring their water system revenues are sufficient to meet the coverage covenant contained in the Water Supply Agreements (*please refer to the "Budget Foreword" section of this document for additional information regarding the Water Supply Agreements and the coverage covenant*).

The Four Year Financial Plan consists of two pages for each project participant. The first page shows the requested water deliveries on a multi-year basis. The next two sections show allocation of the Authority's fixed and variable charges, including modifications for the Regional Water Treatment Plant Allocation and Santa Ynez Exchange Agreement, if applicable (*see the Water Treatment Plant section to this document for additional information on the Regional Water Treatment Plant and Santa Ynez Exchange Agreements*). The last section shows the allocation of the DWR fixed and variable costs and a summary of projected total costs, by cost type, on a multi-year basis.

The second page of the Four Year Financial Plan shows an estimate of the payments due, by invoice date, for the cost projections shown on the first page of the Four Year Financial Plan.



Santa Ynez Pumping Plant

Central Coast Water Authority
Water Request Projections
 Four Year Financial Plan

Project Participant	Fiscal Year Water Deliveries (acre feet) <i>Excluding Exchange Deliveries</i>				Calendar Year Deliveries (acre feet) <i>Excluding Exchange Deliveries</i>				
	FY 2008/09	FY 2009/10	FY 2010/11	FY 2011/12	2008	2009	2010	2011	2012
Shandon	-	-	-	-	-	-	-	-	-
Chorro Valley	2,354	2,434	2,471	2,504	2,321	2,418	2,449	2,490	2,519
Lopez	2,007	2,089	2,097	2,105	1,912	2,085	2,100	2,104	2,109
Guadalupe	630	605	605	605	605	605	605	605	605
Santa Maria	14,203	17,820	17,820	17,820	11,189	17,820	17,820	17,820	17,820
Golden State Water Co. VAFB	550	550	550	550	550	550	550	550	550
Buellton	4,850	5,430	6,050	6,050	4,950	4,950	6,050	6,050	6,050
Santa Ynez (Solvang)	644	636	636	636	636	636	636	636	636
Santa Ynez	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Goleta	700	700	700	700	700	700	700	700	700
Morehart Land	4,950	4,950	4,950	4,950	3,518	4,950	4,950	4,950	4,950
La Cumbre	220	220	220	220	220	220	220	220	220
Raytheon	800	800	800	800	800	800	800	800	800
Santa Barbara	55	55	55	55	55	55	55	55	55
Montecito	1,295	539	509	509	1,316	562	509	509	509
Carpinteria	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300
TOTAL:	873	657	339	339	911	874	339	339	339
	38,931	42,285	42,602	42,643	34,483	42,025	42,583	42,628	42,662

Central Coast Water Authority
Total Charges-All Participants
 Four Year Financial Plan Charges

Table A Including Drought Buffer				43,908
Fiscal Year	Requested Deliveries	Exchange Deliveries	Actual Deliveries	
FY 2008/09	38,931	-	38,931	
FY 2009/10	42,285	-	42,285	
FY 2010/11	42,602	-	42,602	
FY 2011/12	42,643	-	42,643	

CCWA Fixed Charges

Fiscal Year	Fixed O&M Expenses ⁽¹⁾	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Revenue Bond Debt Service ⁽²⁾	Fixed CCWA Charges
		Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	Capital Modifications	Fixed O&M Modifications	Total Exchange Modifications		
FY 2008/09	\$ 5,803,361	\$ 1,497,603	\$ (1,497,603)	\$ -	\$ -	\$ -	\$ -	\$ 9,562,933	\$ 15,366,294
FY 2009/10	5,977,462	1,500,056	(1,500,056)	-	-	-	-	11,771,386	17,748,848
FY 2010/11	6,156,786	1,535,577	(1,535,577)	-	-	-	-	11,767,159	17,923,945
FY 2011/12	6,341,489	1,555,561	(1,555,561)	-	-	-	-	11,786,194	18,127,683

(1) Includes capital improvement projects and non-annual recurring expenses.

(2) Net of CCWA credits

CCWA Variable O&M Charges

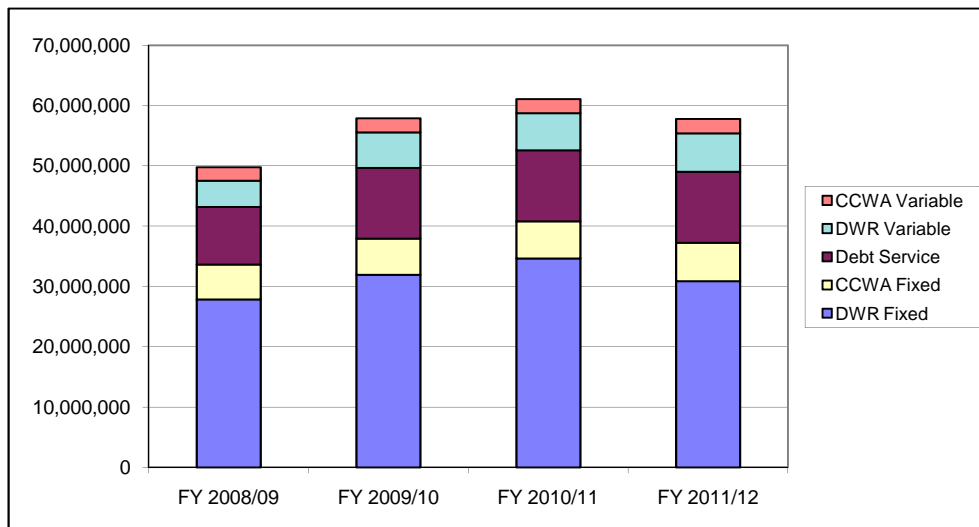
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2008/09	\$ 1,722,553	\$ 666,580	\$ 284,220	\$ (284,220)	\$ -	\$ -	\$ (143,239)	\$ -	\$ 2,245,894
FY 2009/10	1,840,686	610,218	268,496	(268,496)	-	-	(130,217)	-	2,320,687
FY 2010/11	1,893,408	590,034	269,053	(269,053)	-	-	(123,046)	-	2,360,396
FY 2011/12	1,951,613	590,034	277,125	(277,125)	-	-	(123,046)	-	2,418,600

DWR Charges

Total State Water Charges

Fiscal Year	DWR Fixed Costs ⁽³⁾	DWR Variable Costs	Total DWR Costs	CCWA		Debt Service	DWR Fixed	DWR Variable O&M	Total SWP Charges
				Fixed	Variable O&M				
FY 2008/09	\$ 27,870,361	\$ 4,318,646	\$ 32,189,007	\$ 5,803,361	\$ 2,245,894	\$ 9,562,933	\$ 27,870,361	\$ 4,318,646	\$ 49,801,195
FY 2009/10	31,957,250	5,896,197	37,853,446	5,977,462	2,320,687	11,771,386	31,957,250	5,896,197	57,922,981
FY 2010/11	34,687,846	6,142,725	40,830,571	6,156,786	2,360,396	11,767,159	34,687,846	6,142,725	61,114,911
FY 2011/12	30,903,215	6,385,245	37,288,460	6,341,489	2,418,600	11,786,194	30,903,215	6,385,245	57,834,744

(3) Net of DWR account interest income.



Central Coast Water Authority
Total Charges - Santa Barbara County Project Participants
 Four Year Financial Plan Charges

Table A Including Drought Buffer				39,078
Fiscal Year	Requested Deliveries	Exchange Deliveries	Actual Deliveries	
FY 2008/09	34,570	-	34,570	
FY 2009/10	37,762	-	37,762	
FY 2010/11	38,034	-	38,034	
FY 2011/12	38,034	-	38,034	

CCWA Fixed Charges

Fiscal Year	Fixed O&M Expenses ⁽¹⁾	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Revenue Bond Debt Service ⁽²⁾	Fixed CCWA Charges
		Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	Capital Modifications	Fixed O&M Modifications	Total Exchange Modifications		
FY 2008/09	\$ 5,272,124	\$ 1,497,603	\$ (1,497,603)	\$ -	\$ -	\$ -	\$ -	\$ 8,526,788	\$ 13,798,912
FY 2009/10	5,598,717	1,500,056	(1,500,056)	-	-	-	-	10,426,989	16,025,706
FY 2010/11	5,766,678	1,535,577	(1,535,577)	-	-	-	-	10,422,778	16,189,456
FY 2011/12	5,939,679	1,555,561	(1,555,561)	-	-	-	-	10,439,788	16,379,467

(1) Includes capital improvement projects.

(2) Net of CCWA credits.

CCWA Variable O&M Charges

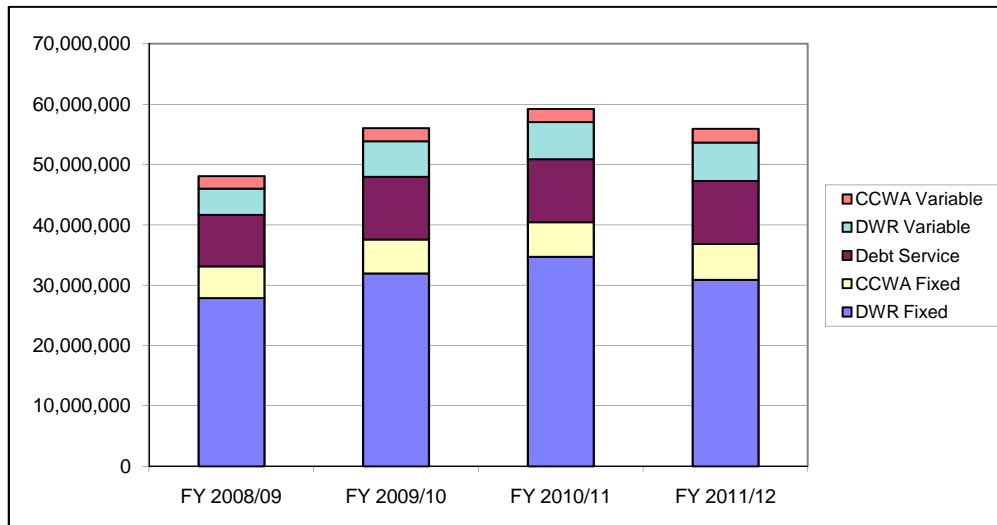
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2008/09	\$ 1,585,180	\$ 666,580	\$ 284,220	\$ (284,220)	\$ -	\$ -	\$ (143,239)	\$ -	\$ 2,108,521
FY 2009/10	1,693,949	610,218	268,496	(268,496)	-	-	(130,217)	-	2,173,950
FY 2010/11	1,740,765	590,034	269,053	(269,053)	-	-	(123,046)	-	2,207,753
FY 2011/12	1,792,988	590,034	277,125	(277,125)	-	-	(123,046)	-	2,259,976

DWR Charges

Total State Water Charges

Fiscal Year	<u>DWR Charges</u>			<u>Total State Water Charges</u>					
	DWR Fixed Costs ⁽³⁾	DWR Variable Costs	Total DWR Costs	CCWA Fixed	CCWA Variable O&M	Debt Service	DWR Fixed	DWR Variable O&M	Total SWP Charges
FY 2008/09	\$ 27,870,361	\$ 4,318,646	\$ 32,189,007	\$ 5,272,124	\$ 2,108,521	\$ 8,526,788	\$ 27,870,361	\$ 4,318,646	\$ 48,096,441
FY 2009/10	31,957,250	5,896,197	37,853,446	5,598,717	2,173,950	10,426,989	31,957,250	5,896,197	56,053,102
FY 2010/11	34,687,846	6,142,725	40,830,571	5,766,678	2,207,753	10,422,778	34,687,846	6,142,725	59,227,780
FY 2011/12	30,903,215	6,385,245	37,288,460	5,939,679	2,259,976	10,439,788	30,903,215	6,385,245	55,927,903

(3) Net of DWR account interest income.



Central Coast Water Authority
Shandon
 Four Year Financial Plan Charges

Table A Including Drought Buffer				100
Fiscal Year	Requested Deliveries	Exchange Deliveries	Actual Deliveries	
FY 2008/09	-	-	-	
FY 2009/10	-	-	-	
FY 2010/11	-	-	-	
FY 2011/12	-	-	-	

CCWA Fixed Charges

Fiscal Year	Fixed O&M Expenses ⁽¹⁾	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Revenue Bond Debt Service ⁽²⁾	Fixed CCWA Charges
		Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	Capital Modifications	Fixed O&M Modifications	Total Exchange Modifications		
FY 2008/09	\$ 6,797							\$ 10,913	\$ 17,710
FY 2009/10	7,001							13,276	20,277
FY 2010/11	7,211							13,276	20,487
FY 2011/12	7,427							13,298	20,725

(1) Includes capital improvement projects.
 (2) Net of CCWA credits.

CCWA Variable O&M Charges

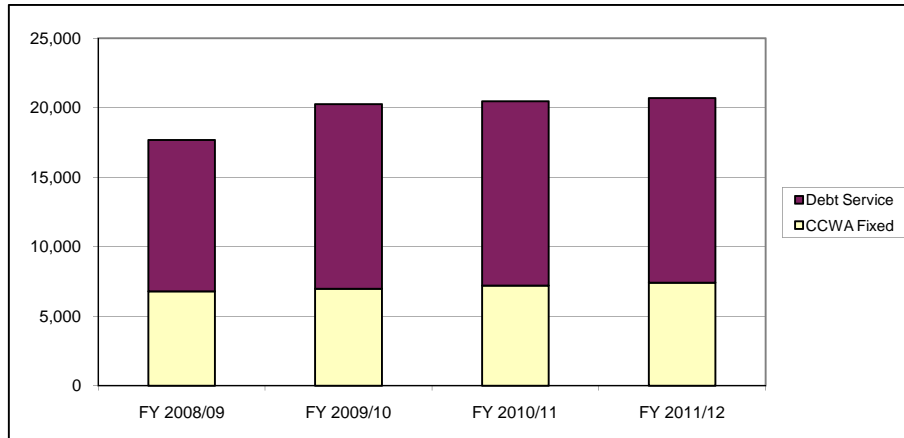
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2008/09	\$0								\$ -
FY 2009/10	-								-
FY 2010/11	-								-
FY 2011/12	-								-

DWR Charges

Total State Water Charges

Fiscal Year	DWR Fixed Costs ⁽²⁾	DWR Variable Costs	Total DWR Costs	CCWA Fixed	CCWA Variable O&M	Debt Service	DWR Fixed	DWR Variable O&M	Total SWP Charges
	FY 2008/09			\$ -	\$ 6,797	\$ -	\$ 10,913	\$ -	\$ -
FY 2009/10			-	7,001	-	13,276	-	-	20,277
FY 2010/11			-	7,211	-	13,276	-	-	20,487
FY 2011/12			-	7,427	-	13,298	-	-	20,725

(2) Net of DWR account interest income.



Central Coast Water Authority
FY 2008/09 Four Year Financial Plan
 Project Participant Payment Summary

Shandon

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)
April 1, 2008	\$ -	0
June 1, 2008	\$ 17,710	n/a
July 1, 2008	\$ -	0
October 1, 2008	\$ -	0
January 1, 2009	\$ -	0
April 1, 2009	\$ -	0
June 1, 2009	\$ 20,277	n/a
July 1, 2009	\$ -	0
October 1, 2009	\$ -	0
January 1, 2010	\$ -	0
April 1, 2010	\$ -	0
June 1, 2010	\$ 20,487	n/a
July 1, 2010	\$ -	0
October 1, 2010	\$ -	0
January 1, 2011	\$ -	0
April 1, 2011	\$ -	0
June 1, 2011	\$ 20,725	n/a
July 1, 2011	\$ -	0
October 1, 2011	\$ -	0
January 1, 2012	\$ -	0

Central Coast Water Authority
Chorro Valley Turnout
 Four Year Financial Plan Charges

Table A Including Drought Buffer			2,338
Fiscal Year	Requested Deliveries	Exchange Deliveries	Actual Deliveries
FY 2008/09	2,354	-	2,354
FY 2009/10	2,434	-	2,434
FY 2010/11	2,471	-	2,471
FY 2011/12	2,504	-	2,504

CCWA Fixed Charges

Fiscal Year	Fixed O&M Expenses ⁽¹⁾	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Revenue Bond Debt Service ⁽²⁾	Fixed CCWA Charges
		Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	Capital Modifications	Fixed O&M Modifications	Total Exchange Modifications		
FY 2008/09	\$ 174,606							\$ 975,586	\$ 1,150,192
FY 2009/10	179,844							1,057,638	1,237,482
FY 2010/11	185,239							1,057,626	1,242,865
FY 2011/12	190,797							1,059,194	1,249,990

(1) Includes capital improvement projects.
 (2) Net of CCWA credits.

CCWA Variable O&M Charges

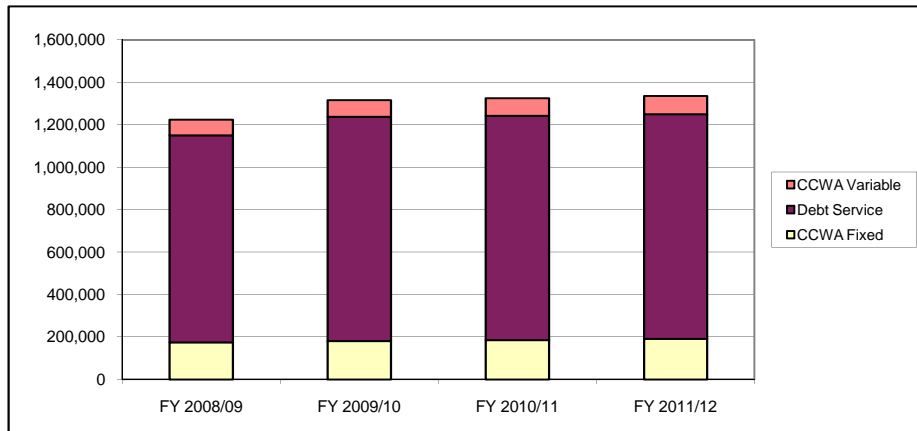
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2008/09	\$ 74,149								\$ 74,149
FY 2009/10	78,969								78,969
FY 2010/11	82,575								82,575
FY 2011/12	86,188								86,188

DWR Charges

Total State Water Charges

Fiscal Year	DWR Fixed Costs ⁽²⁾	DWR Variable Costs	Total DWR Costs	CCWA		Debt Service	DWR Fixed	DWR Variable O&M	Total SWP Charges
				Fixed	Variable O&M				
FY 2008/09			\$ -	\$ 174,606	\$ 74,149	\$ 975,586	\$ -	\$ -	\$ 1,224,341
FY 2009/10			-	179,844	78,969	1,057,638	-	-	1,316,451
FY 2010/11			-	185,239	82,575	1,057,626	-	-	1,325,440
FY 2011/12			-	190,797	86,188	1,059,194	-	-	1,336,178

(2) Net of DWR account interest income.



Central Coast Water Authority
FY 2008/09 Four Year Financial Plan
 Project Participant Payment Summary

Chorro Valley

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)
April 1, 2008	\$ 19,758	627
June 1, 2008	\$ 1,150,192	n/a
July 1, 2008	\$ 17,648	560
October 1, 2008	\$ 16,608	527
January 1, 2009	\$ 20,136	639
April 1, 2009	\$ 22,784	702
June 1, 2009	\$ 1,237,482	n/a
July 1, 2009	\$ 17,820	549
October 1, 2009	\$ 17,301	533
January 1, 2010	\$ 21,064	649
April 1, 2010	\$ 23,802	712
June 1, 2010	\$ 1,242,865	n/a
July 1, 2010	\$ 18,522	554
October 1, 2010	\$ 18,087	541
January 1, 2011	\$ 22,164	663
April 1, 2011	\$ 24,929	724
June 1, 2011	\$ 1,249,990	n/a
July 1, 2011	\$ 19,318	561
October 1, 2011	\$ 18,836	547
January 1, 2012	\$ 23,104	671

Central Coast Water Authority
Lopez Turnout
 Four Year Financial Plan Charges

Table A Including Drought Buffer				2,392
Fiscal Year	Requested Deliveries	Exchange Deliveries	Actual Deliveries	
FY 2008/09	2,007	-	2,007	
FY 2009/10	2,089	-	2,089	
FY 2010/11	2,097	-	2,097	
FY 2011/12	2,105	-	2,105	

CCWA Fixed Charges

Fiscal Year	Fixed O&M Expenses ⁽¹⁾	<i>Regional WTP Modifications</i>			<i>Exchange Agreement Modifications</i>			Revenue Bond Debt Service ⁽²⁾	Fixed CCWA Charges
		Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	Capital Modifications	Fixed O&M Modifications	Total Exchange Modifications		
FY 2008/09	\$ 186,311							\$ 213,169	\$ 399,480
FY 2009/10	191,900							273,483	465,383
FY 2010/11	197,657							273,480	471,137
FY 2011/12	203,587							273,914	477,501

(1) Includes capital improvement projects.
 (2) Net of CCWA credits.

CCWA Variable O&M Charges

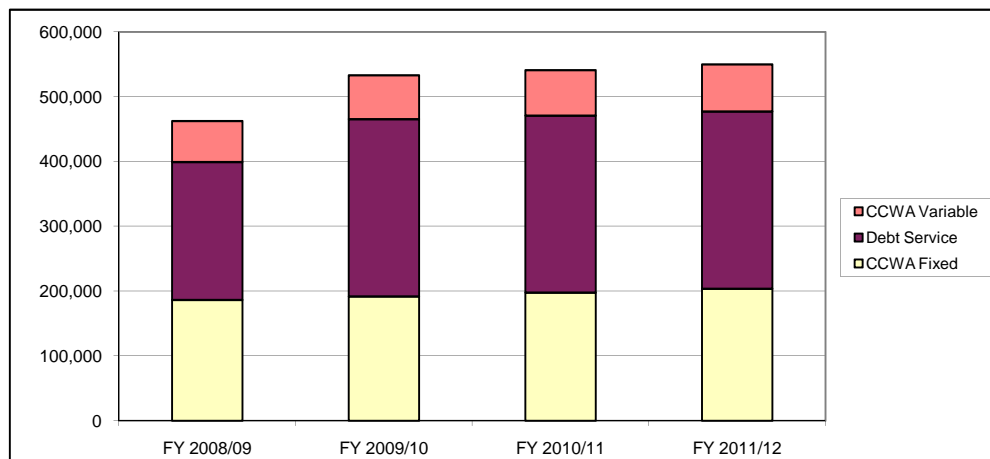
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	<i>Regional WTP Modifications</i>			<i>Exchange Agreement Modifications</i>			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2008/09	\$ 63,223								\$ 63,223
FY 2009/10	67,767								67,767
FY 2010/11	70,068								70,068
FY 2011/12	72,437								72,437

DWR Charges

Total State Water Charges

Fiscal Year	DWR Fixed Costs ⁽²⁾	DWR Variable Costs	Total DWR Costs	CCWA		Debt Service	DWR Fixed	DWR Variable O&M	Total SWP Charges
				Fixed	Variable O&M				
FY 2008/09			-	\$ 186,311	\$ 63,223	\$ 213,169	\$ -	\$ -	\$ 462,703
FY 2009/10			-	191,900	67,767	273,483	-	-	533,151
FY 2010/11			-	197,657	70,068	273,480	-	-	541,205
FY 2011/12			-	203,587	72,437	273,914	-	-	549,937

(2) Net of DWR account interest income.



Central Coast Water Authority
FY 2008/09 Four Year Financial Plan
 Project Participant Payment Summary

Lopez

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)
April 1, 2008	\$ 19,302	613
June 1, 2008	\$ 399,480	n/a
July 1, 2008	\$ 13,947	443
October 1, 2008	\$ 12,672	402
January 1, 2009	\$ 17,302	549
April 1, 2009	\$ 20,611	635
June 1, 2009	\$ 465,383	n/a
July 1, 2009	\$ 16,166	498
October 1, 2009	\$ 13,110	404
January 1, 2010	\$ 17,879	551
April 1, 2010	\$ 21,290	637
June 1, 2010	\$ 471,137	n/a
July 1, 2010	\$ 16,979	508
October 1, 2010	\$ 13,443	402
January 1, 2011	\$ 18,356	549
April 1, 2011	\$ 21,866	635
June 1, 2011	\$ 477,501	n/a
July 1, 2011	\$ 17,805	517
October 1, 2011	\$ 13,893	404
January 1, 2012	\$ 18,872	548

Central Coast Water Authority
City of Guadalupe
 Four Year Financial Plan Charges

Table A Including Drought Buffer				605
Fiscal Year	Requested Deliveries	Exchange Deliveries	Actual Deliveries	
FY 2008/09	630	-	630	
FY 2009/10	605	-	605	
FY 2010/11	605	-	605	
FY 2011/12	605	-	605	

CCWA Fixed Charges

Fiscal Year	Fixed O&M Expenses ⁽¹⁾	Regional WTP Modifications			Exchange Agreement Modifications			Revenue Bond Debt Service ⁽²⁾	Fixed CCWA Charges
		Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	Capital Modifications	Fixed O&M Modifications	Total Exchange Modifications		
FY 2008/09	\$ 63,004	\$ 21,078	\$ -	\$ 21,078	\$ -	\$ -	\$ -	\$ 138,879	\$ 222,961
FY 2009/10	64,894	21,112	-	21,112	-	-	-	166,862	252,869
FY 2010/11	66,841	21,612	-	21,612	-	-	-	166,860	255,314
FY 2011/12	68,846	21,894	-	21,894	-	-	-	167,139	257,879

(1) Includes capital improvement projects.

(2) Net of CCWA credits.

CCWA Variable O&M Charges

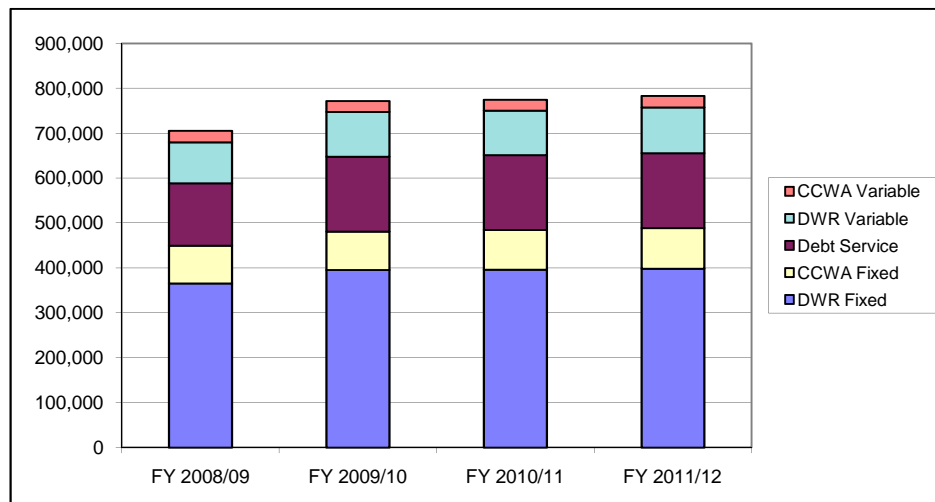
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	Regional WTP Modifications			Exchange Agreement Modifications			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2008/09	\$ 19,844	\$ -	\$ 5,180	\$ -	\$ 5,180	\$ -	\$ -	\$ -	\$ 25,024
FY 2009/10	19,628	-	4,302	-	4,302	-	-	-	23,930
FY 2010/11	20,217	-	4,280	-	4,280	-	-	-	24,497
FY 2011/12	20,823	-	4,408	-	4,408	-	-	-	25,232

DWR Charges

Total State Water Charges

Fiscal Year	DWR Fixed Costs ⁽³⁾	DWR Variable Costs	Total DWR Costs	CCWA		Debt Service	DWR Fixed	DWR Variable O&M	Total SWP Charges
				Fixed	Variable O&M				
FY 2008/09	\$ 365,864	\$ 91,572	\$ 457,436	\$ 84,082	\$ 25,024	\$ 138,879	\$ 365,864	\$ 91,572	\$ 705,421
FY 2009/10	395,474	99,640	495,113	86,007	23,930	166,862	395,474	99,640	771,912
FY 2010/11	396,130	98,952	495,083	88,453	24,497	166,860	396,130	98,952	774,893
FY 2011/12	398,231	101,736	499,967	90,740	25,232	167,139	398,231	101,736	783,078

(3) Net of DWR account interest income.



Central Coast Water Authority
FY 2008/09 Four Year Financial Plan
 Project Participant Payment Summary

City of Guadalupe

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)
April 1, 2008	\$ 31,164	171
June 1, 2008	\$ 588,825	n/a
July 1, 2008	\$ 28,776	155
October 1, 2008	\$ 28,030	150
January 1, 2009	\$ 28,627	154
April 1, 2009	\$ 34,142	171
June 1, 2009	\$ 648,343	n/a
July 1, 2009	\$ 27,396	130
October 1, 2009	\$ 30,687	150
January 1, 2010	\$ 31,345	154
April 1, 2010	\$ 33,751	171
June 1, 2010	\$ 651,444	n/a
July 1, 2010	\$ 26,966	130
October 1, 2010	\$ 31,025	150
January 1, 2011	\$ 31,707	154
April 1, 2011	\$ 34,753	171
June 1, 2011	\$ 656,109	n/a
July 1, 2011	\$ 27,713	130
October 1, 2011	\$ 31,897	150
January 1, 2012	\$ 32,604	154

Central Coast Water Authority
City of Santa Maria
 Four Year Financial Plan Charges

Table A Including Drought Buffer			17,820
Fiscal Year	Requested Deliveries	Exchange Deliveries	Actual Deliveries
FY 2008/09	14,203	-	14,203
FY 2009/10	17,820	-	17,820
FY 2010/11	17,820	-	17,820
FY 2011/12	17,820	-	17,820

CCWA Fixed Charges

Fiscal Year	Fixed O&M Expenses ⁽¹⁾	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Prepayments and Credits	Fixed CCWA Charges
		Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	Capital Modifications	Fixed O&M Modifications	Total Exchange Modifications		
FY 2008/09	\$ 1,818,399	\$ 620,840	\$ -	\$ 620,840	\$ -	\$ -	\$ -	\$ (617,008)	\$ 1,822,231
FY 2009/10	1,872,951	621,856	-	621,856	-	-	-	-	2,494,807
FY 2010/11	1,929,139	636,582	-	636,582	-	-	-	-	2,565,721
FY 2011/12	1,987,013	644,866	-	644,866	-	-	-	-	2,631,880

(1) Includes capital improvement projects.

CCWA Variable O&M Charges

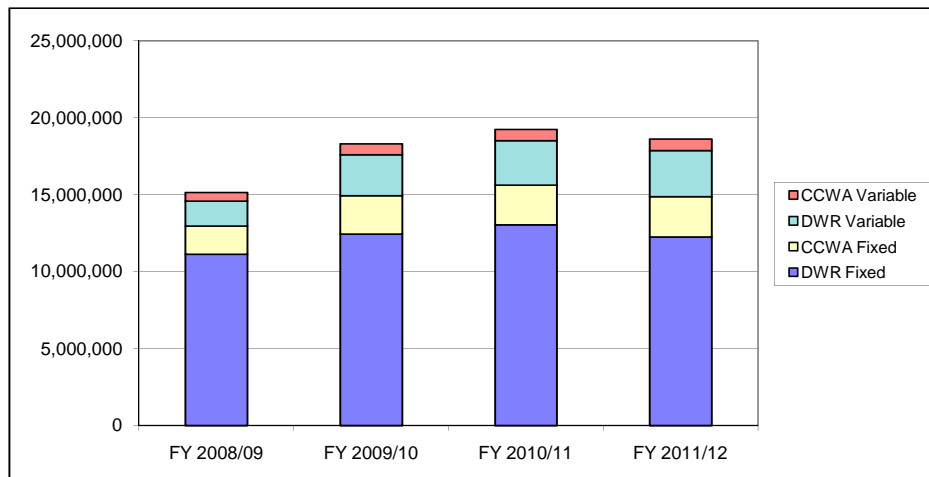
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2008/09	\$ 447,370	\$ -	\$ 116,771	\$ -	\$ 116,771	\$ -	\$ -	\$ -	\$ 564,141
FY 2009/10	578,138	-	126,704	-	126,704	-	-	-	704,842
FY 2010/11	595,482	-	126,059	-	126,059	-	-	-	721,541
FY 2011/12	613,347	-	129,841	-	129,841	-	-	-	743,188

DWR Charges

Total State Water Charges

Fiscal Year	DWR Fixed Costs ⁽²⁾	DWR Variable Costs	Total DWR Costs	CCWA		Credits	DWR Fixed	DWR Variable O&M	Total SWP Charges
				Fixed	Variable O&M				
FY 2008/09	\$ 11,138,973	\$ 1,629,541	\$ 12,768,514	\$ 2,439,238	\$ 564,141	\$ (617,008)	\$ 11,138,973	\$ 1,629,541	\$ 15,154,885
FY 2009/10	12,451,755	2,660,845	15,112,600	2,494,807	704,842	0	12,451,755	2,660,845	18,312,249
FY 2010/11	13,056,188	2,911,329	15,967,516	2,565,721	721,541	0	13,056,188	2,911,329	19,254,779
FY 2011/12	12,260,384	2,993,331	15,253,715	2,631,880	743,188	0	12,260,384	2,993,331	18,628,782

(2) Net of DWR account interest income.



Central Coast Water Authority
FY 2008/09 Four Year Financial Plan
 Project Participant Payment Summary

City of Santa Maria

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)
April 1, 2008	\$ 576,586	3,805
June 1, 2008	\$ 12,961,203	n/a
July 1, 2008	\$ 387,487	2,098
October 1, 2008	\$ 576,032	3,800
January 1, 2009	\$ 653,577	4,500
April 1, 2009	\$ 955,786	5,150
June 1, 2009	\$ 14,946,562	n/a
July 1, 2009	\$ 827,435	4,370
October 1, 2009	\$ 733,639	3,800
January 1, 2010	\$ 848,827	4,500
April 1, 2010	\$ 1,012,858	5,150
June 1, 2010	\$ 15,621,909	n/a
July 1, 2010	\$ 883,776	4,370
October 1, 2010	\$ 808,446	3,800
January 1, 2011	\$ 927,790	4,500
April 1, 2011	\$ 1,043,090	5,150
June 1, 2011	\$ 14,892,264	n/a
July 1, 2011	\$ 909,160	4,370
October 1, 2011	\$ 830,288	3,800
January 1, 2012	\$ 953,981	4,500

Central Coast Water Authority
Golden State Water Company
 Four Year Financial Plan Charges

Table A Including Drought Buffer				550
Fiscal Year	Requested Deliveries	Exchange Deliveries	Actual Deliveries	
FY 2008/09	550	-	550	
FY 2009/10	550	-	550	
FY 2010/11	550	-	550	
FY 2011/12	550	-	550	

CCWA Fixed Charges

Fiscal Year	Fixed O&M Expenses ⁽¹⁾	Regional WTP Modifications			Exchange Agreement Modifications			CCWA Credits	Fixed CCWA Charges
		Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	Capital Modifications	Fixed O&M Modifications	Total Exchange Modifications		
FY 2008/09	\$ 58,838	\$ 19,162	\$ -	\$ 19,162	\$ -	\$ -	\$ -	\$ (14,099)	\$ 63,901
FY 2009/10	60,603	19,193	-	19,193	-	-	-	-	79,796
FY 2010/11	62,421	19,648	-	19,648	-	-	-	-	82,069
FY 2011/12	64,294	19,903	-	19,903	-	-	-	-	84,197

(1) Includes capital improvement projects.

CCWA Variable O&M Charges

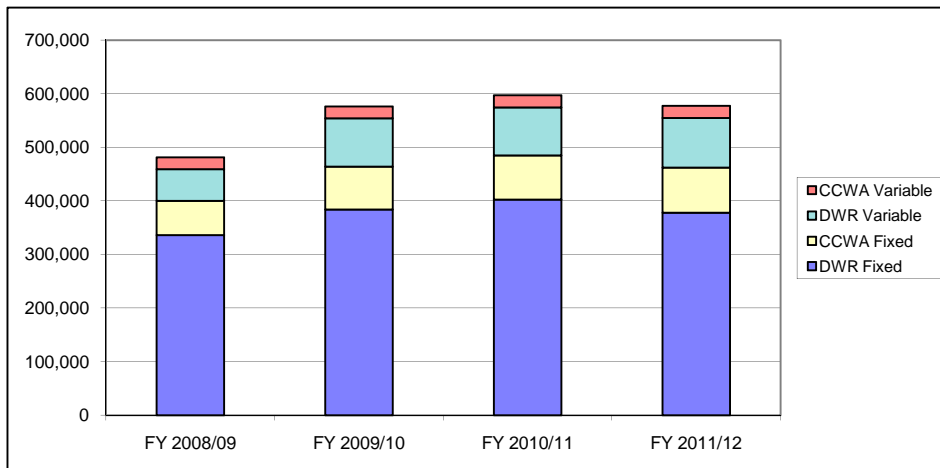
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	Regional WTP Modifications			Exchange Agreement Modifications			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2008/09	\$ 17,324	\$ -	\$ 4,522	\$ -	\$ 4,522	\$ -	\$ -	\$ -	\$ 21,846
FY 2009/10	17,844	-	3,911	-	3,911	-	-	-	21,754
FY 2010/11	18,379	-	3,891	-	3,891	-	-	-	22,270
FY 2011/12	18,930	-	4,007	-	4,007	-	-	-	22,938

DWR Charges

Total State Water Charges

Fiscal Year	DWR Charges		Total DWR Costs	Total State Water Charges					
	DWR Fixed Costs ⁽²⁾	DWR Variable Costs		CCWA Fixed	CCWA Variable O&M	CCWA Credits	DWR Fixed	DWR Variable O&M	Total SWP Charges
FY 2008/09	\$ 336,504	\$ 59,050	\$ 395,554	\$ 78,000	\$ 21,846	\$ (14,099)	\$ 336,504	\$ 59,050	\$ 481,301
FY 2009/10	384,313	90,582	474,895	79,796	21,754	0	384,313	90,582	576,446
FY 2010/11	402,969	89,840	492,809	82,069	22,270	0	402,969	89,840	597,148
FY 2011/12	378,407	92,371	470,778	84,197	22,938	0	378,407	92,371	577,913

(2) Net of DWR account interest income.



Central Coast Water Authority
FY 2008/09 Four Year Financial Plan
 Project Participant Payment Summary

Golden State Water Company

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)
April 1, 2008	\$ 22,553	157
June 1, 2008	\$ 400,405	n/a
July 1, 2008	\$ 20,523	140
October 1, 2008	\$ 18,134	120
January 1, 2009	\$ 19,687	133
April 1, 2009	\$ 31,293	157
June 1, 2009	\$ 464,110	n/a
July 1, 2009	\$ 28,495	140
October 1, 2009	\$ 25,204	120
January 1, 2010	\$ 27,343	133
April 1, 2010	\$ 30,938	157
June 1, 2010	\$ 485,038	n/a
July 1, 2010	\$ 28,125	140
October 1, 2010	\$ 25,415	120
January 1, 2011	\$ 27,631	133
April 1, 2011	\$ 31,859	157
June 1, 2011	\$ 462,604	n/a
July 1, 2011	\$ 28,940	140
October 1, 2011	\$ 26,106	120
January 1, 2012	\$ 28,403	133

Central Coast Water Authority
Vandenberg Air Force Base
 Four Year Financial Plan Charges

Table A Including Drought Buffer				6,050
Fiscal Year	Requested Deliveries	Exchange Deliveries	Actual Deliveries	
FY 2008/09	4,850	-	4,850	
FY 2009/10	5,430	-	5,430	
FY 2010/11	6,050	-	6,050	
FY 2011/12	6,050	-	6,050	

CCWA Fixed Charges

Fiscal Year	Fixed O&M Expenses ⁽¹⁾	Regional WTP Modifications			Exchange Agreement Modifications			CCWA Credits	Fixed CCWA Charges
		Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	Capital Modifications	Fixed O&M Modifications	Total Exchange Modifications		
FY 2008/09	\$ 685,227	\$ 210,779	\$ -	\$ 210,779	\$ -	\$ -	\$ -	\$ (391,295)	\$ 504,712
FY 2009/10	705,784	211,124	-	211,124	-	-	-	-	916,908
FY 2010/11	726,958	216,124	-	216,124	-	-	-	-	943,081
FY 2011/12	748,766	218,936	-	218,936	-	-	-	-	967,702

(1) Includes capital improvement projects.

CCWA Variable O&M Charges

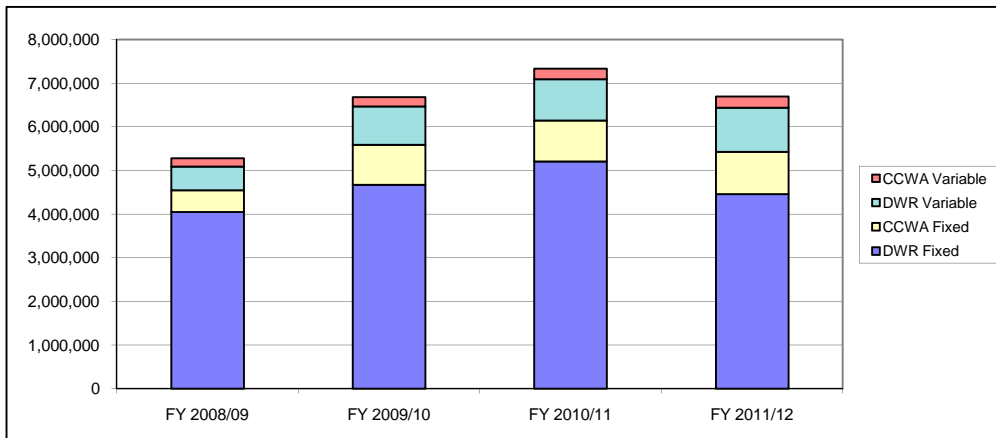
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	Regional WTP Modifications			Exchange Agreement Modifications			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2008/09	\$ 152,767	\$ -	\$ 39,875	\$ -	\$ 39,875	\$ -	\$ -	\$ -	\$ 192,641
FY 2009/10	176,167	-	38,608	-	38,608	-	-	-	214,775
FY 2010/11	202,170	-	42,798	-	42,798	-	-	-	244,968
FY 2011/12	208,235	-	44,082	-	44,082	-	-	-	252,317

DWR Charges

Total State Water Charges

Fiscal Year	DWR Fixed Costs ⁽²⁾	DWR Variable Costs	Total DWR Costs	CCWA Fixed	CCWA Variable O&M	CCWA Credits	DWR Fixed	DWR Variable O&M	Total SWP Charges
FY 2009/10	4,674,631	873,444	5,548,076	916,908	214,775	0	4,674,631	873,444	6,679,759
FY 2010/11	5,205,573	941,559	6,147,131	943,081	244,968	0	5,205,573	941,559	7,335,180
FY 2011/12	4,457,915	1,016,640	5,474,554	967,702	252,317	0	4,457,915	1,016,640	6,694,574

(2) Net of DWR account interest income.



Central Coast Water Authority
FY 2008/09 Four Year Financial Plan
 Project Participant Payment Summary

Vandenberg Air Force Base

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)
April 1, 2008	\$ 201,474	1,380
June 1, 2008	\$ 4,550,009	n/a
July 1, 2008	\$ 166,220	1,055
October 1, 2008	\$ 171,101	1,100
January 1, 2009	\$ 194,423	1,315
April 1, 2009	\$ 292,213	1,480
June 1, 2009	\$ 5,591,540	n/a
July 1, 2009	\$ 222,277	1,055
October 1, 2009	\$ 287,276	1,450
January 1, 2010	\$ 286,453	1,445
April 1, 2010	\$ 316,595	1,655
June 1, 2010	\$ 6,148,654	n/a
July 1, 2010	\$ 290,944	1,500
October 1, 2010	\$ 289,920	1,450
January 1, 2011	\$ 289,067	1,445
April 1, 2011	\$ 338,088	1,655
June 1, 2011	\$ 5,425,617	n/a
July 1, 2011	\$ 311,474	1,500
October 1, 2011	\$ 310,139	1,450
January 1, 2012	\$ 309,255	1,445

Central Coast Water Authority
City of Buellton
 Four Year Financial Plan Charges

Table A Including Drought Buffer				636
Fiscal Year	Requested Deliveries	Exchange Deliveries	Actual Deliveries	
FY 2008/09	644	-	644	
FY 2009/10	636	-	636	
FY 2010/11	636	-	636	
FY 2011/12	636	-	636	

CCWA Fixed Charges

Fiscal Year	Fixed O&M Expenses ⁽¹⁾	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Revenue Bond Debt Service ⁽²⁾	Fixed CCWA Charges
		Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	Capital Modifications	Fixed O&M Modifications	Total Exchange Modifications		
FY 2008/09	\$ 85,667	\$ 22,151	\$ -	\$ 22,151	\$ -	\$ -	\$ -	\$ 264,780	\$ 372,599
FY 2009/10	88,237	22,187	-	22,187	-	-	-	295,586	406,011
FY 2010/11	90,885	22,713	-	22,713	-	-	-	295,582	409,180
FY 2011/12	93,611	23,008	-	23,008	-	-	-	296,076	412,695

(1) Includes capital improvement projects.
 (2) Net of CCWA credits.

CCWA Variable O&M Charges

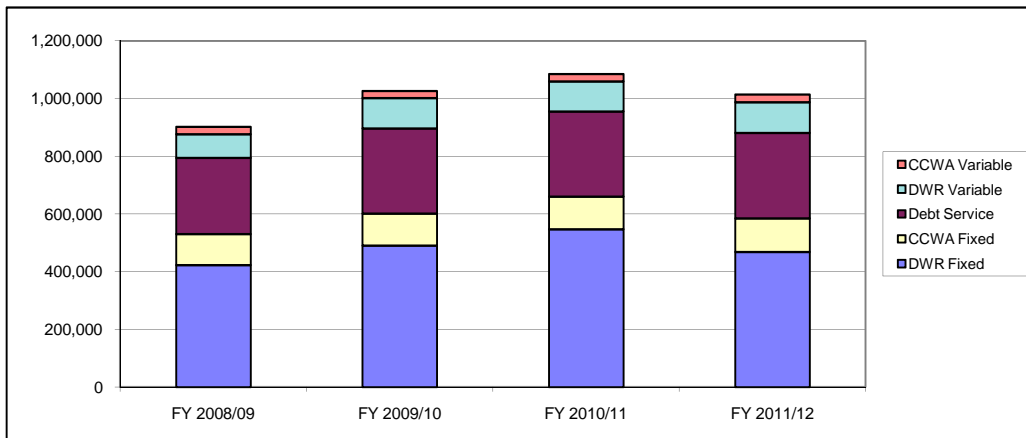
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2008/09	\$ 20,285	\$ -	\$ 5,295	\$ -	\$ 5,295	\$ -	\$ -	\$ -	\$ 25,580
FY 2009/10	20,634	-	4,522	-	4,522	-	-	-	25,156
FY 2010/11	21,253	-	4,499	-	4,499	-	-	-	25,752
FY 2011/12	21,890	-	4,634	-	4,634	-	-	-	26,525

DWR Charges

Total State Water Charges

Fiscal Year	DWR Fixed Costs ⁽³⁾	DWR Variable Costs	Total DWR Costs	CCWA Fixed	CCWA Variable O&M	Debt Service	DWR Fixed	DWR Variable O&M	Total SWP Charges
	FY 2008/09	\$ 422,864	\$ 81,701	\$ 504,564	\$ 107,818	\$ 25,580	\$ 264,780	\$ 422,864	\$ 81,701
FY 2009/10	491,267	104,745	596,013	110,425	25,156	295,586	491,267	104,745	1,027,180
FY 2010/11	547,065	103,975	651,039	113,597	25,752	295,582	547,065	103,975	1,085,971
FY 2011/12	468,493	106,902	575,394	116,619	26,525	296,076	468,493	106,902	1,014,614

(3) Net of DWR account interest income.



Central Coast Water Authority
FY 2008/09 Four Year Financial Plan
 Project Participant Payment Summary

City of Buellton

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)
April 1, 2008	\$ 29,415	182
June 1, 2008	\$ 795,462	n/a
July 1, 2008	\$ 25,708	152
October 1, 2008	\$ 25,461	150
January 1, 2009	\$ 26,697	160
April 1, 2009	\$ 36,260	182
June 1, 2009	\$ 897,278	n/a
July 1, 2009	\$ 30,007	144
October 1, 2009	\$ 30,994	150
January 1, 2010	\$ 32,640	160
April 1, 2010	\$ 35,850	182
June 1, 2010	\$ 956,244	n/a
July 1, 2010	\$ 29,562	144
October 1, 2010	\$ 31,305	150
January 1, 2011	\$ 33,010	160
April 1, 2011	\$ 36,918	182
June 1, 2011	\$ 881,188	n/a
July 1, 2011	\$ 30,393	144
October 1, 2011	\$ 32,174	150
January 1, 2012	\$ 33,941	160

Central Coast Water Authority
Santa Ynez Improvement District No. 1 (City of Solvang)
 Four Year Financial Plan Charges

Table A Including Drought Buffer			1,500
Fiscal Year	Requested Deliveries	Exchange Deliveries	Actual Deliveries
FY 2008/09	1,500	-	1,500
FY 2009/10	1,500	-	1,500
FY 2010/11	1,500	-	1,500
FY 2011/12	1,500	-	1,500

CCWA Fixed Charges

Fiscal Year	Fixed O&M Expenses ⁽¹⁾	Regional WTP Modifications			Exchange Agreement Modifications			Revenue Bond Debt Service ⁽²⁾	Fixed CCWA Charges
		Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	Capital Modifications	Fixed O&M Modifications	Total Exchange Modifications		
FY 2008/09	\$ 216,338	\$ 57,485	\$ -	\$ 57,485	\$ -	\$ -	\$ -	\$ 817,826	\$ 1,091,649
FY 2009/10	222,828	57,579	-	57,579	-	-	-	951,568	1,231,975
FY 2010/11	229,513	58,943	-	58,943	-	-	-	948,588	1,237,045
FY 2011/12	236,399	59,710	-	59,710	-	-	-	949,890	1,245,999

(1) Includes capital improvement projects and non-annual recurring expenses.

(2) Net of CCWA credits.

CCWA Variable O&M Charges

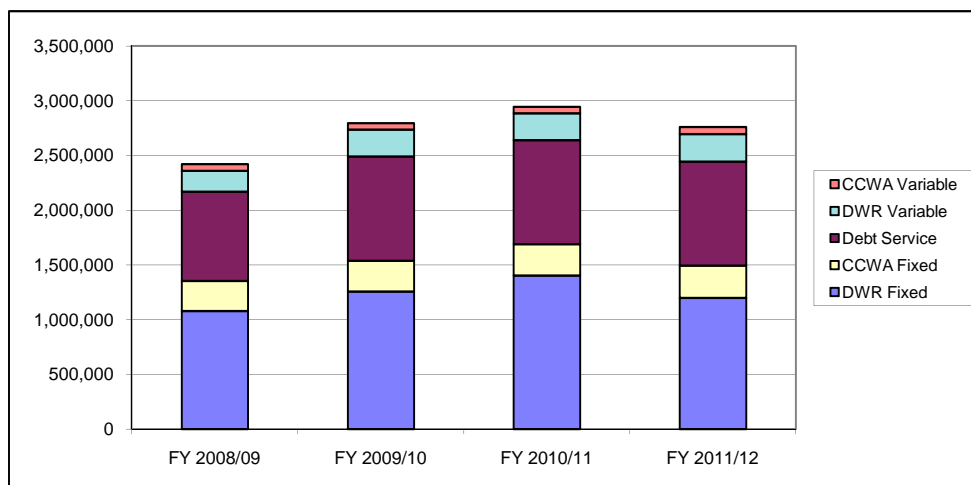
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	Regional WTP Modifications			Exchange Agreement Modifications			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2008/09	\$ 47,247	\$ -	\$ 12,332	\$ -	\$ 12,332	\$ -	\$ -	\$ -	\$ 59,580
FY 2009/10	48,665	-	10,665	-	10,665	-	-	-	59,330
FY 2010/11	50,125	-	10,611	-	10,611	-	-	-	60,736
FY 2011/12	51,629	-	10,929	-	10,929	-	-	-	62,558

DWR Charges

Total State Water Charges

Fiscal Year	DWR Charges		Total DWR Costs	Total State Water Charges					
	DWR Fixed Costs ⁽³⁾	DWR Variable Costs		CCWA Fixed	CCWA Variable O&M	Debt Service	DWR Fixed	DWR Variable O&M	Total SWP Charges
FY 2008/09	\$ 1,079,059	\$ 189,569	\$ 1,268,629	\$ 273,823	\$59,580	\$817,826	\$ 1,079,059	\$ 189,569	\$ 2,419,858
FY 2009/10	1,258,151	247,040	1,505,192	280,408	59,330	951,568	1,258,151	247,040	2,796,497
FY 2010/11	1,402,958	245,093	1,648,051	288,456	60,736	948,588	1,402,958	245,093	2,945,831
FY 2011/12	1,198,961	251,996	1,450,956	296,109	62,558	949,890	1,198,961	251,996	2,759,513

(3) Net of DWR account interest income.



Central Coast Water Authority
FY 2008/09 Four Year Financial Plan
 Project Participant Payment Summary
 Santa Ynez River Water Conservation District, ID#1
(City of Solvang)

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)
April 1, 2008	\$ 67,290	415
June 1, 2008	\$ 2,170,709	n/a
July 1, 2008	\$ 62,913	380
October 1, 2008	\$ 56,660	330
January 1, 2009	\$ 62,287	375
April 1, 2009	\$ 83,175	415
June 1, 2009	\$ 2,490,127	n/a
July 1, 2009	\$ 77,415	380
October 1, 2009	\$ 69,188	330
January 1, 2010	\$ 76,593	375
April 1, 2010	\$ 82,196	415
June 1, 2010	\$ 2,640,002	n/a
July 1, 2010	\$ 76,403	380
October 1, 2010	\$ 69,779	330
January 1, 2011	\$ 77,451	375
April 1, 2011	\$ 84,625	415
June 1, 2011	\$ 2,444,960	n/a
July 1, 2011	\$ 78,616	380
October 1, 2011	\$ 71,680	330
January 1, 2012	\$ 79,632	375

Central Coast Water Authority
Santa Ynez Improvement District No. 1
 Four Year Financial Plan Charges

Table A Including Drought Buffer				700
Fiscal Year	Requested Deliveries	Exchange Deliveries	Actual Deliveries	
FY 2008/09	700	2,470	3,170	
FY 2009/10	700	2,245	2,945	
FY 2010/11	700	2,121	2,821	
FY 2011/12	700	2,121	2,821	

CCWA Fixed Charges

Fiscal Year	Fixed O&M Expenses ⁽¹⁾	Regional WTP Modifications			Exchange Agreement Modifications			Revenue Bond Debt Service ⁽²⁾	Fixed CCWA Charges
		Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	Capital Modifications	Fixed O&M Modifications	Total Exchange Modifications		
FY 2008/09	\$ 86,361	\$ 113,807	\$ -	\$ 113,807	\$ 184,654	\$ 143,220	\$ 327,874	\$ 312,630	\$ 840,672
FY 2009/10	88,952	105,375	-	105,375	167,867	124,862	292,729	356,289	843,345
FY 2010/11	91,620	103,012	-	103,012	158,623	121,525	280,148	355,173	829,954
FY 2011/12	94,369	104,352	-	104,352	158,623	125,171	283,794	355,661	838,176

(1) Includes capital improvement projects

(2) Net of CCWA credits

CCWA Variable O&M Charges

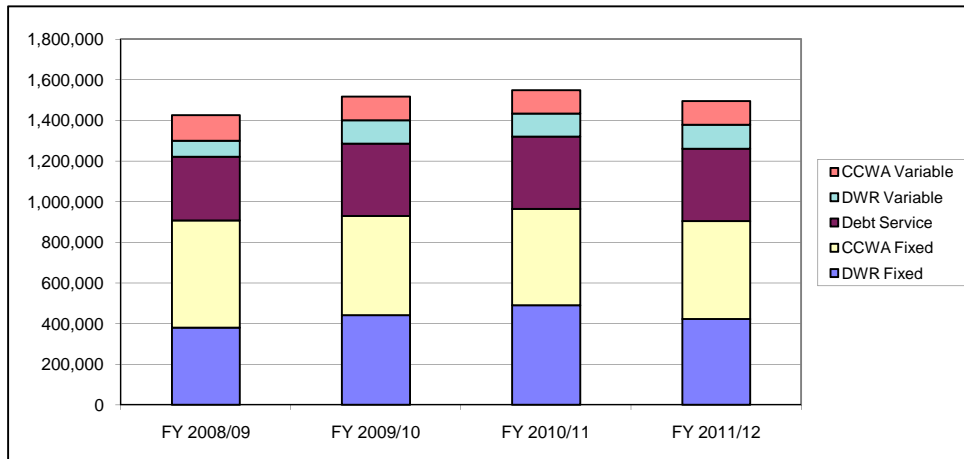
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	Regional WTP Modifications			Exchange Agreement Modifications			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2008/09	\$ 22,049	\$ -	\$ 26,059	\$ -	\$ 26,059	\$ 77,789	\$ -	\$ -	\$ 125,897
FY 2009/10	22,710	-	20,940	-	20,940	72,839	-	-	116,490
FY 2010/11	23,392	-	19,959	-	19,959	70,893	-	-	114,244
FY 2011/12	24,093	-	20,558	-	20,558	73,019	-	-	117,671

DWR Charges

Total State Water Charges

Fiscal Year	DWR Charges			Total State Water Charges					
	DWR Fixed Costs ⁽³⁾	DWR Variable Costs	Total DWR Costs	CCWA Fixed	CCWA Variable O&M	Debt Service	DWR Fixed	DWR Variable O&M	Total SWP Charges
FY 2008/09	\$ 379,924	\$ 78,475	\$ 458,399	\$ 528,041	\$ 125,897	\$312,630	\$ 379,924	\$ 78,475	\$ 1,424,968
FY 2009/10	441,715	115,286	557,000	487,056	116,490	356,289	441,715	115,286	1,516,834
FY 2010/11	489,978	114,282	604,260	474,781	114,244	355,173	489,978	114,282	1,548,457
FY 2011/12	422,099	117,503	539,602	482,515	117,671	355,661	422,099	117,503	1,495,449

(3) Net of DWR account interest income.



Central Coast Water Authority
FY 2008/09 Four Year Financial Plan
 Project Participant Payment Summary

Santa Ynez River Water Conservation District, ID#1

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)	Actual SWP Delivery (acre-feet)
April 1, 2008	\$ 85,421	210	1,232
June 1, 2008	\$ 1,220,595	n/a	n/a
July 1, 2008	\$ 33,505	180	264
October 1, 2008	\$ 22,384	105	172
January 1, 2009	\$ 63,063	205	802
April 1, 2009	\$ 91,308	210	1,120
June 1, 2009	\$ 1,285,059	n/a	n/a
July 1, 2009	\$ 41,899	180	240
October 1, 2009	\$ 28,176	105	156
January 1, 2010	\$ 70,392	205	729
April 1, 2010	\$ 87,388	210	1,018
June 1, 2010	\$ 1,319,932	n/a	n/a
July 1, 2010	\$ 40,557	180	218
October 1, 2010	\$ 28,369	105	156
January 1, 2011	\$ 72,211	205	729
April 1, 2011	\$ 90,013	210	1,018
June 1, 2011	\$ 1,260,275	n/a	n/a
July 1, 2011	\$ 41,740	180	218
October 1, 2011	\$ 29,077	105	156
January 1, 2012	\$ 74,344	205	729

Central Coast Water Authority
Goleta Water District
 Four Year Financial Plan Charges

Table A Including Drought Buffer				4,950
Fiscal Year	Requested Deliveries	Exchange Deliveries	Actual Deliveries	
FY 2008/09	4,950	(889)	4,061	
FY 2009/10	4,950	(808)	4,142	
FY 2010/11	4,950	(764)	4,186	
FY 2011/12	4,950	(764)	4,186	

CCWA Fixed Charges

Fiscal Year	Fixed O&M Expenses ⁽¹⁾	Regional WTP Modifications			Exchange Agreement Modifications			Revenue Bond Debt Service ⁽²⁾	Fixed CCWA Charges
		Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	Capital Modifications	Fixed O&M Modifications	Total Exchange Modifications		
FY 2008/09	\$ 792,533	\$ 138,383	\$ (479,394)	\$ (341,011)	\$ (66,475)	\$ (51,559)	\$ (118,035)	\$ 2,549,343	\$ 2,882,830
FY 2009/10	816,309	141,712	(481,347)	(339,635)	(60,432)	(44,950)	(105,382)	2,861,028	3,232,321
FY 2010/11	840,798	146,817	(493,384)	(346,567)	(57,104)	(43,749)	(100,853)	2,860,992	3,254,370
FY 2011/12	866,022	148,728	(499,805)	(351,077)	(57,104)	(45,062)	(102,166)	2,865,767	3,278,547

(1) Includes capital improvement projects.

(2) Net of CCWA credits.

CCWA Variable O&M Charges

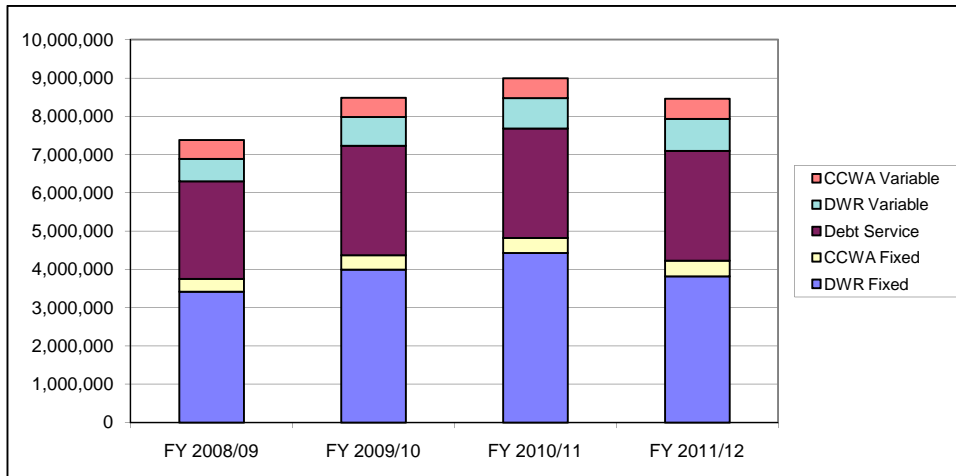
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	Regional WTP Modifications			Exchange Agreement Modifications		Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	
FY 2008/09	\$ 379,268	\$ 287,100	\$ 33,387	\$ (127,912)	\$ (94,525)	\$ (28,004)	\$ (51,566)	\$ 492,272
FY 2009/10	395,224	287,100	29,449	(134,372)	(104,923)	(26,222)	(46,878)	504,301
FY 2010/11	409,678	287,100	29,614	(139,890)	(110,277)	(25,521)	(44,297)	516,684
FY 2011/12	421,969	287,100	30,502	(144,087)	(113,585)	(26,287)	(44,297)	524,900

DWR Charges

Total State Water Charges

Fiscal Year	DWR Fixed Costs ⁽³⁾	DWR Variable Costs	Total DWR Costs	CCWA		Debt Service	DWR Fixed	DWR Variable O&M	Total SWP Charges
				CCWA Fixed	CCWA Variable O&M				
FY 2008/09	\$ 3,422,358	\$ 583,136	\$ 4,005,494	\$ 333,488	\$ 492,272	\$ 2,549,343	\$ 3,422,358	\$ 583,136	\$ 7,380,597
FY 2009/10	3,998,062	751,996	4,750,058	371,292	504,301	2,861,028	3,998,062	751,996	8,486,680
FY 2010/11	4,432,160	792,847	5,225,007	393,378	516,684	2,860,992	4,432,160	792,847	8,996,060
FY 2011/12	3,821,324	830,893	4,652,218	412,780	524,900	2,865,767	3,821,324	830,893	8,455,665

(3) Net of DWR account interest income. Includes DWR fixed costs for the Goleta additional 2500 AF.



Central Coast Water Authority
FY 2008/09 Four Year Financial Plan
 Project Participant Payment Summary

Goleta Water District

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)	Actual SWP Delivery (acre-feet)
April 1, 2008	\$ 245,365	1,255	811
June 1, 2008	\$ 6,305,189	n/a	n/a
July 1, 2008	\$ 259,989	1,110	1,015
October 1, 2008	\$ 338,298	1,500	1,438
January 1, 2009	\$ 231,757	1,085	796
April 1, 2009	\$ 293,902	1,255	852
June 1, 2009	\$ 7,230,383	n/a	n/a
July 1, 2009	\$ 296,695	1,110	1,024
October 1, 2009	\$ 396,605	1,500	1,444
January 1, 2010	\$ 269,095	1,085	823
April 1, 2010	\$ 306,824	1,255	888
June 1, 2010	\$ 7,686,530	n/a	n/a
July 1, 2010	\$ 306,349	1,110	1,031
October 1, 2010	\$ 413,488	1,500	1,444
January 1, 2011	\$ 282,870	1,085	823
April 1, 2011	\$ 318,167	1,255	888
June 1, 2011	\$ 7,099,871	n/a	n/a
July 1, 2011	\$ 317,247	1,110	1,031
October 1, 2011	\$ 427,146	1,500	1,444
January 1, 2012	\$ 293,233	1,085	823

Central Coast Water Authority
Morehart Land Company
 Four Year Financial Plan Charges

Table A Including Drought Buffer				220
Fiscal Year	Requested Deliveries	Exchange Deliveries	Actual Deliveries	
FY 2008/09	220	-	220	
FY 2009/10	220	-	220	
FY 2010/11	220	-	220	
FY 2011/12	220	-	220	

CCWA Fixed Charges

Fiscal Year	Fixed O&M Expenses ⁽¹⁾	Regional WTP Modifications			Exchange Agreement Modifications			Revenue Bond Debt Service ⁽²⁾	Fixed CCWA Charges
		Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	Capital Modifications	Fixed O&M Modifications	Total Exchange Modifications		
FY 2008/09	\$ 35,242	\$ 7,665	\$ (26,552)	\$ (18,888)	\$ -	\$ -	\$ -	\$ 95,786	\$ 112,141
FY 2009/10	36,299	7,677	(26,077)	(18,400)	-	-	-	131,381	149,281
FY 2010/11	37,388	7,859	(26,411)	(18,552)	-	-	-	131,380	150,216
FY 2011/12	38,510	7,961	(26,754)	(18,793)	-	-	-	131,599	151,316

(1) Includes capital improvement projects and non-annual recurring expenses.

(2) Net of CCWA credits.

CCWA Variable O&M Charges

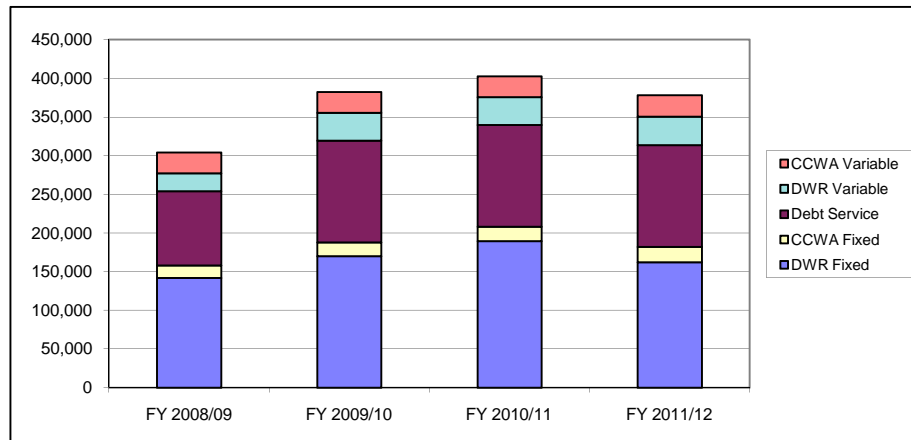
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	Regional WTP Modifications			Exchange Agreement Modifications			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2008/09	\$ 19,030	\$ 12,760	\$ 1,809	\$ (6,930)	\$ (5,121)	\$ -	\$ -	\$ -	\$ 26,669
FY 2009/10	19,601	12,760	1,564	(7,138)	(5,573)	-	-	-	26,787
FY 2010/11	20,189	12,760	1,556	(7,352)	(5,795)	-	-	-	27,153
FY 2011/12	20,794	12,760	1,603	(7,572)	(5,969)	-	-	-	27,585

DWR Charges

Total State Water Charges

Fiscal Year	DWR Fixed Costs ⁽³⁾	DWR Variable Costs	Total DWR Costs	CCWA		Debt Service	DWR Fixed	DWR Variable O&M	Total SWP Charges
				Fixed	Variable O&M				
FY 2008/09	\$ 141,739	\$ 23,380	\$ 165,119	\$16,354	\$ 26,669	\$95,786	\$ 141,739	\$ 23,380	\$ 303,928
FY 2009/10	169,987	36,233	206,219	17,900	26,787	131,381	169,987	36,233	382,287
FY 2010/11	189,294	35,985	225,279	18,837	27,153	131,380	189,294	35,985	402,648
FY 2011/12	162,106	36,997	199,103	19,717	27,585	131,599	162,106	36,997	378,004

(3) Net of DWR account interest income.



Central Coast Water Authority
FY 2008/09 Four Year Financial Plan
 Project Participant Payment Summary

Morehart Land Company

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)
April 1, 2008	\$ 13,307	59
June 1, 2008	\$ 253,879	n/a
July 1, 2008	\$ 11,519	50
October 1, 2008	\$ 13,506	60
January 1, 2009	\$ 11,717	51
April 1, 2009	\$ 16,742	59
June 1, 2009	\$ 319,268	n/a
July 1, 2009	\$ 14,521	50
October 1, 2009	\$ 16,989	60
January 1, 2010	\$ 14,768	51
April 1, 2010	\$ 16,639	59
June 1, 2010	\$ 339,510	n/a
July 1, 2010	\$ 14,404	50
October 1, 2010	\$ 17,188	60
January 1, 2011	\$ 14,907	51
April 1, 2011	\$ 17,028	59
June 1, 2011	\$ 313,422	n/a
July 1, 2011	\$ 14,730	50
October 1, 2011	\$ 17,584	60
January 1, 2012	\$ 15,240	51

Central Coast Water Authority
La Cumbre Mutual Water Company
 Four Year Financial Plan Charges

Table A Including Drought Buffer				1,100
Fiscal Year	Requested Deliveries	Exchange Deliveries	Actual Deliveries	
FY 2008/09	800	-	800	
FY 2009/10	800	-	800	
FY 2010/11	800	-	800	
FY 2011/12	800	-	800	

CCWA Fixed Charges

Fiscal Year	Fixed O&M Expenses ⁽¹⁾	Regional WTP Modifications			Exchange Agreement Modifications			Revenue Bond Debt Service ⁽²⁾	Fixed CCWA Charges
		Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	Capital Modifications	Fixed O&M Modifications	Total Exchange Modifications		
FY 2008/09	\$ 176,366	\$ 38,323	\$ (132,762)	\$ (94,439)	\$ -	\$ -	\$ -	\$ 523,198	\$ 605,125
FY 2009/10	181,657	38,386	(130,384)	(91,998)	-	-	-	628,998	718,657
FY 2010/11	187,107	39,295	(132,053)	(92,758)	-	-	-	628,990	723,339
FY 2011/12	192,720	39,807	(133,771)	(93,965)	-	-	-	630,040	728,795

(1) Includes capital improvement projects.

(2) Net of CCWA credits.

CCWA Variable O&M Charges

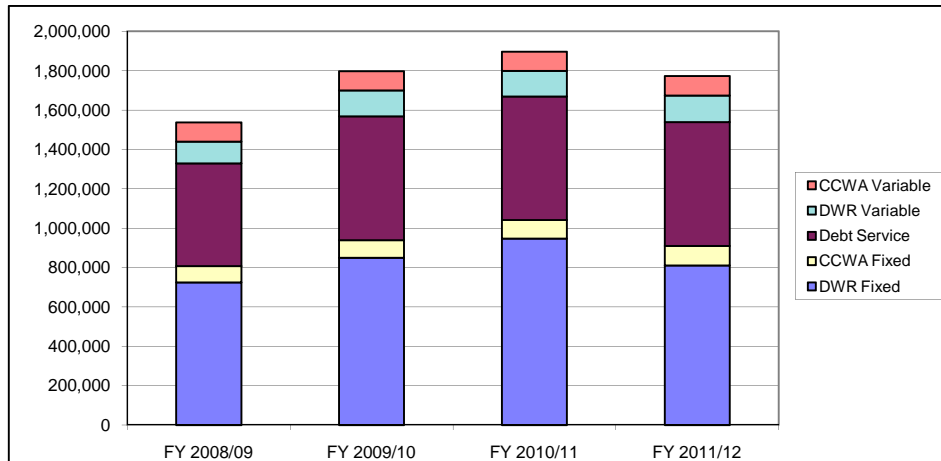
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	Regional WTP Modifications			Exchange Agreement Modifications			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2008/09	\$ 69,199	\$ 46,400	\$ 6,577	\$ (25,199)	\$ (18,621)	\$ -	\$ -	\$ -	\$ 96,977
FY 2009/10	71,275	46,400	5,688	(25,955)	(20,266)	-	-	-	97,408
FY 2010/11	73,413	46,400	5,659	(26,733)	(21,074)	-	-	-	98,739
FY 2011/12	75,615	46,400	5,829	(27,535)	(21,706)	-	-	-	100,309

DWR Charges

Total State Water Charges

Fiscal Year	DWR Charges			Total State Water Charges					
	DWR Fixed Costs ⁽³⁾	DWR Variable Costs	Total DWR Costs	CCWA Fixed	CCWA Variable O&M	Debt Service	DWR Fixed	DWR Variable O&M	Total SWP Charges
FY 2008/09	\$ 724,562	\$ 110,219	\$ 834,780	\$81,927	\$ 96,977	\$ 523,198	\$ 724,562	\$ 110,219	\$ 1,536,882
FY 2009/10	849,933	131,267	981,200	89,659	97,408	628,998	849,933	131,267	1,797,265
FY 2010/11	946,468	128,741	1,075,209	94,349	98,739	628,990	946,468	128,741	1,897,287
FY 2011/12	810,530	134,255	944,784	98,755	100,309	630,040	810,530	134,255	1,773,889

(3) Net of DWR account interest income.



Central Coast Water Authority
FY 2008/09 Four Year Financial Plan
 Project Participant Payment Summary

La Cumbre Mutual Water Company

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)
April 1, 2008	\$ 53,922	210
June 1, 2008	\$ 1,329,687	n/a
July 1, 2008	\$ 50,737	195
October 1, 2008	\$ 50,737	195
January 1, 2009	\$ 51,799	200
April 1, 2009	\$ 59,636	210
June 1, 2009	\$ 1,568,590	n/a
July 1, 2009	\$ 55,935	195
October 1, 2009	\$ 55,935	195
January 1, 2010	\$ 57,169	200
April 1, 2010	\$ 58,860	210
June 1, 2010	\$ 1,669,807	n/a
July 1, 2010	\$ 55,134	195
October 1, 2010	\$ 56,109	195
January 1, 2011	\$ 57,376	200
April 1, 2011	\$ 60,701	210
June 1, 2011	\$ 1,539,325	n/a
July 1, 2011	\$ 56,870	195
October 1, 2011	\$ 57,845	195
January 1, 2012	\$ 59,147	200

Central Coast Water Authority
Raytheon
 Four Year Financial Plan Charges

Table A Including Drought Buffer				55
Fiscal Year	Requested Deliveries	Exchange Deliveries	Actual Deliveries	
FY 2008/09	55	-	55	
FY 2009/10	55	-	55	
FY 2010/11	55	-	55	
FY 2011/12	55	-	55	

CCWA Fixed Charges

Fiscal Year	Fixed O&M Expenses ⁽¹⁾	Regional WTP Modifications			Exchange Agreement Modifications			Revenue Bond Debt Service ⁽²⁾	Fixed CCWA Charges
		Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	Capital Modifications	Fixed O&M Modifications	Total Exchange Modifications		
FY 2008/09	\$ 8,818	\$ 1,916	\$ (6,638)	\$ (4,722)	\$ -	\$ -	\$ -	\$ 19,485	\$ 23,581
FY 2009/10	9,082	1,919	(6,519)	(4,600)	-	-	-	27,502	31,985
FY 2010/11	9,355	1,965	(6,603)	(4,638)	-	-	-	27,502	32,219
FY 2011/12	9,635	1,990	(6,689)	(4,698)	-	-	-	27,548	32,485

(1) Includes capital improvement projects and non-annual recurring expenses.

(2) Net of CCWA credits.

CCWA Variable O&M Charges

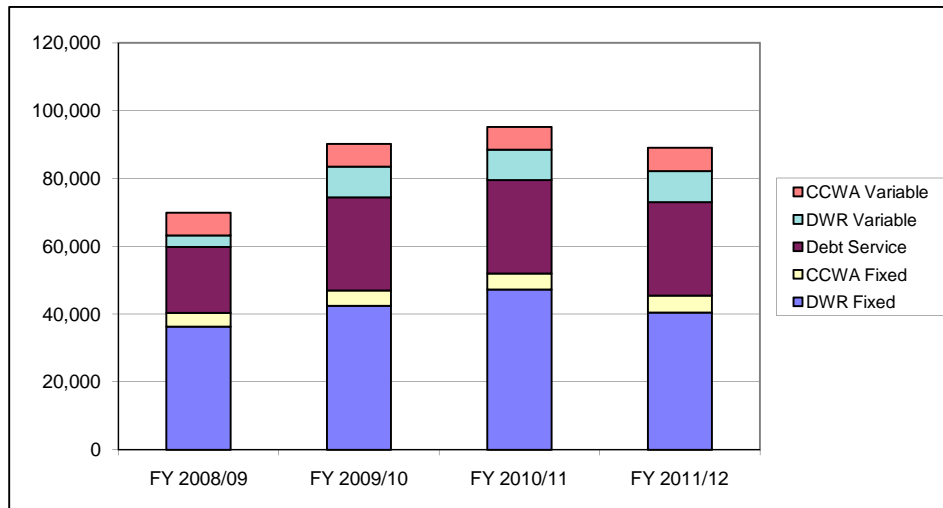
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	Regional WTP Modifications			Exchange Agreement Modifications			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2008/09	\$ 4,757	\$ 3,190	\$ 452	\$ (1,732)	\$ (1,280)	\$ -	\$ -	\$ -	\$ 6,667
FY 2009/10	4,900	3,190	391	(1,784)	(1,393)	-	-	-	6,697
FY 2010/11	5,047	3,190	389	(1,838)	(1,449)	-	-	-	6,788
FY 2011/12	5,199	3,190	401	(1,893)	(1,492)	-	-	-	6,896

DWR Charges

Total State Water Charges

Fiscal Year	DWR Fixed Costs ⁽³⁾	DWR Variable Costs	Total DWR Costs	CCWA Fixed	CCWA Variable O&M	Debt Service	DWR Fixed	DWR Variable O&M	Total SWP Charges
FY 2009/10	42,497	9,058	51,555	4,482	6,697	27,502	42,497	9,058	90,236
FY 2010/11	47,323	8,942	56,266	4,717	6,788	27,502	47,323	8,942	95,273
FY 2011/12	40,526	9,196	49,722	4,937	6,896	27,548	40,526	9,196	89,103

(3) Net of DWR account interest income.



Central Coast Water Authority
FY 2008/09 Four Year Financial Plan
 Project Participant Payment Summary

Raytheon

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)
April 1, 2008	\$ 3,951	23
June 1, 2008	\$ 59,882	n/a
July 1, 2008	\$ 2,708	15
October 1, 2008	\$ 379	0
January 1, 2009	\$ 3,019	17
April 1, 2009	\$ 6,221	23
June 1, 2009	\$ 74,481	n/a
July 1, 2009	\$ 4,247	15
October 1, 2009	\$ 546	0
January 1, 2010	\$ 4,741	17
April 1, 2010	\$ 6,209	23
June 1, 2010	\$ 79,542	n/a
July 1, 2010	\$ 4,222	15
October 1, 2010	\$ 496	0
January 1, 2011	\$ 4,804	17
April 1, 2011	\$ 6,364	23
June 1, 2011	\$ 73,011	n/a
July 1, 2011	\$ 4,321	15
October 1, 2011	\$ 490	0
January 1, 2012	\$ 4,917	17

Central Coast Water Authority
City of Santa Barbara
 Four Year Financial Plan Charges

Table A Including Drought Buffer				3,300
Fiscal Year	Requested Deliveries	Exchange Deliveries	Actual Deliveries	
FY 2008/09	1,295	(593)	702	
FY 2009/10	539	(539)	0	
FY 2010/11	509	(509)	(0)	
FY 2011/12	509	(509)	(0)	

CCWA Fixed Charges

Fiscal Year	Fixed O&M Expenses ⁽¹⁾	<i>Regional WTP Modifications</i>			<i>Exchange Agreement Modifications</i>			Revenue Bond Debt Service ⁽²⁾	Fixed CCWA Charges
		Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	Capital Modifications	Fixed O&M Modifications	Total Exchange Modifications		
FY 2008/09	\$ 528,008	\$ 92,256	\$ (319,596)	\$ (227,341)	\$ (44,317)	\$ (34,373)	\$ (78,690)	\$ 1,629,522	\$ 1,851,500
FY 2009/10	543,848	94,475	(320,898)	(226,423)	(40,288)	(29,967)	(70,255)	1,758,764	2,005,933
FY 2010/11	560,163	97,878	(328,923)	(231,045)	(38,069)	(29,166)	(67,236)	1,758,741	2,020,624
FY 2011/12	576,968	99,152	(333,203)	(234,051)	(38,069)	(30,041)	(68,111)	1,761,677	2,036,483

(1) Includes capital improvement projects and non-annual recurring expenses.

(2) Net of CCWA credits.

CCWA Variable O&M Charges

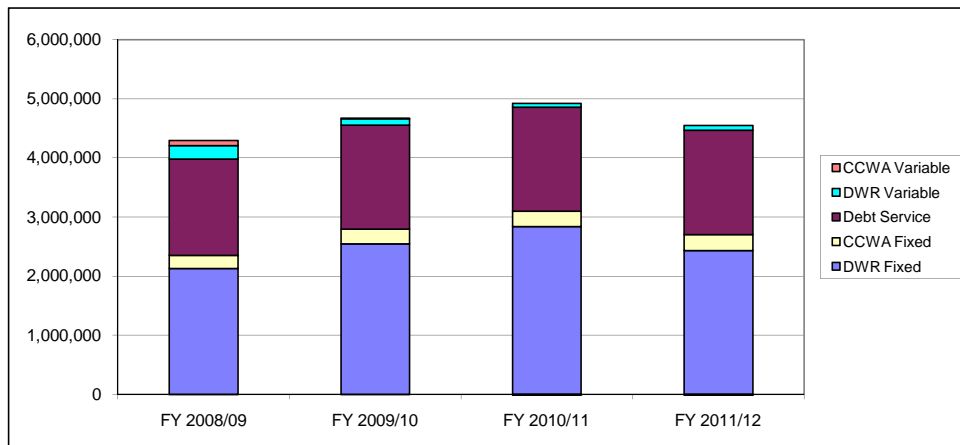
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	<i>Regional WTP Modifications</i>			<i>Exchange Agreement Modifications</i>		Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	
FY 2008/09	\$79,416	\$ 75,093	\$ 5,774	\$ (22,121)	\$ (16,347)	\$ (18,669)	\$ (34,377)	\$ 85,115
FY 2009/10	17,497	31,262	1	(6)	(4)	(17,481)	(31,252)	21
FY 2010/11	17,000	29,522	(1)	5	4	(17,014)	(29,531)	(19)
FY 2011/12	17,510	29,522	(1)	5	4	(17,525)	(29,531)	(20)

DWR Charges

Total State Water Charges

Fiscal Year	DWR Fixed Costs ⁽³⁾	DWR Variable Costs	Total DWR Costs	CCWA Fixed	CCWA Variable O&M	Debt Service	DWR Fixed	DWR Variable O&M	Total SWP Charges
	FY 2008/09	\$ 2,129,879	\$ 228,073	\$ 2,357,952	\$221,978	\$ 85,115	\$ 1,629,522	\$ 2,129,879	\$ 228,073
FY 2009/10	2,549,799	116,384	2,666,183	247,170	20.73	1,758,764	2,549,799	116,384.24	4,672,137
FY 2010/11	2,839,403	66,047	2,905,451	261,883	(19.38)	1,758,741	2,839,403	66,047.41	4,926,056
FY 2011/12	2,431,590	83,159	2,514,749	274,806	(19.69)	1,761,677	2,431,590	83,158.88	4,551,212

(3) Net of DWR account interest income.



Central Coast Water Authority
FY 2008/09 Four Year Financial Plan
 Project Participant Payment Summary

City of Santa Barbara

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)	Actual SWP Delivery (acre-feet)
April 1, 2008	\$ 181,066	821	525
June 1, 2008	\$ 3,981,379	n/a	n/a
July 1, 2008	\$ 68,014	239	176
October 1, 2008	\$ 22,898	42	1
January 1, 2009	\$ 41,210	193	1
April 1, 2009	\$ 45,902	269	0
June 1, 2009	\$ 4,555,732	n/a	n/a
July 1, 2009	\$ 19,551	58	0
October 1, 2009	\$ 17,065	38	1
January 1, 2010	\$ 33,888	174	(1)
April 1, 2010	\$ 30,796	244	(0)
June 1, 2010	\$ 4,860,028	n/a	n/a
July 1, 2010	\$ 7,044	53	1
October 1, 2010	\$ 5,344	38	1
January 1, 2011	\$ 22,844	174	(1)
April 1, 2011	\$ 35,657	244	(0)
June 1, 2011	\$ 4,468,073	n/a	n/a
July 1, 2011	\$ 10,952	53	1
October 1, 2011	\$ 9,176	38	1
January 1, 2012	\$ 27,354	174	(1)

Central Coast Water Authority
Montecito Water District
 Four Year Financial Plan Charges

Table A Including Drought Buffer				3,300
Fiscal Year	Requested Deliveries	Exchange Deliveries	Actual Deliveries	
FY 2008/09	3,300	(593)	2,707	
FY 2009/10	3,300	(539)	2,761	
FY 2010/11	3,300	(509)	2,791	
FY 2011/12	3,300	(509)	2,791	

CCWA Fixed Charges

Fiscal Year	Fixed O&M Expenses ⁽¹⁾	Regional WTP Modifications			Exchange Agreement Modifications			Revenue Bond Debt Service ⁽²⁾	Fixed CCWA Charges
		Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	Capital Modifications	Fixed O&M Modifications	Total Exchange Modifications		
FY 2008/09	\$ 528,767	\$ 92,256	\$ (319,596)	\$ (227,341)	\$ (44,317)	\$ (34,373)	\$ (78,690)	\$ 1,960,512	\$ 2,183,248
FY 2009/10	544,630	94,475	(320,898)	(226,423)	(40,288)	(29,967)	(70,255)	2,067,200	2,315,152
FY 2010/11	560,969	97,878	(328,923)	(231,045)	(38,069)	(29,166)	(67,236)	2,067,174	2,329,862
FY 2011/12	577,798	99,152	(333,203)	(234,051)	(38,069)	(30,041)	(68,111)	2,070,624	2,346,260

(1) Includes capital improvement projects.
 (2) Net of CCWA credits.

CCWA Variable O&M Charges

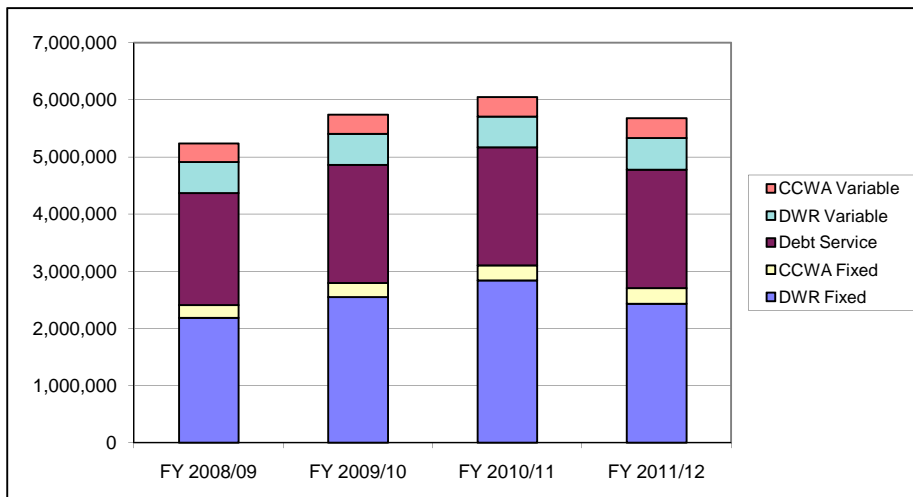
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	Regional WTP Modifications			Exchange Agreement Modifications		Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	
FY 2008/09	\$ 252,845	\$ 191,400	\$ 22,258	\$ (85,275)	\$ (63,017)	\$ (18,669)	\$ (34,377)	\$ 328,182
FY 2009/10	263,483	191,400	19,633	(89,581)	(69,949)	(17,481)	(31,252)	336,201
FY 2010/11	273,119	191,400	19,742	(93,260)	(73,518)	(17,014)	(29,531)	344,456
FY 2011/12	281,312	191,400	20,335	(96,058)	(75,723)	(17,525)	(29,531)	349,933

DWR Charges

Total State Water Charges

Fiscal Year	DWR Fixed Costs ⁽³⁾	DWR Variable Costs	Total DWR Costs	CCWA		Debt Service	DWR Fixed	DWR Variable O&M	Total SWP Charges
				Fixed	Variable O&M				
FY 2008/09	\$ 2,188,325	\$ 540,551	\$ 2,728,876	\$222,736	\$ 328,182	\$ 1,960,512	\$ 2,188,325	\$ 540,551	\$ 5,240,305
FY 2009/10	2,549,799	543,489	3,093,288	247,952	336,201	2,067,200	2,549,799	543,489	5,744,641
FY 2010/11	2,839,403	539,700	3,379,103	262,689	344,456	2,067,174	2,839,403	539,700	6,053,421
FY 2011/12	2,431,590	554,885	2,986,475	275,636	349,933	2,070,624	2,431,590	554,885	5,682,669

(3) Net of DWR account interest income.



Central Coast Water Authority
FY 2008/09 Four Year Financial Plan
 Project Participant Payment Summary

Montecito Water District

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)	Actual SWP Delivery (acre-feet)
April 1, 2008	\$ 242,995	1,020	724
June 1, 2008	\$ 4,371,572	n/a	n/a
July 1, 2008	\$ 183,773	630	567
October 1, 2008	\$ 246,952	900	859
January 1, 2009	\$ 195,013	750	558
April 1, 2009	\$ 251,714	1,020	751
June 1, 2009	\$ 4,864,951	n/a	n/a
July 1, 2009	\$ 181,193	630	572
October 1, 2009	\$ 250,267	900	863
January 1, 2010	\$ 196,516	750	575
April 1, 2010	\$ 252,969	1,020	776
June 1, 2010	\$ 5,169,266	n/a	n/a
July 1, 2010	\$ 179,781	630	578
October 1, 2010	\$ 253,192	900	863
January 1, 2011	\$ 198,213	750	575
April 1, 2011	\$ 259,263	1,020	776
June 1, 2011	\$ 4,777,850	n/a	n/a
July 1, 2011	\$ 183,736	630	578
October 1, 2011	\$ 259,056	900	863
January 1, 2012	\$ 202,763	750	575

Central Coast Water Authority
Carpinteria Valley Water District
 Four Year Financial Plan Charges

Table A Including Drought Buffer				2,200
Fiscal Year	Requested Deliveries	Exchange Deliveries	Actual Deliveries	
FY 2008/09	873	(395)	478	
FY 2009/10	657	(359)	298	
FY 2010/11	339	(339)	(0)	
FY 2011/12	339	(339)	(0)	

CCWA Fixed Charges

Fiscal Year	Fixed O&M Expenses ⁽¹⁾	Regional WTP Modifications			Exchange Agreement Modifications			Revenue Bond Debt Service ⁽²⁾	Fixed CCWA Charges
		Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	Capital Modifications	Fixed O&M Modifications	Total Exchange Modifications		
FY 2008/09	\$ 352,079	\$ 61,504	\$ (213,064)	\$ (151,560)	\$ (29,545)	\$ (22,915)	\$ (52,460)	\$ 1,073,706	\$ 1,221,765
FY 2009/10	362,641	62,983	(213,932)	(150,949)	(26,859)	(19,978)	(46,837)	1,181,810	1,346,665
FY 2010/11	373,520	65,252	(219,282)	(154,030)	(25,380)	(19,444)	(44,824)	1,181,795	1,356,461
FY 2011/12	384,726	66,101	(222,135)	(156,034)	(25,380)	(20,027)	(45,407)	1,183,767	1,367,052

(1) Includes capital improvement projects.

(2) Net of CCWA charges.

CCWA Variable O&M Charges

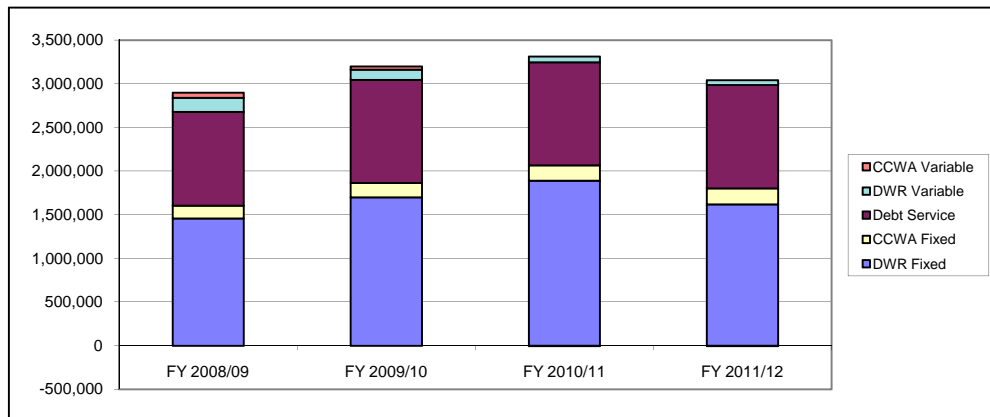
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	Regional WTP Modifications			Exchange Agreement Modifications		Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	
FY 2008/09	\$ 53,780	\$ 50,637	\$ 3,929	\$ (15,052)	\$ (11,123)	\$ (12,446)	\$ (22,918)	\$ 57,930
FY 2009/10	38,184	38,106	2,117	(9,661)	(7,544)	(11,654)	(20,835)	36,258
FY 2010/11	11,303	19,662	(3)	15	12	(11,343)	(19,687)	(54)
FY 2011/12	11,642	19,662	(3)	15	12	(11,683)	(19,687)	(55)

DWR Charges

Total State Water Charges

Fiscal Year	DWR Charges			Total State Water Charges					
	DWR Fixed Costs ⁽³⁾	DWR Variable Costs	Total DWR Costs	CCWA Fixed	CCWA Variable O&M	Debt Service	DWR Fixed	DWR Variable O&M	Total SWP Charges
FY 2008/09	\$ 1,458,713	\$ 159,412	\$ 1,618,124	\$ 148,058	\$ 57,930	\$ 1,073,706	\$ 1,458,713	\$ 159,412	\$ 2,897,818
FY 2009/10	1,699,866	116,189	1,816,055	164,856	36,258	1,181,810	1,699,866	116,189	3,198,978
FY 2010/11	1,892,936	65,433	1,958,368	174,667	(54)	1,181,795	1,892,936	65,433	3,314,776
FY 2011/12	1,621,060	55,382	1,676,442	183,285	(55)	1,183,767	1,621,060	55,382	3,043,439

(3) Net of DWR account interest income.



Central Coast Water Authority
FY 2008/09 Four Year Financial Plan
 Project Participant Payment Summary

Carpinteria Valley Water District

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)	Actual SWP Delivery (acre-feet)
April 1, 2008	\$ 91,118	421	224
June 1, 2008	\$ 2,680,477	n/a	n/a
July 1, 2008	\$ 31,344	94	52
October 1, 2008	\$ 26,406	66	39
January 1, 2009	\$ 68,474	292	164
April 1, 2009	\$ 91,076	423	244
June 1, 2009	\$ 3,046,531	n/a	n/a
July 1, 2009	\$ 26,789	93	55
October 1, 2009	\$ 11,642	25	0
January 1, 2010	\$ 22,940	116	(1)
April 1, 2010	\$ 25,974	163	0
June 1, 2010	\$ 3,249,397	n/a	n/a
July 1, 2010	\$ 9,974	35	0
October 1, 2010	\$ 8,839	25	0
January 1, 2011	\$ 20,591	116	(1)
April 1, 2011	\$ 23,853	163	0
June 1, 2011	\$ 2,988,112	n/a	n/a
July 1, 2011	\$ 7,213	35	0
October 1, 2011	\$ 6,028	25	0
January 1, 2012	\$ 18,233	116	(1)

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Appendix

The Appendix to the FY 2008/09 Budget contains miscellaneous statistical information on the CCWA, the CCWA Investment Policy and a glossary of terms.

Central Coast Water Authority
Miscellaneous Statistical Information
 Fiscal Year 2008/09 Budget

Form of government	Joint Powers Authority
Date of organization	August 1, 1991
Number of full-time equivalent positions	28.25
Polonio Pass Water Treatment Plant design capacity	43 million gallons per day <i>(50 mgd per amended permit from DHS)</i>
Authority pipeline (in miles)	42.5
Coastal Branch pipeline (in miles)	100.6
State water Table A amount	(acre-feet per year)
CCWA contract Table A amount	39,078
CCWA drought buffer	3,908
Goleta Water District additional Table A	<u>2,500</u>
TOTAL	45,486
FY 2006/07 Santa Barbara County estimated deliveries	27,408 acre-feet
San Luis Obispo State water Table A	4,289 acre-feet
FY 2006/07 estimated San Luis Obispo estimated deliveries	4,126 acre-feet
Amount of treated water storage in tanks	23.7 million gallons
Number of turnouts	10
Number of project participants	
Santa Barbara County	13
San Luis Obispo County	<u>11</u>
TOTAL	24
Estimated total population served by State water	
Santa Barbara County	340,000
San Luis Obispo County	<u>41,000</u>
TOTAL	381,000

CENTRAL COAST WATER AUTHORITY
STATEMENT OF INVESTMENT POLICY

I. PURPOSE:

This statement is intended to provide guidelines for the prudent investment of the Authority's cash balances, and outline the policies for maximizing the efficiency of the Authority's cash management system. The ultimate goal is to enhance the economic status of the Authority while protecting its assets.

II. SCOPE

It is intended that this policy cover all funds and investment activities under the direct authority of the Authority Board of Directors.

III. OBJECTIVES

- A. Safety. Safety of principal is the foremost objective of the Authority. Each investment transaction shall seek to first ensure that capital losses are avoided, whether they be from securities defaults or erosion of market value.

- B. Liquidity. An adequate percentage of the portfolio should be maintained in liquid short-term securities which can be converted to cash if necessary to meet cash requirements.

- C. Yield. Yield shall become a consideration only after the basic requirements of safety and liquidity have been met.

- D. Market-Average Rate of Return. The investment portfolio shall be designed to attain a market-average rate of return throughout budgetary and economic cycles, taking into account the Authority's risk constraints, the cash flow characteristics of the portfolio, and State and local laws, ordinances or resolutions that restrict investments.
- E. Diversification. The investment portfolio will be diversified to avoid incurring unreasonable and avoidable risks regarding specific security types or individual financial institutions.
- F. Prudence (Civil Code #2261). The standard of prudence to be used by investment officials shall be the "prudent investor" per Government Code section 53600.3 which states: "care, skill, prudence and diligence under the circumstances then prevailing, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency". This "Prudent Investor Standard" shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided that deviations from expectation are reported in a timely fashion, and appropriate action is taken to control adverse developments.
- G. Public Trust. All participants in the investment process shall act as custodians of the public trust. Investment officials shall recognize that the investment portfolio is subject to public review and evaluation. The overall program shall be designed and managed with a degree of professionalism that is worthy of the public trust. In a diversified portfolio it must be recognized that occasional measured losses are inevitable, and must be considered within the context of the overall portfolio's investment return, provided that adequate diversification has been implemented.

IV. DELEGATION OF AUTHORITY:

- A. Investment Officer. Management responsibility for the investment program is hereby delegated to the Treasurer, who shall establish written procedures for the operation of the investment program, consistent with this policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Treasurer. The Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

- B. Investment Oversight Committee. The Authority Finance Committee shall serve as the Investment Oversight Committee. The purpose of the Committee is to: (1) review the investment practices used by the Investment Officer for compliance with the investment policy and written procedures, (2) analysis of the quarterly Treasurer's report for adherence to established guidelines, and (3) advise Authority Board of Directors of any deviations from guidelines or any practices which are deemed to be imprudent for a public agency.

V. INTERNAL CONTROLS:

The Investment Officer shall establish a system of internal controls which shall be documented in writing. The internal controls shall be reviewed with the independent auditor. The controls shall be designed to prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent action by employees and officers of the Authority.

VI. REPORTING:

The Investment Officer shall submit monthly to the Board an investment report that summarizes all securities. For those securities with a maturity of more than 12 months, the type of investment, institution, date of maturity, investment amount, market value, and yield will also be provided. The Investment Officer shall also provide, on a quarterly basis, a statement of compliance of the portfolio with the Statement of Investment Policy and a statement of the Authority's ability to meet the expenditure requirements for the next six months.

VII. APPROVED INSTRUMENTS:

The Authority shall be governed by the California Government Code, Sections 53600 et seq. Where this policy specifies a percentage limitation for a particular category of investment, that percentage is applicable only at the date of purchase. Within the context of these limitations, the following investments are authorized, provided, however, that where there is no limitation on the term of the investment, no investment shall be made in any security which, at the time of the investment, has a term remaining to maturity in excess of 5 years, unless specifically exempted in Section X of this Investment Policy or the Board has granted express authority to make that investment no less than 3 months prior to the investment:

- (a) United States notes, bonds, bills, or certificates of indebtedness, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest.
- (b) Obligations issued by government sponsored corporations such as the Federal Farm Credit Bank System (FFCB), the Federal Home Loan Bank Board (FHLB), and the Federal National Mortgage Association (FNMA).

- (c) Commercial paper of prime quality of the highest ranking or of the highest letter and numerical rating as provided by Moody's Investors Service, Inc. or Standard and Poor's Corporation. Eligible paper is further limited to issuing corporations that are organized and operating within the United States and having total assets in excess of five hundred million dollars and have a rating of A-1+ by Standard & Poor's Corporation and P-1 by Moody's Investors Service and which matures not more than 270 days after the date of purchase. Purchases of commercial paper may not exceed 25 percent of the Authority's surplus money invested.

Commercial paper investments with one company may not exceed one-third (33 1/3%) of total commercial paper investments.

- (d) Time deposits. The Authority may invest in non-negotiable Certificates of Deposit at commercial banks and savings and loan associations that are collateralized in accordance with the California Government Code.
- (e) Local Agency Investment Fund. The Authority may invest in the Local Agency Investment Fund (LAIF) established by the State Treasurer up to the maximum permitted by State law.
- (f) Money market funds rated "AAAm" or AAAM-G" or better by Standard & Poor's Corporation.

VIII. DEPOSITORIES:

The Treasurer will establish selection criteria for pre-approval of institutions to do business with. To qualify for selection, an institution must have an office in California. A written listing of approved institutions will be maintained by the Investment Officer.

IX. BROKER/DEALERS:

To provide for the optimum yield in the investment of the Authority's funds, the Authority's investment procedures shall be designed to encourage competitive bidding on transactions from approved brokers/dealers. In order to be approved by the Authority, the dealer must be a primary dealer reporting to the New York Federal Reserve, unless a comprehensive credit and capitalization analysis reveals that the firm is adequately financed to conduct public business; the dealer must be experienced in institutional trading practices and familiar with the California Government Code as related to investments; and other criteria as may be established in the investment procedures.

X. MATURITY RESTRICTIONS:

In addition to the 5 year limitation on investments specified in this policy, the average maturity of the Authority's combined portfolio shall not exceed 2 years without prior approval of the Board (for a specified period). Reserve Fund investments are exempt from this restriction; however, reserve fund investment maturities shall be limited to or prior to final maturity of the Authority's Bond Financing.

XI. RISK TOLERANCE

The Authority recognizes that investment risks can result from issuer defaults, market price changes or various technical complications leading to temporary illiquidity. Portfolio diversification is employed as a way to control risk. The Investment Officer is expected to display prudence in the selection of securities as a way to minimize default risk. No individual investment transaction shall be undertaken which jeopardizes the total capital position of the overall portfolio. The Investment Officer shall periodically establish guidelines and strategies to control risks of default, market price changes and illiquidity. In addition to these general policy considerations, the following specific policies will be strictly observed.

XII. SAFEKEEPING AND CUSTODY:

To protect against potential fraud and embezzlement, the assets of the Authority shall be secured through third-party custody and safekeeping procedures. The Investment Officer shall be bonded to protect the public against possible embezzlement and malfeasance. Safekeeping procedures shall be reviewed annually by the independent auditor and any irregularities noted should be reported promptly to the Treasurer and the Board.

XIII. PERFORMANCE EVALUATION AND OPERATIONS AUDIT:

The monthly investment reports submitted to the Board shall contain sufficient information to permit an independent organization to evaluate the performance of the investment program.

XIV. ETHICS:

All persons authorized to place or approve investments shall report annually on Form 700 of the Fair Political Practices Commission all required economic interests for that year.

XV. UPDATE OF POLICY:

This investment policy shall be reviewed at least annually to ensure its consistency with the overall objectives of preservation of principal, liquidity, and return, and its relevance to current law and financial and economic trends.

Central Coast Water Authority
Glossary of Terms
Fiscal Year 2008/09 Budget

A

Account - A record of a business transaction; a reckoning of money received or paid.

Accounting System - The total structure of records and procedures which discover, record, classify, summarize, and report information on the financial position and results of operations of a government entity.

Accrual - The recognition of a revenue or expense in a budget year even though the actual cash may not be received or paid until the following budget year.

Acre-Foot of Water - The volume of water that would cover one acre to a depth of one foot.

Adoption - Formal action by the Board of Directors which sets the spending limits for the fiscal year.

Advance Refunding - A defeasance of outstanding debt prior to the date the bonds can be called by depositing cash and/or securities in escrow sufficient to pay all principal and interest payments and the call premium, if any, when due. All covenants and restrictions are released.

Amortization - Gradual reduction, redemption, or liquidation of the balance of an account according to a specified schedule of times and amounts.

Aqueduct - A canal for conveying a large amount of water.

Assets - Resources owned or held by a government which have monetary value.

B

Bond Call - Bonds that are redeemable by the issuer prior to the specified maturity date at a specified price at or above par.

Budget - The Authority's financial plan balancing proposed expenditures for a certain period of time to the expected income or revenue for that same period.

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C

Capital Improvements - Expenditures for items or projects which usually have an estimated useful life longer than five (5) years and will benefit the Authority for a long period of time.

Capitalized Interest - Funds provided from the proceeds of an issue to cover interest payments until revenue sources to repay the debt are available.

Carry-Over - The term used to denote amounts which were expected to be expended during one fiscal year on a contract or obligation but were not expended for various reasons. Amounts are "carried over" into the subsequent fiscal year.

Coastal Branch Phase II - A 102-mile long buried pipeline, and ancillary facilities, extending from Devils Den (Kern County) to Tank 5 on Vandenberg Air Force Base (Santa Barbara County).

Coverage - The margin of safety for payment of debt service, reflecting the number of times by which earnings for a period of time exceed debt service payable in such a period.

D

Debt - An obligation resulting from the borrowing of money or from the purchase of goods and services. These include bonds and accounts payable.

Defeasance - To set aside sufficient money to retire outstanding debt when due. A full defeasance results in release from covenants and contractual obligations contained in the bond documents.

Deficiency - A general term indicating the amount by which anything falls short of some requirement of expectation.

Deficit - The excess of expenditures over revenues during an accounting period.

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

Department of Water Resources - The state agency responsible for financing, constructing and operating State Water Project facilities.

Depreciation - An element of cost resulting from the service of long-lived assets in an economic organization and represents the loss in asset value because of wear,

Central Coast Water Authority
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deterioration, obsolesce or action of the physical elements. In this budget, no specific depreciation schedule or funding of depreciated assets is provided.

Drought Buffer - A portion of the Authority's State water entitlement (3,908 AF) which is being utilized to firm up the reliability of each Santa Barbara County project participant's Water Supply Agreement entitlement allocation.

E

Enterprise Fund - A fund established to account for the financing of self-supporting enterprises, such as a utility fund, which render services primarily to the public.

Entity - The basic unit upon which accounting and/or financial reporting activities focus.

Expenditures - A decrease in net financial resources.

F

Financing Participant - An Authority or San Luis Obispo County project participant that participated in the 1992 CCWA Revenue Bond and 1996 CCWA Refunding Revenue Bond issues.

Financial Reaches - Segments of the CCWA and DWR pipeline from or through which project participants receive water.

Fiscal Year - A twelve-month period of time to which the annual budget applies and, at the end of which a governmental unit determines its financial position and the results of its operations.

Fixed Asset - Assets of a long-term character which are intended to continue to be held or used, such as land, buildings, improvements other than buildings, machinery and equipment.

Fixed O&M Costs - Operating and maintenance expenses charged to the project participants which do not vary with the amount of water delivered to the project participant.

Fixed Project Costs - Capital costs, including Debt Service, reserves for the payment of debt service, and other payments under the bond resolution which do not vary with the amount of water delivered to the project participant.

G

General Fund - The Authority's cash balance net of reserve balances.

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J

Joint Powers Authority - A public authority created by a joint exercise of powers agreement between any two or more governmental agencies. The authority may be given power to perform any function which all parties to the agreement are empowered to perform and which will be of benefit to all parties.

L

Line Item - Expenditure classifications established to account for and budget the appropriations approved.

Water Treatment and Local Facilities Agreements - Agreements, dated as of March 1, 1992, by and between San Luis Obispo County Flood Control and Water Conservation District and various San Luis Obispo County project participants.

M

Maintenance - The upkeep of physical properties in condition for use or occupancy. Examples are the inspection of equipment to detect defects and the making of repairs.

Master Water Treatment Agreement - Agreement, dated as of March 1, 1992, by and between the Authority and San Luis Obispo County Flood Control and Water Conservation District.

Modified Accrual Basis - The accrual basis of accounting adapted to the governmental fund type. Revenues are recognized when they become both “measurable” and “available to finance expenditures of the current period.” Expenditures are recognized when the liability is incurred.

Monterey Agreement - The agreement which formed the basis for the Monterey amendments to the State Water Contract that includes, among other provisions, the addition of Articles 51 through 56.

MOU Trust Fund - A trust fund established under a memorandum of understanding (July 6, 1995 effective date) by and between the Authority, Cachuma Project Authority (i.e., Cachuma Operations and Maintenance Board) and the United States of America, acting through the Bureau of Reclamation. The trust fund is funded by \$43/AF payments to the Cachuma Operations and Maintenance Board for State water wheeled through Cachuma Project facilities.

Municipal - In its broadest sense, an adjective which denotes the state and all subordinate units of government.

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O

Obligations - Amounts which a government may be legally required to meet out of its resources. They include not only actual liabilities, but also encumbrances not yet paid.

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

Operating Expenses- All costs associated with doing the day-to-day business of the Authority which are not considered capital improvements or debt repayments.

P

Pass-Through Charges - Charges from DWR and the United States Bureau of Reclamation which are paid by the project participants. The charges are not expenses of the Authority but are charged and paid by the Authority.

Polonio Pass Water Treatment Plant - A 43 million gallon per day treatment plant which treats all State water delivered to San Luis Obispo and Santa Barbara Counties.

Projected - An estimate of revenues and expenditures based on past trends, the present economic situation and future financial forecasts.

Project Participant - Each entity which has executed a Water Supply Agreement with the Authority.

Proprietary Fund - A method of accounting for a government's ongoing organizations and activities that are similar to those often found in the private sector.

R

Rate Management Funds Credit - Reductions in DWR charges commencing in 1997. The credit was implemented as a result of the Monterey amendments to the State Water Contract.

Reach - see "Financial Reach"

Regional Water Treatment Plant Allocation - A formula adopted by the Authority Board of Directors (Resolutions 92-16 and 95-13) which allocates certain Fixed Project, Fixed O&M and Variable O&M treatment plant costs from South Coast project participants to all other Authority project participants. The purpose of the allocation is to subsidize the South Coast project participants' costs of retreating State water to ensure they realize their share of the financial benefit to all project participants associated with the economies of building and operating only one treatment plant for State water.

Reserves - A budgeted amount to be set aside in an account for future use.

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Resolution - A special or temporary order of a legislative body; an order of a legislative body requiring less legal formality than an ordinance or statute.

Revenue - An inflow of assets, not necessarily in cash, in exchange for services rendered.

Revenue Bond - A bond payable solely from net or gross non ad valorem tax revenues derived from general fund revenues, tax increment revenues, or tolls, charges or rents paid by users of the facility constructed with the proceeds of the bond issue.

Right of Way - A legal right of passage over another person's ground.

S

Santa Ynez Exchange Agreement - An agreement, date as of February 1, 1993, by and between Carpinteria County (Valley) Water District, Central Coast Water Authority, Goleta Water District, La Cumbre Mutual Water Company, Montecito Water District, Santa Ynez River Water Conservation District, Improvement District #1 (SYID#1), Summerland Water District and the City of Santa Barbara entitled "Santa Ynez River/State Water Project Exchange Agreement." Among other things, this agreement provides for the exchange of SYID#1's Cachuma Project entitlement for a like amount of State water that would otherwise be delivered to the other South Coast project participants which are signatory to the agreement.

SCADA System - "Supervisory Control and Data Acquisition" System. The computer system which collects data, processes the data and corrects and/or instructs the operators on corrective actions to take.

State Water Project - The largest state-built, multipurpose water project in the nation. It extends for more than 600 miles. Its main purpose is water supply - to store surplus water during wet periods and distribute it to areas of need in northern California, the San Francisco Bay area, the San Joaquin Valley and Southern California. Other functions include flood control, power generation, recreation, and fish and wildlife enhancement.

T

Table A Amount - The maximum amount of State Water Project water to be made available annually by DWR to the Authority at various delivery structures (i.e. turnouts) under the terms of the State Water Contract.

Central Coast Water Authority

Glossary of Terms

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Table A Reduction - Elections by certain project participants to temporarily decrease their State water entitlement allocation. This election is for a minimum of five years and eliminates the Delta Water Charge associated with the amount of State water entitlement that has been reduced.

Transportation Capital Costs - Capital costs charged by DWR for the use of facilities to transport water to the vicinity of each State water contractor's turnout.

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

Turnback Pool Reduction - Elections by project participants to "turnback" a portion of their State water in a given year.

Turnout - A delivery structure which includes metering and valve facilities through which State water is delivered from the CCWA or DWR pipeline to a project participant's delivery system.

V

Variable O&M Charges - Operations and maintenance expenses which vary directly in proportion to the amount of water delivered to a project participant.

W

Warren Act Charges - Wheeling charges required under a July 25, 1995 contract between the United States and the Central Coast Water Authority. The \$15/AF charge is payable to the Bureau of Reclamation (and recovered into the Reclamation Fund) for State water wheeled through Cachuma Project facilities.

Water Supply Agreement - An agreement between the Authority and each project participant to, among other things, sell State water entitlement allotment and provide for financing of the Authority facilities.

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

THE STATE WATER PROJECT IN SANTA BARBARA COUNTY

Introduction

The water treatment and conveyance facilities built between 1993 and 1997 to bring State water to Santa Barbara and San Luis Obispo Counties comprise the most ambitious and complex public works project ever constructed on California's Central Coast. The project consists of (1) water conveyance facilities built by the California Department of Water Resources (State) and (2) regional distribution and treatment facilities constructed by a cooperative group of local water agencies and cities operating as the Central Coast Water Authority (CCWA).

This significant water project was conceived and constructed amidst intense political controversy. It faced and overcame daunting engineering and environmental challenges. It was completed because a remarkable and steadfast collection of water leaders made sure that it was going to be completed, despite the obstacles. By employing an intensive management approach, the project was completed very close to the original schedule and delivers water at the price (as adjusted for inflation) projected in the planning documents.

This paper is a summary of the essential facts concerning the State Water Project in Santa Barbara County, and was prepared as information for the public. The information presented was derived from CCWA official records, which are available for public review.

History of the State Water Project

It is common knowledge that California's fundamental water supply challenge is that the major sources of water are found in northern California while the major urban and agricultural demands are located in central and southern California. To address this challenge, the voters and the Legislature authorized construction of extensive water conservation and delivery systems known as the Central Valley Project in 1930 and the State Water Project (SWP) in 1960.

Since 1963 the State has constructed most of the SWP elements: Oroville Dam, facilities to convey the water from Lake Oroville to the Sacramento Delta, an elaborate system of pumps and other facilities to move water out of the Delta, including 660 miles of canals and pipelines, and a complex of regulating reservoirs (see Figure 1). The State has designed, engineered and constructed all of these facilities, and operates and maintains them, with funds received from its 29 contractors (see Figure 2).

Construction of the SWP was financed in large part by \$1.75 billion of general obligation bonds issued pursuant to the Burns-Porter Act and approved by California voters in 1960. The Act directs the State to enter into water contracts for the sale, delivery or use of SWP water, and 29 such contracts now exist. Prior to the 1960 election, the State published Contracting Principles containing rules for implementing the water contracts required under the Act. The Contracting Principles provide that contract rates should be set so as to return to the State “. . . all costs of project operation, maintenance and replacement, all principal and interest on (1) bonds, (2) expenditures from the California Water Fund and (3) other monies used in the construction of the project works.”

Thus, from the very inception of the SWP, it was the intent of the Legislature that 100% of the costs associated with the purchase of SWP water, including construction costs, be passed through to purchasers of water. The State finances, designs, constructs and owns this extensive system; the water contractors purchase water from the State under "take or pay" contracts under which the State recovers all of its costs.

The State Water Project in Santa Barbara County

The Early Years

In 1963, anticipating a future need for supplemental water supplies, the Santa Barbara County Flood Control and Water Conservation District (Santa Barbara County) entered into a Water Supply Contract (State Contract) with the State. Under the State Contract, water would be delivered to Santa Barbara County through the "Coastal Branch" of the SWP. Phase I of the Coastal Branch, a 15-mile aqueduct branching off the California Aqueduct in northwestern Kern County, was completed in 1968. Construction of the remainder of the Coastal Branch (designated "Phase II") was postponed from 1975 to 1991. This postponement in construction was permitted pursuant to Paragraph 45(e) of the State Contract, which allowed Santa Barbara and San Luis Obispo Counties to delay construction indefinitely.

In March 1979 Santa Barbara County presented its voters with a ballot measure authorizing the issuance of revenue bonds in an amount not to exceed \$102 million to construct local facilities "to import and distribute" SWP water. Rainfall was heavy for several years preceding the vote and, as a result, Lake Cachuma was at or near capacity. For this and other reasons, Santa Barbara County voters defeated that ballot measure.

The 1980's and 1990's

Even though construction of the Coastal Branch Phase II project was delayed under Article 45(e) of the State Contract, during the delay period Santa Barbara County was still obligated to make certain payments to the State related to facilities (such as the Oroville Dam and the California Aqueduct) which had already been built and which would be part of the delivery system that eventually would convey SWP water to the Central Coast. Before and after the 1979 election, many in Santa Barbara County questioned whether Santa Barbara County should continue to make payments under the State Contract. A number of water purveyors concluded it would be prudent for the County to continue to retain its entitlement and make payments to the State. The County was willing to retain the entitlement, but only if the associated costs were shifted from the countywide tax base to the ratepayers in those jurisdictions which wanted to keep the option to join the SWP. Beginning in 1982, Santa Barbara County entered into a series of Water Supply Retention Agreements (WSRAs) with various water purveyors for the purpose of shifting responsibility for such State payments from the County taxpayers to individual purveyors and their ratepayers. The WSRAs included a provision stating that no revenue bond financing for project facilities could be issued unless authorized by a vote of the people within the jurisdiction of each participating purveyor.

In 1983, Santa Barbara County, San Luis Obispo County Flood Control and Water Conservation District (SLO County) and the State commenced joint studies which found that additional water was needed for the two counties. The studies concluded that water use in 1980 exceeded dependable water supply by about 65,000 acre-feet per year in Santa Barbara County and by about 70,000 acre-feet per year in San Luis Obispo County. This shortage was being met by long-term overdraft of local groundwater basins.

The chronic overdraft of the local groundwater basins presented a serious environmental threat. Since many of these groundwater basins are adjacent to the ocean, the risk of saltwater intrusion and permanent damage to groundwater basins weighed on the minds of local water officials. In addition, reports from other areas in California (including some from San Luis Obispo County) indicated that groundwater overdrafting was causing surface soil subsidence. Local water agencies understood the significant environmental benefits that could be derived by reducing groundwater "mining" by diversifying water supplies to include imported water.

In 1985 the State, in conjunction with Santa Barbara County, completed a major "Alternatives Study" regarding the feasibility and costs of various supplemental sources of water supply for Santa Barbara County. This study determined that supplemental water from an enlarged Lake Cachuma was the preferred alternative for the Santa Ynez Valley and the South Coast, while SWP water was preferred for the cities of Lompoc, Santa Maria and other north County entities.

In 1986 the City of Santa Maria requested Santa Barbara County to ask the State to begin the planning and environmental studies, including preparation of an environmental impact report (EIR), needed to build the Coastal Branch Phase II project. In the same year, Santa Ynez River Water Conservation District, Improvement District No. 1 and the South Coast water purveyors asked the State and the United States Bureau of Reclamation to begin a study for enlarging Lake Cachuma. This alternative involved several environmental concerns that raised doubts about its ultimate feasibility.

In June 1990 DWR prepared and circulated a draft environmental impact report (DEIR) on the Coastal Branch Phase II project, pursuant to the California Environmental Quality Act, Public Resources Code Section 21091 (CEQA). Under CEQA, one purpose of a DEIR is to publicly disclose the impact, both environmental and financial, of a proposed project. The Coastal Branch DEIR was the subject of numerous public meetings in Santa Barbara County.

In May 1991 DWR issued the final environmental impact report (FEIR) for the Coastal Branch Phase II project and the Mission Hills Extension. The FEIR was sent to all of the potential participating water purveyors.

On June 4, 1991, during the 1987-1992 drought, the elections required by the WSRAs were held in 14 Santa Barbara County cities, communities, and water districts on a State water ballot measure. The measure asked whether voters in each city or district would approve issuance of revenue bonds to finance local facilities needed to treat and distribute SWP water once the State completed construction of the Coastal Branch Phase II project. Voters in eleven cities and districts approved the bond measures.

The Central Coast Water Authority

Early Activities

In September 1991, following the voter authorization to finance revenue bonds, CCWA was formed to construct, manage and operate Santa Barbara County's "local facilities" for distribution and treatment of State water. Upon its formation, CCWA immediately accepted assignment of the WSRA obligations by executing Water Supply Agreements (WSA) with the contractors. As a result, CCWA became obligated to pay all State costs charged to Santa Barbara County under the State Contract. This obligation was clarified in a single document (instead of eleven) when CCWA and Santa Barbara County entered into a Transfer of Financial Responsibility Agreement on November 12, 1991.

During the early months of its existence, CCWA successfully resolved a number of issues of regional significance. For example, the CCWA members agreed on a cost allocation mechanism to equitably apportion the capital and operating costs of the Polonio Pass Water Treatment Plant among those contractors which would take direct deliveries of treated water (such as Santa Maria) and those which would not (such as Santa Barbara, which receives SWP water through Lake Cachuma). They also agreed to save capital costs by acquiring from one of its members an existing water pipeline which had been built in the 1960's to deliver Lake Cachuma water to the Santa Ynez Valley; that acquisition required an exchange of SWP water for Cachuma water to be equitable to all parties. Finally, they agreed on a mechanism to reapportion the costs incurred between 1985 and 1991 by the parties who had paid for environmental and feasibility studies of the Coastal Branch so that they would be equitably shared by all project participants.

At its formation, CCWA was composed of nine member water purveyors. It has identical WSAs with its members and additional WSAs to deliver water to certain other contractors (i.e., Vandenberg Air Force Base, Golden State Water Company (formerly, Southern California Water Company), La Cumbre Mutual Water Company and two other private entities). It was originally responsible for construction and operation of the 42 mile buried pipeline from Vandenberg Air Force Base to Lake Cachuma (i.e., the Mission Hills and Santa Ynez Extensions) and the 43 million gallon per day Polonio Pass Water Treatment Plant. The State was originally responsible for construction, management and operation of the 101-mile Coastal Branch Phase II project, which extends from northwest

Kern County to Vandenberg Air Force Base, and for delivering SWP water to the local facilities.

Since SWP water is delivered from sources hundreds of miles away, the largest part of the delivery costs are “fixed” in the form of costs to finance, build and operate the dams, reservoirs, aqueducts and pipelines to conserve and transport the water. As previously noted, the State recoups these costs, whether or not water is actually delivered. Thus, a water purveyor signing up for SWP water must agree to a “take or pay” contract under which certain (i.e., fixed) costs must be paid each year, irrespective of how much water the State can deliver, and how much water the purveyor actually needs in a given year.

Project Financing, Development and Implementation

In May 1992 CCWA issued “Development Notes” in the principal amount of \$23,760,000 for the purpose of securing funds to initiate design, engineering, planning, and related activities. In connection with the note issue, CCWA published an Official Statement containing information about each of the Santa Barbara County public agencies that would be receiving water through the CCWA constructed facilities.

During 1992, CCWA worked closely with the State on the design and engineering of the Coastal Branch Phase II project. This coordination included intensive discussions concerning the location of the Coastal Branch terminus. The 1963 State Contract showed the Coastal Branch terminating at the Santa Maria River, which is the boundary line between Santa Barbara and San Luis Obispo Counties. This terminus location, while geographically logical, turned out to pose problems from an engineering perspective. In light of these practical problems, CCWA and the State agreed that the terminus should be shifted 15 miles south to a location on Vandenberg Air Force Base, approximately 3 miles from the town of Casmalia.

This decision to move the Coastal Branch Phase II terminus was incorporated into a September 21, 1992 amendment to the State Contract, which was approved at public meetings by the CCWA Board of Directors and Santa Barbara County Board of Supervisors. The effect of this change was to shift from CCWA to the State the obligation to build this 15-mile pipeline reach. CCWA believed this decision was financially advantageous to CCWA project participants, since the State would be able to build this

section with State revenue bond funds borrowed at interest rates lower than those available to CCWA and would provide SWP power for a proposed pumping plant in that reach.

In October 1992, CCWA issued \$177,120,000 in revenue bonds for the purpose of securing funds to design and construct the local facilities. In connection with the bond issue, CCWA published an Official Statement containing information about each of the Santa Barbara and San Luis Obispo County public agencies which would be receiving water through those facilities. (In November 1996, CCWA refinanced the 1992 water revenue bond issue resulting in debt service savings of almost \$400,000 per year. The principal amount of the refunding bonds was \$198,015,000. In September 2006, CCWA refinanced the 1996 revenue bond issue resulting in debt service savings of approximately \$350,000. The principal amount of the refunding bonds was \$129,190,000)

On May 27, 1993 CCWA made the necessary determinations and findings to permit final sizing of the facilities. It amended those findings and determinations in 1994, so that the final sizing was based on 42,986 acre-feet of water per year, which consists of 39,078 acre-feet per year of contract allocations and 3,908 acre-feet per year of "drought buffer" (the purpose of drought buffer entitlement is to firm up the reliability of the contract allocations in those years when full SWP deliveries are not available). On March 16, 1993 SLO County made the requisite determinations and findings regarding its participation, and decided to take 4,830 acre-feet of water per year.

In March 1994, the State commenced construction of the Coastal Branch Phase II facilities. CCWA started construction of its facilities a few months later in July 1994. Pages 288 and 289 contain project maps depicting the facilities constructed by the State, CCWA and various project participants. Table 1 contains technical and other data regarding project facilities.

The Coastal Branch Phase II pipeline is a 101-mile long buried pipeline extending from Devils Den to Tank 5 on Vandenberg Air Force Base in Santa Barbara County. The State pipeline consists of 57-inch diameter pipe at Devils Den, reducing to a 42-inch diameter south of the City of Arroyo Grande. There are three 10,500 horsepower pumping plants – the Devils Den, Bluestone and Polonio Pass Pumping Plants – to lift water 1,500 feet in elevation from Devils Den to Tank 1. The project also includes three water tank sites. There were approximately 30 contracts for procurement of materials and construction of the State's portion of the project.

In order to bring water to the residents of the South Coast of Santa Barbara County (including the communities of Carpinteria, Goleta, Montecito and Santa Barbara), it was

necessary for CCWA to design and build a 42-mile extension of the Coastal Branch. The 30-39 inch diameter CCWA pipeline starts at Vandenberg Air Force Base, travels past Vandenberg Village and the City of Lompoc, through the cities of Buellton and Solvang and terminates at Lake Cachuma, a reservoir on the Santa Ynez River built in the 1950's by the federal government to provide drinking water to South Coast and Santa Ynez Valley residents.

CCWA also constructed a 43 million gallon per day water treatment plant at Polonio Pass. The site was chosen because the project planners determined a single water treatment plant near the upstream end of the Coastal Branch would offer economies of scale to the 24 project participants, as compared to building a series of smaller plants serving individual participants.

Avoiding delay was a key goal which CCWA pursued throughout the planning and construction of the project, because CCWA estimated that delay would cost \$60,000 to \$100,000 per day. CCWA avoided delays by maintaining cooperation among construction crews, environmental monitors, construction supervisors and regulatory agencies.

In late 1994, the State determined that a proposed power plant in the vicinity of the city of San Luis Obispo was uneconomical in light of an updated construction cost estimate. This finding led to a cooperative effort between the State and CCWA to redesign a portion of the Coastal Branch Phase II pipeline, which resulted in eliminating the San Luis Obispo Power Plant, Tank 4 and the Casmalia Pumping Plant. (Tank 3 was also eliminated when the State decided to tunnel through a mountain rather than trenching and laying pipe over it.)

In early 1995, the State delegated design and construction of a 28-mile stretch of the Coastal Branch Phase II pipeline and Tank 5 to CCWA. Its decision was based on project schedule analyses that indicated the State was falling behind schedule to complete construction of its facilities, which threatened to delay the start of water deliveries.

Overall project construction was completed in the summer of 1997. Initial deliveries to turnouts along the pipeline commenced on August 11, 1997 and to Lake Cachuma on November 20, 1997. On June 25, 1998 the CCWA Board of Directors took formal action to declare the CCWA project complete. The estimated cost of the overall project is \$595 million, which is comprised of \$481 million for the Coastal Branch Phase II project and \$114 million for the CCWA facilities (\$43 million for the Polonio Pass Water Treatment Plant and \$71 million for the CCWA pipeline). In addition, CCWA provided \$27 million

financing for project participants' turnouts and local projects and miscellaneous other project related costs.

By working cooperatively with the State and San Luis Obispo County, CCWA's efforts to implement a project that met three principal goals associated with quality, cost and schedule resulted in a number of unique and unprecedented accomplishments. The change in the location of the Coastal Branch Phase II terminus was one such accomplishment. Others were:

- CCWA's Polonio Pass Water Treatment Plant was sited at the State's Tank 1 site, 90 miles from the downstream terminus of the SWP Coastal Branch. As previously mentioned, by siting the plant at this location, only one treatment plant is necessary to most cost effectively treat all the State water for two State water contractors (San Luis Obispo County and CCWA).
- As previously mentioned CCWA recommended and the State implemented major design changes which eliminated a power plant, a tank site and a pumping plant from the Coastal Branch Phase II project. Simplifying the overall project design in this manner helped to preserve the project schedule and enhance operational flexibility. There were a number of other benefits as well. Both capital costs and operating and maintenance (O&M) costs were reduced. Environmental impacts associated with the surface features were eliminated. Property owner issues in San Luis Obispo County were simplified because acquiring fee title for the surface features was no longer necessary.
- In early 1995 CCWA determined that internal State staff resources were being stretched as a growing number of project components were moving from the permitting and design phases into the bid and construction phases. The State's Design and Construction Division was struggling to meet its deadlines and keep the project on schedule. As a result CCWA proposed to the State that it contract with CCWA to provide engineering services and to construct a 28-mile stretch of pipeline and Tank 5 on Vandenberg Air Force Base. The State agreed and entered into a joint powers agreement with CCWA to construct the facilities financed by the State. CCWA redesigned the facilities using industry standards, which resulted in capital cost savings.

CCWA and the State successfully defended a lawsuit seeking to invalidate this agreement brought by a group of State engineers.

Under this agreement CCWA provided additional assistance to the State for (1) acquiring Coastal Branch Phase II right of way, (2) reconstructing an 800-foot portion of the partially constructed State pipeline which was damaged by a landslide resulting from heavy rains, (3) constructing a 3,500 foot portion of the State pipeline near the city of San Luis Obispo, (4) constructing the Lopez and Chorro Valley turnouts in San Luis Obispo County and (5) resolving its outstanding construction contract claims.

- On October 1, 1996 the State entered into an agreement with CCWA to have CCWA operate and maintain all of the Coastal Branch facilities downstream of the Polonio Pass Water Treatment Plant. This action provides significant O&M cost savings to SLO County and CCWA and avoids State overhead costs. It also provides greater efficiency by having a single agency – CCWA – exercise responsibility for all Coastal Branch facilities involved in the conveyance and treatment of SWP water.
- In the early stages of project development, the State appointed a Coastal Branch Project Manager to oversee the various State departments working on the project. This action resulted in improved coordination and cooperation among the various State divisions and numerous individuals. It also greatly facilitated CCWA input on Coastal Branch Phase II project financing, planning, design, and construction and O&M issues.
- As a result of experience gained on the Coastal Branch Phase II project and its dealings with CCWA, the State has made unprecedented changes in its staffing, organization and approach to implementing projects. The State's Division of Design and Construction was reorganized and staffing was significantly reduced. The State now seeks State water contractor input on design criteria and project designs. The State has recognized that its existence as a design, construction and O&M organization is dependent on how well it responds to and meets the needs of its customers, the State water contractors.

The reorganization of the State's Design and Construction Division (now known as the Engineering Division) was the result of a personnel consultant study authorized by

State management, principally due to CCWA's experiences on the Coastal Branch Phase II project. Since then State management has conducted similar studies for its Planning and O&M Divisions.

A Commitment to Environmental Protection

Throughout the planning and construction of the project, CCWA worked very hard to build the project with a true commitment to environmental protection. CCWA formed a project team of CCWA staff, engineers, environmental consultants and attorneys charged with coordinating their respective skills and objectives to design and build a project that treated environmental protection with the same priority given technical and financial issues. Project plans incorporated environmental mitigation from inception. The project team conducted regular meetings to maintain clear lines of communication and reporting and to create peer pressure so that each team member took personal responsibility for completing tasks properly and timely, resolving little problems before they grew and staying ahead of issues to prevent problems from developing.

Before project planning began, the team met with every regulatory agency that might have had jurisdiction over the project to discuss potential resource issues that needed to be addressed and to establish a dialogue that encouraged the resource agencies to call if problems were identified as the project progressed.

CCWA and its project participants complied with both CEQA and the National Environmental Protection Act and prepared three EIRs with Supplemental EIRs, an Environmental Assessment and a number of Negative Declarations. CCWA and its consultants coordinated closely with the California Department of Fish & Game, U.S. Fish and Wildlife Service, U.S. Army Corps of Engineers, U.S. Bureau of Reclamation and local Native American groups to formulate and implement a mitigation and monitoring program to (1) protect sensitive species and their habitats, (2) avoid impact to cultural resources, (3) restore disturbed areas to their prior condition to the extent feasible and (4) provide offsite mitigation for those areas that could not be restored, (e.g., large trees cannot be grown over the pipeline, and above ground valve vaults and similar facilities occupy surface areas which must remain clear in perpetuity).

CCWA's approach to the project provides an example of how to build a large project which crosses multiple riparian and other sensitive habitats that, without a sincere

environmental commitment, could be adversely affected by construction activity. Project planning and construction included the following measures:

- The construction right of way and access roads were selected by CCWA staff, engineers, cultural experts and biologists to avoid sensitive resources wherever possible and, where avoidance was infeasible, to minimize environmental damage. Routes were field verified before construction to confirm they were the least environmentally impacting and most feasible routes. Access routes generally followed existing roads and the pipeline corridor to reduce new scarring.
- The right of way was narrowed where feasible to avoid environmental damage.
- The construction plans depicted sensitive areas to be avoided and mapped trees or habitat to be removed. Contractors received a pre-agreed bonus for saving vegetation marked for removal. It was a three-way "win-win" – contractors worked hard to earn the bonus; CCWA saved hefty revegetation costs; the natural environment was preserved and protected.
- The construction specifications required a "double lift" during pipeline trenching, whereby contractors would first remove topsoil, then remove subsoil and keep them separated during construction (topsoil with its valuable native seed bank was protected from wind and rain). The topsoil and subsoil were then restored in the proper order. This enhanced revegetation by using the natural seed bank and nutrients.
- Native seed and native plants grown from seed gathered from the local area were used for revegetation to preserve local genetic integrity and to avoid importing foreign stock that might carry pests and disease.
- CCWA required environmental training for all personnel entering the project site.
- Independent environmental monitors, with authority to halt construction to protect environmental resources, ensured that ground activities complied with the protective measures integrated into the plans and specifications. Monitors marked exclusion zones with bright tape to protect sensitive resources and scouted for previously unknown cultural sites, directing construction away from discovered sites so CCWA's

cultural experts could study the sites, report them to the state and federal agencies and then mitigate.

- Biological surveys conducted shortly before construction located sensitive resources and identified the "before" condition of the habitat so post-construction restoration could be completed accurately, and the site restored to its pre-project condition.
- On-site pipe sections were "capped" at the ends to prevent wildlife from crawling inside. Monitors also checked the trench routinely to remove trapped animals.
- Upon completion of construction in each area, CCWA installed erosion controls such as water bars, straw bales and silt fencing to reduce erosion during the rainy season. Sites were monitored closely and erosion control devices repaired and replaced as needed. Revegetated areas are monitored regularly and monitoring will continue for five years.

CCWA's commitment to environmental protection resulted in a project which was virtually undetectable to the public just one year after completion because revegetation was so successful. In addition, CCWA's project management resulted in saving 323 oak trees (90% of those located in or near the pipeline right of way), rescuing 101 animals, preserving and caring for 61 cultural artifacts and replanting from seed or seedling 450 oaks, 240 willows, and 60 acres of other native vegetation. Moreover, far fewer acres of sensitive habitat were impacted by the project, compared to the pre-construction impact estimates, thereby resulting in significantly lower mitigation efforts after completion. As a result, the costs of environmental mitigation were lower than expected, disruptive project delays were avoided and CCWA enjoys a good working relationship with the regulatory agencies.

Certain state-of-the-art engineering and construction techniques used on the project were necessary more for environmental than technical reasons. CCWA utilized microtunnel technology to cross under San Antonio Creek (Vandenberg Air Force Base) and the Santa Ynez River and the State utilized directional drilling technology to cross San Juan Creek in San Luis Obispo to avoid impacts to certain endangered species and sensitive habitat. In addition CCWA utilized "jack and bore" technology to install the pipeline under existing oak groves adjacent to Vandenberg Village (Santa Barbara County)

and the City of San Luis Obispo, as well as for more traditional purposes such as railroad and freeway crossings.

When the CCWA Board of Directors approved construction of the 42-mile CCWA pipeline, it included a number of conditions. One condition was to require each of the CCWA project participants to commit that its SWP water entitlement will be used first to offset its proportionate share of groundwater overdraft and then to improve water quality for its consumers. (Any remaining water would be used for future growth consonant with community general plans.) Thus, SWP water is providing the "ultimate" environmental benefit by reducing groundwater overdraft in a number of areas throughout the county.

Water Supply Reliability

The availability of SWP water supplies varies with hydrologic cycles and overall SWP demand. During wet years the SWP is able to deliver sufficient water to meet most or all SWP delivery requests. During extended dry year conditions, the SWP can deliver only a portion of requested deliveries.

In June 1993 CCWA retained an additional 3,908 acre-foot "drought buffer" entitlement to partially firm up the reliability of the 39,078 acre-feet of SWP entitlement for which CCWA (Santa Barbara County) project participants contracted. During those years that availability of SWP water exceeds project participants' demand, project participants can store drought buffer water (and unused WSA entitlement allocations) either directly into a groundwater basin or on an in-lieu basis (i.e., by taking delivery of the drought buffer and reducing groundwater pumping by an equal amount). During dry years when availability of SWP water is less than CCWA project participants' demand, stored drought buffer water (and stored entitlement water) can be used to augment SWP deliveries. On a long-term average basis, this results in the equivalent of 73% delivery of full annual entitlement (i.e., the 39,078 acre feet) year in and year out.

Other mechanisms that CCWA can use to fill project participant delivery requests during shortages in SWP supplies are:

- Acquiring water from the State "Turnback Pool," which is an internal SWP mechanism that pools unused SWP supplies early in the year for purchase by other SWP contractors at a set price. In addition, CCWA has established its own Turnback Pool Program whereby CCWA project participants can buy and sell excess entitlement

among themselves before submitting it for sale in the State turnback pool program. The turnback pool mechanism is only for one-year sales of water.

- Acquiring water from the State Water Bank during those years the bank is implemented by the State to market water that it purchases on the open market (i.e., non-SWP water). The bank was first implemented in 1991 as the State Drought Water Bank and has since been utilized during certain dry years when additional water is needed by SWP contractors. The water bank also is only for one-year sales of water.
- Term water purchases and sales of SWP entitlement by CCWA project participants in accordance with the CCWA Water Transfer Procedures adopted in March 1996. The procedures typically cover multi-year temporary and permanent sales of SWP entitlement.

Possible future actions that would further enhance SWP entitlement reliability include (1) the State building additional SWP facilities, (2) the State (and federal government) implementing water supply and reliability enhancements resulting from the CALFED process and (3) CCWA instituting a new or participating in an existing groundwater banking program on behalf of its project participants.

The Future

The most significant current challenge to CCWA project participants is financial. Consequently, CCWA continues to strive to ensure the cost effectiveness of both its and the State's operations. With time, the affordability of State water will improve due to the fixed nature of the majority of SWP costs.

As each project participant's demand for State water approaches its entitlement allocation, supply reliability will become CCWA's most significant challenge. The magnitude of this challenge is increased by the fact that demand by other urban State water contractors is also increasing with time. Methods of enhancing the reliability of CCWA's SWP entitlement were previously discussed in the section entitled "Water Supply Reliability."

CCWA staff currently monitor water quality parameters at the Polonio Pass Water Treatment Plant and at each turnout and tank site along the pipeline. As a wholesaler and

service provider, CCWA monitors all parameters requested by its project participants, as well as those mandated by state and federal regulators. New water quality analyses currently being conducted by CCWA but not yet regulated include Giardia, Cryptosporidium, total organic carbon (along with its uv-254 surrogate) and haloacetic acids.

CCWA will continually strive to secure maximum performance from the Polonio Pass Water Treatment Plant as state and federal regulations are added and permissible contaminant levels change. The plant's ability to utilize enhanced coagulation, the granular activated carbon filter beds and the post-filtration chlorine contactor will play an important role in meeting the next generation of regulations. The treatment plant can also accommodate the addition of a settled water ozone contactor or other new treatment processes should they ever become necessary.

Environmental protection has been built into every level of CCWA operations. The CCWA O&M manual requires using special balloon-tired vehicles in sensitive areas, utilizing portable dechloramination units whenever potable water is released from the pipeline, having environmental specialists review any earth disturbing activities, restoring and revegetating all disturbed sites, maintaining erosion control along the right of way and conducting aerial surveys when land-based vehicles are inappropriate for use.

The future issues noted above illustrate the continued viability of the vision first expressed in 1993 when the CCWA Board of Directors adopted its Mission Statement and Objectives. CCWA has built both the organization and infrastructure that will support this vision well into the future.

July 1998

Figure 1 – State Water Project Facilities



**Figure 2 – State Water Project Contracting Agencies
(and year of initial water delivery)**

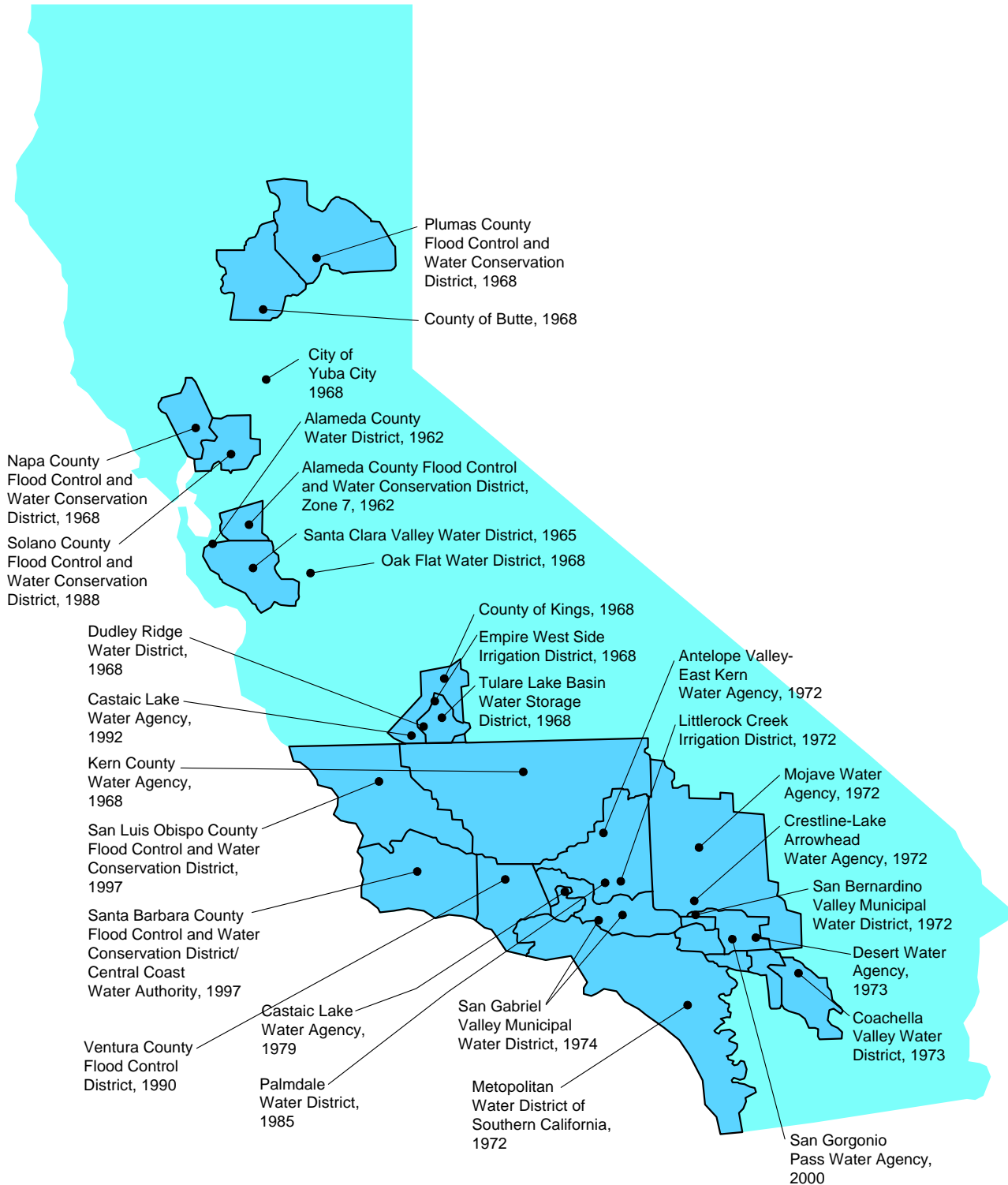


Table 1

COASTAL BRANCH PHASE II PROJECT DATA *

Tank Sites*	1	1	2	5	7
	raw water	treated water	treated water	treated water	treated water
# of tanks	3	2	2	2	1
total capacity (million gallons)	24.2	9.8	6.4	5	2.5

* Tank sites 3, 4 and 6 were eliminated during design of the facilities.

Polonio Pass Water Treatment Plant	49.46 million gallon per day capacity (disinfection process uses combination of chlorine and ammonia - chloramination)
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Pipeline		
<u>Location (from/to)</u>	<u>Pipeline Diameter (inches)</u>	<u>Distance (miles)</u>
Devils Den Pumping Plant/Tank1	57	13.0
Tank1/Salinas River	48	33.0
Salinas River/Cuesta Tunnel	51	7.1
Cuesta Tunnel/Tank 5	42	47.5
Tank 5/Purisima Road	39	13.3
Purisima Road/Santa Ynez Pumping Facility	36	21.2
Santa Ynez P.F./Lake Cachuma	30	8.0
Total Pipeline >>>		143.1

Pump Plants	<u>Flow Rate (cfs)</u>	<u>Horsepower (each pump)</u>	<u># of Pumps</u>	<u>Lift (ft)</u>
Devils Den Pumping Plant (DWR)	100	1760	6	550
Bluestone Pumping Plant (DWR)	100	1760	6	550
Polonio Pass Pumping Plant (DWR)	100	1760	6	550
Santa Ynez Pumping Facility (CCWA)	22	300	5	250

Turnouts	
<u>Location</u>	<u>Agencies Served</u>
Chorro Valley (SLO County)	California Mens Colony, Cuesta College, County of SLO Operations Center, City of Morro Bay
Lopez (SLO County)	Oceano CSD, City of Pismo Beach, San Miguelito Mutual Water Company, Avila Beach CSD, San Luis Coastal Unified School District, Avila Valley Mutual Water Company
Guadalupe	Guadalupe
Santa Maria	Santa Maria
Southern California Water Company (Orcutt)	Golden State Water Company
Vandenberg AFB	VAFB
Buellton	Buellton
Solvang	Solvang
Santa Ynez	Santa Ynez
Lake Cachuma*	Goleta WD, City of Santa Barbara, Montecito WD, Carpinteria Valley WD, Morehart Land Company, Raytheon, La Cumbre Mutual Water Co.

* Water discharged to Lake Cachuma is dechloraminated and then retreated on the South Coast.

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