



CENTRAL COAST WATER AUTHORITY
A CALIFORNIA JOINT POWERS AUTHORITY

FISCAL YEAR 2006/07
BUDGET

CENTRAL COAST WATER AUTHORITY

ANNUAL BUDGET

FISCAL YEAR 2006/07

Central Coast Water Authority

Mission:

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

Objectives:

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



On the Cover.....

Air Vacuum/Air Release vault in Reach 3.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Central Coast Water Authority
California**

For the Fiscal Year Beginning

July 1, 2005

President

Executive Director

Central Coast Water Authority

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Rebuild underway on the Santa Ynez Pump Station Sodium Bisulfite Injection System.

Budget Foreword

The Budget Foreword section of the FY 2006/07 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 (proposed) 28.25

Central Coast Water Authority
Reader's Guide
Fiscal Year 2006/07 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 27, 2006

Board of Directors
Central Coast Water Authority

Dear Members of the Board:

Leo Trujillo
Chairman

Fred Lemere
Vice Chairman

William Brennan
Executive Director

Submitted herewith is the Fiscal Year (FY) 2006/07 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 2006/07.

Hatch & Parent
General Counsel

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 pursues for the ensuing year are established.

Member Agencies

City of Buellton

Carpinteria Valley
Water District

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.

City of Guadalupe

City of Santa Barbara

City of Santa Maria

Goleta Water District

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

Montecito Water District

Santa Ynez River Water
Conservation District,
Improvement District #1

For eight consecutive years, CCWA has received the Government Finance Officers Association (GFOA) "Distinguished Budget Presentation" award." We will also submit the FY 2006/07 Budget for consideration of the GFOA budget award.

Associate Member

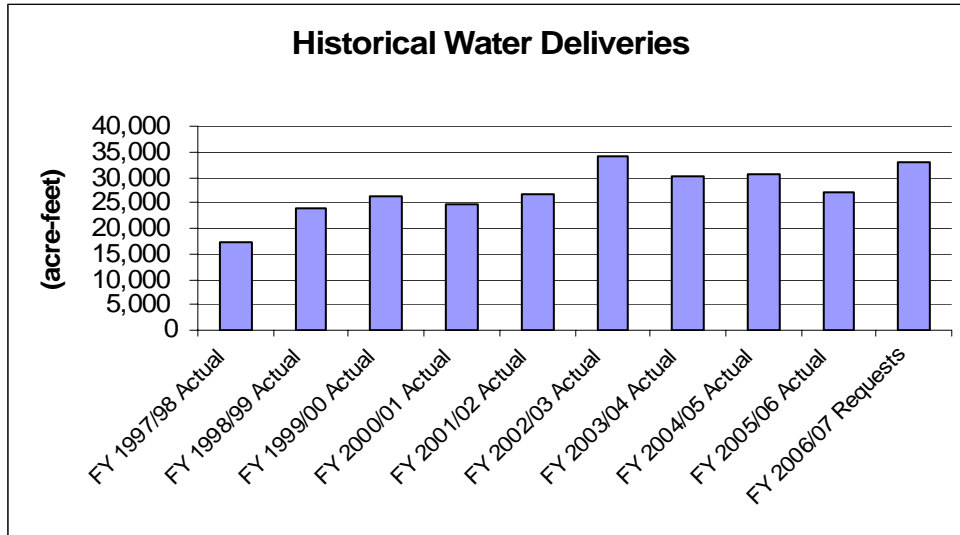
La Cumbre Mutual
Water Company

AN OVERVIEW OF LAST FISCAL YEAR

The following are some of the major highlights from FY 2006/07:

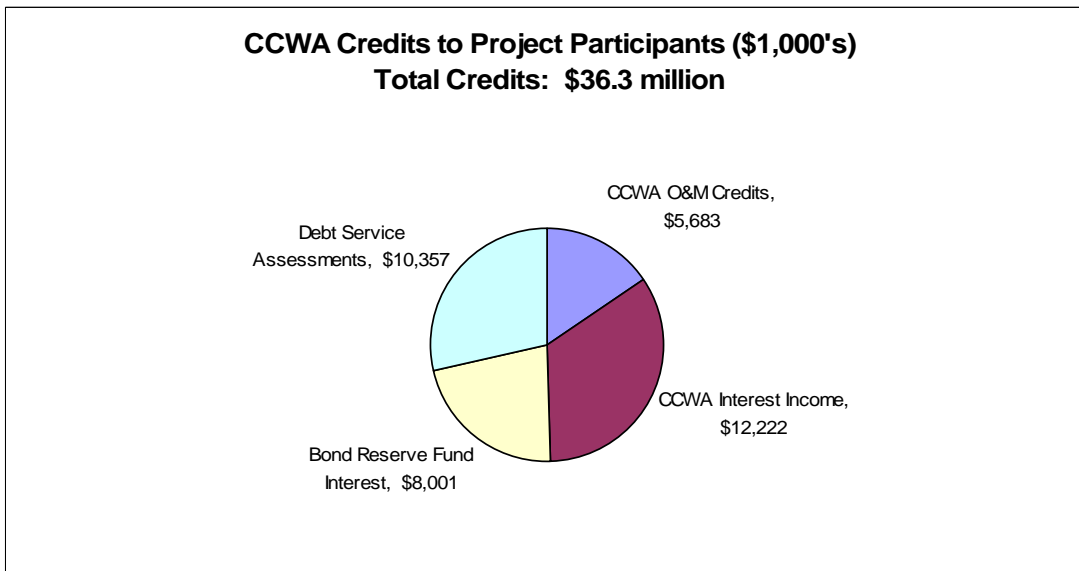
Water Deliveries

Estimated total deliveries during FY 2005/06 by CCWA to the Santa Barbara and San Luis Obispo County project participants were 27,198 acre-feet. The FY 2004/05 deliveries were 30,091 acre-feet. The graph on the following page shows water deliveries since CCWA commenced operations in August 1997.



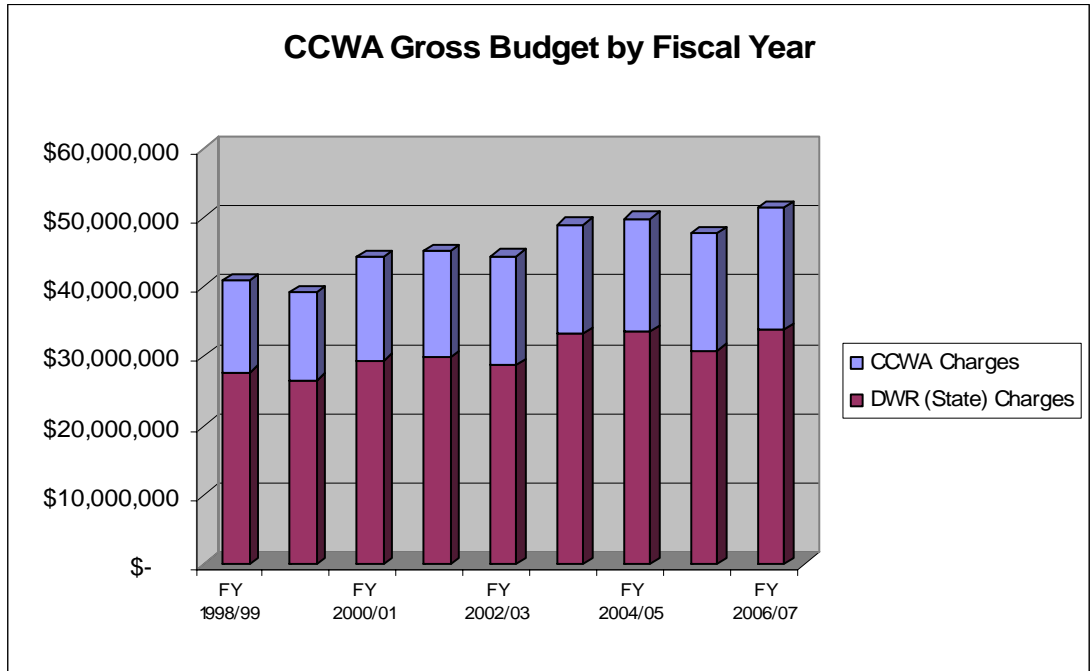
CCWA Credits

For the tenth consecutive year, actual CCWA operating expenses are projected to be less than budgeted. For Fiscal Years 1996/97 to 2005/06, CCWA has provided approximately \$36.3 million in credits to its project participants. These credits include \$5.7 million for unexpended operating expenses, \$20.2 million for interest income and \$10.4 million for debt service and other credits. The following graph shows the sources of the credits as described above.



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 1998/99 to FY 2006/07.



Carpinteria Valley Water District State Water Sale

During FY 2005/06, Carpinteria Valley Water District successfully completed negotiations for an option to sell 400 acre-feet of its State water contract allotment to an independent development firm. The contract provides a five-year option period in which the development firm may exercise the option for the purchase and transfer of the water for a specified amount. This is the first such transfer of State water allotment by a CCWA project participant since CCWA began delivering water in August 1997.

Increase in Polonio Pass Water Treatment Plant Capacity

CCWA staff successfully demonstrated to the State Department of Health Services that the Polonio Pass Water Treatment Plant was capable of treating nearly fifty million gallons per day. This represents a seven million gallon per day increase over the original rated capacity of the plant.

Operational Accomplishments

The following significant items were accomplished by the Operations and Maintenance sections of CCWA:

- Updated the Supervisory Control and Data Acquisition (SCADA) software at the Polonio Pass Water Treatment Plant, which included a redesign of all the graphics.
- Installed a variable frequency drive on a 300 hp pump at the Santa Ynez Pumping Facility to save energy and provide increased operational flexibility; this project qualified for a PG&E rebate of \$14,000 which accounts for half of the cost of the project.
- Installed and tested an alternative technology for resolving source water taste and odor problems.
- Completed the design of a utility building that will house a chemical feed system at Tank 7.

Awards and Competitions

Over the past year, CCWA received the GFOA “Distinguished Budget Presentation” award for the FY 2005/06 Budget and the GFOA “Excellence in Financial Reporting” award for the FY 2004/05 Comprehensive Annual Financial Report.

Additionally, CCWA continued its Employee Recognition Program with great success. Last Fiscal year, 11 awards were given to CCWA staff for exceptional performance and innovative thinking.

AN OVERVIEW OF THIS FISCAL YEAR

Water Delivery Projections

For calendar years 2006 and 2007, Santa Barbara and San Luis Obispo County project participants have requested State water deliveries of 34,366 and 33,742 acre-feet, respectively.

Department of Water Resources Activities and Related Costs

During FY 2006/07, 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.

Water Transfers and Purchases

CCWA will continue working to pursue ways to maximize the reliability of State water to its project participants. To accomplish this goal, we will continue to explore available options including the reacquisition of the 12,214 acre-feet of Santa Barbara County suspended Table A water, groundwater banking, options regarding the unallocated San Luis Obispo County Table A amount and individual project participant water sales and purchases.

Operations and Maintenance Goals

During FY 2006/07, the CCWA Operations and Maintenance sections will:

- Complete the installation of the Tank 7 utility building.
- Install energy efficient interior and exterior lights at the Polonio Pass Water Treatment Plant.
- Upgrade the CCWA turbidimeters.
- Modify the chemical feed piping at the Santa Ynez Pumping Facility to address design and operational concerns.

FY 2006/07 BUDGET SUMMARY

The FY 2006/07 budget calls for total project participant payments of \$50.1 million compared to the FY 2005/06 budget of \$46.2 million, a \$3.9 million increase. These amounts include \$1.5 million in CCWA credits for FY 2006/07 and \$1.7 million for FY 2005/06.

The following table compares the FY 2006/07 Budget and the FY 2005/06 Budget:

Budget Item	Final FY 2005/06 Budget	Final FY 2006/07 Budget	Increase (Decrease)
CCWA Expenses			
CCWA Operating Expenses	\$ 5,575,458	\$ 6,045,359	\$ 469,901
Revenue Bond Debt Service Payments	11,133,231	11,163,819	30,588
Capital Improvement Projects ⁽¹⁾	83,991	215,795	131,804
Non-Annual Recurring Expenses	106,002	240,665	134,663
Total CCWA Expenses:	16,898,682	17,665,638	766,956
Pass-Through Expenses			
DWR Fixed Costs	27,987,469	29,426,824	1,439,355
DWR Variable Costs	2,651,953	4,206,474	1,554,521
Warren Act and Trust Fund Payments	279,542	253,808	(25,734)
Total Pass-Through Expenses:	30,918,964	33,887,106	2,968,142
Subtotal Gross Budget:	47,817,646	51,552,744	3,735,098
CCWA Credits	(1,671,754)	(1,487,815)	183,939
TOTAL:	\$ 46,145,892	\$ 50,064,930	\$ 3,919,037

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

CCWA Operating Expense Budget

The FY 2006/07 CCWA operating expense budget totals \$6,045,359, which is \$469,901 higher than the FY 2005/06 operating expense budget, an 8.4% increase.

The following table shows the allocation between the fixed and variable CCWA O&M expenses for FY 2006/07 and FY 2005/06.

	FY 2005/06 Budget	FY 2006/07 Budget	Increase
Fixed O&M	\$ 4,429,304	\$ 4,880,108	\$ 450,804
Variable O&M	1,146,153	1,165,251	19,098
Total:	<u>\$ 5,575,457</u>	<u>\$ 6,045,359</u>	<u>\$ 469,901</u>

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

Water Deliveries

Total requested water deliveries for FY 2006/07 are 32,910 acre-feet compared to the FY 2005/06 requested deliveries of 37,298 acre-feet, a decrease of 4,388 acre feet.

Personnel Expenses

Personnel expenses are increasing about \$320,000, which includes the following changes from the prior year:

- The FY 2006/07 Budget includes a \$134,628 salary pool for employee salary treatment approved by the CCWA Board of Directors on March 23, 2006.
- New Engineering Technician position at a fully burdened annual cost of approximately \$100,000.
- PERS retirement expenses are increasing by about \$67,000 due to an increase in the PERS employer rate for FY 2006/07 and the PERS costs associated with the new Engineering Technician position.
- Health insurance expenses are increasing by about \$19,000 due to an estimated 10% increase in premium amounts for 2007 and the new Engineering Technician position.

Supplies and Equipment

Supplies and equipment expenses are increasing by about \$54,000 primarily attributed to an increase in the budgeted chemical unit cost for FY 2006/07 to \$27 per acre-foot compared to the prior year amount of \$26 per acre-foot.

Monitoring Expenses

Monitoring expenses are increasing by \$20,700 for stage two disinfectant and disinfection by-products rule and the long-term 2 enhanced surface water treatment rule to be done over the next two years

Professional Services

Professional services are increasing by \$30,100 primarily due to facility painting at various CCWA facilities and road oiling at the Polonio Pass Water Treatment Plant. These increases were partially offset by a decrease in budgeted expenses for miscellaneous professional services and legal expenses.

Utilities

Utility expenses are decreasing by about \$25,000 for a decrease in requested water deliveries for the South Coast project participants for FY 2006/07. Electrical expenses for the Santa Ynez Pumping Facility are budgeted at \$55 per acre-foot.

Other Expenses

Other expenses are increasing by about \$48,000 for the following reasons:

- Increase in non-capitalized project expenses of \$16,000.
- Increase in insurance expenses of about \$10,000.
- Increase in computer expenses of approximately \$11,000.
- Increase in the appropriated contingency account of about \$9,000.

CCWA Capital Improvement Projects

The FY 2006/07 Budget includes \$281,695 for capital improvements. This includes \$65,900 from non-annual recurring expense deposits and \$215,795 from project participant assessments.

Please refer to the "Capital Improvements" section of the FY 2006/07 Budget for additional information.

Non-Annual Recurring Expense Deposits

Non-annual recurring expense (NARES) deposits for FY 2006/07 are \$240,665 compared to the FY 2005/06 amount of \$106,002, an increase of \$131,804. The FY 2006/07 NARES deposits are primarily for the replacement of the granular activated carbon in the filters at the Polonio Pass Water Treatment Plant and future vehicle and computer replacements.

Regional Water Treatment Plant Allocation and Exchange Agreement Modifications

The FY 2006/07 fixed, capital and variable regional water treatment plant allocation (and associated credit) is \$1,540,582. The FY 2006/07 fixed, capital and variable exchange agreement modifications total \$380,287.

CCWA 1996 Revenue Bond Debt Service

CCWA 1996 revenue bond debt service for FY 2006/07 totals \$11.2 million, which includes \$697,904 in bond reserve fund guaranteed investment contract interest income credits and \$176,515 for interest income credits earned on debt service payments in FY 2005/06.

Warren Act and Trust Fund Payments

The FY 2006/07 Budget includes \$253,808 for Warren Act and Trust Fund MOU payments based on \$58 per acre-foot.

CCWA Credits

The FY 2006/07 budget includes the following credits:

CCWA O&M Credits	\$	50,601
O&M Reserve Fund Interest Income		28,086
Rate Coverage Reserve Fund Interest		107,620
Prepayments and Other Credits		1,301,507
	\$	<u>1,487,815</u>

DWR Fixed Charges

The DWR fixed charges for FY 2006/07 total \$29.7 million which is approximately \$1.7 million higher than the FY 2005/06 budget. The following is a list of the major changes in the various components of the DWR Fixed Budget for FY 2006/07:

- Transportation capital charges are increasing by \$736,031 due to the following:

Rate Management Credits Preliminary estimates indicate the revenues available for rate management credits in calendar year 2007 will be substantially reduced. For this budget, rate management credits for the first half of calendar year 2007 are based on a projected 25% funding of rate management credits by DWR.

Repayment of Deferral of Charges In order to partially offset the near-term impact of the increased costs of constructing the DWR facilities, DWR agreed to defer payments of \$1,250,000 per year in 1997, 1998, 1999 and 2000 (the amount of the deferral is shared proportionately on the basis of allocated costs among the Santa Barbara and San Luis

Obispo County project participants). Beginning with calendar year 2001, DWR began recovering the deferred amounts with interest by increasing the amount which would have otherwise been payable to it over five years. The final payment of approximately \$464,000 was paid during FY 2005/06 which results in a decrease in Transportation Capital charges.

- Transportation Minimum OMP&R charges are increasing by \$731,632 from the prior year budget due to under-collection by DWR in the prior year based on actual costs incurred.
- Delta Water Charges are increasing by about \$190,000 for increases associated with various conservation facility operating expenses and a projected \$1.00/AF increase for potential charges associated with the two-year Calfed agreement funding.

DWR Variable Charges

The DWR variable charges for FY 2006/07 total \$4.2 million, a \$1.5 million increase from the prior fiscal year attributed to the following:

- Off-aqueduct charges total \$1,171,600, which is about \$713,000 higher than the prior year amount due to off-aqueduct credits from DWR which reduced the FY 2005/06 charges.
- Variable OMP&R charges total \$3,034,874 which is about \$841,000 more than the prior year amount due to a projected increase in electrical costs per acre-foot. The FY 2006/07 budget amount is based on \$110/AF.

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,

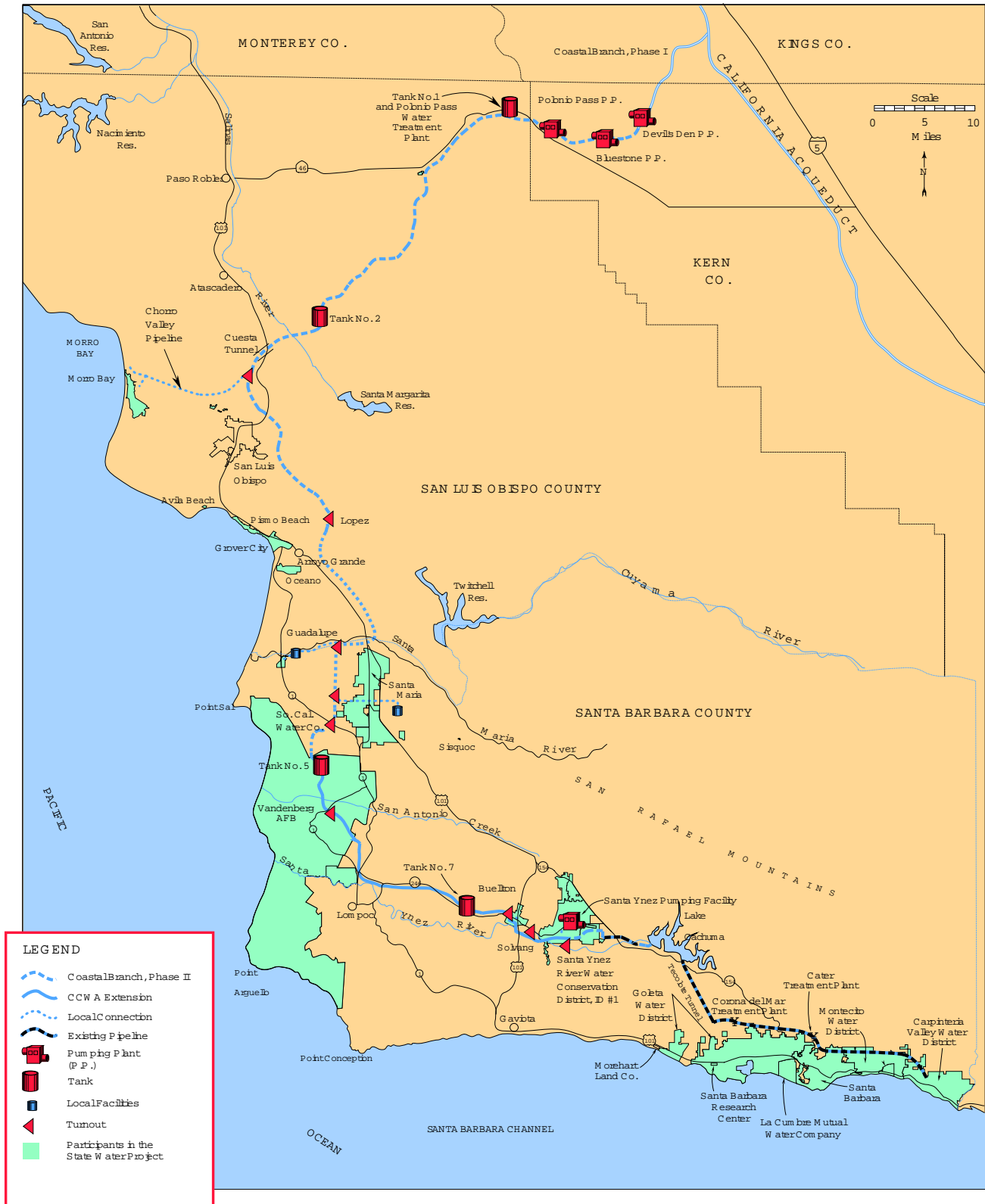


William Brennan
Executive Director



Ray A. Stokes
Deputy Director

Project Map



Central Coast Water Authority
Organization Overview, Structure and Staffing
 Fiscal Year 2006/07 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 25 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.

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

Central Coast Water Authority
Organization Overview, Structure and Staffing
 Fiscal Year 2006/07 Budget

CCWA Committees

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

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

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.

Central Coast Water Authority
Organization Overview, Structure and Staffing
 Fiscal Year 2006/07 Budget

San Luis Obispo County Water Purchasers

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

San Luis Obispo County Project Participant Table A Amounts

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

Water Supply Agreements

Each Santa Barbara County project participant has entered into a Water Supply Agreement with the Authority in order to provide for the development, financing, construction, operation and maintenance of the Authority'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

Central Coast Water Authority
Organization Overview, Structure and Staffing
Fiscal Year 2006/07 Budget

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.

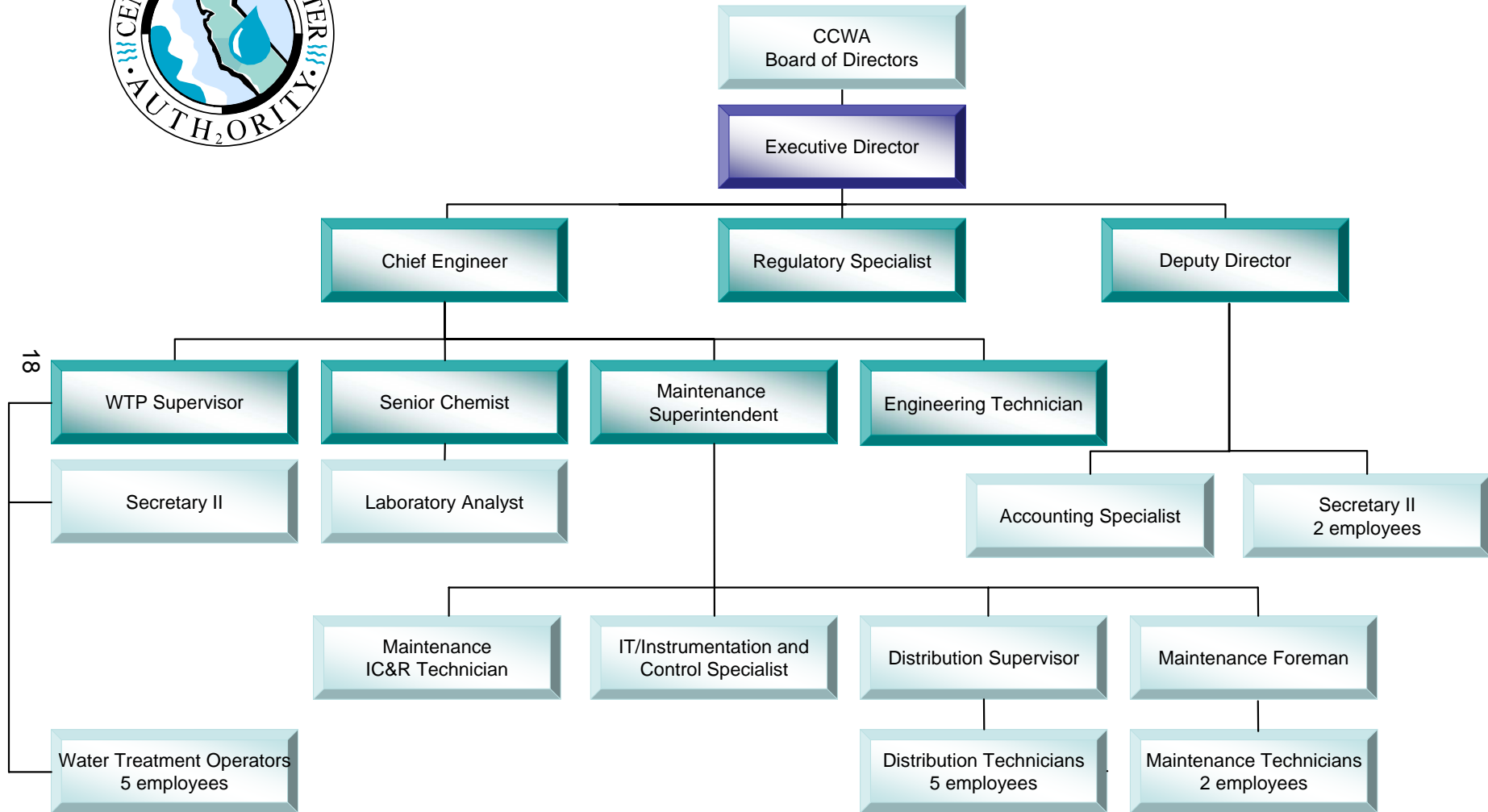
DWR has previously completed what is known as the Coastal Branch Phase I, which branches off the California Aqueduct in the southwestern corner of Kings County near Interstate 5. The Coastal Branch Phase I is a 15-mile canal that ends near Devils Den in northwestern Kern County.

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 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 2006/07



Central Coast Water Authority
Budget Process
Fiscal Year 2006/07 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 regarding the requested budget. As required by California's Brown Act and Public Records Act, both meetings are posted at least 72 hours, and typically one week, in advance of the meetings inviting the public to attend and provide input regarding the proposed budget.

Central Coast Water Authority
Budget Process
Fiscal Year 2006/07 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 2006/07

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 2006/2007

		FY 2005/06												FY 2006/07												
		Budget Planning Cycle						Budget Expenditure Cycle						Budget Expenditure Cycle												
		S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S
1.0	BUDGET																									
1.1	Receive DWR Statement of Charges (for following calendar year)																									
1.2	Prepare Project Participant Delivery Forecast																									
1.3	Submit 5-YR Delivery Forecast to DWR																									
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 2006/2007 Budget and the Four-Year Financial Plan for FY 2006/07 through FY 2009/10

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

HAC/FY00607/HudCOH.rpt
January 5, 2006

Central Coast Water Authority
Financial Reporting Basis
Fiscal Year 2006/07 Budget

Budget Reporting

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

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

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

Administration

Water Treatment Plant

Distribution

CCWA Reaches

Mission Hills II
Santa Ynez I
Santa Ynez II

DWR Reaches

Reach 33B
Reach 34
Reach 35
Reach 37
Reach 38

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

Financial Statement Reporting

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

Central Coast Water Authority
Budget Policy and Strategy
Fiscal Year 2006/07 Budget

The Fiscal Year 2006/07 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.
- Laws and policies limiting revenue sources and expenditures must be explicitly addressed in the budget process.

Central Coast Water Authority
Budget Policy and Strategy
Fiscal Year 2006/07 Budget

- No Unfunded Mandates The Board of Directors will not establish a goal or policy without also providing the necessary funding to accomplish those goals or policies.
- Budget Change Policy The adopted budget may only be changed by Board action. Budget change requests may be made by staff to the Board of Directors at a regularly scheduled Board 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.
- Four Year Financial Plan In conjunction with preparation of the fiscal year budget, the Authority will also prepare and make available a four year financial plan which provides estimates of the total State water costs for the four-year period.
- Annual Allocation of Recurring Expenditures (Non-Annual Recurring Expenses – i.e., "NARES") The Authority will endeavor to identify non-annual recurring operating expenses and capital expenditures and allocate a portion of such expenditures over a number of years prior to the anticipated expenditure to eliminate large variances in the annual operating assessments to the project participants.

Central Coast Water Authority
Budget Policy and Strategy
Fiscal Year 2006/07 Budget

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

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%.

Central Coast Water Authority
Budget Policy and Strategy
Fiscal Year 2006/07 Budget

- 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.

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.

Central Coast Water Authority
Budget Policy and Strategy
Fiscal Year 2006/07 Budget

INVESTMENT POLICY

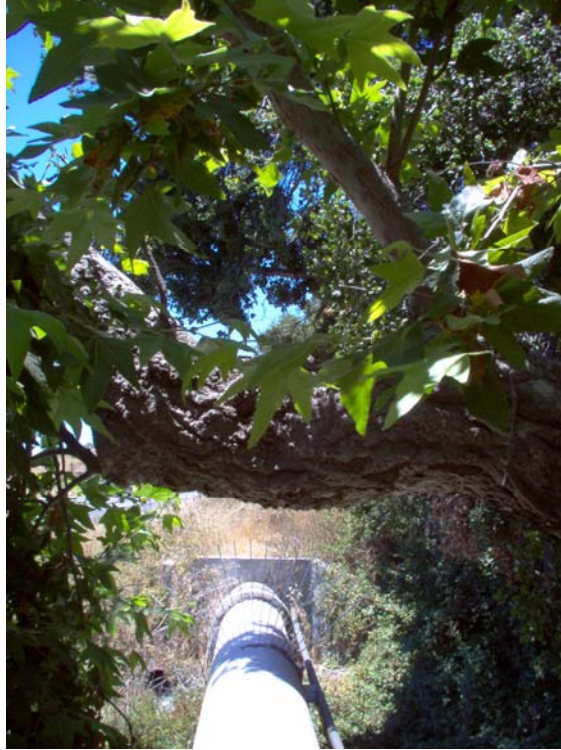
- The Authority will operate its idle cash investments under the prudent person rule which states: "...in investing...property for the benefit of another, a trustee shall exercise judgment and care, under the circumstances then prevailing, which persons of prudence, discretion and intelligence exercise 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.

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.





Above ground pipeline at the Los Berros Creek crossing, directly adjacent to the 101 just south of Arroyo Grande.

Budget Summary

The Budget Summary section of the FY 2006/07 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 2009/10 are included in this section.

Highlights

Budget Summary

• FY 2006/07 Gross Budget	\$ 51,552,745
• FY 2005/06 Gross Budget	<u>\$ 47,817,646</u>
Increase:	\$ 3,735,099
• FY 2006/07 CCWA Credits	\$ 1,487,814
• FY 2005/06 CCWA Credits	<u>\$ 1,671,754</u>
Decrease:	\$ (183,940)
• FY 2006/07 Net Budget (After CCWA Credits)	\$ 50,064,931
• FY 2005/06 Net Budget (After CCWA Credits)	<u>\$ 46,145,892</u>
Increase:	\$ 3,919,039

Significant Budget Changes

- DWR Rate Management Funds credits estimated at \$1.67 million.
- CCWA O&M Expense budget increase of \$469,901
- New position: Engineering Technician
- Non-Annual Recurring Expense increase of \$135,000
- Capital Improvement Project increase of \$132,000
- DWR Fixed and Variable cost increase of \$3.0 million

Central Coast Water Authority
Budget Summary
Fiscal Year 2006/07 Budget

	FY 2004/05		FY 2005/06		Change from	Change from
	Actual	Budget	Estimated Actual	FY 2006/07 Budget	FY 2005/06 Budget	FY 2005/06 Est. Actual
Beginning Cash Balance	\$ 2,433,287	\$ 2,324,473	\$ 2,381,550	\$ 2,212,825		
SOURCES OF CASH						
CCWA Operating Expenses	5,400,611	5,575,458	5,575,458	6,045,359	469,901	469,901
Debt Service Payments	11,053,669	11,133,231	11,133,231	11,163,819	30,588	30,588
Capital Improvement Projects	21,245	83,991	83,991	215,795	131,804	131,804
Non-Annual Recurring Expenses	41,461	106,002	106,002	240,665	134,663	134,663
Investment Income and Other	123,396	-	100,000	-	-	(100,000)
CCWA Credits	(3,510,064)	(1,671,754)	(1,964,532)	(1,487,814)	183,940	476,718
Subtotal Revenues	13,130,318	15,226,928	15,034,150	16,177,824	950,896	1,143,674
<u>Pass-Through Expenses</u>						
DWR Fixed Costs	30,260,701	27,987,469	27,987,469	29,426,824	1,439,355	1,439,355
DWR Variable Costs	1,682,230	2,651,953	2,142,424	4,206,474	1,554,521	2,064,050
Warren Act Charges	262,900	279,542	154,344	253,808	(25,734)	99,464
Subtotal Pass-Through Expenses	32,205,831	30,918,964	30,284,237	33,887,106	2,968,142	3,602,869
TOTAL SOURCES OF CASH	45,336,149	46,145,892	45,318,387	50,064,931	3,919,038	4,746,543
USES OF CASH						
<u>CCWA Operating Expenses</u>						
Personnel	2,579,321	2,749,769	2,648,316	3,069,623	319,854	421,306
Office Expenses	19,062	25,400	19,429	27,260	1,860	7,831
Supplies and Equipment	592,115	960,900	649,394	1,015,421	54,521	366,027
Monitoring Expenses	55,029	68,700	56,378	89,400	20,700	33,022
Repairs and Maintenance	152,781	176,998	180,440	189,098	12,100	8,658
Professional Services	269,398	257,400	228,209	287,500	30,100	59,291
General and Administrative	169,111	191,031	137,269	198,433	7,402	61,164
Utilities	566,793	476,463	216,696	451,640	(24,823)	234,944
Other Expenses	611,705	668,797	555,902	716,985	48,188	161,082
Total Operating Expenses	5,015,315	5,575,458	4,692,033	6,045,359	469,901	1,353,326
<u>Other Expenditures</u>						
Warren Act Charges	262,900	279,542	154,344	253,808	(25,734)	99,464
Capital Improvement Projects ⁽¹⁾	21,245	301,641	301,641	502,695	201,054	201,054
CCWA Credits	(3,510,064)	(1,671,754)	(1,964,532)	(1,487,814)	183,940	476,718
1996 Revenue Bond Debt Service	11,053,669	11,133,231	11,133,231	11,163,819	30,588	30,588
Unexpended O&M Assessments	560,143	-	1,040,502	-	-	-
Total Other Expenditures	8,387,893	10,042,660	10,665,186	10,432,508	389,848	807,824
Total CCWA Expenditures	13,403,208	15,618,118	15,357,219	16,477,867	859,749	2,161,150
<u>DWR Charges</u>						
Fixed DWR Charges	30,260,701	27,987,469	27,987,469	29,426,824	1,439,355	1,439,355
Variable DWR Charges	1,682,230	2,651,953	2,142,424	4,206,474	1,554,521	2,064,050
Total DWR Charges	31,942,931	30,639,422	30,129,893	33,633,298	2,993,876	3,503,405
TOTAL USES OF CASH	45,346,139	46,257,540	45,487,112	50,111,165	3,853,625	5,664,556
Ending Cash Balance	\$ 2,423,297	\$ 2,212,825	\$ 2,212,825	\$ 2,166,591	\$ (46,234)	(46,234)
Non-Annual Recurring Balance	423,296	212,825	212,825	166,590		
Operating Reserve Balance	2,000,000	2,000,000	2,000,000	2,000,000		
General Fund Balance	\$ -	\$ (0)	\$ (0)	\$ -		

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

Central Coast Water Authority
Total Expenditures Summary
 Fiscal Year 2006/07 Budget

Project Participant	Unadjusted CCWA Operating Expense ⁽¹⁾	Exchange Agreement Adjustment SYPF Power	Exchange Agreement Adjustment Cap. & Fixed	Exchange Agreement Adjustment Variable	Regional WTP Allocation	Regional WTP Credit	Adjusted Charge	Warren Act Charges ⁽²⁾	1996 Revenue Bond Debt Service	Subtotal FY 2005/06 CCWA	Non-Annual Recurring Expenses	CCWA Credits	Total FY 2006/07 CCWA
Guadalupe	73,123	-	-	-	\$22,216	\$0	\$95,339	-	165,349	\$260,688	3,865	(\$5,838)	\$ 258,715
Santa Maria	1,998,721	-	-	-	\$646,833	-	2,645,553	-	-	2,645,553	119,746	(164,089)	2,601,211
Golden State Water	62,321	-	-	-	\$19,259	-	81,581	-	-	81,581	1,047	(875)	81,753
Vandenberg AFB	726,933	-	-	-	\$216,234	-	943,167	-	-	943,167	36,699	(1,855)	978,012
Buellton	95,569	-	-	-	\$23,550	-	119,118	-	293,314	412,433	5,310	(2,805)	414,938
Santa Ynez (Solvang)	229,594	-	-	-	\$59,410	-	289,004	-	621,051	910,055	7,021	(19,538)	897,538
Santa Ynez	87,904	-	310,979	69,308	\$120,236	-	588,427	-	232,536	820,963	18,824	(12,368)	827,419
Goleta	916,400	(48,847)	(111,953)	(24,951)	\$142,752	(\$505,052)	368,350	105,785	2,834,320	3,308,455	7,071	(13,258)	3,302,267
Morehart Land	44,008	-	-	-	\$8,041	(\$29,624)	22,425	9,280	126,072	157,777	312	(11,676)	146,413
La Cumbre	229,597	-	-	-	\$40,070	(\$151,350)	118,317	53,070	604,240	775,627	1,589	(1,060,185)	(282,969)
Raytheon	12,248	-	-	-	\$2,072	(\$7,827)	6,493	3,190	27,253	36,936	79	(4,934)	32,082
Santa Barbara	509,891	(32,564)	(74,635)	(16,634)	\$87,352	(\$302,539)	170,871	(5)	1,743,093	1,913,960	4,688	(4,535)	1,914,112
Montecito	626,887	(32,564)	(74,635)	(16,634)	\$94,257	(\$342,095)	255,216	81,659	1,984,357	2,321,232	4,695	(35,161)	2,290,766
Carpinteria	341,118	(21,710)	(49,757)	(11,089)	\$58,301	(\$202,095)	114,768	828	1,171,242	1,286,839	3,122	(26,946)	1,263,015
Shandon	6,223	-	-	-	-	-	6,223	-	13,511	19,734	27	(459)	19,302
Chorro Valley	217,451	-	-	-	-	-	217,451	-	1,056,973	1,274,424	10,456	(11,784)	1,273,096
Lopez	218,850	-	-	-	-	-	218,850	-	290,507	509,357	16,114	(111,509)	413,961
TOTAL:	6,396,839	(\$135,685)	(\$0)	\$0	\$1,540,582	(\$1,540,582)	\$6,261,154	\$253,808	\$11,163,819	\$17,678,781	\$240,665	(1,487,814)	\$16,431,632

(1) Includes capital improvement projects.

(2) Adjusted for Santa Ynez Exchange Agreement modifications.

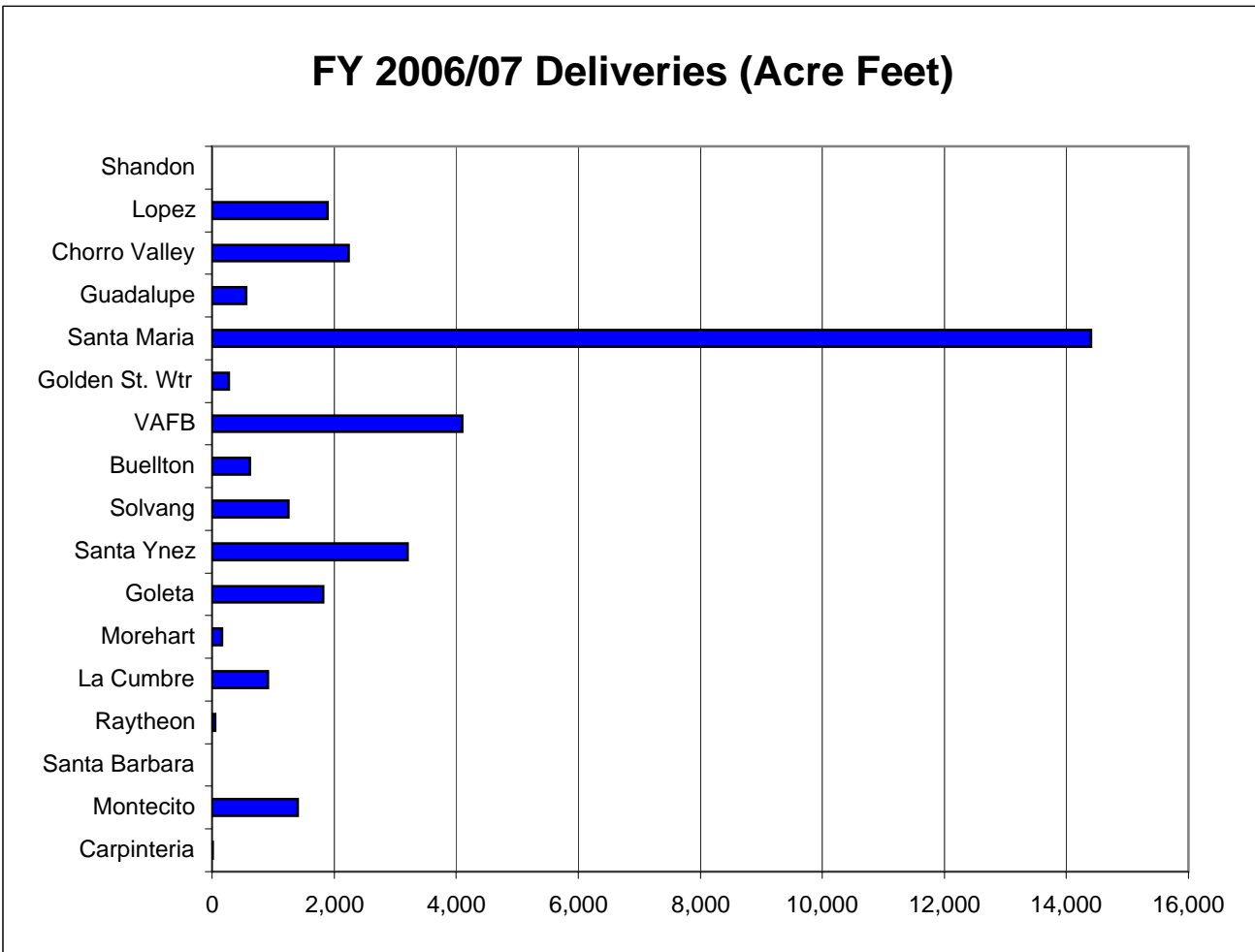
13

Project Participant	DWR FIXED CHARGES					DWR VARIABLE CHARGES					TOTAL DWR and CCWA		
	Transportation Capital Through Reach 35	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		DWR Interest Income	Total DWR Charges
Guadalupe	\$ 286,810	\$ -	\$ -	\$ 58,312	\$ 19,496	\$ 16,154	\$ 380,773	\$ 15,591	\$ 61,266	\$ 76,857	\$ (2,976)	\$ 454,654	\$ 713,370
Santa Maria	8,424,438	538,907	-	1,725,149	572,896	477,775	11,739,165	458,325	1,639,862	2,098,187	(183,067)	13,654,285	16,255,496
Golden State Water	260,384	16,633	-	53,282	17,658	14,695	362,652	14,303	15,120	29,423	(3,192)	388,883	470,636
Vandenberg AFB	2,860,352	182,962	300,016	613,637	194,239	161,544	4,312,751	155,915	364,966	520,881	-	4,833,632	5,811,644
Buellton	301,066	19,228	31,529	61,296	20,458	17,002	450,578	16,360	72,529	88,889	(3,626)	535,841	950,779
Santa Ynez (Solvang)	772,938	49,899	81,823	153,322	52,242	40,078	1,150,302	38,588	133,036	171,624	(4,053)	1,317,874	2,215,412
Santa Ynez	266,661	16,633	27,274	63,443	18,632	18,703	411,346	18,035	82,592	100,627	(2,134)	509,839	1,337,258
Goleta	2,341,553	149,696	245,468	523,389	157,557	132,743	3,550,406	192,523	257,840	450,363	(69,002)	3,931,767	7,234,035
Morehart Land	103,766	6,653	10,910	21,312	7,112	5,836	155,589	5,709	13,479	19,188	(3,169)	171,609	318,022
La Cumbre	520,769	33,266	54,548	106,564	35,316	29,391	779,854	28,384	97,719	126,103	(15,413)	890,545	607,576
Raytheon	24,488	1,663	2,727	5,029	1,597	1,459	36,964	1,402	6,443	7,845	(858)	43,951	76,033
Santa Barbara	1,560,368	99,798	163,645	329,265	106,190	88,067	2,347,333	84,996	100,420	185,417	(930)	2,531,820	4,445,932
Montecito	1,560,368	99,798	163,645	319,096	106,190	88,067	2,337,165	84,787	189,602	274,389	(13,926)	2,597,627	4,888,393
Carpinteria	1,039,600	66,532	109,097	218,956	70,632	58,782	1,563,598	56,681	-	56,681	(723)	1,619,556	2,882,571
Goleta 2500 AF	19,979	-	-	55,171	10,046	66,219	151,416	-	-	-	-	151,416	151,416
Shandon	-	-	-	-	-	-	-	-	-	-	-	-	19,302
Chorro Valley	-	-	-	-	-	-	-	-	-	-	-	-	1,273,096
Lopez	-	-	-	-	-	-	-	-	-	-	-	-	413,961
TOTAL:	\$ 20,343,542	\$ 1,281,666	\$ 1,190,684	\$ 4,307,225	\$ 1,390,261	\$ 1,216,516	\$ 29,729,894	\$ 1,171,600	\$ 3,034,874	\$ 4,206,474	\$ (303,069)	\$ 33,633,298	\$ 50,064,931

Central Coast Water Authority
FY 2006/07 Delivery Requests (Acre Feet)

Project Participant	Requested Deliveries	Exchange Deliveries	Net Deliveries
Shandon	-	-	-
Lopez	1,892	-	1,892
Chorro Valley	2,235	-	2,235
Guadalupe	555	-	555
Santa Maria	14,400	-	14,400
Golden State Water	270	-	270
VAFB	4,100	-	4,100
Buellton	625	-	625
Solvang	1,250	-	1,250
Santa Ynez	740	2,467	3,207
Goleta	2,712	(888)	1,824
Morehart	160	-	160
La Cumbre	915	-	915
Raytheon	55	-	55
Santa Barbara	592	(592)	(0)
Montecito	2,000	(592)	1,408
Carpinteria	409	(395)	14
TOTAL:	32,910	-	32,910

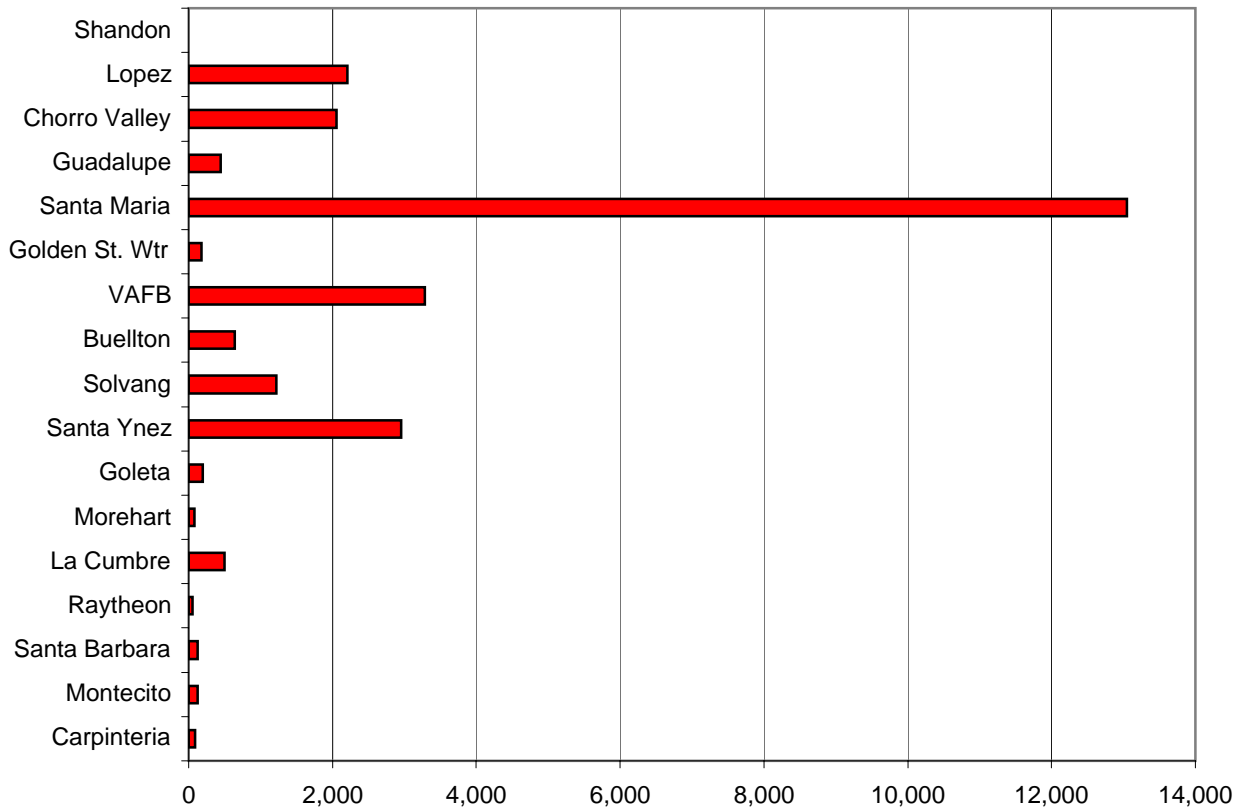
FY 2006/07 Deliveries (Acre Feet)



Central Coast Water Authority
FY 2005/06 Estimated Actual Deliveries (Acre Feet)

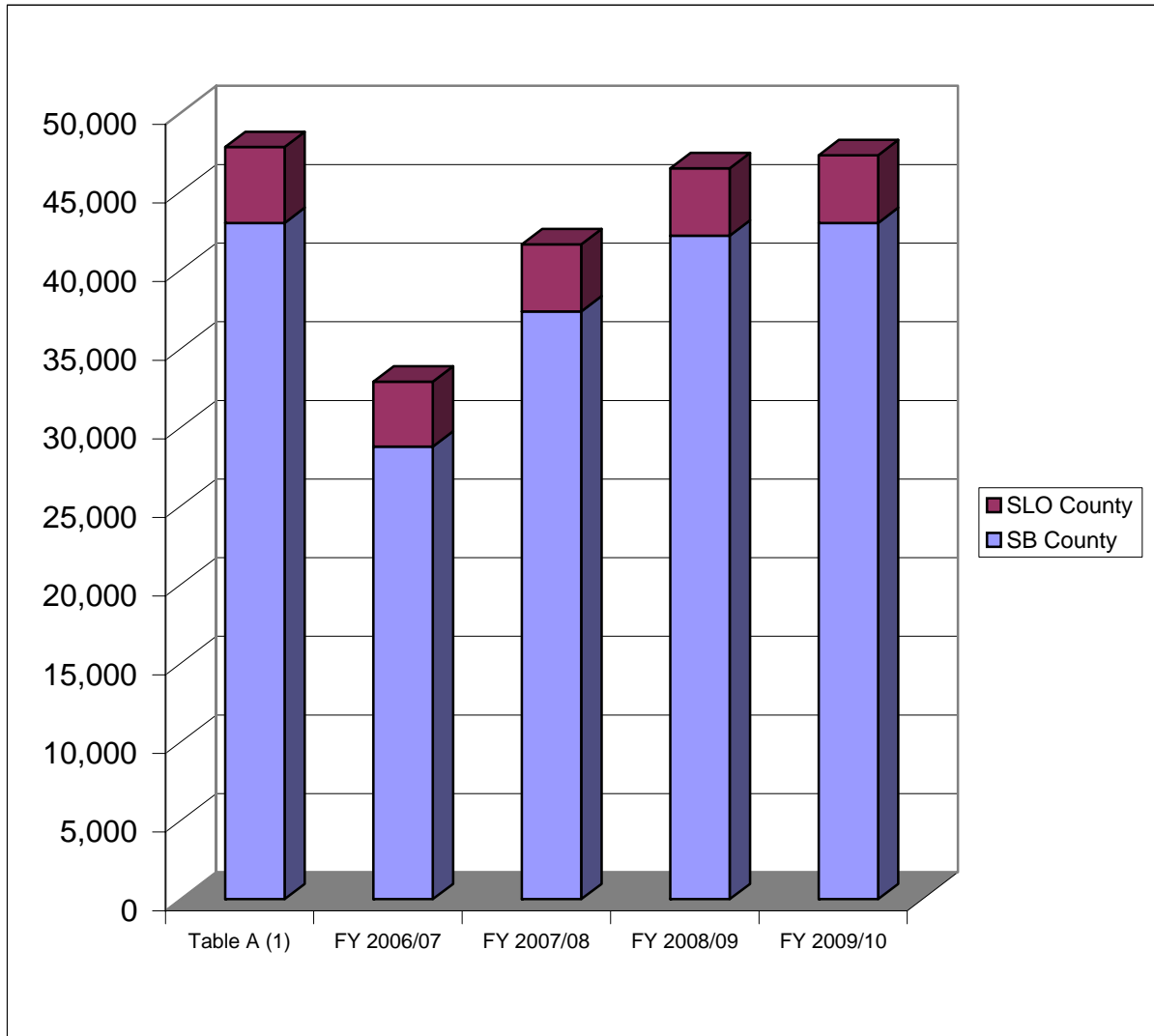
Project Participant	Actual Deliveries	Exchange Deliveries	Actual Deliveries
Shandon	-	-	-
Lopez	2,207	-	2,207
Chorro Valley	2,060	-	2,060
Guadalupe	442	-	442
Santa Maria	13,049	-	13,049
Golden State Water	179	-	179
VAFB	3,283	-	3,283
Buellton	640	-	640
Solvang	1,216	-	1,216
Santa Ynez	738	2,218	2,956
Goleta	993	(800)	193
Morehart	84	-	84
La Cumbre	498	-	498
Raytheon	50	-	50
Santa Barbara	659	(531)	128
Montecito	659	(531)	128
Carpinteria	441	(356)	85
TOTAL:	27,198	-	27,198

FY 2005/06 Estimated Actual Deliveries (Acre Feet)



Central Coast Water Authority
Requested State Water Deliveries
 FY 2006/07 to FY 2009/10

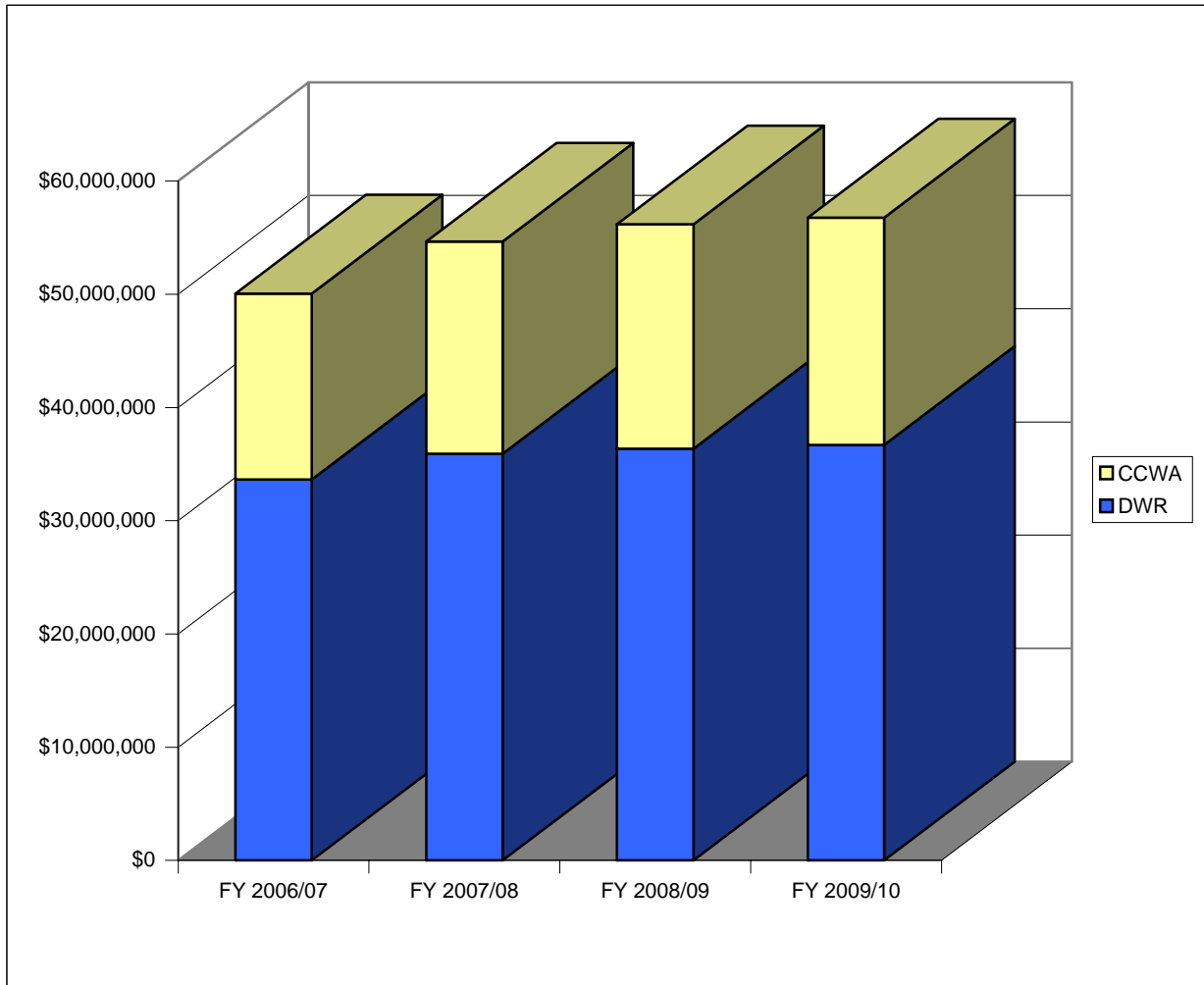
Table A ⁽¹⁾	47,816	AF
FY 2006/07	32,910	AF
FY 2007/08	41,638	AF
FY 2008/09	46,469	AF
FY 2009/10	47,295	AF



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

Central Coast Water Authority
Total DWR and CCWA SWP Charges
 FY 2006/07 to 2009/10

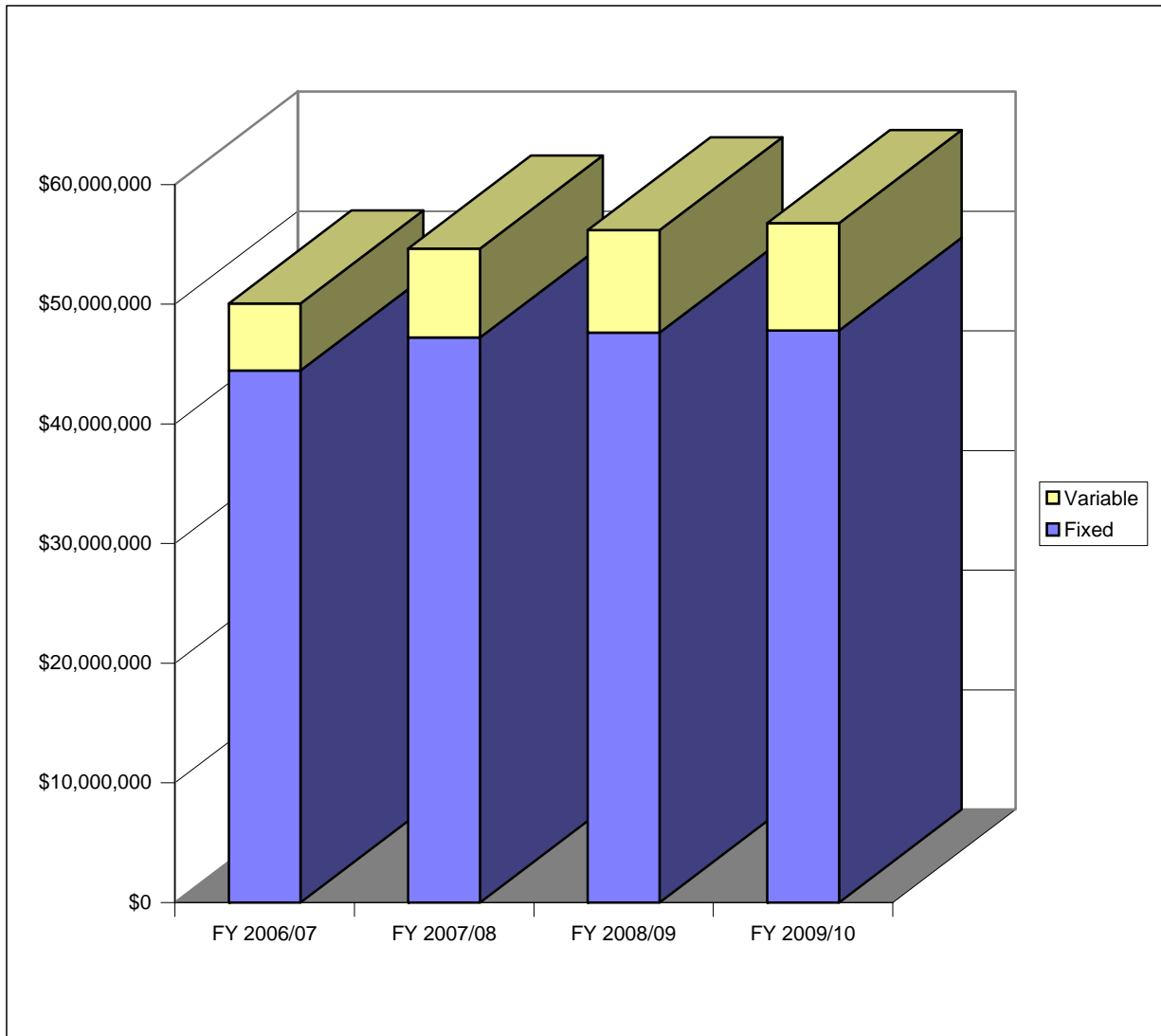
<u>Fiscal Year</u>	<u>DWR</u>	<u>CCWA</u>	<u>Total</u>
FY 2006/07	\$33,633,298	\$16,431,632	\$50,064,931
FY 2007/08	\$35,910,003	\$18,737,463	\$54,647,466
FY 2008/09	\$36,372,855	\$19,803,316	\$56,176,171
FY 2009/10	\$36,701,563	\$20,074,927	\$56,776,490



FY 2006/07 charges net of CCWA credits.

Central Coast Water Authority
Total Fixed and Variable SWP Charges
 FY 2006/07 through 2009/10

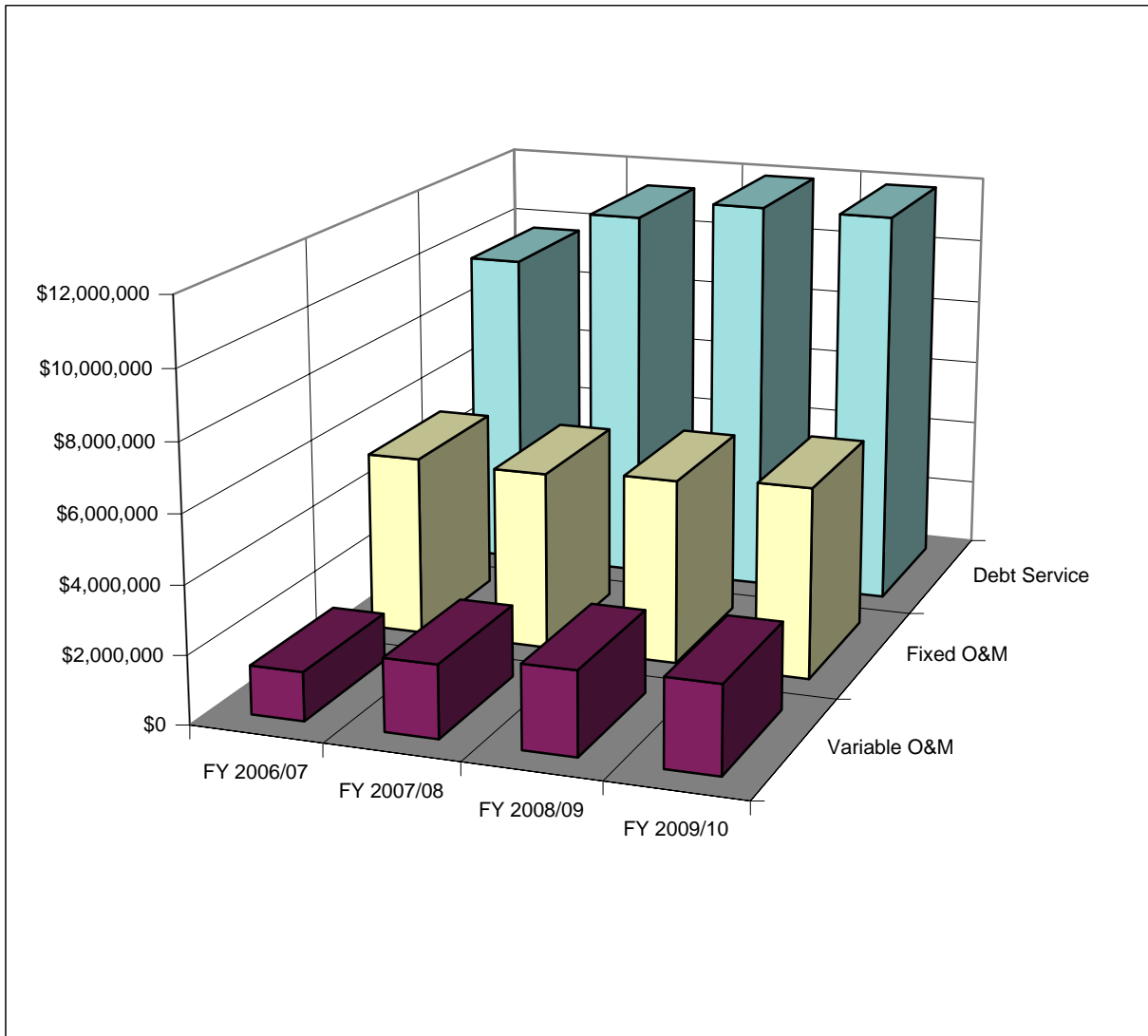
<u>Fiscal Year</u>	<u>Fixed</u>	<u>Variable</u>	<u>Total</u>
FY 2006/07	\$44,439,397	\$5,625,533	\$50,064,931
FY 2007/08	\$47,203,043	\$7,444,423	\$54,647,466
FY 2008/09	\$47,610,844	\$8,565,327	\$56,176,171
FY 2009/10	\$47,786,988	\$8,989,502	\$56,776,490



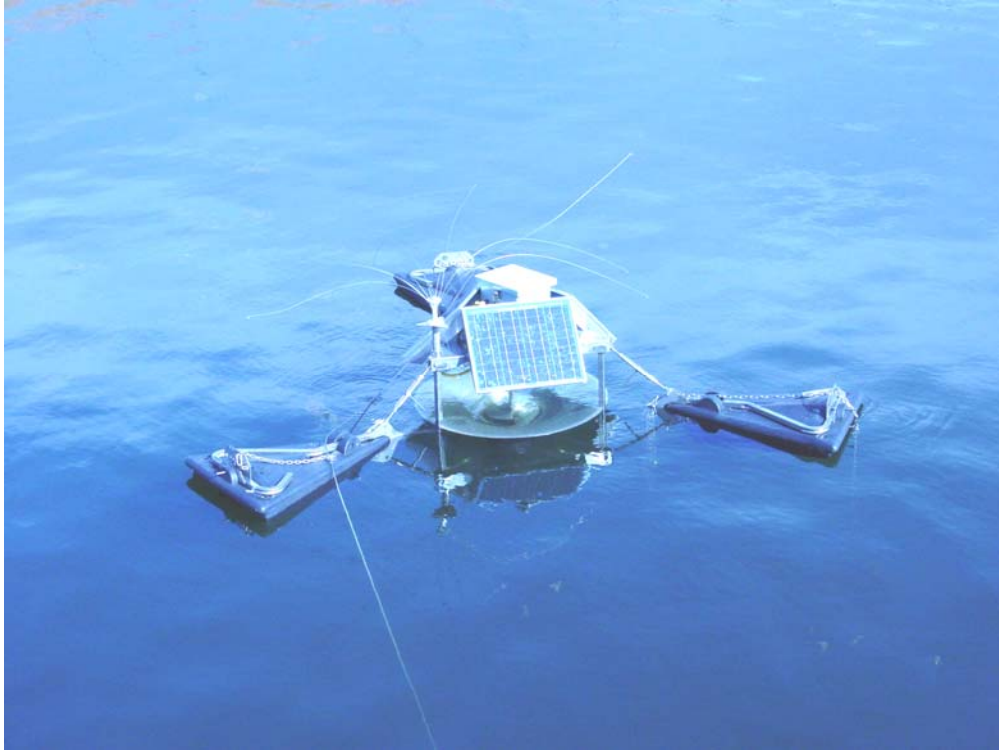
FY 2006/07 charges net of CCWA credits.

Central Coast Water Authority
CCWA Estimated Charges
 FY 2006/07 to 2009/10

<u>Fiscal Year</u>	<u>Variable O&M</u>	<u>Fixed O&M</u>	<u>Debt Service</u>	<u>Total</u>
FY 2006/07	\$1,419,059	\$5,336,568	\$9,676,005	\$16,431,632
FY 2007/08	\$2,122,354	\$5,276,775	\$11,338,334	\$18,737,463
FY 2008/09	\$2,441,239	\$5,455,568	\$11,906,509	\$19,803,316
FY 2009/10	\$2,558,781	\$5,645,963	\$11,870,184	\$20,074,927



FY 2006/07 charges net of CCWA credits.



Solar Bee, a floating solar powered pond and reservoir circulator, at the Department of Water Resources' Polonio Pass Pumping Plant.

Revenues and Sources of Cash

The Revenues and Sources of Cash section of the FY 2006/07 Budget includes information on the Authority's revenues, pass-through receipts and narrative explanations on the Authority's billing procedures and cash management.



Central Coast Water Authority
Revenues and Sources of Cash
 Fiscal Year 2006/07 Budget

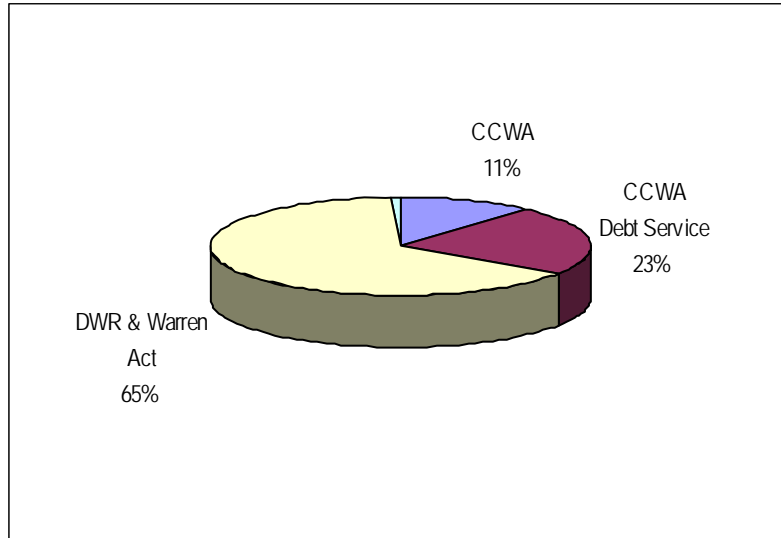
The Authority's Revenue budget is comprised of payments made by member agencies and other project participants for Authority operating expenses, debt service on the Authority's revenue bonds and investment income. Additionally, there are other payments made by the project participants that are treated 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 2004/05 Actual	FY 2005/06 Estimated Actual	FY 2006/07 Budget
CCWA Operating Expenses ⁽¹⁾	\$ 5,400,611	\$ 5,575,458	\$ 6,045,359
Debt Service Payments	11,053,669	11,133,231	11,163,819
Capital Improvement Projects (CIP)	21,245	83,991	215,795
Non-Annual Recurring Expenses	41,461	106,002	240,665
Investment Income	123,396	100,000	-
Subtotal Revenues	16,640,382	16,998,682	17,665,638
Pass-Through Expenses			
DWR Fixed Costs	30,260,701	27,987,469	29,729,894
DWR Variable Costs	1,682,230	2,142,424	4,206,474
DWR Account Interest	(156,033)	(131,240)	(303,069)
Warren Act Charges ⁽¹⁾	262,900	154,344	253,808
Subtotal Pass Through Expenses	32,049,798	30,152,997	33,887,106
Gross Budget Before Credits	48,690,180	47,151,679	51,552,744
Credits and Prepayments	(3,510,064)	(1,964,532)	(1,487,814)
TOTAL SOURCES OF CASH	\$ 45,180,116	\$ 45,187,147	\$ 50,064,931

(1) Adjusted for Santa Ynez Exchange Agreement modifications.

Central Coast Water Authority
Revenues and Sources of Cash
Fiscal Year 2006/07 Budget



FY 2005/06 Actual Cash Receipts

The actual cash receipts for FY 2005/06 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 2004/05, (2) interest income for FY 2004/05, (3) differences between the DWR actual fixed payments and the budgeted fixed payments, and (4) debt service credits from the project closeout.

CCWA Operating Expense Revenues

The Authority'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 Appendix to this document for further information on the Exchange Agreement). These Exchange Agreement modifications decrease the electrical costs at the Santa Ynez Pumping Facility. This modified amount is billed to the affected member agencies.

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

Central Coast Water Authority
Revenues and Sources of Cash
 Fiscal Year 2006/07 Budget

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

Project Participant	Original CCWA Operating Expenses ⁽¹⁾	Regional WTP Allocation	Regional WTP Allocation Credit	Exchange Agreement Adjustment SYPF Power	Exchange Agreement Adjustment Cap. and Fixed	Exchange Agreement Adjustment Variable	Adjusted CCWA Operating Expenses
Guadalupe	\$ 73,123	\$ 22,216	\$ -	\$ -	\$ -	\$ -	\$ 95,339
Santa Maria	1,998,721	646,833	-	-	-	-	2,645,553
Golden State Water Co.	62,321	19,259	-	-	-	-	81,581
Vandenberg AFB	726,933	216,234	-	-	-	-	943,167
Buellton	95,569	23,550	-	-	-	-	119,118
Santa Ynez (Solvang)	229,594	59,410	-	-	-	-	289,004
Santa Ynez	87,904	120,236	-	-	310,979	69,308	588,427
Goleta	916,400	142,752	(505,052)	(48,847)	(111,953)	(24,951)	368,350
Morehart Land	44,008	8,041	(29,624)	-	-	-	22,425
La Cumbre	229,597	40,070	(151,350)	-	-	-	118,317
Raytheon (SBRC)	12,248	2,072	(7,827)	-	-	-	6,493
Santa Barbara	509,891	87,352	(302,539)	(32,564)	(74,635)	(16,634)	170,871
Montecito	626,887	94,257	(342,095)	(32,564)	(74,635)	(16,634)	255,216
Carpinteria	341,118	58,301	(202,095)	(21,710)	(49,757)	(11,089)	114,768
Shandon	6,223	-	-	-	-	-	6,223
Chorro Valley	217,451	-	-	-	-	-	217,451
Lopez	218,850	-	-	-	-	-	218,850
TOTAL:	\$ 6,396,839	\$ 1,540,582	(\$ 1,540,582)	(\$ 135,685)	\$ -	\$ -	\$ 6,261,154

(1) Includes \$258,870 for the gross Santa Ynez Pumping Facility power costs.

The adjusted total CCWA Operating Expense revenues, including capital improvement projects funded with CCWA O&M assessments for Fiscal Year 2006/07, are **\$6,261,154**.

Central Coast Water Authority
Revenues and Sources of Cash
 Fiscal Year 2006/07 Budget

Debt Service Payments

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

For FY 2006/07, total revenue for debt service payments will be \$11,163,819, or about \$30,000 more than the FY 2005/06 payment. The following table shows each financing participant's share of the debt service.

Financing Participant	FY 2005/06	FY 2006/07	
	Actual Debt Service Payments	Debt Service Revenue	Increase
Avila Beach	\$ 14,344	\$ 14,219	\$ (125)
California Men's Colony	121,428	120,370	(1,058)
County of SLO	129,340	128,213	(1,127)
Cuesta College	60,719	60,189	(530)
Morro Bay	754,778	748,201	(6,577)
Oceano	105,065	104,150	(915)
Pismo Beach	173,651	172,138	(1,513)
Shandon	13,630	13,511	(119)
Guadalupe	166,875	165,349	(1,526)
Buellton	295,775	293,314	(2,461)
Santa Ynez (Solvang)	626,603	621,051	(5,552)
Santa Ynez	234,615	232,536	(2,079)
Goleta	2,858,097	2,834,320	(23,777)
Morehart Land	121,360	126,072	4,712
La Cumbre	581,209	604,240	23,031
Raytheon (SBRC)	27,509	27,253	(256)
Santa Barbara	1,757,902	1,743,093	(14,809)
Montecito	1,909,169	1,984,357	75,188
Carpinteria	1,181,162	1,171,242	(9,920)
TOTAL:	\$ 11,133,231	\$ 11,163,819	\$ 30,588

Central Coast Water Authority
Revenues and Sources of Cash
 Fiscal Year 2006/07 Budget

FY 2006/07 CCWA Credits

The following table shows a summary of the FY 2006/07 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	\$65	\$888	\$ 4,885	\$ -	\$5,838
Santa Maria	-	-	-	164,089	164,089
Golden State Water Co.	67	808	-	-	875
Vandenberg AFB	1,855	-	-	-	1,855
Buellton	91	934	1,780	-	2,805
Santa Ynez (Solvang)	221	2,424	16,892	-	19,538
Santa Ynez	(617)	808	12,177	-	12,368
Goleta	5,985	7,273	-	-	13,258
Morehart Land	929	323	-	10,424	11,676
La Cumbre	27,661	1,616	10,900	1,020,008	1,060,185
Raytheon	2,484	81	-	2,369	4,934
Santa Barbara	(314)	4,849	-	-	4,535
Montecito	-	4,849	30,312	-	35,161
Carpinteria	(58)	3,232	23,772	-	26,946
Shandon	-	-	459	-	459
Oceano CSD	-	-	5,573	103,604	109,176
Avila Beach CSD	-	-	872	-	872
Pismo Beach	-	-	-	1,012	1,012
Chorro Valley	11,784	-	-	-	11,784
Lopez	449	-	-	-	449
TOTAL:	\$50,601	\$28,086	\$107,620	\$1,301,506	\$1,487,814

Investment Income and Cash Management

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

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

Central Coast Water Authority
Revenues and Sources of Cash
Fiscal Year 2006/07 Budget

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 1996 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
Revenues and Sources of Cash
 Fiscal Year 2006/07 Budget

Pass-Through Expenses

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

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

Warren Act Charges

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

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

The following table represents the Fiscal Year 2006/07 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 2006/07 DWR Fixed Charges	FY 2006/07 DWR Variable Charges	FY 2006/07 Interest Income	FY 2006/07 Warren Act Charges ⁽¹⁾	Total Pass-Through Expenses
Guadalupe	\$380,773	\$76,857	(\$2,976)	\$ -	\$454,654
Santa Maria	11,739,165	2,098,187	(183,067)	-	13,654,285
Golden State Water Co.	362,652	29,423	(3,192)	-	388,883
Vandenberg AFB	4,312,751	520,881	-	-	4,833,632
Buellton	450,578	88,889	(3,626)	-	535,841
Santa Ynez (Solvang)	1,150,302	171,624	(4,053)	-	1,317,874
Santa Ynez	411,346	100,627	(2,134)	-	509,839
Goleta	3,701,822	450,363	(69,002)	105,785	4,188,968
Morehart Land	155,589	19,188	(3,169)	9,280	180,889
LaCumbre	779,854	126,103	(15,413)	53,070	943,615
Raytheon (SBRC)	36,964	7,845	(858)	3,190	47,141
Santa Barbara	2,347,333	185,417	(930)	(5)	2,531,815
Montecito	2,337,165	274,389	(13,926)	81,659	2,679,286
Carpinteria	1,563,598	56,681	(723)	828	1,620,384
Shandon	N/A	N/A	-	-	-
Chorro Valley	N/A	N/A	-	-	-
Lopez	N/A	N/A	-	-	-
TOTAL:	\$29,729,894	\$4,206,474	(\$303,069)	\$253,808	\$33,887,106

(1) Adjusted for Santa Ynez Exchange Agreement modifications.

Central Coast Water Authority
Revenues and Sources of Cash
Fiscal Year 2006/07 Budget

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 2006/07 for each project participant.

Central Coast Water Authority
Revenues and Sources of Cash
 Fiscal Year 2006/07 Budget

Project Participant	FY 2006/07 Operating Expenses ⁽¹⁾	FY 2006/07 Non-Annual Recurring	FY 2006/07 Debt Service Payments	FY 2006/07 DWR Costs	FY 2006/07 Warren Act Charges ⁽²⁾	FY 2006/07 CCWA Credits	FY 2006/07 Total Payments
Guadalupe	\$95,339	\$3,865	\$ 165,349	\$454,654	\$0	\$ (5,838)	\$713,370
Santa Maria	2,645,553	119,746	-	13,654,285	-	(164,089)	16,255,496
Golden State Water Co.	81,581	1,047	-	388,883	-	(875)	470,636
Vandenberg AFB	943,167	36,699	-	4,833,632	-	(1,855)	5,811,644
Buellton	119,118	5,310	293,314	535,841	-	(2,805)	950,779
Santa Ynez (Solvang)	289,004	7,021	621,051	1,317,874	-	(19,538)	2,215,412
Santa Ynez	588,427	18,824	232,536	509,839	-	(12,368)	1,337,258
Goleta	368,350	7,071	2,834,320	4,083,183	105,785	(13,258)	7,385,450
Morehart Land	22,425	312	126,072	171,609	9,280	(11,676)	318,022
La Cumbre	118,317	1,589	604,240	890,545	53,070	(1,060,185)	607,576
Raytheon (SBRC)	6,493	79	27,253	43,951	3,190	(4,934)	76,033
Santa Barbara	170,871	4,688	1,743,093	2,531,820	(5)	(4,535)	4,445,932
Montecito	255,216	4,695	1,984,357	2,597,627	81,659	(35,161)	4,888,393
Carpinteria	114,768	3,122	1,171,242	1,619,556	828	(26,946)	2,882,571
Shandon	6,223	27	13,511	N/A	-	(459)	19,302
Chorro Valley	217,451	10,456	1,056,973	N/A	-	(11,784)	1,273,096
Lopez	218,850	16,114	290,507	N/A	-	(111,509)	413,961
TOTAL:	\$6,261,154	\$240,665	\$11,163,819	\$33,633,298	\$253,808	(\$1,487,814)	\$50,064,931

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





Dewatering structure on the east branch of the Huerhuero Creek.

Department of Water Resources Charges

The Department of Water Resources (DWR) section of the FY 2006/07 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 2006/07 DWR charges.

Highlights

Total FY 2006/07 DWR Charges **\$ 33,633,298**

- DWR Fixed Charges \$ 29,729,894
- DWR Variable Charges \$ 4,206,474
- Interest Income Credits \$ (303,069)

Fixed Charge Highlights

- Total fixed charge increase over FY 2005/06 of \$1,660,055
- Increase in Transportation Capital charges \$736,031
- Increase in Transportation Minimum OMP&R charges of \$731,632
- Rate Management Funds Credits totaling \$1,671,531

Variable Charge Highlights

- Total variable charge increase over FY 2005/06 of \$1,554,522
- Estimated Variable OMP&R unit rate for 2006 and 2007: \$110.00

Central Coast Water Authority
Department of Water Resources Charges
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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 2006/07 DWR Charges

The DWR charges for the first half of FY 2006/07 are based on the 2006 Statement of Charges. The DWR charges for the second half of FY 2006/07 are based on forecasts prepared by the DWR State Water Project Analysis Office. DWR transportation capital charges starting in 1998 are based on a Coastal Branch Phase II project cost of \$481 million. Coastal Branch Extension capital charges are based on 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 63 shows fixed and variable DWR costs for each project participant.

Central Coast Water Authority
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The FY 2006/07 DWR fixed charges total \$29,729,894, which is \$1,660,055 more than the FY 2005/06 Budget.

- Transportation capital charges are increasing by \$736,031 due to the following:

Rate Management Credits Preliminary estimates indicate the revenues available for rate management credits in calendar year 2007 will be substantially reduced. For this budget, rate management credits for the first half of calendar year 2007 are based on a projected 25% funding of rate management credits by DWR.

Repayment of Deferral of Charges In order to partially offset the near-term impact of the increased costs of constructing the DWR facilities, DWR agreed to defer payments of \$1,250,000 per year in 1997, 1998, 1999 and 2000 (the amount of the deferral is shared proportionately on the basis of allocated costs among the Santa Barbara and San Luis Obispo County project participants). Beginning with calendar year 2001, DWR began recovering the deferred amounts with interest by increasing the amount which would have otherwise been payable to it over five years. The final payment of approximately \$464,000 was paid during FY 2005/06 which results in a decrease in Transportation Capital charges.

- Transportation Minimum OMP&R charges are increasing by \$731,632 from the prior year budget due to under-collection by DWR in the prior year based on actual costs incurred.
- Delta Water Charges are increasing by about \$190,000 for increases associated with various conservation facility operating expenses and a projected \$1.00/AF increase for potential charges associated with the two-year Calfed agreement funding.

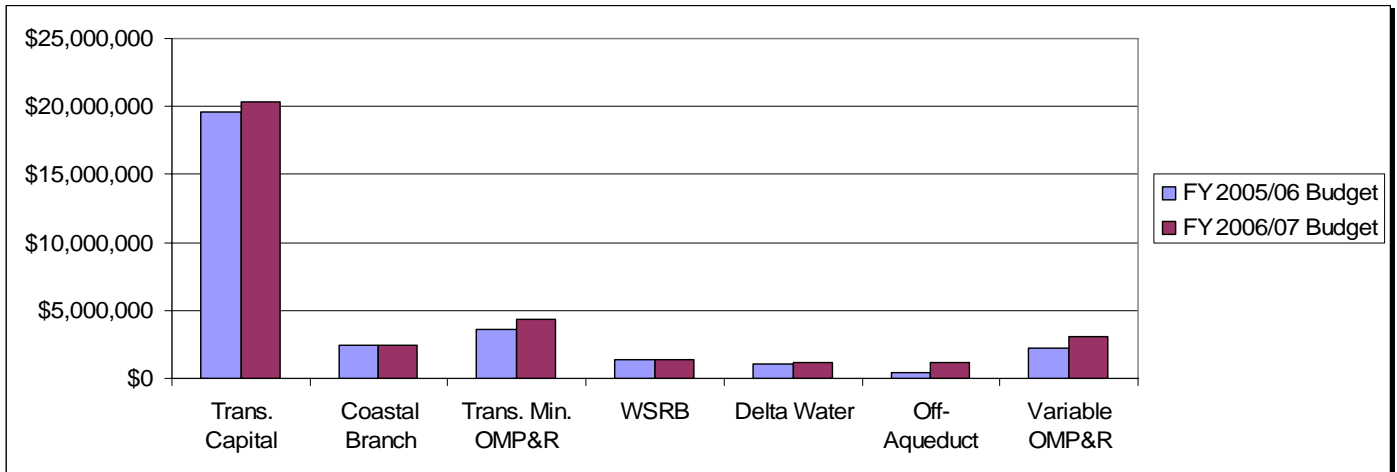
The DWR variable charges for FY 2006/07 total \$4,206,474, which is \$1,554,522 higher than the budgeted FY 2005/06 variable payments.

- Off-aqueduct charges total \$1,171,600, which is about \$713,000 higher than the prior year amount due to off-aqueduct credits from DWR which reduced the FY 2005/06 charges.
- Variable OMP&R charges total \$3,034,874 which is about \$841,000 more than the prior year amount due to a projected increase in electrical costs per acre-foot. The FY 2006/07 budget amount is based on \$110/AF.

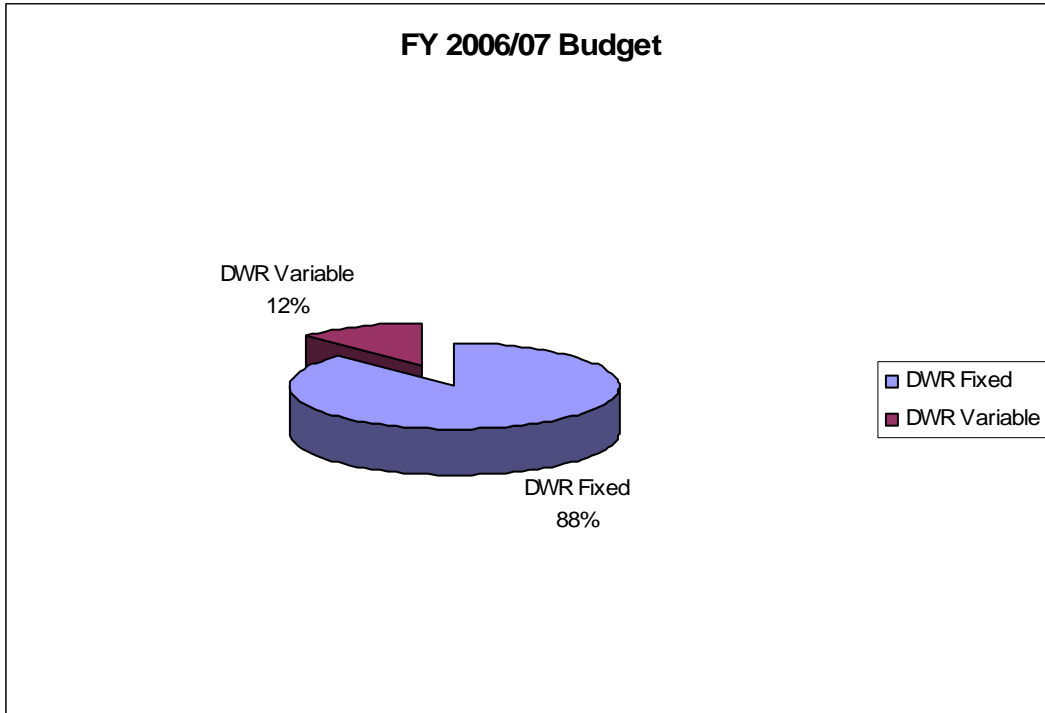
The following table provides a comparison of the FY 2005/06 and FY 2006/07 DWR charges. The FY 2006/07 charges are partially offset by DWR account investment income payable to the project participants.

Central Coast Water Authority
Department of Water Resources Charges
 Fiscal Year 2006/07 Budget

DWR Fixed and Variable Cost Comparison			
Cost Component	FY 2005/06 Budget	FY 2006/07 Budget	Increase (Decrease)
Transportation Capital	\$ 19,607,511	\$ 20,343,542	\$ 736,031
Coastal Branch Phase II	2,478,155	2,472,350	(5,805)
Transportation Minimum OMP&R	3,575,593	4,307,225	731,632
Water System Revenue Bond	1,381,598	1,390,261	8,663
Delta Water Charges	1,026,982	1,216,516	189,534
Subtotal Fixed DWR Charges	28,069,839	29,729,894	1,660,055
Off-Aqueduct Charges	458,472	1,171,600	713,128
Variable OMP&R	2,193,480	3,034,874	841,394
Subtotal Variable DWR Charges	2,651,952	4,206,474	1,554,522
DWR Account Investment Income	(82,371)	(303,069)	(220,698)
Total DWR Charges	\$ 30,639,420	\$ 33,633,298	\$ 2,993,878



Central Coast Water Authority
Department of Water Resources Charges
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Central Coast Water Authority
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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 2006/07 by project participant.

TRANSPORTATION CAPITAL CHARGES

Project Participant	Table A	Percentage	Reaches 1 to 35 ⁽¹⁾	Deferral of Charges Repayment	One-Shot Adjustment	Rate Management Funds Credit	FY 2005/06 (Credits) Additional Charge ⁽²⁾	FY 2006/07 Transportation Capital Charges
Guadalupe	550	1.41%	\$ 314,810	\$ -	\$ (474)	\$ (21,230)	\$ (6,296)	\$ 286,810
Santa Maria	16,200	41.46%	9,272,593	-	(13,973)	(625,316)	(208,866)	8,424,438
Golden State Water Co.	500	1.28%	286,191	-	(431)	(19,300)	(6,076)	260,384
VAFB	5,500	14.07%	3,148,102	-	(4,744)	(212,299)	(70,708)	2,860,352
Buellton	578	1.48%	330,837	-	(499)	(22,311)	(6,961)	301,066
Santa Ynez (Solvang) ⁽³⁾	1,500	3.84%	851,166	-	(1,294)	(57,366)	(19,568)	772,938
Santa Ynez ⁽³⁾	500	1.28%	293,599	-	(431)	(19,834)	(6,673)	266,661
Goleta	4,500	11.52%	2,575,720	-	(3,881)	(173,699)	(56,587)	2,341,553
Morehart	200	0.51%	114,476	-	(173)	(7,720)	(2,818)	103,766
La Cumbre	1,000	2.56%	572,382	-	(863)	(38,600)	(12,151)	520,769
Raytheon (SBRC)	50	0.13%	28,619	-	(43)	(1,930)	(2,158)	24,488
Santa Barbara	3,000	7.68%	1,717,147	-	(2,588)	(115,799)	(38,392)	1,560,368
Montecito	3,000	7.68%	1,717,147	-	(2,588)	(115,799)	(38,392)	1,560,368
Carpinteria	2,000	5.12%	1,144,765	-	(1,725)	(77,200)	(26,240)	1,039,600
Subtotal:	39,078	100.00%	\$ 22,367,554	\$ -	\$ (33,706)	\$ (1,508,401)	\$ (501,885)	\$ 20,323,563
Goleta Additional Table A	2,500	5.50%	21,831	-	-	(1,852)	-	19,979
CCWA Drought Buffer	3,908	-	-	-	-	-	-	-
TOTAL:	45,486		\$ 22,389,386	\$ -	\$ (33,706)	\$ (1,510,254)	\$ (501,885)	\$ 20,343,542

(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 2005/06 transportation capital reconciliation.

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

Central Coast Water Authority
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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	<i>Reach 37</i>				
	Table A	Percentage	Transportation Capital	Reach 37 Credits ⁽¹⁾	Net Reach 37 Transp. Costs
Guadalupe	-	0.00%	-	-	\$ -
Santa Maria	16,200	42.05%	778,680	(156,145)	622,534
Golden State Water Co.	500	1.30%	24,033	(4,819)	19,214
VAFB	5,500	14.28%	264,367	(53,012)	211,354
Buellton	578	1.50%	27,783	(5,571)	22,211
Santa Ynez (Solvang)	1,500	3.89%	72,100	(14,458)	57,642
Santa Ynez	500	1.30%	24,033	(4,819)	19,214
Goleta	4,500	11.68%	216,300	(43,374)	172,926
Morehart	200	0.52%	9,613	(1,928)	7,686
La Cumbre	1,000	2.60%	48,067	(9,639)	38,428
Raytheon	50	0.13%	2,403	(482)	1,921
Santa Barbara	3,000	7.79%	144,200	(28,916)	115,284
Montecito	3,000	7.79%	144,200	(28,916)	115,284
Carpinteria	2,000	5.19%	96,133	(19,277)	76,856
Total:	38,528	100.00%	1,851,912	(371,356)	\$ 1,480,556

Project Participant	<i>Reach 38</i>					FY 2006/07	
	Table A	Percentage	Transportation Capital	Reach 38 Credits ⁽¹⁾	Net Reach 38 Transp. Costs	FY 2005/06 Credits (Amount Due)	Transportation Capital Charges
Guadalupe	-	0.00%	-	-	\$ -	-	\$ -
Santa Maria	-	0.00%	-	-	-	(83,861)	538,673
Golden State Water Co.	-	0.00%	-	-	-	(2,669)	16,545
VAFB	5,500	25.20%	433,501	(86,928)	346,573	(74,797)	483,131
Buellton	578	2.65%	45,557	(9,135)	36,422	(7,971)	50,662
Santa Ynez (Solvang)	1,500	6.87%	118,228	(23,708)	94,520	(20,370)	131,792
Santa Ynez	500	2.29%	39,409	(7,903)	31,507	(6,684)	44,036
Goleta	4,500	20.62%	354,683	(71,123)	283,560	(61,428)	395,058
Morehart	200	0.92%	15,764	(3,161)	12,603	(2,737)	17,551
La Cumbre	1,000	4.58%	78,818	(15,805)	63,013	(13,686)	87,755
Raytheon	50	0.23%	3,941	(790)	3,151	(605)	4,467
Santa Barbara	3,000	13.74%	236,455	(47,415)	189,040	(40,740)	263,584
Montecito	3,000	13.74%	236,455	(47,415)	189,040	(40,740)	263,584
Carpinteria	2,000	9.16%	157,637	(31,610)	126,027	(27,372)	175,511
Total:	21,828	100.00%	1,720,449	(344,994)	\$ 1,375,455	\$ (383,661)	\$ 2,472,350

(1) Includes credits for the return of bond cover, \$618,798 and Rate Management Funds Credits of \$97,553.

Central Coast Water Authority
Department of Water Resources Charges
 Fiscal Year 2006/07 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 2006/07.

TRANSPORTATION MINIMUM OMP&R

Project Participant					FY 2005/06	FY 2006/07
	Table A	Percentage	Reaches 1 to 35	One-Shot Adjustment	Credit Amount	Transportation Minimum OMP&R
Guadalupe	550	1.41%	\$ 59,054	\$ 76	\$ (818)	\$ 58,312
Santa Maria	16,200	41.46%	1,739,417	2,230	(16,498)	1,725,149
Golden State Water Co.	500	1.28%	53,686	69	(473)	53,282
VAFB	5,500	14.07%	590,543	757	22,338	613,637
Buellton	578	1.48%	62,061	80	(845)	61,296
Santa Ynez (Solvang) ⁽¹⁾	1,500	3.84%	156,689	207	(3,574)	153,322
Santa Ynez ⁽¹⁾	500	1.28%	58,054	69	5,320	63,443
Goleta	4,500	11.52%	483,171	620	39,598	523,389
Morehart	200	0.51%	21,474	28	(189)	21,312
La Cumbre	1,000	2.56%	107,371	138	(945)	106,564
Raytheon (SBRC)	50	0.13%	5,369	7	(346)	5,029
Santa Barbara	3,000	7.68%	322,114	413	6,737	329,265
Montecito	3,000	7.68%	322,114	413	(3,431)	319,096
Carpinteria	2,000	5.12%	214,743	275	3,938	218,956
Subtotal:	39,078	100.00%	\$ 4,195,860	\$ 5,380	\$ 50,814	\$ 4,252,053
Goleta Additional Table A	2,500	-	55,101	71	-	\$ 55,171
CCWA Drought Buffer	3,908	-	-	-	-	-
TOTAL:	45,486		\$ 4,250,961	\$ 5,451	\$ 50,814	\$ 4,307,225

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

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

The following table shows the Water System Revenue Bond Surcharge for FY 2006/07.

WATER SYSTEM REVENUE BOND SURCHARGE

Project Participant	Table A	Percentage	Gross WSRB Charges	Return of Bond Cover ⁽²⁾	FY 2005/06 WSRB Credits	FY 2006/07 WSRB Charges
Guadalupe	550	1.41%	\$ 34,996	\$ (13,984)	\$ (1,515)	\$ 19,496
Santa Maria	16,200	41.46%	1,030,787	(411,899)	(45,992)	572,896
Golden State Water Co.	500	1.28%	31,814	(12,713)	(1,443)	17,658
VAFB	5,500	14.07%	349,959	(139,842)	(15,877)	194,239
Buellton	578	1.48%	36,777	(14,696)	(1,623)	20,458
Santa Ynez (Solvang) ⁽¹⁾	1,500	3.84%	93,830	(37,494)	(4,093)	52,242
Santa Ynez ⁽¹⁾	500	1.28%	33,428	(13,358)	(1,438)	18,632
Goleta	4,500	11.52%	286,330	(114,416)	(14,357)	157,557
Morehart	200	0.51%	12,726	(5,085)	(529)	7,112
La Cumbre	1,000	2.56%	63,629	(25,426)	(2,887)	35,316
Raytheon (SBRC)	50	0.13%	3,181	(1,271)	(314)	1,597
Santa Barbara	3,000	7.68%	190,887	(76,278)	(8,419)	106,190
Montecito	3,000	7.68%	190,887	(76,278)	(8,419)	106,190
Carpinteria	2,000	5.12%	127,258	(50,852)	(5,774)	70,632
Subtotal	39,078	100.00%	\$ 2,486,488	\$ (993,593)	\$ (112,680)	\$ 1,380,215
Goleta Additional Table A	2,500	-	\$ 16,733	(6,686)	\$	\$ 10,046
CCWA Drought Buffer	3,908	-	-	-	-	-
TOTAL:	45,486		\$ 2,503,221	\$ (1,000,279)	\$ (112,680)	\$ 1,390,261

(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 2005 and January 2006 payments.

Central Coast Water Authority
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 Fiscal Year 2006/07 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 2005/06.

The following table shows the Delta Water Charges for FY 2006/07.

DELTA WATER CHARGE

Project Participant	Table A Including Drought Buffer ⁽¹⁾	Percentage	Gross Delta Water Charges	Rate Management Funds Credit	FY 2005/06 (Credits) Amount Due	FY 2006/07 Delta Water Charges
Guadalupe	605	1.41%	\$ 16,873	(845)	\$ 126	\$ 16,154
Santa Maria	17,820	41.46%	496,978	(24,878)	5,675	477,775
Golden State Water Co.	550	1.28%	15,339	(768)	124	14,695
VAFB	6,050	14.07%	168,727	(8,446)	1,263	161,544
Buellton	636	1.48%	17,737	(888)	152	17,002
Santa Ynez (Solvang)	1,500	3.49%	41,833	(2,094)	339	40,078
Santa Ynez	700	1.63%	19,522	(977)	158	18,703
Goleta	4,950	11.52%	138,050	(6,911)	1,604	132,743
Morehart	220	0.51%	6,136	(307)	8	5,836
La Cumbre	1,100	2.56%	30,678	(1,536)	249	29,391
Raytheon	55	0.13%	1,534	(77)	2	1,459
Santa Barbara	3,300	7.68%	92,033	(4,607)	641	88,067
Montecito	3,300	7.68%	92,033	(4,607)	641	88,067
Carpinteria	2,200	5.12%	61,355	(3,071)	498	58,782
Subtotal	42,986	100.00%	\$ 1,198,828	\$ (60,013)	\$ 11,481	\$ 1,150,297
Goleta Additional Table A	2,500	5.50%	\$ 69,722	(3,503)	-	\$ 66,219
TOTAL:	45,486	-	\$ 1,268,550	\$ (63,515)	\$ 11,481	\$ 1,216,516

(1) No Table A reductions for calendar years 2006 or 2007.

Central Coast Water Authority
Department of Water Resources Charges
 Fiscal Year 2006/07 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 which includes both fixed and variable cost elements).

The following table shows the Off-Aqueduct charges for FY 2006/07.

OFF-AQUEDUCT CHARGES

Project Participant	Table A Allocation		2006		2007		FY 2005/06	TOTAL
	Table A	Allocation Percentage	Off-Aqueduct ^(1 & 2)	One-Half Year	Off-Aqueduct ⁽³⁾	One-Half Year	(Credits) Charges ⁽⁴⁾	FY 2006/07 Off-Aqueduct
Guadalupe	605	1.33%	\$ 16,697	\$ 8,349	\$ 15,154	\$ 7,577	\$ (334)	\$ 15,591
Santa Maria	17,820	39.18%	491,813	245,906	446,346	223,173	(10,754)	458,325
Golden State Water Co.	550	1.21%	15,179	7,590	13,776	6,888	(175)	14,303
VAFB	6,050	13.30%	166,974	83,487	151,537	75,769	(3,341)	155,915
Buellton	636	1.40%	17,553	8,776	15,930	7,965	(382)	16,360
Santa Ynez (Solvang) ⁽⁵⁾	1,500	3.30%	41,398	20,699	37,571	18,786	(897)	38,588
Santa Ynez ⁽⁶⁾	700	1.54%	19,319	9,660	17,533	8,767	(391)	18,035
Goleta	7,450	16.38%	205,612	102,806	186,604	93,302	(3,585)	192,523
Morehart	220	0.48%	6,072	3,036	5,510	2,755	(82)	5,709
La Cumbre	1,100	2.42%	30,359	15,179	27,552	13,776	(572)	28,384
Raytheon	55	0.12%	1,518	759	1,378	689	(46)	1,402
Santa Barbara	3,300	7.25%	91,076	45,538	82,657	41,328	(1,870)	84,996
Montecito	3,300	7.25%	91,076	45,538	82,657	41,328	(2,080)	84,787
Carpinteria	2,200	4.84%	60,718	30,359	55,104	27,552	(1,230)	56,681
	45,486	100.00%	\$ 1,255,365	\$ 627,683	\$ 1,139,310	\$ 569,655	\$ (25,737)	\$ 1,171,600

(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, 2005.

(3) Source: Attachment #3, July 1, 2005 DWR Invoice.

(4) Credits for reconciliation of 2005 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 2006/07 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 2006/07.

VARIABLE OMP&R CHARGES										
Project Participant	July 1, 2006 to Dec 31, 2006 ⁽¹⁾			\$110.00/AF ⁽²⁾	Jan 1, 2007 to June 30, 2007 ⁽³⁾			\$110.00/AF ⁽⁴⁾		TOTAL
	Requested Delivery	SYID#1 Exchanges	Net Deliveries	2005 Var OMP&R	Requested Delivery	SYID#1 Exchanges	Net Deliveries	2006 Var OMP&R	FY 2005/06 Credits ⁽⁵⁾	FY 2006/07 Var. OMP&R
Guadalupe	285	-	285	\$ 31,350	270	-	270	\$ 29,700	\$ 216	\$ 61,266
Santa Maria	7,900	-	7,900	869,000	6,500	-	6,500	715,000	55,862	1,639,862
Golden State Water Co.	150	-	150	16,500	120	-	120	13,200	(14,580)	15,120
VAFB	2,300	-	2,300	253,000	1,800	-	1,800	198,000	(86,034)	364,966
Buellton	330	-	330	36,300	295	-	295	32,450	3,779	72,529
Santa Ynez (Solvang)	730	-	730	80,300	520	-	520	57,200	(4,464)	133,036
Santa Ynez ⁽⁶⁾	460	1,512	1,972	50,600	280	955	1,235	30,800	1,192	82,592
Goleta	1,590	(544)	1,046	174,900	1,122	(344)	778	123,420	(40,480)	257,840
Morehart	109	-	109	11,990	51	-	51	5,610	(4,121)	13,479
La Cumbre	485	-	485	53,350	430	-	430	47,300	(2,931)	97,719
Raytheon (SBRC)	38	-	38	4,180	17	-	17	1,870	393	6,443
Santa Barbara	363	(363)	0	39,930	229	(229)	(0)	25,190	35,300	100,420
Montecito	1,429	(363)	1,066	157,190	571	(229)	342	62,810	(30,398)	189,602
Carpinteria	242	(242)	0	26,620	167	(153)	14	18,370	(49,632)	-
Total	16,411	-	16,411	\$ 1,805,210	12,372	-	12,372	\$ 1,360,920	\$ (135,899)	\$ 3,034,874

- (1) 2006 Requested Deliveries based on a 75% delivery allocation for Table A deliveries and 100% for exchange deliveries.
- (2) Source: Estimate of initial invoice rate for 2006.
- (3) 2007 Requested Deliveries based on a 100% delivery allocation.
- (4) Source: DWR Attachment #3, July 1, 2005 DWR Invoice.
- (5) Credits for FY 2005/06 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 year 2006 or 2007.

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
Department of Water Resources Charges
Fiscal Year 2006/07 Budget

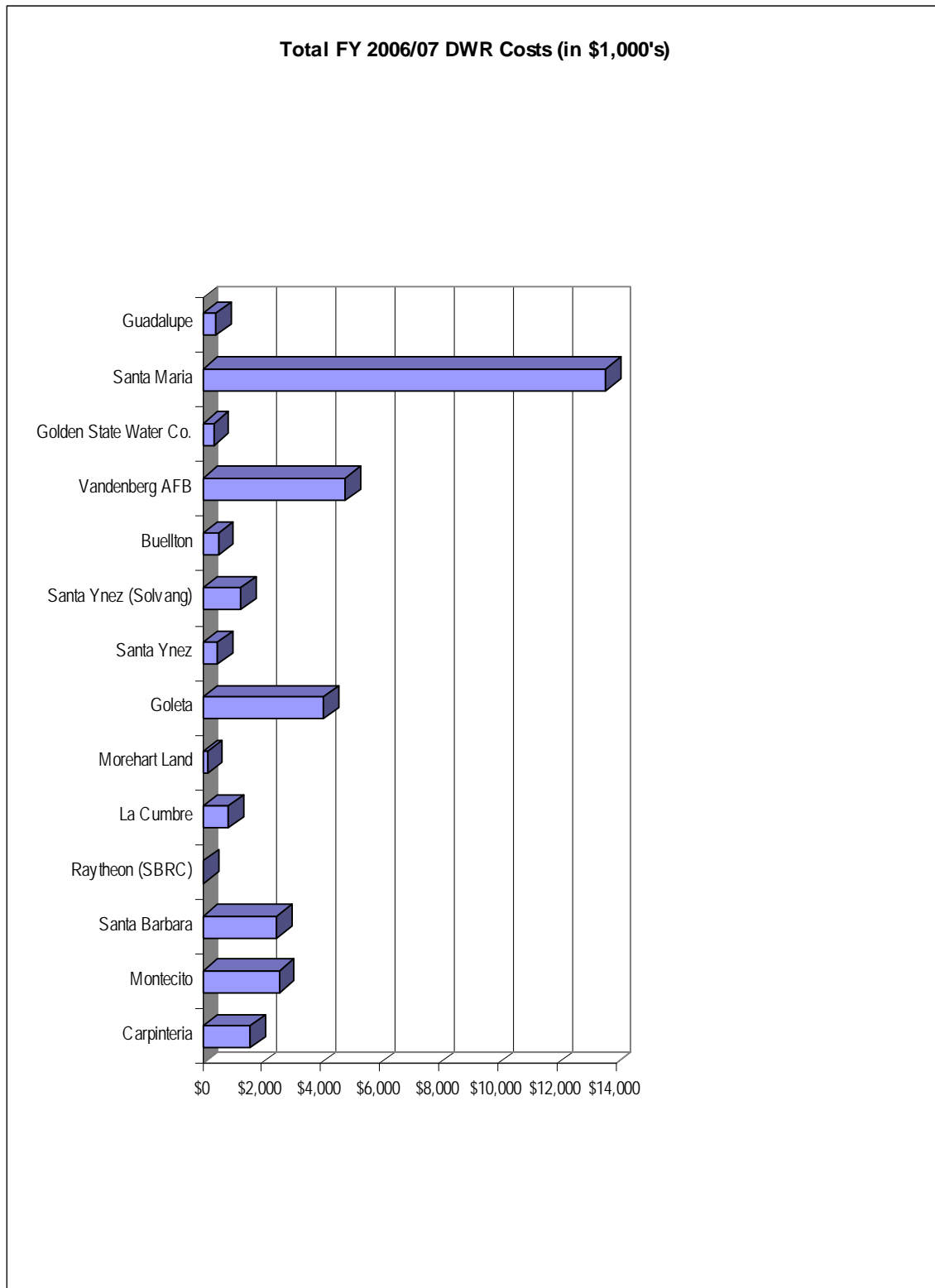
Rate Management Funds Credit This is a credit given to project participants by DWR and represents a return of excess transportation capital charges and other credits from DWR as provided in the Monterey Amendments to the State Water Contracts (Amendment No. 16 to the Santa Barbara County Flood Control 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
Department of Water Resources Charges
Fiscal Year 2006/07 Budget



Central Coast Water Authority
DWR Charges
 Fiscal Year 2006/07 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	\$ 286,810	\$ -	\$ -	\$ 58,312	\$ 19,496	\$ 16,154	\$ 380,773	\$ 15,591	\$ 61,266	\$ 76,857	\$ (2,976)	\$ 454,654
Santa Maria	8,424,438	538,907	-	1,725,149	572,896	477,775	11,739,165	458,325	1,639,862	2,098,187	(183,067)	13,654,285
Golden State Water Co.	260,384	16,633	-	53,282	17,658	14,695	362,652	14,303	15,120	29,423	(3,192)	388,883
Vandenberg AFB	2,860,352	182,962	300,016	613,637	194,239	161,544	4,312,751	155,915	364,966	520,881	-	4,833,632
Buellton	301,066	19,228	31,529	61,296	20,458	17,002	450,578	16,360	72,529	88,889	(3,626)	535,841
Santa Ynez (Solvang)	772,938	49,899	81,823	153,322	52,242	40,078	1,150,302	38,588	133,036	171,624	(4,053)	1,317,874
Santa Ynez	266,661	16,633	27,274	63,443	18,632	18,703	411,346	18,035	82,592	100,627	(2,134)	509,839
Goleta	2,341,553	149,696	245,468	523,389	157,557	132,743	3,550,406	192,523	257,840	450,363	(69,002)	3,931,767
Morehart Land	103,766	6,653	10,910	21,312	7,112	5,836	155,589	5,709	13,479	19,188	(3,169)	171,609
La Cumbre	520,769	33,266	54,548	106,564	35,316	29,391	779,854	28,384	97,719	126,103	(15,413)	890,545
Raytheon	24,488	1,663	2,727	5,029	1,597	1,459	36,964	1,402	6,443	7,845	(858)	43,951
Santa Barbara	1,560,368	99,798	163,645	329,265	106,190	88,067	2,347,333	84,996	100,420	185,417	(930)	2,531,820
Montecito	1,560,368	99,798	163,645	319,096	106,190	88,067	2,337,165	84,787	189,602	274,389	(13,926)	2,597,627
Carpinteria	1,039,600	66,532	109,097	218,956	70,632	58,782	1,563,598	56,681	-	56,681	(723)	1,619,556
Goleta 2500 AF	19,979	-	-	55,171	10,046	66,219	151,416	-	-	-	-	151,416
Total	\$ 20,343,542	\$ 1,281,666	\$ 1,190,684	\$ 4,307,225	\$ 1,390,261	\$ 1,216,516	\$ 29,729,894	\$ 1,171,600	\$ 3,034,874	\$ 4,206,474	\$ (303,069)	\$ 33,633,298

(1) Reach 36 was deleted during project design.



New Generator Transfer Switch at the Chorro Turnout.

Operating Expenses

The Operating Expenses section of the FY 2006/07 Budget contains a summary of the consolidated department operating expenses, non-annual recurring expenses and allocation of the Authority's operating expenses to its project participants.

Highlights

Summary Information

• Total FY 2006/07 Operating Expenses	\$ 6,045,359
• Fixed expense increase	\$ 450,804
• Variable expense decrease	<u>\$ 19,098</u>
• Increase over FY 2005/06 Budget	\$ 469,902
• Percentage increase	8.43%
• FY 2006/07 non-annual recurring expense deposits (all departments)	\$ 240,655

Significant Operating Expense Changes

- Includes salary pool for FY 2006/07 of \$134,627.
- New position: Engineering Technician funded from the Distribution Department.
- Chemical costs budgeted at \$27 an acre-foot.
- Employee benefits percentage for FY 2006/07: 37.57%

Central Coast Water Authority
Operating Expense Overview
Fiscal Year 2006/07 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 2006/07. These expenses are billed to the project participants based on the individual Water Supply Agreements for each agency (*see the Revenues and Sources of Cash section of this document for further information on billings*).

When the anticipated expenses for the fiscal year have been determined, certain adjustments are made to the budget based on the "Santa Ynez Exchange Agreement" (*see the Appendix to this document for further information about the exchange agreement*). These adjustments reduce the variable costs (chemicals and electrical) in the budget based on the provisions of the Exchange Agreement. The project participants are billed for the Authority'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.

The Santa Ynez Exchange Agreement modifications for the Fiscal Year 2006/07 budget are as follows:

- Decrease in electrical costs at the Santa Ynez Pumping Facility of \$113,092.

Central Coast Water Authority
Operating Expense Overview
 Fiscal Year 2006/07 Budget

- Decrease in Warren Act charges of \$143,086 (Warren Act charges are not included in the Operating Expense budget and are treated as a pass-through expense).

Fixed and Variable Operating Expenses

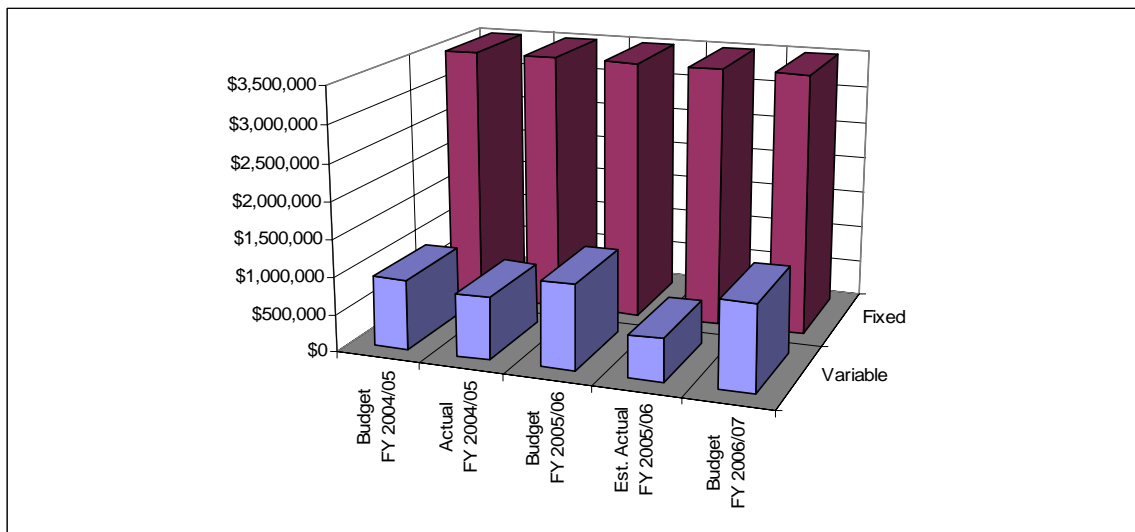
The Authority's Operating Expense budget is separated by department and further subdivided into Fixed and Variable O&M costs.

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.

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

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

	FY 2004/05 Budget	FY 2004/05 Actual	FY 2005/06 Budget	FY 2005/06 Est. Actual	FY 2006/07 Budget
Fixed O&M	\$ 4,272,262	\$ 3,980,811	\$ 4,429,304	\$ 4,120,642	\$ 4,880,108
Variable O&M	943,336	837,248	1,146,153	571,391	1,165,251
Total:	\$ 5,215,598	\$ 4,818,060	\$ 5,575,457	\$ 4,692,033	\$ 6,045,359



Central Coast Water Authority
Operating Expense Overview
 Fiscal Year 2006/07 Budget

The Fiscal Year 2006/07 Consolidated Departmental Operating Expense Budget totals \$6,045,359 (excludes non-annual recurring expenses), which is \$469,902 higher than the Fiscal Year 2005/06 Budget, an 8.43% increase. Explanations for the various changes within the budget are found in the departmental operating expense budgets that follow.

Approximately 49% of the operating expense budget represents personnel expenses. This is followed by 16% for supplies and equipment and the balance comprised of other expenses.

The chart on page 71 provides a detailed breakdown of the components of the FY 2006/07 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 2004/05 through 2006/07.

Employee Benefits Percentage Calculation			
	FY 2004/05 Budget	FY 2005/06 Budget	FY 2006/07 Budget
Total Regular Salaries	\$ 1,726,908	\$ 1,800,715	\$ 2,008,016
Benefits			
PERS Retirement	279,371	301,608	368,630
Health Insurance	282,107	275,776	295,194
Cafeteria Plan Benefits	31,356	34,565	32,450
Dental/Vision Plan	36,250	36,535	39,532
Long-Term Disability	9,834	9,234	10,319
Life Insurance	7,233	7,937	8,308
Total Benefits:	\$ 646,151	\$ 665,655	\$ 754,433
Employee Benefits Percentage	37.42%	36.97%	37.57%

Central Coast Water Authority
Operating Expense Overview
 Fiscal Year 2006/07 Budget

Non-Annual Recurring Expenses

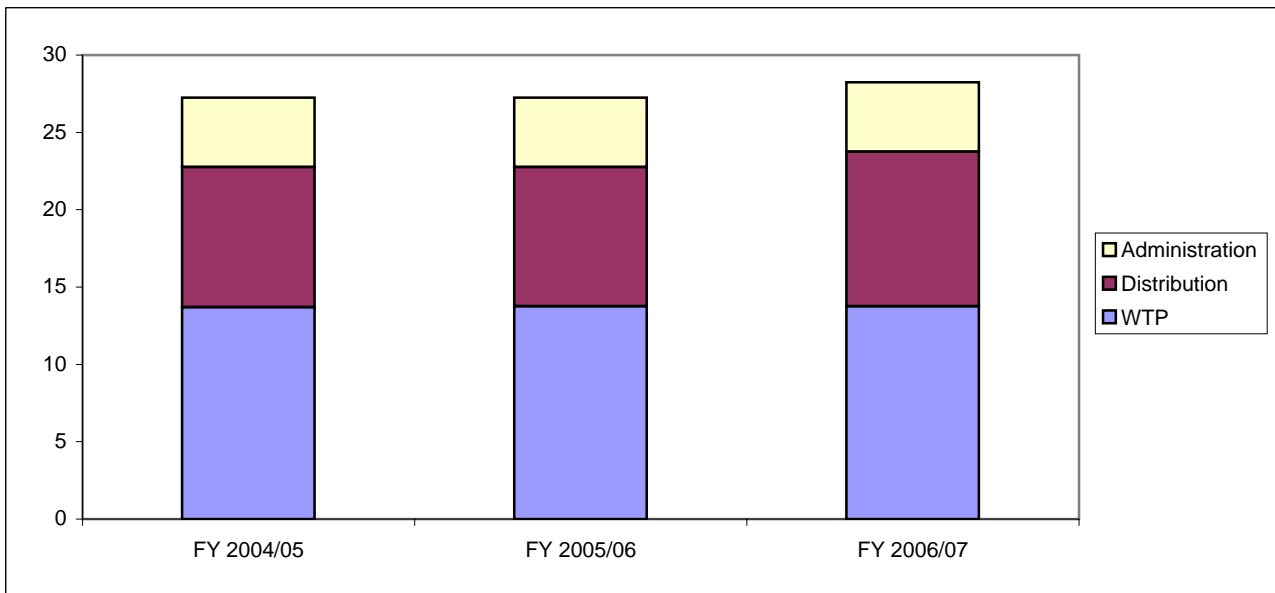
As part of the budget process, certain expenses which occur periodically are identified and charged to the project participants over a number of years to minimize fluctuations in the annual assessments. The following table shows the FY 2006/07 non-annual recurring expenses by department. Please refer to the departmental tabs for further information regarding non-annual recurring expenses.

**Consolidated Departments
 FY 2006/07 Non-Annual Recurring Expenses**

Financing Participant	Water Treatment			FY 2005/06	FY 2006/07
	Administration Department	Plant Department	Distribution Department	Interest Income	Non-Annual Recurring Expenses
Shandon	\$ -	\$ 41	\$ 16	\$ (30)	\$ 27
Chorro Valley	-	10,462	368	(374)	10,456
Lopez	-	15,765	584	(236)	16,114
Guadalupe	70	3,678	170	(53)	3,865
Santa Maria	2,073	113,543	5,598	(1,468)	119,746
So Cal Water Co.	64	869	173	(59)	1,047
VAFB	704	33,683	2,981	(668)	36,699
Buellton	74	4,852	472	(88)	5,310
Santa Ynez (Solvang)	192	5,966	1,224	(361)	7,021
Santa Ynez	64	18,910	408	(558)	18,824
Goleta	576	1,852	5,702	(1,059)	7,071
Morehart Land	26	82	253	(50)	312
La Cumbre	128	412	1,267	(217)	1,589
Raytheon (SBRC)	6	21	63	(11)	79
Santa Barbara	384	1,235	3,801	(732)	4,688
Montecito	384	1,235	3,801	(725)	4,695
Carpinteria	256	823	2,534	(491)	3,122
TOTAL:	\$ 5,000	\$ 213,428	\$ 29,415	\$ (7,179)	\$ 240,665

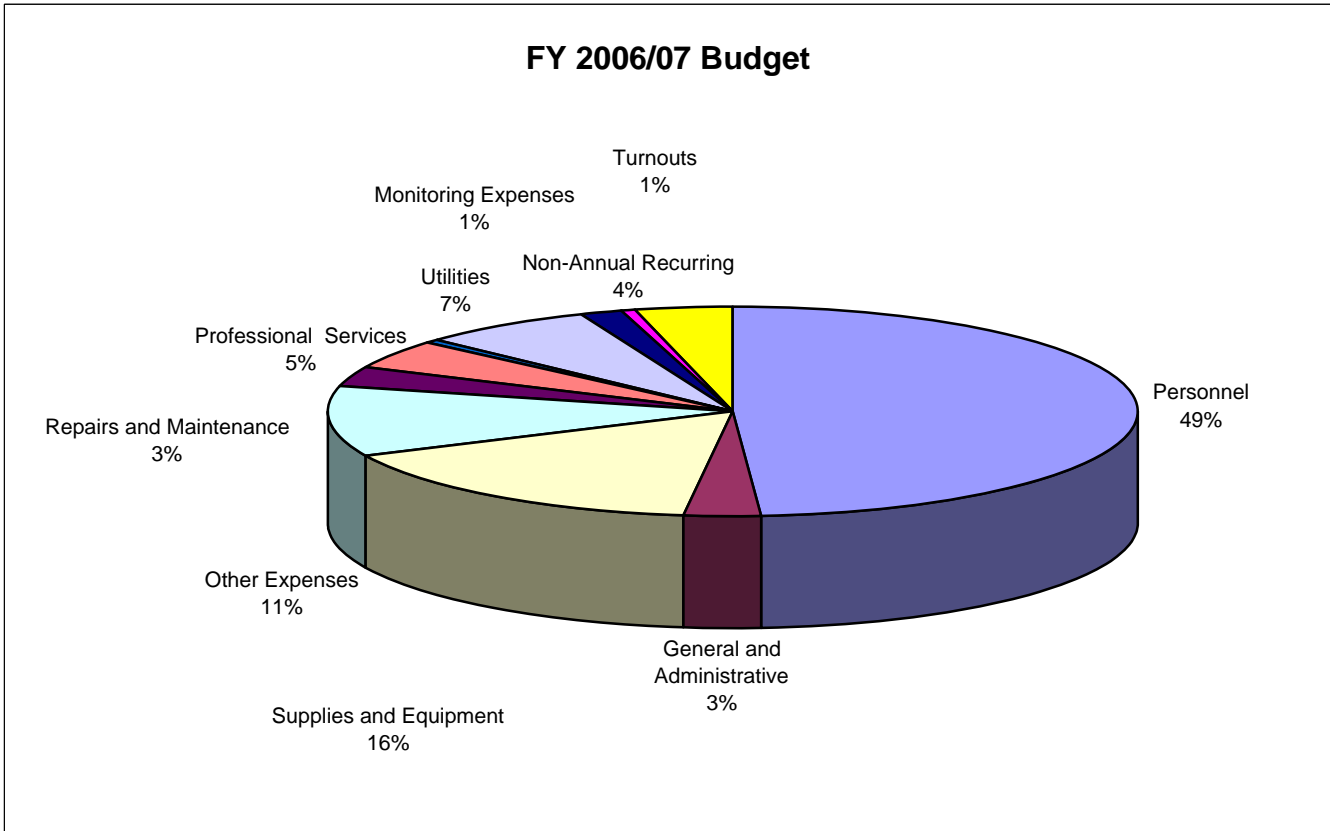
Central Coast Water Authority
Personnel Count Summary
All Departments
 Fiscal Year 2006/07 Budget

PERSONNEL COUNT SUMMARY					
Position Title	Number Authorized FY 2004/05	Number Authorized FY 2005/06	Number Requested FY 2006/07	Change Over FY 2004/05	Change Over FY 2005/06
Executive Director	1.00	1.00	1.00	-	-
Deputy Director	1.00	1.00	1.00	-	-
Chief Engineer	1.00	1.00	1.00	-	-
Regulatory Specialist	1.00	1.00	1.00	-	-
Accounting Specialist	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:	27.25	27.25	28.25	1.00	1.00



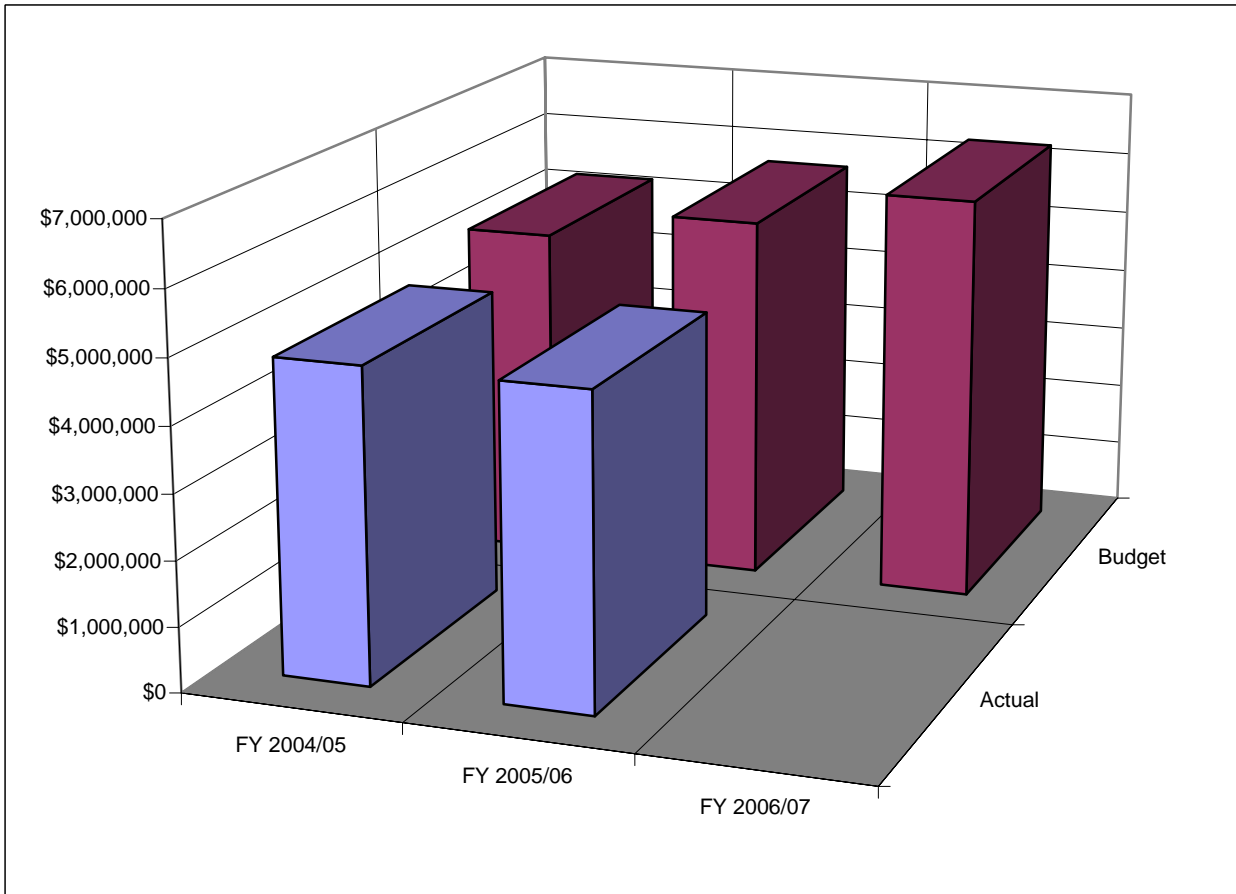
Central Coast Water Authority
Consolidated Department Operating Expenses
 Fiscal Year 2006/07 Budget

Item	FY 2006/07 Budget
Personnel	\$ 3,069,623
Office Expenses	27,260
Supplies and Equipment	1,015,421
Monitoring Expenses	89,400
Repairs and Maintenance	189,098
Professional Services	287,500
General and Administrative	198,433
Utilities	451,640
Other Expenses	670,880
Non-Annual Recurring	240,665
Turnouts	46,105
TOTAL:	\$ 6,286,023



Central Coast Water Authority
Consolidated Department Operating Expenses
 Fiscal Year 2006/07 Budget

Item	FY 2004/05 Budget	FY 2004/05 Actual	FY 2005/06 Budget	FY 2005/06 Estimated Actual	FY 2006/07 Budget
Personnel	\$ 2,707,133	\$ 2,528,713	\$ 2,749,769	\$ 2,648,316	\$ 3,069,623
Office Expenses	23,300	19,236	25,400	19,429	27,260
Supplies and Equipment	626,955	592,114	960,900	649,394	1,015,421
Monitoring Expenses	71,000	55,028	68,700	56,378	89,400
Repairs and Maintenance	163,658	152,782	176,998	180,440	189,098
Professional Services	288,320	269,400	257,400	228,209	287,500
General and Administrative	196,113	169,110	191,031	137,269	198,433
Utilities	600,376	566,794	476,463	216,696	451,640
Other Expenses	512,393	443,022	622,724	515,699	670,880
Turnouts	26,350	21,860	46,072	40,203	46,105
Subtotal	\$ 5,215,598	\$ 4,818,060	\$ 5,575,457	\$ 4,692,033	\$ 6,045,359
Non-Annual Recurring	\$ 41,461	\$ 41,461	\$ 106,002	\$ 106,002	\$ 240,665
TOTAL:	\$ 5,257,059	\$ 4,859,521	\$ 5,681,459	\$ 4,798,035	\$ 6,286,023



Central Coast Water Authority
Consolidated Department Operating Expenses
 Fiscal Year 2006/07 Administration/O&M Budget

Account Number	Account Name	FY 2004/05 Budget	FY 2004/05 Actual	FY 2005/06 Budget	FY 2005/06 Estimated Actual	FY 2006/07 Budget	Change from FY 2005/06 Budget	Percent Change FY 2005/06 Budget
<u>PERSONNEL EXPENSES</u>								
5000.10	Full-Time Regular Wages	\$ 1,726,908	\$ 1,662,908	\$ 1,800,715	\$ 1,723,682	\$ 2,008,016	\$ 207,301	11.51%
1300.60	Capitalized Wages and Overtime	-	-	(33,759)	(34,397)	(25,420)	8,339	-24.70%
5000.20	Overtime	85,614	86,708	86,495	92,024	95,608	9,113	10.54%
5000.40	Standby Pay	36,529	37,981	50,020	36,821	40,734	(9,286)	-18.56%
5000.50	Shift Differential Pay	11,500	12,322	11,500	12,366	11,500	-	0.00%
5100.10	PERS Retirement	279,371	276,364	301,608	345,679	368,630	67,022	22.22%
5100.15	Medicare Taxes	27,355	25,011	28,663	26,923	31,695	3,032	10.58%
5100.20	Health Insurance	282,107	210,531	275,776	236,866	295,194	19,418	7.04%
5100.25	Workers' Compensation	119,676	86,391	100,171	74,787	103,077	2,906	2.90%
5100.30	Vehicle Expenses	5,000	7,579	11,400	11,432	11,400	-	0.00%
5100.35	IRC 457-Employer Paid	26,000	26,807	28,000	28,539	30,000	2,000	7.14%
5100.40	Cafeteria Plan Benefits	31,356	37,858	34,565	33,587	32,450	(2,115)	-6.12%
5100.45	Dental/Vision Plan	36,250	34,155	36,535	43,732	39,532	2,997	8.20%
5100.50	Long-Term Disability	9,834	8,431	9,234	8,796	10,319	1,085	11.75%
5100.55	Life Insurance	7,233	7,459	7,937	8,660	8,308	371	4.68%
5100.60	Employee Physicals	3,150	687	1,650	420	1,650	-	0.00%
5000.30	Temporary Services	12,000	-	6,000	1,303	6,000	-	0.00%
5100.70	Employee Incentive Programs	5,000	7,521	6,400	5,404	6,400	-	0.00%
5100.65	Employee Education Reimbursement	2,250	-	2,250	-	2,250	-	0.00%
1300.60	Capitalized Employee Benefits	-	-	(15,391)	(8,305)	(7,720)	7,671	-49.84%
Total Personnel Expenses:		2,707,133	2,528,713	2,749,769	2,648,316	3,069,623	319,854	11.63%

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Central Coast Water Authority
Consolidated Department Operating Expenses
 Fiscal Year 2006/07 Administration/O&M Budget

Account Number	Account Name	FY 2004/05 Budget	FY 2004/05 Actual	FY 2005/06 Budget	FY 2005/06 Estimated Actual	FY 2006/07 Budget	Change from FY 2005/06 Budget	Percent Change FY 2005/06 Budget
<u>OFFICE EXPENSES</u>								
5200.20	Office Supplies	17,000	12,162	17,000	12,622	18,740	1,740	10.24%
5200.30	Misc. Office Expenses	6,300	7,074	8,400	6,807	8,520	120	1.43%
Total Office Expenses:		23,300	19,236	25,400	19,429	27,260	1,860	7.32%
<u>SUPPLIES AND EQUIPMENT</u>								
5500.10	Uniform Expenses	12,205	12,736	14,330	12,920	14,450	120	0.84%
5500.15	Minor Tools and Equipment	14,000	13,429	15,000	15,983	15,000	-	0.00%
5500.20	Spare Parts	-	-	-	-	-	-	N/A
5500.25	Landscape Equipment and Supplies	2,000	1,071	2,000	2,221	2,500	500	25.00%
5500.30	Chemicals-Fixed	-	-	-	-	-	-	N/A
5500.31	Chemicals-Variable	527,000	496,568	855,070	540,534	898,571	43,501	5.09%
5500.35	Maintenance Supplies/Hardware	20,000	16,305	20,000	13,164	20,000	-	0.00%
5500.40	Safety Supplies	7,000	7,307	7,500	7,238	10,000	2,500	33.33%
5500.45	Fuel and Lubricants	37,250	44,406	39,500	52,667	47,400	7,900	20.00%
5500.50	Seed/Erosion Control Supplies	7,000	226	7,000	4,493	7,000	-	0.00%
5500.55	Backflow Prevention Supplies	500	67	500	175	500	-	0.00%
Total Supplies and Equipment:		626,955	592,114	960,900	649,394	1,015,421	54,521	5.67%
<u>MONITORING EXPENSES</u>								
5600.10	Lab Supplies	35,000	38,333	37,500	38,468	39,000	1,500	4.00%
5600.20	Lab Tools and Equipment	8,000	2,647	5,000	4,857	5,000	-	0.00%
5600.30	Lab Testing	28,000	14,048	26,200	13,053	45,400	19,200	73.28%
Total Monitoring Expenses:		71,000	55,028	68,700	56,378	89,400	20,700	30.13%

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Central Coast Water Authority
Consolidated Department Operating Expenses
 Fiscal Year 2006/07 Administration/O&M Budget

Account Number	Account Name	FY 2004/05 Budget	FY 2004/05 Actual	FY 2005/06 Budget	FY 2005/06 Estimated Actual	FY 2006/07 Budget	Change from FY 2005/06 Budget	Percent Change FY 2005/06 Budget
<u>REPAIRS AND MAINTENANCE</u>								
5700.10	Equipment Repairs and Maintenance	104,150	93,841	104,700	117,365	114,400	9,700	9.26%
5700.20	Vehicle Repairs and Maintenance	12,000	14,089	19,420	11,587	19,420	-	0.00%
5700.30	Building Maintenance	37,360	35,702	42,730	42,789	44,430	1,700	3.98%
5700.40	Landscape Maintenance	10,148	9,151	10,148	8,700	10,848	700	6.90%
Total Repairs and Maintenance:		163,658	152,782	176,998	180,440	189,098	12,100	6.84%
<u>PROFESSIONAL SERVICES</u>								
5400.10	Professional Services	168,420	130,671	137,350	103,157	126,850	(10,500)	-7.64%
5400.20	Legal Services	50,000	67,246	50,000	73,547	45,000	(5,000)	-10.00%
5400.30	Engineering Services	21,000	35,215	21,000	9,399	21,000	-	0.00%
5400.40	Permits	10,500	10,861	18,650	16,202	17,650	(1,000)	-5.36%
5400.50	Non-Contractual Services	15,400	3,758	3,400	1,250	48,000	44,600	1311.76%
5400.60	Accounting Services	23,000	21,649	27,000	24,654	29,000	2,000	7.41%
Total Professional Services:		288,320	269,400	257,400	228,209	287,500	30,100	11.69%

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Central Coast Water Authority
Consolidated Department Operating Expenses
 Fiscal Year 2006/07 Administration/O&M Budget

Account Number	Account Name	FY 2004/05 Budget	FY 2004/05 Actual	FY 2005/06 Budget	FY 2005/06 Estimated Actual	FY 2006/07 Budget	Change from FY 2005/06 Budget	Percent Change FY 2005/06 Budget
<u>GENERAL AND ADMINISTRATIVE</u>								
5300.10	Meetings and Travel	42,500	46,266	47,500	43,905	47,250	(250)	-0.53%
5300.20	Mileage Reimbursement	1,250	1,740	1,600	2,105	1,600	-	0.00%
5300.30	Dues and Memberships	108,443	87,666	86,971	58,735	94,923	7,952	9.14%
5300.40	Publications	6,270	4,372	6,810	3,706	5,810	(1,000)	-14.68%
5300.50	Training	21,500	16,439	24,750	17,756	27,750	3,000	12.12%
5300.60	Advertising	2,750	2,501	6,000	3,280	6,000	-	0.00%
5300.70	Printing and Binding	5,000	1,951	8,500	2,029	5,000	(3,500)	-41.18%
5300.80	Postage	8,400	8,176	8,900	5,751	10,100	1,200	13.48%
Total General and Administrative:		196,113	169,110	191,031	137,269	198,433	7,402	3.87%
<u>UTILITIES</u>								
5800.20	Natural Gas	5,000	5,029	4,940	5,749	5,440	500	10.12%
5800.30	Electric-Fixed	133,740	179,040	133,140	147,982	133,140	-	0.00%
5800.35	Electric-Variable	416,336	340,680	291,083	30,857	266,680	(24,403)	-8.38%
5800.40	Water	2,400	2,312	2,400	2,205	2,400	-	0.00%
5800.50	Telephone	36,300	33,201	38,300	23,204	37,200	(1,100)	-2.87%
5800.60	Waste Disposal	6,600	6,532	6,600	6,700	6,780	180	2.73%
Total Utilities:		600,376	566,794	476,463	216,696	451,640	(24,823)	-5.21%

Central Coast Water Authority
Consolidated Department Operating Expenses
 Fiscal Year 2006/07 Administration/O&M Budget

Account Number	Account Name	FY 2004/05 Budget	FY 2004/05 Actual	FY 2005/06 Budget	FY 2005/06 Estimated Actual	FY 2006/07 Budget	Change from FY 2005/06 Budget	Percent Change FY 2005/06 Budget
<u>OTHER EXPENSES</u>								
5900.10	Insurance	115,774	111,229	115,774	117,633	126,287	10,513	9.08%
5900.30	Non-Capitalized Projects	142,411	183,839	218,596	230,808	234,310	15,714	7.19%
5900.40	Equipment Rental	35,876	35,507	35,660	34,946	37,400	1,740	4.88%
5900.50	Non-Capitalized Equipment	30,000	25,443	30,000	16,134	30,000	-	0.00%
5900.60	Computer Expenses	86,600	87,004	114,275	116,178	125,250	10,975	9.60%
5900.70	Appropriated Contingency	101,732	-	108,419	-	117,632	9,213	8.50%
Total Other Expenses:		512,393	443,022	622,724	515,699	670,880	48,156	7.73%
Turnout Expenses		26,350	21,860	46,072	40,203	46,105	33	0.07%
TOTAL OPERATING EXPENSES		\$ 5,215,598	\$ 4,818,060	\$ 5,575,457	\$ 4,692,033	\$ 6,045,359	\$ 469,902	8.43%

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Central Coast Water Authority
Operating Expense and CIP Expense Allocation by Department
 Fiscal Year 2006/07 Budget

Project Participant	<u>Administration Department</u>			<u>Water Treatment Plant Department Fixed Costs</u>						Turnout Costs
	Entitlement	Percentage	Administration Expenses	Entitlement	Percentage	WTP Fixed	WTP Fixed and Capital	Exchange Fixed and Capital	Total Fixed WTP	
						Fixed	Retreatment	Adjustments	Costs	
Shandon	-	-	\$ -	100	0.23%	\$ 5,285	-	-	5,285	\$ -
Chorro Valley	-	-	-	2,338	5.32%	123,563	-	-	123,563	9,184
Lopez	-	-	-	2,392	5.45%	126,417	-	-	126,417	4,934
Guadalupe	550	1.41%	13,889	550	1.25%	29,068	19,952	-	49,020	4,684
Santa Maria	16,200	41.46%	409,084	16,200	36.90%	856,171	587,692	-	1,443,863	4,884
Golden State Water Co.	500	1.28%	12,626	500	1.14%	26,425	18,139	-	44,564	5,684
VAFB	5,500	14.07%	138,886	5,500	12.53%	290,675	199,525	-	490,200	4,184
Buellton	578	1.48%	14,596	578	1.32%	30,547	20,968	-	51,516	4,684
Santa Ynez (Solvang)	1,500	3.84%	37,878	1,500	3.42%	79,275	54,416	-	133,691	4,184
Santa Ynez	500	1.28%	12,626	500	1.14%	26,425	107,635	310,979	445,039	3,684
Goleta	4,500	11.52%	113,634	4,500	10.25%	237,825	(322,783)	(111,953)	(196,910)	-
Morehart Land	200	0.51%	5,050	200	0.46%	10,570	(17,873)	-	(7,303)	-
La Cumbre	1,000	2.56%	25,252	1,000	2.28%	52,850	(89,367)	-	(36,517)	-
Raytheon (SBRC)	50	0.13%	1,263	50	0.11%	2,643	(4,468)	-	(1,826)	-
Santa Barbara	3,000	7.68%	75,756	3,000	6.83%	158,550	(215,188)	(74,635)	(131,273)	-
Montecito	3,000	7.68%	75,756	3,000	6.83%	158,550	(215,188)	(74,635)	(131,273)	-
Carpinteria	2,000	5.12%	50,504	2,000	4.55%	105,700	(143,459)	(49,757)	(87,515)	-
TOTAL:	39,078	100.00%	\$ 986,801	43,908	100.00%	\$ 2,320,541	\$ (0)	(0)	\$ 2,320,541	\$ 46,105

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Project Participant	<u>Distribution Department Fixed Costs</u>									Total Fixed Operating Costs
	Reach 33B	Reach 34	Reach 35	Reach 37	Reach 38	Mission Hills II	Santa Ynez I	Santa Ynez II	Total Fixed Distribution Costs	
Shandon	938	-	-	-	-	-	-	-	938	6,223
Chorro Valley	21,925	-	-	-	-	-	-	-	21,925	154,672
Lopez	22,431	11,903	-	-	-	-	-	-	34,334	165,685
Guadalupe	5,158	2,737	1,996	-	-	-	-	-	9,891	77,483
Santa Maria	151,916	80,611	58,799	32,703	-	-	-	-	324,030	2,181,860
Golden State Water Co.	4,689	2,488	1,815	1,009	-	-	-	-	10,001	72,875
VAFB	51,577	27,368	19,963	11,103	20,079	47,913	-	-	178,002	811,273
Buellton	5,420	2,876	2,098	1,167	2,110	5,035	9,477	-	28,183	98,978
Santa Ynez (Solvang)	14,066	7,464	5,444	3,028	5,476	13,067	24,593	-	73,140	248,893
Santa Ynez	4,689	2,488	1,815	1,009	1,825	4,356	8,198	-	24,380	485,729
Goleta	42,199	22,392	16,333	9,084	16,428	39,202	73,780	120,171	339,589	256,314
Morehart Land	1,876	995	726	404	730	1,742	3,279	5,341	15,093	12,840
La Cumbre	9,378	4,976	3,630	2,019	3,651	8,711	16,396	26,705	75,464	64,200
Raytheon (SBRC)	469	249	181	101	183	436	820	1,335	3,773	3,210
Santa Barbara	28,133	14,928	10,889	6,056	10,952	26,134	49,187	80,114	226,393	170,876
Montecito	28,133	14,928	10,889	6,056	10,952	26,134	49,187	80,114	226,393	170,876
Carpinteria	18,755	9,952	7,259	4,037	7,302	17,423	32,791	53,409	150,929	113,917
TOTAL:	411,750	206,354	141,837	77,777	79,689	190,154	267,708	367,188	1,742,457	\$ 5,095,903

Central Coast Water Authority
Operating Expense and CIP Expense Allocation by Department
 Fiscal Year 2006/07 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
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	100,313	-	100,313
Morehart Land	0	0	0	0	0	0	0	8,800	-	8,800
La Cumbre	0	0	0	0	0	0	0	50,325	-	50,325
S.B. Research	0	0	0	0	0	0	0	3,025	-	3,025
Santa Barbara	0	0	0	0	0	0	0	(4)	-	(4)
Montecito	0	0	0	0	0	0	0	77,436	-	77,436
Carpinteria	0	0	0	0	0	0	0	785	-	785
TOTAL:	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 240,680	\$	240,680

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Project Participant	<u>Water Treatment Plant Variable Costs</u>			Total WTP Variable Costs	Total Variable Operating Costs	TOTAL FIXED AND VARIABLE OPERATING COSTS
	WTP Variable	WTP Variable Retreatment	WTP Variable Exchange Adjustments			
Shandon	\$ -			\$ -	\$ -	\$ 6,223
Chorro Valley	62,779			62,779	62,779	217,451
Lopez	53,165			53,165	53,165	218,850
Guadalupe	15,592	2,264		17,856	17,856	95,339
Santa Maria	404,552	59,141		463,693	463,693	2,645,553
Golden State Water Co.	7,585	1,121		8,706	8,706	81,581
VAFB	115,185	16,709		131,894	131,894	943,167
Buellton	17,559	2,581		20,140	20,140	119,118
Santa Ynez (Solvang)	35,117	4,994		40,112	40,112	289,004
Santa Ynez	20,789	12,602	69,308	102,699	102,699	588,427
Goleta	76,191	(39,517)	(24,951)	11,723	112,036	368,350
Morehart Land	4,495	(3,710)		785	9,585	22,425
La Cumbre	25,706	(21,913)		3,793	54,118	118,317
S.B. Research	1,545	(1,287)		258	3,283	6,493
Santa Barbara	16,632	2	(16,634)	(1)	(5)	170,871
Montecito	56,188	(32,650)	(16,634)	6,904	84,340	255,216
Carpinteria	11,490	(336)	(11,089)	65	851	114,768
TOTAL:	\$ 924,571	\$ 0	\$ -	924,571	1,165,251	\$ 6,261,154



Board Room, Administrative Offices, Buellton, CA.

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 2006/07 O&M Budget \$ 966,431
- Non-Annual Recurring Expense deposits \$ 5,000
- **Total Administration Department**
- **FY 2006/07 Budgeted Expenses \$ 971,431**

- O&M Budget increase over FY 2005/06 \$ 68,251

Significant Accomplishments During FY 2005/06

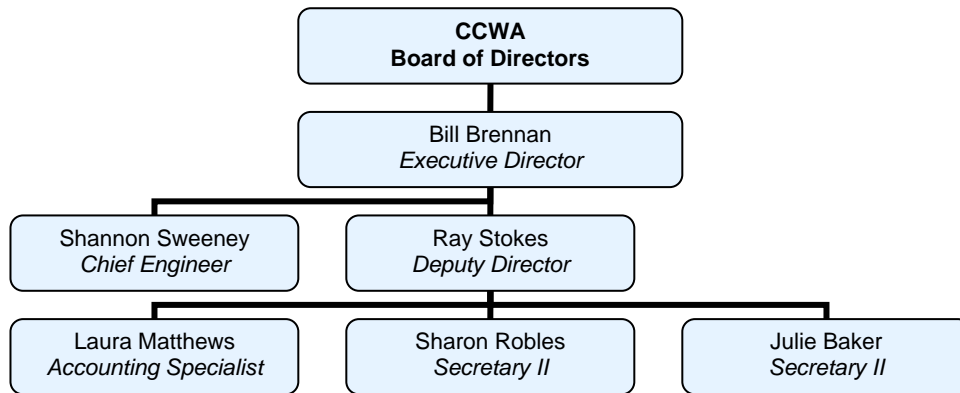
- Significant work on the CCWA water transfer/exchange policies through the Ad Hoc Water Transfer Committee. Anticipated to be complete by the end of fiscal year 2005/06.
- CCWA Urban Water Management Plan completed and filed.

Significant Goals for FY 2006/07

- Refinance the Authority's 1996 Revenue Bonds if sufficient savings can be achieved.
- Continue 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 2006/07 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 also serves as Secretary to the Board.

Central Coast Water Authority
Administration Department
Fiscal Year 2006/07 Budget

DEPUTY DIRECTOR

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

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

In addition, the department is responsible for the workers' compensation program and the employee benefits program which includes health insurance, life insurance, dental and vision insurance, deferred compensation, Section 125 cafeteria plan and the Public Employees' Retirement System (PERS) for the Authority. The Accounting and Finance department includes a staff of one full-time Deputy Director and one full-time Accounting Specialist. 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 chairman of the SWC audit-finance committee.

ENGINEERING

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



Central Coast Water Authority
Administration Department
 Fiscal Year 2006/07 Budget

2006 ACCOMPLISHMENTS AND 2007 GOALS

The following pages list all of the Authority’s 2005 goals and their status (i.e., “Accomplishments”) and the Authority’s 2006 goals. The 2005 accomplishments and 2006 goals that are the responsibility of the Water Treatment Plant and Distribution Departments are repeated in the Water Treatment Plant and Distribution Department sections of this budget. Also included is a table of performance indicators (“Service Efforts and Accomplishments”) for the Administration Department.

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

<u>Goal</u>	<u>Status</u>
<i>To provide San Luis Obispo and Santa Barbara Counties with reliable, high quality supplemental water.</i>	
Preserve benefits of Monterey Amendment (Amendment No. 16 to the State Water Contract) to CCWA’s project participants and its customers. [Ongoing]	Ongoing
Identify and pursue approaches to maximize delivery allocation and maintain high water quality consistent with project participants' needs. [Ongoing]	Ongoing
Participate and represent CCWA’s interests in State Water Contractors Association and the State Water Project Contractors Authority. [Ongoing]	Ray Stokes Vice-President of the SWC Board. Bill Brennan Secretary to the SWPCA Board.
Update the CCWA brochure and handout materials. [12/05]	Postponed to 2006
Consider San Luis Obispo County membership in CCWA if requested.	SLOC has expressed interest in pursuing in 2006.
Work with State Water Contractors and DWR to develop and implement a multi-year water transfer policy.	CCWA actively participating in SWC/DWR water transfer committee.
<i>Minimize environmental impacts and protect the environment during operation of our facilities.</i>	
Complete HCP (Habitat Conservation Plan) according to schedule presented by National Fish and Wildlife Service.	On schedule. F&WLS completing Environmental Assessment.
Coordinate simulated WTP rescue and chemical release drill with California Department of Forestry. [8/05]	Completed 11/05
Complete consultation for 1601 permit to control beavers and beaver	Postponed to 2006

Central Coast Water Authority
Administration Department
 Fiscal Year 2006/07 Budget

dams at the Arroyo Grande mitigation site. [8/05]

Create a Spill Release Plan for WTP. [5/06] Completed 10/05

Review and update Risk Management Plan to include ammonia. [07-05] Completed 6/05

Develop and initiate mock disaster scenario terrorist treat. [12/05] Completed 11/05

Continue revegetation monitoring program for DWR Reaches 1-6 and CCWA Schedules A, B and C. [Ongoing] Grasslands, coastal scrub, riparian communities, and freshwater marsh areas are 100% completed and signed off. Chaparral areas are 95% signed off. 34% of oak trees have met the performance criteria for the right-of-way.

<i>Cost effectively operate and maintain our facilities.</i>

Fill vacant Water Treatment Plant Supervisor. [4/05] Water Treatment Plant Supervisor position filled 6/05. Operator position filled 4/05. Maintenance Technician position filled 5/06. Maintenance IC&R Technician position filled 5/05. Operator position filled 12/05. Account Specialist position filled 12/05.

Continue cross-training accounting and administrative staff to provide dual coverage on accounting and administrative functions currently performed by the Deputy Director and analyze potential need for additional accounting personnel. [12/06] Accounting Specialist resigned in November. Cross training will continue in 2006.

Continue work on Accounting Department and Administration Department policies and procedures manual chapters on Administrative, Accounts Payable, Purchasing, Cash Management, and Project Participant Invoices. [12/06] Postponed to 2006

Begin transition of information technology responsibilities to communications department employees. [12/05] Completed 6/05

Complete final allocation of CCWA project costs; amend debt service schedules and closeout remaining bond trustee and capital deposit accounts. [12/06] Postponed to 2006

Prepare history of actual State water payments by project participant from FY 1996/97 through the current fiscal year and Postponed to 2006

Central Coast Water Authority
Administration Department
 Fiscal Year 2006/07 Budget

distribute to project participants [12/06]

In conjunction with O&M staff, streamline and coordinate CCWA's fixed assets listing between the accounting records and the maintenance records. [10/05]

Completed 10/05

Prepare the FY 2005/06 Budget in conformance with Government Finance Officers Association (GFOA) and California Society of Municipal Finance Officers (CSMFO) standards and submit it to GFOA for the "Distinguished Budget Presentation" award and the CSMFO for the "Excellence in Operational Budgeting" award. [7/05]

Completed 7/05

Prepare a Comprehensive Annual Financial Report for FY 2004/05 in conformance with GFOA and CSMFO standards and submit it to GFOA for the "Excellence in Financial Reporting" award and to CSMFO for the "Outstanding Financial Reporting" award. [11/05]

Completed 11/05

Prepare and submit FY 2003/04 report of continuing disclosure to Bond Trustee. [3/05]

Completed 3/05

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]

Extremely low voltage exit signs installed to save energy (offered free from PG&E). Rebates for interior lighting project at WTP and variable frequency drive at SYPP also underway.

Identify and implement security enhancements for distribution system.

Enhancements identified for installation in 2006.

Develop in-house cathodic protection survey methodology. [6/05]

Enhancements identified for installation in 2006.

Pursue certification for Instrumentation and Control staff.

Postponed to 2006.

Replace galvanized piping on Reach 5B/6 AVAR's. [6/05]

Completed 6/05

Evaluate pre-oxidation as a method for reducing taste and odor compounds and extending the life of the granular activated carbon. [10/05]

Cleaning of DWR forebays being conducted to reduce taste and odor compounds, extend the life of the granular activated carbon, and may eliminate the need for pre-oxidation.

Conduct internal inspection of Reach 3 pipeline. [11/05]

Completed 11/05

Identify and address concrete cracking issues at Santa Ynez Pumping Facility. [9/05]

Cause of cracking identified. Concrete has been repaired and line

Central Coast Water Authority
Administration Department
 Fiscal Year 2006/07 Budget

6/05.

Complete SCADA upgrade for distribution system. [6/05]

Completed 7/05

Coat and protect concrete surfaces in WTP filters, chlorine contact basin, and secondary containment areas. [10/05]

Completed 10/05

Identify and address Sludge Pond B leakage issues. [8/05]

Completed 9/05

Update control system logic and SCADA system at WTP. [12/05]

Scheduled for completion 1/06.

Migrate CCWA as-built drawings to one consistent electronic format. [12/06]

Software purchase and staff training complete.

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

Ongoing

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

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

Ongoing

Competitively bid outside lab services. [7/05]

Review of analyses costs by three other contract labs determined that CCWA's current lab contract offers competitive rates.

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

Continue to work with Department of Water Resource's fiscal staff through the State Water Contractors Audit-Finance Committee to maximize rate management credits for 2006. [4/05]

Initial estimates for 2006 RMC of \$25 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]

Ongoing

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. [12/05]

Ongoing

Coordinate pipeline and water treatment plant inspections with annual DWR shutdown for Coastal Branch Phase I

Completed 11/05

Central Coast Water Authority
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maintenance. [11/05]

Assist DWR in removing sediment from raw water pump station forebays.

Polonio Pass Pumping Plant forebay cleaned 6/05. Planning has begun for Bluestone cleaning project.

Assist project participants in their efforts to reduce groundwater overdraft.

Complete CCWA review and adoption of water transfer/exchange policies through the Ad Hoc Water Transfer Committee and use as the basis to implement water transfers and sales as requested by project participants. [12/06]

Carpinteria developing transfers with Santa Maria and PXP. Ad Hoc Water Transfer Committee continuing to sort out and resolve transfer issues.

Investigate ground water banking, acquisition of suspended SBCFD&WCD water and unallocated SLOCFC&WCD water and other opportunities to increase State water reliability. [12/05]

Initial evaluation complete 7/05.

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

Continuing investigations of Santa Barbara County suspended SWP water and San Luis Obispo County excess Table A water.

Identify and implement mechanisms to offset shortages due to drought.

Implemented carryover program and internal carryover sales policy.

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

Ongoing

Central Coast Water Authority
Administration Department
Fiscal Year 2006/07 Budget

New Goals for Calendar Year 2007

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

- Investigate CCWA bond refinance options.
- 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]
- Complete first of three phases of control system logic upgrade at WTP. [12/06]
- Explore and address pipeline and fiber optic cable continuity issues. [12/06]
- Assess use of particle counters as a tool for gauging water treatment effectiveness. [9/06]
- Develop rapid small scale test for GAC comparisons. [9/06]
- Assess solar power opportunities. [12/06]

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

- Update Process Safety Management Plan [10/06]
- Update Injury and Illness Prevention Program [10/06]

Cost effectively operate and maintain our facilities.

- Explore alternative medical insurance options such as Health Savings Accounts and other types of health insurance plans. [12/06]
- Prepare the FY 2006/07 Budget in conformance with Government Finance Officers Association (GFOA) and submit it to GFOA for the "Distinguished Budget Presentation" award. [7/06]
- Prepare a Comprehensive Annual Financial Report for FY 2005/06 in conformance with GFOA and submit it to GFOA for the "Excellence in Financial Reporting" award. [11/06]
- Prepare and submit FY 2004/05 report of continuing disclosure to Bond Trustee. [3/06]
- Implement Long Term 2 Surface Water Treatment Rule and Stage 2 Disinfection Byproducts rules [2/06]
- Implement flow pacing for WTP chlorine system [9/06]
- Replace obsolete turbidimeters at WTP [8/06]

Central Coast Water Authority
Administration Department
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- Rebuild participant's flow control valves. [11/06]

ADMINISTRATION DEPARTMENT OPERATING EXPENSE OVERVIEW

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

The Administration Department operating expense budget for Fiscal Year 2006/07 is increasing by \$68,251, or 7.60% when compared to the FY 2005/06 Budget. The total FY 2006/07 budget is \$966,431 compared to the FY 2005/06 budget of \$898,180. The following items represent the major changes in the Administration Department budget.

Personnel Expenses Total personnel expenses are increasing by approximately \$53,000 due to the following:

- Administration Department FY 2006/07 salary pool allocation of \$30,957.
- PERS retirement expense increases of about \$12,000 attributed to a higher employer contribution rate for FY 2006/07 coupled with an increase in salaries.

General and Administrative The general and administrative expenses budget is increasing by about \$6,500 primarily due to an increase in dues and membership expenses for the SWC and employee training expenses, partially offset by a decrease in printing and binding expenses.

Other Expenses Other expenses are increasing by about \$15,000 due to an increase in computer expenses for annual software maintenance agreements and slight increases for insurance and equipment rental.

Central Coast Water Authority
Administration Department
 Fiscal Year 2006/07 Budget

Non-Annual Recurring Expenses

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

FY 2006/07 Non-Annual Recurring Expenses

The FY 2006/07 Administration Department non-annual recurring expenses total \$5,000 for future computer replacements.

The following table shows the allocation of the FY 2006/07 non-annual recurring expenses for the Administration Department.

**Administration Department
 FY 2006/07 Non-Annual Recurring Expenses**

Financing Participant	Entitlement	Percentage	FY 2006/07 Non-Annual Recurring Expenses
Guadalupe	550	1.41%	\$ 70
Santa Maria	16,200	41.46%	2,073
Golden State Water Co.	500	1.28%	64
VAFB	5,500	14.07%	704
Buellton	578	1.48%	74
Santa Ynez (Solvang)	1,500	3.84%	192
Santa Ynez	500	1.28%	64
Goleta	4,500	11.52%	576
Morehart Land	200	0.51%	26
La Cumbre	1,000	2.56%	128
Raytheon (SBRC)	50	0.13%	6
Santa Barbara	3,000	7.68%	384
Montecito	3,000	7.68%	384
Carpinteria	2,000	5.12%	256
TOTAL:	39,078	100.00%	\$ 5,000

Central Coast Water Authority
Personnel Services Summary
Administration Department
 Fiscal Year 2006/07 Budget

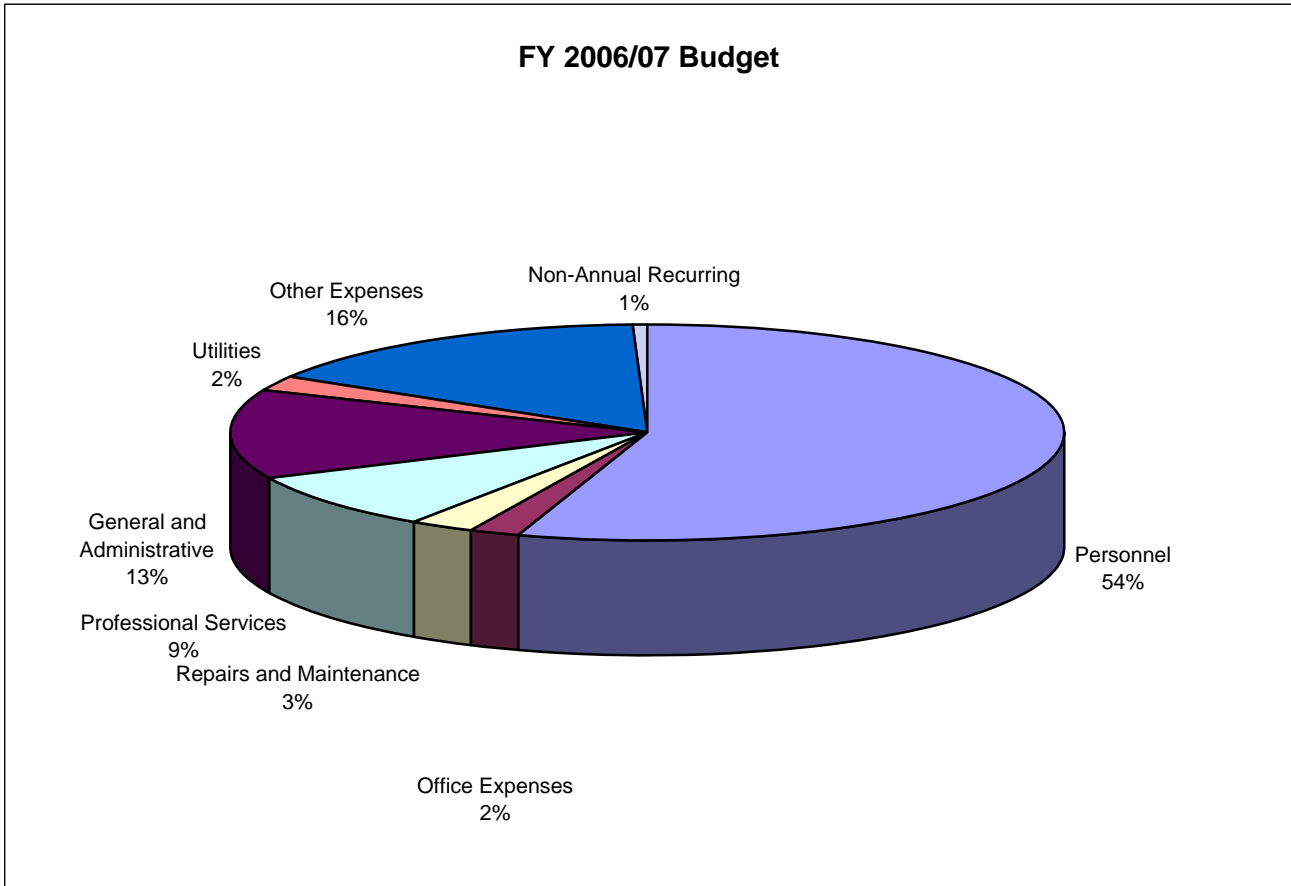
PERSONNEL COUNT SUMMARY					
Position Title	Number Auth. FY 2004/05	Number Auth. FY 2005/06	Number Requested FY 2006/07	Change Over FY 2004/05	Change Over FY 2005/06
Executive Director ⁽¹⁾	0.50	0.50	0.50	-	-
Deputy Director	1.00	1.00	1.00	-	-
Chief Engineer ⁽¹⁾	0.25	0.25	0.25	-	-
Accounting Specialist	1.00	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 2005/06 Current Salary
Executive Director ⁽¹⁾	N/A	N/A	N/A	\$ 70,076
Deputy Director	N/A	N/A	N/A	\$ 121,867
Chief Engineer ⁽¹⁾	25	\$ 7,454	\$ 9,094	\$ 26,000
Accounting Specialist	13	\$ 3,971	\$ 4,844	\$ 58,136
Secretary II	10	\$ 3,424	\$ 4,178	\$ 73,694
FY 2006/07 Salary Pool				\$ 26,076
TOTAL:				\$ 375,850

(1) The Executive Director is allocated to Administration (50%), Water Treatment Plant (25%) and Distribution (25%).
 The Chief Engineer is allocated to Administration (25%), Water Treatment Plant (35%) and Distribution (40%).

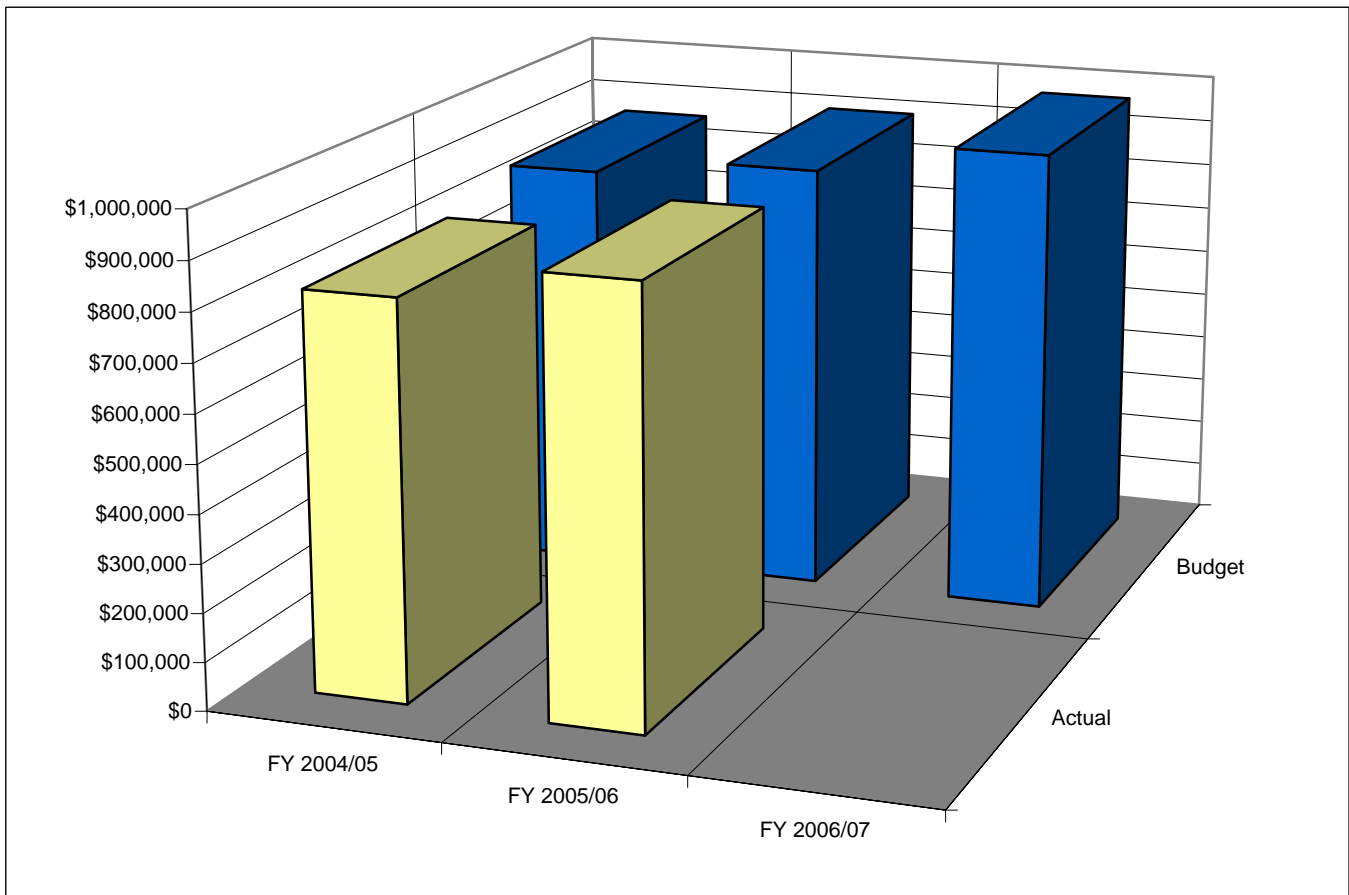
Central Coast Water Authority
Administration Department Operating Expenses
 Fiscal Year 2006/07 Budget

Item	FY 2006/07 Budget
Personnel	\$ 535,603
Office Expenses	17,000
Repairs and Maintenance	25,030
Professional Services	84,600
General and Administrative	127,533
Utilities	21,820
Other Expenses	154,844
Non-Annual Recurring	5,000
TOTAL:	\$ 971,431



Central Coast Water Authority
Administration Department Operating Expenses
 Fiscal Year 2006/07 Budget

Item	FY 2004/05 Budget	FY 2004/05 Actual	FY 2005/06 Budget	FY 2005/06 Estimated Actual	FY 2006/07 Budget
Personnel	\$ 446,298	\$ 449,296	\$ 482,591	\$ 521,992	\$ 535,603
Office Expenses	15,500	13,763	17,000	13,008	17,000
Supplies and Equipment	-	-	-	-	-
Repairs and Maintenance	25,510	26,473	27,230	27,959	25,030
Professional Services	97,520	98,686	87,600	120,355	84,600
General and Administration	129,313	112,245	121,081	86,797	127,533
Utilities	23,900	19,572	23,240	20,434	21,820
Other Expenses	121,682	94,441	139,438	98,606	154,844
Subtotal	\$ 859,723	\$ 814,476	\$ 898,180	\$ 889,149	\$ 966,431
Non-Annual Recurring	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
TOTAL:	\$ 864,723	\$ 819,476	\$ 903,180	\$ 894,149	\$ 971,431



Central Coast Water Authority
Administration Department Operating Expenses
 Fiscal Year 2006/07 Administration/O&M Budget

Account Number	Account Name	FY 2004/05 Budget	FY 2004/05 Actual	FY 2005/06 Budget	FY 2005/06 Estimated Actual	FY 2006/07 Budget	Change from FY 2005/06 Budget	Percent Change FY 2005/06 Budget
<u>PERSONNEL EXPENSES</u>								
5000.10	Full-Time Regular Wages	\$ 314,624	\$ 317,925	\$ 340,803	\$ 356,670	\$ 375,850	\$ 35,047	10.28%
1300.60	Capitalized Wages and Overtime	-	-	-	-	-	-	N/A
5000.20	Overtime	3,000	752	1,500	2,363	2,000	500	33.33%
5000.40	Standby Pay	-	-	-	-	-	-	N/A
5000.50	Shift Differential Pay	-	-	-	-	-	-	N/A
5100.10	PERS Retirement	51,960	53,570	58,277	75,944	70,284	12,007	20.60%
5100.15	Medicare Taxes	4,888	5,167	5,268	5,995	5,805	537	10.20%
5100.20	Health Insurance	22,338	21,423	22,765	22,945	23,068	303	1.33%
5100.25	Workers' Compensation	4,096	5,867	4,708	4,340	4,782	74	1.57%
5100.30	Vehicle Expenses	5,000	7,579	11,400	11,400	11,400	-	0.00%
5100.35	IRC 457-Employer Paid	19,500	20,269	21,000	21,404	22,500	1,500	7.14%
5100.40	Cafeteria Plan Benefits	5,904	7,924	6,327	8,513	8,827	2,500	39.52%
5100.45	Dental/Vision Plan	5,938	4,344	6,198	8,672	6,475	277	4.47%
5100.50	Long-Term Disability	1,751	1,686	1,719	1,742	1,898	179	10.39%
5100.55	Life Insurance	1,048	1,208	1,176	1,301	1,264	88	7.50%
5100.60	Employee Physicals	-	-	-	-	-	-	N/A
5000.30	Temporary Services	5,000	-	-	203	-	-	N/A
5100.70	Employee Incentive Programs	1,000	1,582	1,200	944	1,200	-	0.00%
5100.65	Employee Education Reimbursement	250	-	250	-	250	-	0.00%
1300.60	Capitalized Employee Benefits	-	-	-	(444)	-	-	N/A
Total Personnel Expenses:		446,298	449,296	482,591	521,992	535,603	53,012	10.98%

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Central Coast Water Authority
Administration Department Operating Expenses
 Fiscal Year 2006/07 Administration/O&M Budget

Account Number	Account Name	FY 2004/05 Budget	FY 2004/05 Actual	FY 2005/06 Budget	FY 2005/06 Estimated Actual	FY 2006/07 Budget	Change from FY 2005/06 Budget	Percent Change FY 2005/06 Budget
<u>OFFICE EXPENSES</u>								
5200.20	Office Supplies	12,000	9,056	12,000	8,367	12,000	-	0.00%
5200.30	Miscellaneous Office Expenses	3,500	4,707	5,000	4,641	5,000	-	0.00%
Total Office Expenses:		15,500	13,763	17,000	13,008	17,000	-	0.00%
<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 2006/07 Administration/O&M Budget

Account Number	Account Name	FY 2004/05 Budget	FY 2004/05 Actual	FY 2005/06 Budget	FY 2005/06 Estimated Actual	FY 2006/07 Budget	Change from FY 2005/06 Budget	Percent Change FY 2005/06 Budget
<u>REPAIRS AND MAINTENANCE</u>								
5700.10	Equipment Repairs and Maintenance	4,150	6,070	4,700	5,061	4,400	(300)	-6.38%
5700.20	Vehicle Repairs and Maintenance	-	-	-	-	-	-	N/A
5700.30	Building Maintenance	18,360	18,026	19,530	20,748	17,530	(2,000)	-10.24%
5700.40	Landscape Maintenance	3,000	2,377	3,000	2,150	3,100	100	3.33%
Total Repairs and Maintenance:		25,510	26,473	27,230	27,959	25,030	(2,200)	-8.08%
<u>PROFESSIONAL SERVICES</u>								
5400.10	Professional Services	21,120	13,670	7,200	24,741	7,200	-	0.00%
5400.20	Legal Services	50,000	62,479	50,000	69,709	45,000	(5,000)	-10.00%
5400.30	Engineering Services	-	-	-	-	-	-	N/A
5400.40	Permits	-	-	-	-	-	-	N/A
5400.50	Non-Contractual Services	3,400	888	3,400	1,250	3,400	-	0.00%
5400.60	Accounting Services	23,000	21,649	27,000	24,654	29,000	2,000	7.41%
Total Professional Services:		97,520	98,686	87,600	120,355	84,600	(3,000)	-3.42%
<u>GENERAL AND ADMINISTRATIVE</u>								
5300.10	Meeting and Travel	20,500	23,160	24,500	21,752	24,500	-	0.00%
5300.20	Mileage Reimbursement	750	1,294	1,000	1,907	1,000	-	0.00%
5300.30	Dues and Memberships	92,443	76,230	74,671	46,890	82,623	7,952	10.65%
5300.40	Publications	4,470	2,808	4,510	2,139	3,510	(1,000)	-22.17%
5300.50	Training	1,500	1,677	2,000	7,636	5,000	3,000	150.00%
5300.60	Advertising	750	165	2,000	1,693	2,000	-	0.00%
5300.70	Printing and Binding	5,000	1,951	8,500	2,029	5,000	(3,500)	-41.18%
5300.80	Postage	3,900	4,960	3,900	2,752	3,900	-	0.00%
Total General and Administrative:		129,313	112,245	121,081	86,797	127,533	6,452	5.33%

Central Coast Water Authority
Administration Department Operating Expenses
 Fiscal Year 2006/07 Administration/O&M Budget

Account Number	Account Name	FY 2004/05 Budget	FY 2004/05 Actual	FY 2005/06 Budget	FY 2005/06 Estimated Actual	FY 2006/07 Budget	Change from FY 2005/06 Budget	Percent Change FY 2005/06 Budget
<u>UTILITIES</u>								
5800.20	Natural Gas	600	243	540	313	540	-	0.00%
5800.30	Electric-Fixed	7,200	4,461	6,600	5,603	6,600	-	0.00%
5800.35	Electric-Variable	-	-	-	-	-	-	N/A
5800.40	Water	1,200	991	1,200	1,045	1,200	-	0.00%
5800.50	Telephone	12,800	11,836	12,800	11,318	11,200	(1,600)	-12.50%
5800.60	Waste Disposal	2,100	2,041	2,100	2,155	2,280	180	8.57%
Total Utilities:		23,900	19,572	23,240	20,434	21,820	(1,420)	-6.11%
<u>OTHER EXPENSES</u>								
5900.10	Insurance	15,349	15,228	15,742	16,519	17,095	1,353	8.59%
5900.30	Non-Capitalized Projects	-	-	-	-	-	-	N/A
5900.40	Equipment Rental	8,876	9,027	8,660	7,096	10,400	1,740	20.09%
5900.50	Non-Capitalized Equipment	10,000	7,678	10,000	2,978	10,000	-	0.00%
5900.60	Computer Expenses	70,600	62,508	87,425	72,013	98,400	10,975	12.55%
5900.70	Appropriated Contingency	16,857	-	17,611	-	18,950	1,339	7.60%
Total Other Expenses:		121,682	94,441	139,438	98,606	154,844	15,406	11.05%
TOTAL OPERATING EXPENSES		\$ 859,723	\$ 814,476	\$ 898,180	\$ 889,149	\$ 966,431	\$ 68,251	7.60%

**CENTRAL COAST WATER AUTHORITY
ADMINISTRATION FY 2006/07 BUDGET**

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

Description: Funds for the Administration Department regular employees. Includes \$30,957 for the FY 2006/07 salary pool.

FY 06/07 Requested Budget	375,850
FY 05/06 Estimated Actual	356,670
Increase (Decrease)	19,180

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

Description: Overtime expenses for non-exempt Administration employees.

FY 06/07 Requested Budget	2,000
FY 05/06 Estimated Actual	2,363
Increase (Decrease)	(363)

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

Description: Not funded.

FY 06/07 Requested Budget	-
FY 05/06 Estimated Actual	203
Increase (Decrease)	(203)

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

Description: Funds for the employer and employee portion of PERS retirement system contributions. Based on a 18.7% contribution rate for FY 2006/07.

FY 06/07 Requested Budget	70,284
FY 05/06 Estimated Actual	75,944
Increase (Decrease)	(5,660)

**CENTRAL COAST WATER AUTHORITY
ADMINISTRATION FY 2006/07 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 06/07 Requested Budget	5,805
FY 05/06 Estimated Actual	5,995
Increase (Decrease)	(190)

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 2007 estimated at 5%.

FY 06/07 Requested Budget	23,068
FY 05/06 Estimated Actual	22,945
Increase (Decrease)	124

Family: \$ 12,488
Emp+1: \$ 10,782
Emp: \$ 4,583

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 76%. Based on a 10% premium increase over FY 2005/06.

FY 06/07 Requested Budget	4,782
FY 05/06 Estimated Actual	4,340
Increase (Decrease)	442

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 06/07 Requested Budget	11,400
FY 05/06 Estimated Actual	11,400
Increase (Decrease)	0

**CENTRAL COAST WATER AUTHORITY
ADMINISTRATION FY 2006/07 BUDGET**

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

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

FY 06/07 Requested Budget	22,500
FY 05/06 Estimated Actual	21,404
Increase (Decrease)	1,096

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

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

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

FY 06/07 Requested Budget	8,827
FY 05/06 Estimated Actual	8,513
Increase (Decrease)	314

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

Description: Funds for the self-funded dental/vision plan. The plan provides \$2,726 per year per family for dental and vision expenses. Budgeted amount is \$1,363 per year per employee. Annual limit is based on an increase over the prior year amount for the percentage change in the CPI.

FY 06/07 Requested Budget	6,475
FY 05/06 Estimated Actual	8,672
Increase (Decrease)	(2,197)

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 \$0.55 per \$100 of salary.

FY 06/07 Requested Budget	1,898
FY 05/06 Estimated Actual	1,742
Increase (Decrease)	156

**CENTRAL COAST WATER AUTHORITY
ADMINISTRATION FY 2006/07 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 06/07 Requested Budget	1,264
FY 05/06 Estimated Actual	1,301
Increase (Decrease)	(37)

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

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

FY 06/07 Requested Budget	250
FY 05/06 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 06/07 Requested Budget	1,200
FY 05/06 Estimated Actual	944
Increase (Decrease)	256

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 \$1,000 per month in office supply expenses.

FY 06/07 Requested Budget	12,000
FY 05/06 Estimated Actual	8,367
Increase (Decrease)	3,633

**CENTRAL COAST WATER AUTHORITY
ADMINISTRATION FY 2006/07 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 06/07 Requested Budget	5,000
FY 05/06 Estimated Actual	4,641
Increase (Decrease)	359

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

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

FY 06/07 Requested Budget	24,500
FY 05/06 Estimated Actual	21,752
Increase (Decrease)	2,748

\$	2,500	ACWA Conferences
\$	18,000	SWC Meetings (\$1,500 per month)
\$	4,000	Other miscellaneous meetings
\$	24,500	TOTAL

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

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

FY 06/07 Requested Budget	1,000
FY 05/06 Estimated Actual	1,907
Increase (Decrease)	(907)

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

Description: Funds for professional dues.

\$	15,595	SWC Bay Delta Charges
\$	27,028	State Water Contractors Dues
\$	30,000	MWQI Charges for 2006 Calendar Year
\$	1,000	ACWA
\$	2,000	SWPCA JPA Allocation
\$	2,250	Support various water education programs
\$	4,750	Employee Professional Dues and Misc.
\$	82,623	TOTAL

FY 06/07 Requested Budget	82,623
FY 05/06 Estimated Actual	46,890
Increase (Decrease)	35,733

**CENTRAL COAST WATER AUTHORITY
ADMINISTRATION FY 2006/07 BUDGET**

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

Description: Funds for publications received by CCWA
 \$ 760 News clipping service (\$190 quarterly)
 \$ 1,000 Personnel related subscriptions
 \$ 1,000 Employee professional publications
 \$ 750 Other Publications - General
 \$ 3,510 TOTAL

FY 06/07 Requested Budget	3,510
FY 05/06 Estimated Actual	2,139
Increase (Decrease)	1,371

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

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

FY 06/07 Requested Budget	5,000
FY 05/06 Estimated Actual	7,636
Increase (Decrease)	(2,636)

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 06/07 Requested Budget	2,000
FY 05/06 Estimated Actual	1,693
Increase (Decrease)	307

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 06/07 Requested Budget	5,000
FY 05/06 Estimated Actual	2,029
Increase (Decrease)	2,971

**CENTRAL COAST WATER AUTHORITY
ADMINISTRATION FY 2006/07 BUDGET**

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

Description: Funds for all postal and mail expenses.
 \$ 3,000 Postage meter expenses (\$250 per month)
 \$ 900 Overnight and shipping svcs (\$75 per month)
 \$ 3,900 TOTAL

FY 06/07 Requested Budget	3,900
FY 05/06 Estimated Actual	2,752
Increase (Decrease)	1,148

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

Description: Funds for miscellaneous consultants and other services.
 Arbitrage/Rebate Calculations-1996 bonds: \$ 3,000
 Administration office alarm system \$ 2,200
 Other services \$ 2,000
TOTAL: \$ 7,200

FY 06/07 Requested Budget	7,200
FY 05/06 Estimated Actual	24,741
Increase (Decrease)	(17,541)

Prior year amount includes expenses for preparation of the Urban Water Management Plan.

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

Description: Funds for CCWA legal services.

FY 06/07 Requested Budget	45,000
FY 05/06 Estimated Actual	69,709
Increase (Decrease)	(24,709)

\$ 35,000 Hatch & Parent General Counsel
 \$ 10,000 Sheppard Mullin Personnel Counsel
 \$ 45,000 TOTAL

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

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

FY 06/07 Requested Budget	-
FY 05/06 Estimated Actual	-
Increase (Decrease)	-

**CENTRAL COAST WATER AUTHORITY
ADMINISTRATION FY 2006/07 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 06/07 Requested Budget	3,400
FY 05/06 Estimated Actual	1,250
Increase (Decrease)	2,150

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

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

Description: Funds for the annual audit of the FY 2005/06 Financial Statements and the State Water Contractors audit fees.

FY 06/07 Requested Budget	29,000
FY 05/06 Estimated Actual	24,654
Increase (Decrease)	4,346

\$	14,000	State Water Contractor audit fees
\$	15,000	Auditing FY 2005/06 financial statements
\$	29,000	TOTAL

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

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

FY 06/07 Requested Budget	4,400
FY 05/06 Estimated Actual	5,061
Increase (Decrease)	(661)

\$	2,800	Copier maintenance agreement
\$	1,000	Postage machine, fax, printer agreements
\$	600	Other misc. equipment repairs
\$	4,400	TOTAL

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

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

FY 06/07 Requested Budget	17,530
FY 05/06 Estimated Actual	20,748
Increase (Decrease)	(3,218)

\$	780	Monthly Pest Control
\$	10,750	Janitorial services and supplies
\$	3,000	Building repairs
\$	3,000	HVAC quarterly maintenance
\$	17,530	TOTAL

**CENTRAL COAST WATER AUTHORITY
ADMINISTRATION FY 2006/07 BUDGET**

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

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

FY 06/07 Requested Budget	3,100
FY 05/06 Estimated Actual	2,150
Increase (Decrease)	950

\$	2,100	Gardener (\$175 per month)
\$	700	Irrigation Water (\$58 per month)
\$	300	Miscellaneous
\$	3,100	TOTAL

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

Description: Funds for natural gas service to the Administration building (\$45 per month).

FY 06/07 Requested Budget	540
FY 05/06 Estimated Actual	643
Increase (Decrease)	(103)

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

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

FY 06/07 Requested Budget	6,600
FY 05/06 Estimated Actual	5,603
Increase (Decrease)	997

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

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

FY 06/07 Requested Budget	1,200
FY 05/06 Estimated Actual	1,045
Increase (Decrease)	155

**CENTRAL COAST WATER AUTHORITY
ADMINISTRATION FY 2006/07 BUDGET**

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

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

FY 06/07 Requested Budget	11,200	\$	2,500	Long distance (\$210 per month)
FY 05/06 Estimated Actual	11,318	\$	6,900	Local long distance (\$575 per month)
Increase (Decrease)	(118)	\$	1,800	Cell phone airtime (\$151 per month)
		\$	11,200	TOTAL

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

Description: Funds for waste disposal services for the Administration building (\$190 per month).

FY 06/07 Requested Budget	2,280			
FY 05/06 Estimated Actual	2,155			
Increase (Decrease)	125			

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

Description: Funds for insurance related expenses.

FY 06/07 Requested Budget	17,095	\$	1,280	Property and auto insurance based on allocation provided by JPIA
FY 05/06 Estimated Actual	16,519	\$	11,815	General Liability and E&O apportioned by payroll percentages
Increase (Decrease)	576	\$	4,000	Employee fidelity bond
		\$	17,095	TOTAL

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

Description: Funds for rental of equipment.

FY 06/07 Requested Budget	10,400	\$	5,400	Postage meter (\$450 per month)
FY 05/06 Estimated Actual	7,096	\$	4,500	Copier lease (\$375 per month)
Increase (Decrease)	3,304	\$	500	Other
		\$	10,400	TOTAL

**CENTRAL COAST WATER AUTHORITY
ADMINISTRATION FY 2006/07 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 06/07 Requested Budget	10,000
FY 05/06 Estimated Actual	2,978
Increase (Decrease)	7,022

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

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

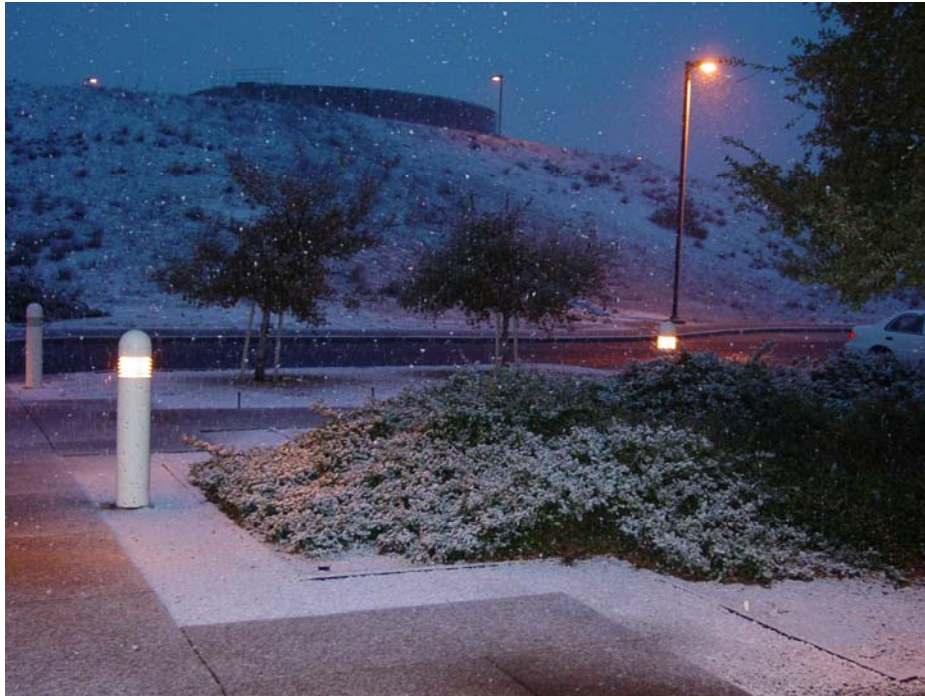
FY 06/07 Requested Budget	98,400
FY 05/06 Estimated Actual	72,013
Increase (Decrease)	26,387

\$	2,000	Silicon Beach (Internet)
\$	25,400	Annual service agreements
\$	71,000	Compuvision and other computer expenses
\$	98,400	TOTAL

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

Description: 2.0% of operating expenses

FY 06/07 Requested Budget	18,950
FY 05/06 Estimated Actual	-
Increase (Decrease)	18,950



March 2006 Snowfall at 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 2006/07 requested water deliveries 32,910 acre-feet

Budget Information

- Total FY 2006/07 O&M Budget \$3,093,377
- Non-Annual Recurring Expense deposits \$ 213,428
- **Total WTP FY 2006/07 Budgeted Expenses \$3,306,805**

- O&M Budget increase over FY 2005/06 \$ 217,503

- Fixed O&M Expenses \$2,168,806
- Variable O&M Expenses \$ 924,571

- FY 2006/07 budgeted chemical cost \$27.00 per acre-foot

Significant Accomplishments During FY 2005/06

- CCWA staff assisted DWR staff in removing sediment from the Polonio Pass pumping plant raw water forebay in June 2005. Planning has begun to clean the Blueston pumping plant.

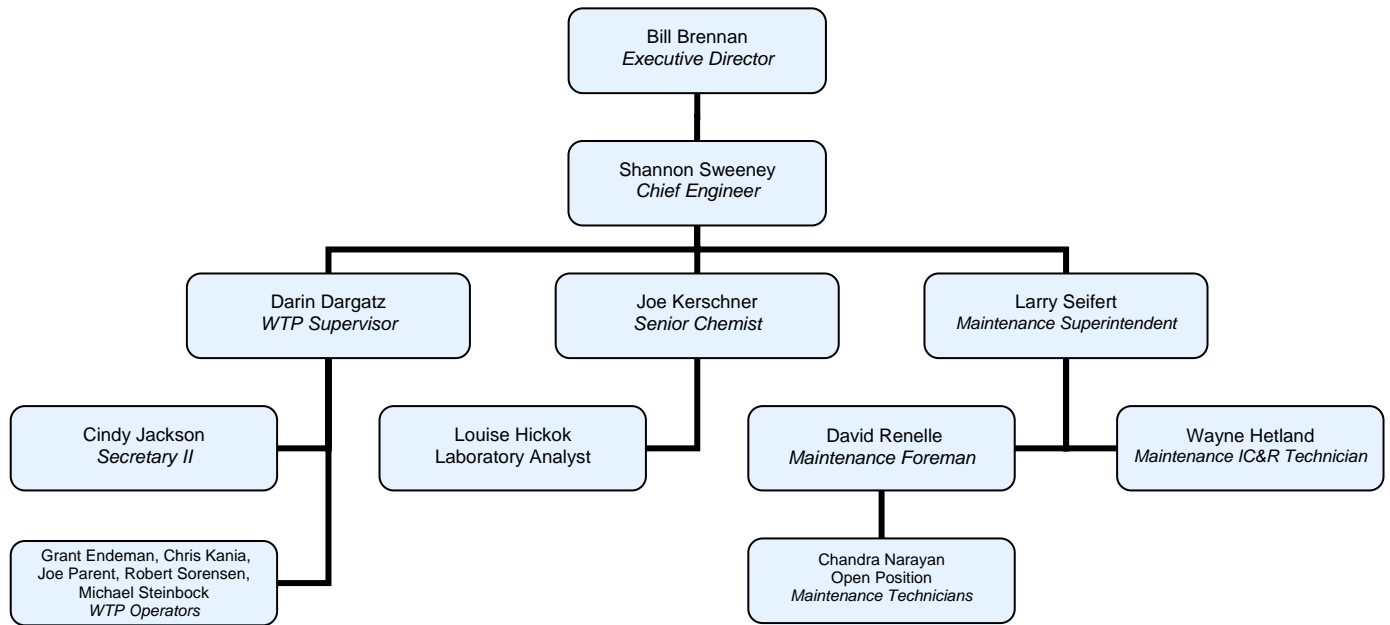
Significant Goals for FY 2006/07

- Implement long term 2 surface water treatment rule and stage 2 disinfection byproducts rules.
- Complete first of three phases of control system logic upgrade at the Polonio Pass Water Treatment Plant.

Central Coast Water Authority
Water Treatment Plant Department
 Fiscal Year 2006/07 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.

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

Central Coast Water Authority
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sampling program, maintains all laboratory equipment and trains Operations and Maintenance staff in laboratory safety and procedures.

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

The following pages list the 2005 accomplishments, performance indicators (“Service Efforts and Accomplishments”) and 2006 goals for the Water Treatment Plant Department.

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

2005 ACCOMPLISHMENTS

<u><i>Goal</i></u>	<u><i>Status</i></u>
<i>Cost effectively operate and maintain our facilities.</i>	
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]	Extremely low voltage exit signs installed to save energy (offered free from PG&E). Rebates for interior lighting project at WTP and variable frequency drive at SYPP also underway.
Coat and protect concrete surfaces in WTP filters, chlorine contact basin and secondary containment areas. [10/05]	Completed 10/05
Identify and address Sludge Pond B leakage issues. [8/05]	Completed 9/05
Pursue certification for Instrumentation and Control staff. [12/05]	Postponed to 2006
Evaluate pre-oxidation as a method for reducing taste and odor compounds and extending the life of the granular activated carbon. [10/05]	Cleaning of DWR forebays being conducted to reduce taste and odor compounds, extend the life of the granular activated carbon, and may eliminate the need for pre-oxidation.
Coat and protect concrete surfaces in WTP filters, chlorine contact basin and secondary containment areas. [10/05]	Completed 10/05
<i>Ensure our water supply meets or exceeds health and safety standards.</i>	
Assist project participants in preparing to meet new federal and state water quality regulations. [Ongoing]	Ongoing

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

Coordinate pipeline and water treatment plant inspections with annual DWR shutdown for Coastal Branch Phase I maintenance. [11/05]

Completed 11/05

Assist DWR in removing sediment from raw water pump station forebays.

Polonio Pass Pumping Plant forebay cleaned 6/05. Planning has begun for Bluestone cleaning project.

Assist project participants in their efforts to reduce groundwater overdraft.

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

Ongoing

NEW GOALS FOR CALENDAR YEAR 2006

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

- Complete first of three phases of control system logic upgrade at WTP [12/06]
- Assess use of particle counters as a tool for gauging water treatment effectiveness [9/06]
- Develop rapid small scale test for GAC comparisons [9/06]
- Assess solar power opportunities [12/06]

Cost effectively operate and maintain our facilities.

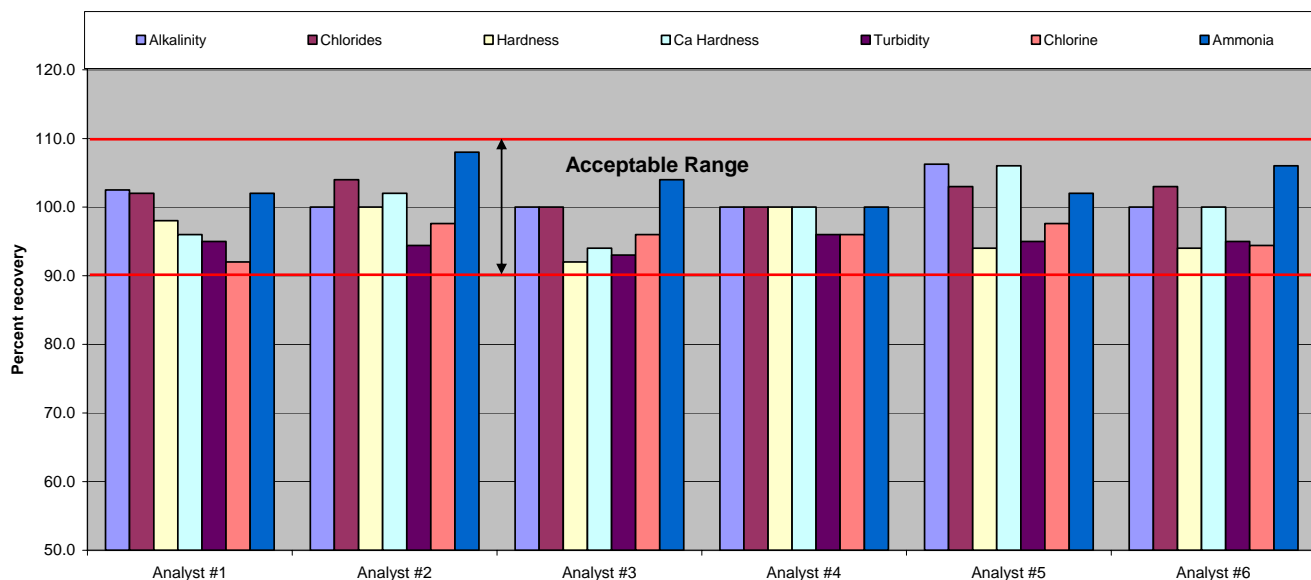
- Implement Long Term 2 Surface Water Treatment Rule and Stage 2 Disinfection Byproducts rules [2/06]
- Implement flow pacing for WTP chlorine system [9/06]
- Replace obsolete turbidimeters at WTP [8/06]

Central Coast Water Authority
Water Treatment Plant Department
 Fiscal Year 2006/07 Budget

WATER TREATMENT PLANT PERFORMANCE MEASURES

The following graph shows the results of “Check Chemistry” tests performed on each of the five Water Treatment Plant Operators to ensure the testing procedures and results are within the acceptable range allowed by various regulatory agencies. The graph shows that each Operator’s testing results were within the acceptable range.

WTP Check Chemistry
 January 2006



WATER TREATMENT PLANT DEPARTMENT OPERATING EXPENSE OVERVIEW

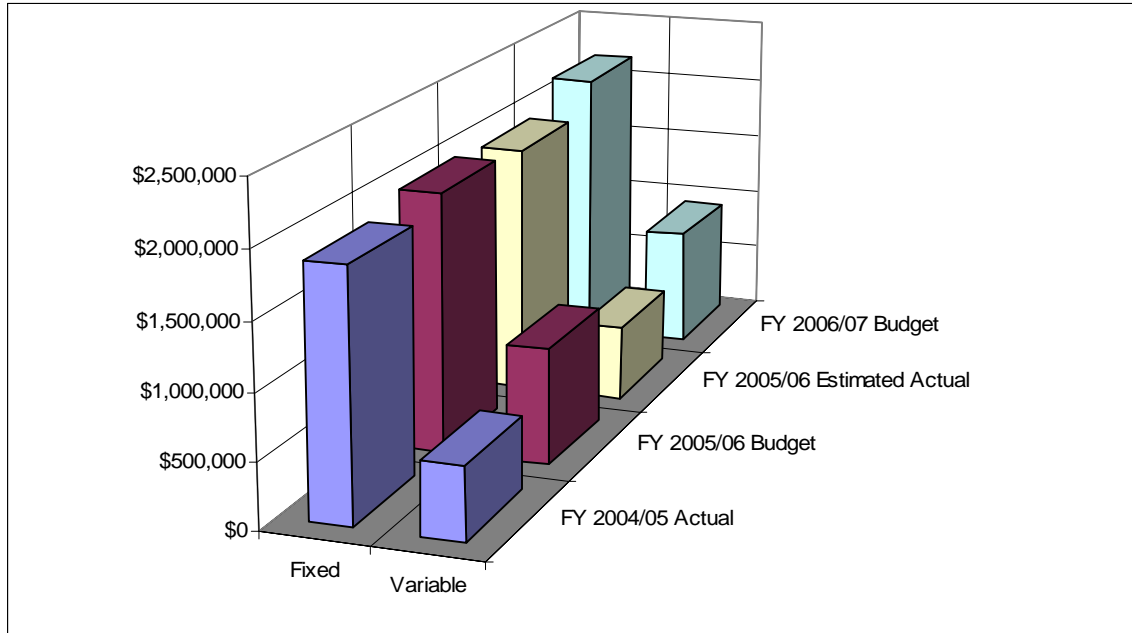
The expenses associated with operating the Water Treatment Plant are divided into fixed and variable O&M costs.

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

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

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

Central Coast Water Authority
Water Treatment Plant Department
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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
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Fiscal Year 2006/07 Operating Expense Budget

The FY 2006/07 water treatment plant operating expense budget is \$3,093,377 which is \$217,503 higher than the previous year's budget of \$2,875,874, a 7.56% increase.

The personnel expense section of the Water Treatment Plant budget represents approximately 44% of the budget. Supplies and equipment comprise 29% 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 125 shows the allocation of the various components of the water treatment plant operating expense budget.

Personnel Expenses Total personnel expenses are increasing by about \$82,000 (excluding capitalized salaries and benefits) when compared to the FY 2005/06 budget for the following reasons.

- An increase in full-time regular wages for the FY 2006/07 salary pool allocation of \$64,185.
- Standby pay budget decrease of about \$8,600 to reflect actual standby pay for Water Treatment Plant Operators and Instrumentation employees.
- PERS cost increase of about \$25,000 for an increase in the contribution rate to 18.70% from 17.10% for FY 2005/06 and an increase in salaries.
- Health insurance expense increase of approximately \$1,400 for a projected 10% increase effective January 1, 2007.

Supplies and Equipment Total supplies and equipment expenses for FY 2006/07 are about \$48,000 higher than the previous year primarily due to an increase in the estimated chemical cost per acre-foot from \$26 to \$27.

Monitoring Expenses Monitoring expenses are increasing by \$21,000 for stage two disinfectant and disinfection by-products rule and the long-term 2 enhanced surface water treatment rule to be done over the next two years.

Professional Expenses Professional expenses are increasing by about \$25,000 primarily for facility painting and road oiling at the Water Treatment Plant.

Central Coast Water Authority
Water Treatment Plant Department
 Fiscal Year 2006/07 Budget

Project Participant	FY 2006/07 Requested Deliveries	<i>Variable WTP Cost Per Acre-Foot</i>					WTP Variable Cost Per AF
		WTP Variable	WTP Variable Retreatment	WTP Variable Exchange Adjustments	Net WTP Variable Costs		
Shandon	-	\$ -	\$ -	\$ -	\$ -	\$ -	
Chorro Valley	2,235	62,779	-	-	-	62,779	\$ 28.09
Lopez	1,892	53,165	-	-	-	53,165	\$ 28.09
Guadalupe	555	15,592	2,264	-	-	17,856	\$ 32.17
Santa Maria	14,400	404,552	59,141	-	-	463,693	\$ 32.20
Golden State Water Co.	270	7,585	1,121	-	-	8,706	\$ 32.24
VAFB	4,100	115,185	16,709	-	-	131,894	\$ 32.17
Buellton	625	17,559	2,581	-	-	20,140	\$ 32.22
Santa Ynez (Solvang)	1,250	35,117	4,994	-	-	40,112	\$ 32.09
Santa Ynez ⁽¹⁾	3,207	20,789	12,602	69,308	-	102,699	\$ 32.02
Goleta ⁽²⁾	1,824	76,191	(39,517)	(24,951)	-	11,723	\$ 6.43
Morehart Land	160	4,495	(3,710)	-	-	785	\$ 4.91
La Cumbre	915	25,706	(21,913)	-	-	3,793	\$ 4.15
Raytheon	55	1,545	(1,287)	-	-	258	\$ 4.69
Santa Barbara ⁽²⁾	(1)	16,632	2	(16,634)	-	(1)	\$ 0.54
Montecito ⁽²⁾	1,408	56,188	(32,650)	(16,634)	-	6,904	\$ 4.90
Carpinteria ⁽²⁾	14	11,490	(336)	(11,089)	-	65	\$ 4.58
TOTAL:	32,909	\$ 924,571	\$ 0	\$ -	\$ -	\$ 924,571	\$ 28.09

(1) Includes Santa Ynez Exchange Agreement delivery requests to Santa Ynez.

(2) Net of Santa Ynez Exchange deliveries.

Project Participant	<i>Fixed WTP Cost Per Acre-Foot</i>					
	Table A Amount	WTP Fixed	WTP Fixed and Capital Retreatment	Exchange Fixed and Capital Adjustments	Total Fixed WTP Costs	WTP Fixed Cost Per AF
Shandon	100	\$ 4,677	\$ -	\$ -	\$ 4,677	\$ 46.77
Chorro Valley	2,338	109,341	-	-	109,341	\$ 46.77
Lopez	2,392	111,866	-	-	111,866	\$ 46.77
Guadalupe	550	25,722	19,952	-	45,674	\$ 83.04
Santa Maria	16,200	757,621	587,692	-	1,345,312	\$ 83.04
Golden State Water Co.	500	23,383	18,139	-	41,522	\$ 83.04
VAFB	5,500	257,217	199,525	-	456,742	\$ 83.04
Buellton	578	27,031	20,968	-	47,999	\$ 83.04
Santa Ynez (Solvang)	1,500	70,150	54,416	-	124,566	\$ 83.04
Santa Ynez ⁽³⁾	2,967	138,757	107,635	310,979	557,371	\$ 187.86
Goleta	4,500	210,450	(322,783)	(111,953)	(224,285)	\$ (49.84)
Morehart Land	200	9,353	(17,873)	-	(8,520)	\$ (42.60)
La Cumbre	1,000	46,767	(89,367)	-	(42,600)	\$ (42.60)
Raytheon	50	2,338	(4,468)	-	(2,130)	\$ (42.60)
Santa Barbara	3,000	140,300	(215,188)	(74,635)	(149,523)	\$ (49.84)
Montecito	3,000	140,300	(215,188)	(74,635)	(149,523)	\$ (49.84)
Carpinteria	2,000	93,533	(143,459)	(49,757)	(99,682)	\$ (49.84)
TOTAL:	46,375	\$ 2,168,806	\$ (0)	\$ (0)	\$ 2,168,806	\$ 46.77

(3) Santa Ynez Table A Amount includes requested exchange deliveries for FY 2006/07.

Central Coast Water Authority
Water Treatment Plant Department
 Fiscal Year 2006/07 Budget

Non-Annual Recurring Expenses

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

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

FY 2006/07 Non-Annual Recurring Expenses

The FY 2006/07 water treatment plant non-annual recurring expenses total \$213,428 and are comprised of the following expenses.

- \$13,068 for the replacement of vehicles at the water treatment plant based on the ten-year vehicle replacement schedule.
- \$5,000 for the future replacement of water treatment plant computers.
- \$195,360 for the FY 2006/07 GAC replacement only for those project participants that do not have sufficient NARES deposits to cover the anticipated costs.

The following table shows the allocation of the FY 2006/07 non-annual recurring expenses for the water treatment plant.

**Water Treatment Plant
 FY 2006/07 Non-Annual Recurring Expenses**

Project Participant	Entitlement	Percentage	FY 2006/07 Non-Annual Recurring Expenses
Shandon	100	0.23%	\$ 41
Chorro Valley	2,338	5.32%	10,462
Lopez	2,392	5.45%	15,765
Guadalupe	550	1.25%	3,678
Santa Maria	16,200	36.90%	113,543
So Cal Water Co.	500	1.14%	869
VAFB	5,500	12.53%	33,683
Buellton	578	1.32%	4,852
Santa Ynez (Solvang)	1,500	3.42%	5,966
Santa Ynez	500	1.14%	18,910
Goleta	4,500	10.25%	1,852
Morehart Land	200	0.46%	82
La Cumbre	1,000	2.28%	412
Raytheon (SBRC)	50	0.11%	21
Santa Barbara	3,000	6.83%	1,235
Montecito	3,000	6.83%	1,235
Carpinteria	2,000	4.55%	823
TOTAL:	43,908	100.00%	\$ 213,428

Central Coast Water Authority
Water Treatment Plant Department
 Fiscal Year 2006/07 Budget

FY 2006/07 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 2006/07. The estimated cost of this project is \$221,000 and will be funded with existing and future NARES deposits.

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 exchange agreement modifications.

Certain project participants have sufficient NARES deposits to cover their portion of the FY 2006/07 GAC replacement project costs.

The following table shows the allocation of the FY 2006/07 GAC replacement costs.

GAC Replacement Allocation

Project Participant	Total Deliveries July 2003 to June 2006 (Est.)	Allocation of GAC Replacement on Delivery Basis	Regional WTP Allocation	Regional WTP Allocation Credit	Exchange Agreement Variable Modifications	Net GAC Replacement Cost
Guadalupe	1,246	\$ 3,050	\$ 401			\$ 3,452
Santa Maria	38,650	94,622	12,255			106,877
Golden State Water Co.	618	1,513	201			1,714
Vandenberg AFB	11,355	27,799	3,621			31,420
Buellton	1,674	4,098	516			4,614
Santa Ynez (Solvang)	3,487	8,537	1,058			9,595
Santa Ynez	1,676	4,103	3,025		19,767	26,895
Goleta	6,483	15,872	1,823	(8,751)	(7,120)	1,823
Morehart Land	219	536	65	(536)		65
La Cumbre	1,652	4,044	521	(4,044)		521
Raytheon (SBRC)	103	252	18	(252)		18
Santa Barbara	3,599	8,811	896	(4,071)	(4,740)	896
Montecito	4,240	10,380	1,033	(5,640)	(4,740)	1,033
Carpinteria	2,393	5,858	555	(2,693)	(3,166)	555
Shandon	-	-	-			-
Chorro Valley	6,681	16,356	-			16,356
Lopez	6,195	15,167	-			15,167
TOTAL:	90,271	\$ 221,000	\$ 25,987	\$ (25,987)	\$ -	\$ 221,000

Central Coast Water Authority
Water Treatment Plant Department
 Fiscal Year 2006/07 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 2006/07 Water Treatment Plant Non-Capitalized Projects.

<i>Non-Capitalized Projects-Reach Specific</i>		
Project Description	Financial Reach	Amount ⁽¹⁾
Evaluation of Solar Power at the Water Treatment Plant	WTP	\$ 26,250
Raw Water Tank Cleaning	WTP	27,600
Clearwell and Backwash Tank Inspection	WTP	22,000
WTP Lagoon Road Maintenance	WTP	37,360
TOTAL:		\$ 113,210
<u>Non-Annual Recurring Expense Funded</u>		
Granular Activated Carbon Replacement in three filters at the Water Treatment Plant	WTP	\$ 221,000
<small>(1) Excludes CCWA labor and overhead costs.</small>		

Central Coast Water Authority
Water Treatment Plant Department
Fiscal Year 2006/07 Budget

Description: ***Evaluation of Solar Power at Polonio Pass Water Treatment Plant***

Department: Water Treatment Plant

Project Type: Non-capitalized Project

Expanded Description: Consultant services are necessary to assist staff in determining whether a solar power system should be considered for the Polonio Pass Water Treatment Plant.

Estimated Charge \$ 25,000
Contingency (5%) \$ 1,250

Total Cost: \$ 26,250

Funding Source: Reach Specific Assessments

Operating Budget Impact: Solar power may be a cost effective alternative to utility power at the water treatment plant.

Description: ***Raw Water Tank Cleaning***

Department: Water Treatment Plant

Project Type: Non-capitalized Project

Expanded Description: Periodic Maintenance of the raw water tanks allows for maximized use of the tanks, and helps to control taste and odor.

Estimated Charge \$ 23,000
Sales Tax \$ 1,800
Contingency (5%) \$ 2,800
Subtotal without CCWA labor \$ 27,600

Labor \$ 24,000
Fringe and Overhead \$ 7,200
Total Cost: \$ 58,800

Funding Source: Reach Specific Assessments

Operating Budget Impact: Reduces chemical costs, and enables prolonged production during times when Department of Water Resources is experiencing delivery problems.

Central Coast Water Authority
Water Treatment Plant Department
Fiscal Year 2006/07 Budget

Description: ***Clearwell and Backwash Tank Inspection and Cleaning***

Department: Water Treatment Plant

Expanded Description: Inspection and cleaning of covered tanks at Polonio Pass Water Treatment Plant.

Project Type: Non-capitalized Project

Estimated Charge	\$ 19,000
Sales Tax	\$ 1,500
Contingency (5%)	<u>\$ 1,500</u>
Subtotal without CCWA labor	\$ 22,000
Labor	\$ 6,700
Fringe and Overhead	<u>\$ 2,000</u>
Total Cost:	\$ 30,700

Funding Source: Reach Specific Assessments

Operating Budget Impact: Periodic inspection and preventative maintenance extends the useful life of facilities and reduces failures associated with neglect.

Description: ***Polonio Pass Water Treatment Plant Lagoon Road Maintenance***

Department: Water Treatment Plant

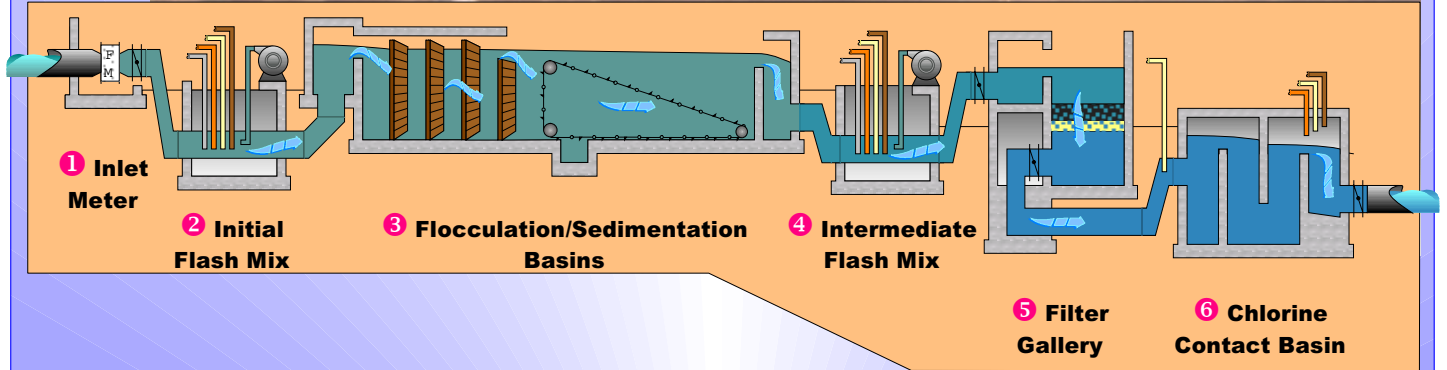
Project Type: Non-capitalized Project

Expanded Description: Chip seal the lagoon road.

Estimated Charge	\$ 33,000
Sales Tax	\$ 2,560
Contingency (5%)	<u>\$ 1,800</u>
Total Cost:	\$ 37,360

Funding Source: Reach Specific Assessments

Operating Budget Impact: Road has not had maintenance since construction. Maintenance on road will reduce potential for damage in future years.



Polonio Pass Water Treatment Plant

Central Coast Water Authority

Central Coast Water Authority
Personnel Services Summary
Water Treatment Plant Department
Fiscal Year 2006/07 Budget

PERSONNEL COUNT SUMMARY					
Position Title	Number Auth. FY 2004/05	Number Auth. FY 2005/06	Number Requested FY 2006/07	Change Over FY 2004/05	Change Over FY 2005/06
Executive Director ⁽¹⁾	0.25	0.25	0.25	-	-
Operations Manager	-	-	-	-	-
Chief Engineer ⁽²⁾	0.20	0.35	0.35	0.15	-
WTP Supervisor	1.00	1.00	1.00	-	-
Maintenance Superintendent ⁽³⁾	0.80	0.60	0.60	(0.20)	-
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	0.70	0.80	0.80	0.10	-
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:	13.70	13.75	13.75	0.05	-

PERSONNEL WAGE SUMMARY				
Position Title	Position Classification	Minimum Monthly Salary	Maximum Monthly Salary	FY 2005/06 Current Salary
Executive Director ⁽¹⁾	N/A	N/A	N/A	\$ 35,038
Chief Engineer ⁽²⁾	25	\$ 7,454	\$ 9,094	\$ 36,400
WTP Supervisor	20	\$ 5,734	\$ 6,996	\$ 69,680
Maintenance Superintendent ⁽³⁾	20	\$ 5,734	\$ 6,996	\$ 48,635
Maintenance Foreman	16	\$ 4,648	\$ 5,671	\$ 65,395
Regulatory Specialist ⁽⁴⁾	18	\$ 5,163	\$ 6,299	\$ 17,425
Senior Chemist	18	\$ 5,163	\$ 6,299	\$ 73,424
Maintenance Technicians	14	\$ 4,184	\$ 5,105	\$ 110,053
Maintenance/IC&R Technician	15	\$ 4,410	\$ 5,381	\$ 43,197
WTP Operators	14	\$ 4,184	\$ 5,105	\$ 285,251
Lab Analyst	11	\$ 3,609	\$ 4,403	\$ 32,495
Secretary II	10	\$ 3,424	\$ 4,178	\$ 31,793
FY 2006/07 Salary Pool				\$ 63,294
TOTAL:				\$ 912,079

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

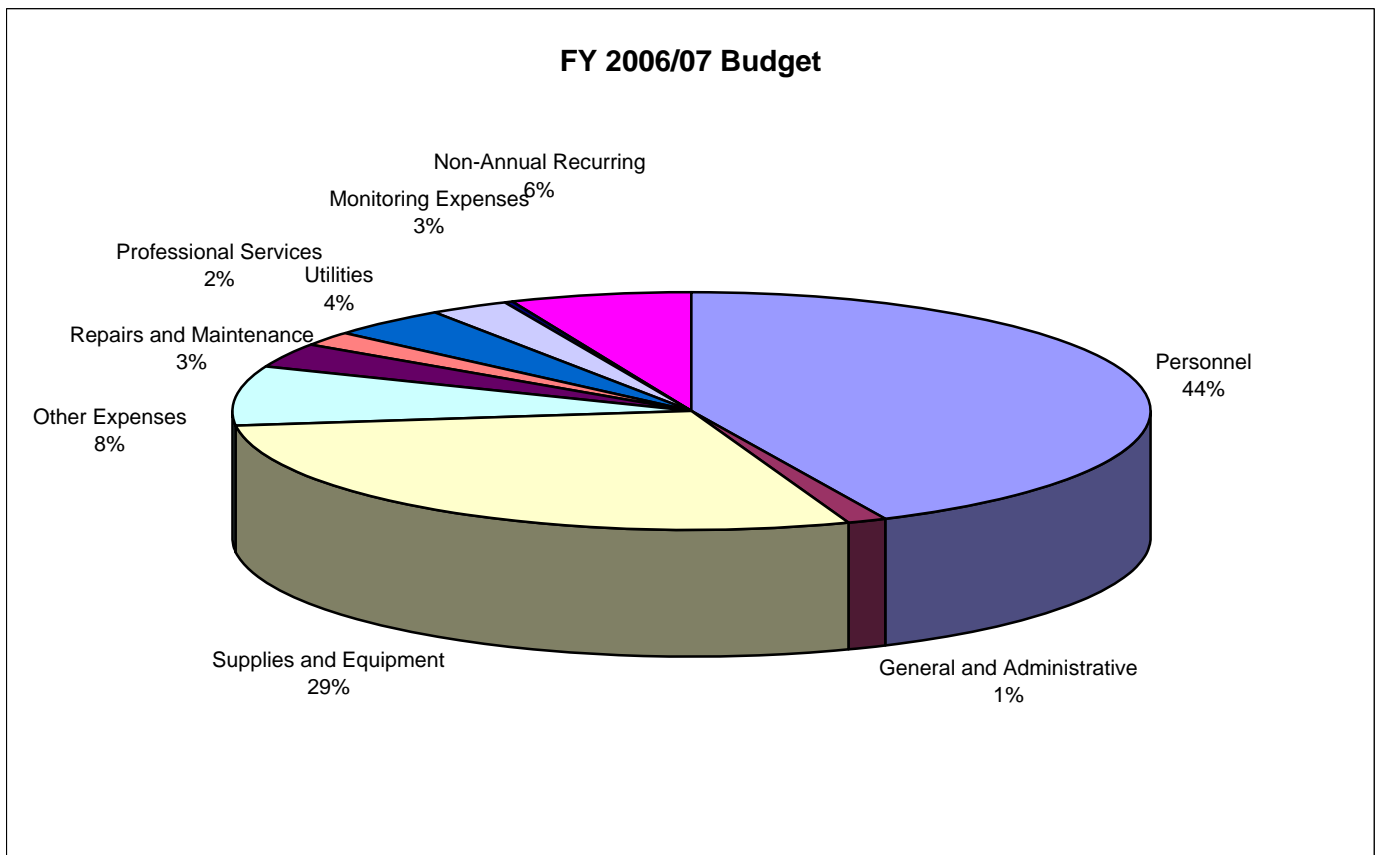
(2) The Chief Engineer is allocated to Administration (25%), Water Treatment Plant (35%) and Distribution (40%).

(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%).

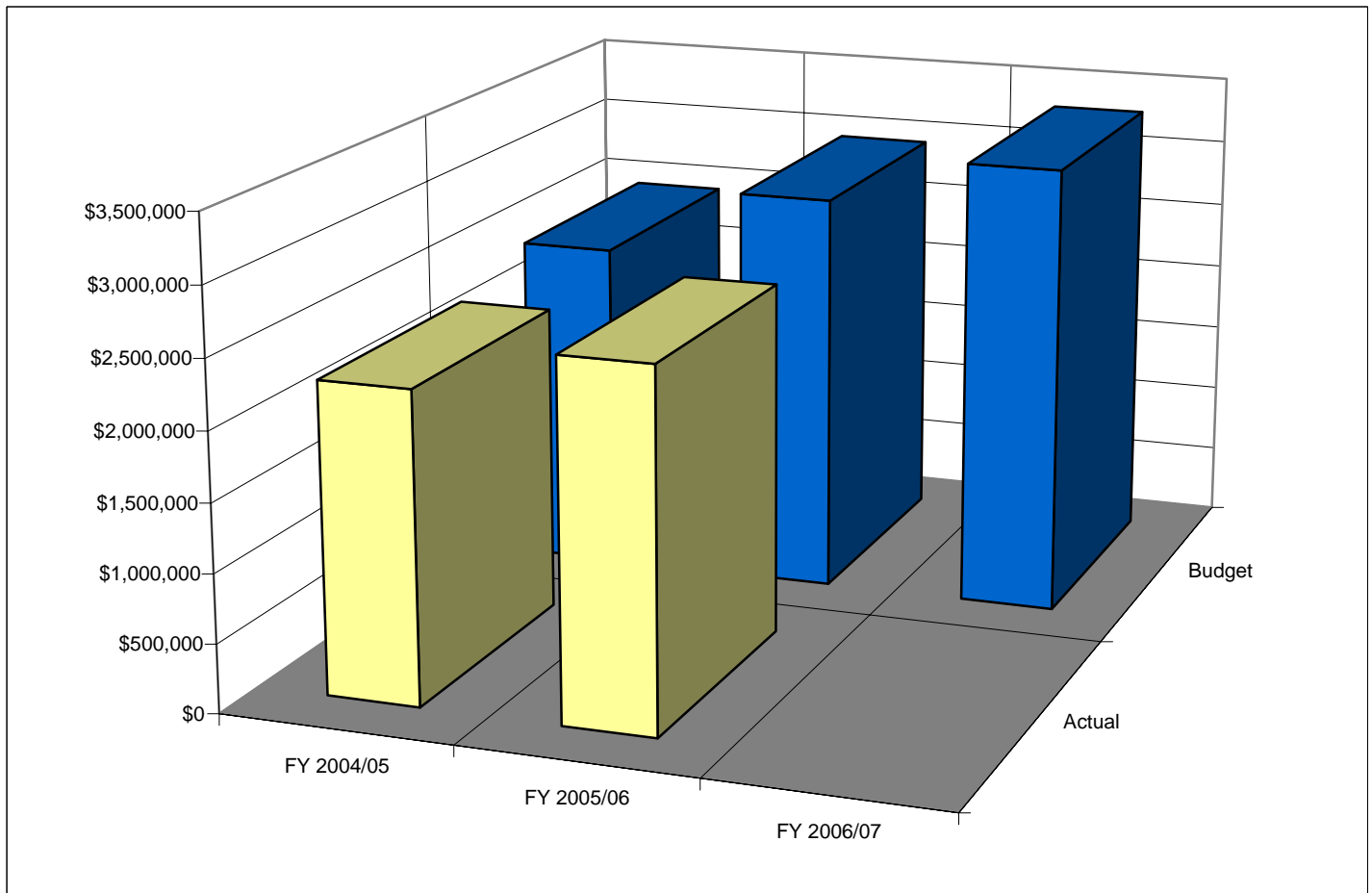
Central Coast Water Authority
Water Treatment Plant Department Operating Expenses
 Fiscal Year 2006/07 Budget

Item	FY 2006/07 Budget
Personnel	\$ 1,421,189
Office Expenses	7,260
Supplies and Equipment	942,816
Monitoring Expenses	89,400
Repairs and Maintenance	112,500
Professional Services	62,500
General and Administrative	47,800
Utilities	139,000
Other Expenses	270,912
Non-Annual Recurring	213,428
TOTAL:	<u><u>\$ 3,306,805</u></u>



Central Coast Water Authority
Water Treatment Plant Department Operating Expenses
 Fiscal Year 2006/07 Budget

Item	FY 2004/05 Budget	FY 2004/05 Actual	FY 2005/06 Budget	FY 2005/06 Estimated Actual	FY 2006/07 Budget
Personnel	\$ 1,308,783	\$ 1,265,013	\$ 1,339,431	\$ 1,309,007	\$ 1,421,189
Office Expenses	4,800	4,158	5,400	5,476	7,260
Supplies and Equipment	564,209	536,126	895,195	577,475	942,816
Monitoring Expenses	71,000	55,028	68,700	56,378	89,400
Repairs and Maintenance	92,000	84,649	98,200	105,963	112,500
Professional Services	35,000	16,211	37,200	28,160	62,500
General and Administrative	43,500	38,050	43,850	26,941	47,800
Utilities	138,000	137,160	138,000	121,959	139,000
Other Expenses	170,666	102,681	249,898	277,530	270,912
Subtotal	\$ 2,427,958	\$ 2,239,076	\$ 2,875,874	\$ 2,508,888	\$ 3,093,377
Non-Annual Recurring	\$ 13,916	\$ 13,916	\$ 76,695	\$ 76,695	\$ 213,428
TOTAL:	\$ 2,441,874	\$ 2,252,992	\$ 2,952,569	\$ 2,585,583	\$ 3,306,805



Central Coast Water Authority
Water Treatment Plant Department Operating Expenses
 Fiscal Year 2006/07 Administration/O&M Budget

Account Number	Account Name	FY 2004/05 Budget	FY 2004/05 Actual	FY 2005/06 Budget	FY 2005/06 Estimated Actual	FY 2006/07 Budget	Change from FY 2005/06 Budget	Percent Change FY 2005/06 Budget
<u>PERSONNEL EXPENSES</u>								
5000.10	Full-Time Regular Wages	\$ 828,496	\$ 818,038	\$ 853,982	\$ 818,092	\$ 912,079	\$ 58,097	6.80%
1300.60	Capitalized Wages and Overtime	-	-	(15,244)	(15,882)	(15,120)	124	-0.81%
5000.20	Overtime	41,425	44,071	42,699	50,401	45,604	2,905	6.80%
5000.40	Standby Pay	12,352	20,192	25,842	18,869	17,199	(8,643)	-33.45%
5000.50	Shift Differential Pay	11,500	12,322	11,500	12,366	11,500	-	0.00%
5000.10	PERS Retirement	134,841	135,261	144,423	170,133	168,943	24,520	16.98%
5100.15	Medicare Taxes	13,007	12,868	13,594	13,054	14,357	763	5.61%
5100.20	Health Insurance	146,414	126,797	158,026	145,042	159,449	1,423	0.90%
5100.25	Workers' Compensation	66,594	41,373	54,827	40,776	53,674	(1,153)	-2.10%
5100.30	Vehicle Expenses	-	-	-	-	-	-	N/A
5100.35	IRC 457-Employer Paid	3,250	4,000	3,500	3,567	3,750	250	7.14%
5100.40	Cafeteria Plan Benefits	17,585	20,771	18,020	17,448	17,266	(754)	-4.19%
5100.45	Dental/Vision Plan	17,750	17,946	18,594	22,068	19,425	831	4.47%
5100.50	Long-Term Disability	4,663	4,385	4,334	4,423	4,615	281	6.49%
5100.55	Life Insurance	3,357	3,976	3,514	4,611	3,717	203	5.78%
5100.60	Employee Physicals	1,950	485	750	340	750	-	0.00%
5000.30	Temporary Services	2,000	-	5,000	1,100	5,000	-	0.00%
5100.70	Employee Incentive Programs	2,600	2,528	2,600	2,599	2,600	-	0.00%
5100.65	Employee Education Reimbursement	1,000	-	1,000	-	1,000	-	0.00%
1300.60	Capitalized Employee Benefits	-	-	(7,530)	-	(4,620)	2,910	-38.65%
Total Personnel Expenses:		1,308,783	1,265,013	1,339,431	1,309,007	1,421,189	81,758	6.10%

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Central Coast Water Authority
Water Treatment Plant Department Operating Expenses
 Fiscal Year 2006/07 Administration/O&M Budget

Account Number	Account Name	FY 2004/05 Budget	FY 2004/05 Actual	FY 2005/06 Budget	FY 2005/06 Estimated Actual	FY 2006/07 Budget	Change from FY 2005/06 Budget	Percent Change FY 2005/06 Budget
<u>OFFICE EXPENSES</u>								
5200.20	Office Supplies	3,000	2,113	3,000	3,878	4,740	1,740	58.00%
5200.30	Miscellaneous Office Expenses	1,800	2,045	2,400	1,598	2,520	120	5.00%
Total Office Expenses:		4,800	4,158	5,400	5,476	7,260	1,860	34.44%
<u>SUPPLIES AND EQUIPMENT</u>								
5500.10	Uniform Expenses	6,709	6,690	8,125	6,222	8,245	120	1.48%
5500.15	Minor Tools and Equipment	4,000	5,054	5,000	2,608	5,000	-	0.00%
5500.20	Spare Parts	-	-	-	-	-	-	N/A
5500.25	Landscape Equipment and Supplies	1,000	989	1,000	555	1,500	500	50.00%
5500.30	Chemicals-Fixed	-	-	-	-	-	-	N/A
5500.31	Chemicals-Variable	527,000	496,568	855,070	540,534	898,571	43,501	5.09%
5500.35	Maintenance Supplies/Hardware	10,000	12,510	10,000	7,520	10,000	-	0.00%
5500.40	Safety Supplies	3,500	3,324	3,500	3,648	6,000	2,500	71.43%
5500.45	Fuel and Lubricants	12,000	10,991	12,500	16,387	13,500	1,000	8.00%
5500.50	Seed/Erosion Control Supplies	-	-	-	-	-	-	N/A
5500.55	Backflow Prevention Supplies	-	-	-	-	-	-	N/A
Total Supplies and Equipment:		564,209	536,126	895,195	577,475	942,816	47,621	5.32%
<u>MONITORING EXPENSES</u>								
5600.10	Lab Supplies	35,000	38,333	37,500	38,468	39,000	1,500	4.00%
5600.20	Lab Tools and Equipment	8,000	2,647	5,000	4,857	5,000	-	0.00%
5600.30	Lab Testing	28,000	14,048	26,200	13,053	45,400	19,200	73.28%
Total Monitoring Expenses:		71,000	55,028	68,700	56,378	89,400	20,700	30.13%

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Central Coast Water Authority
Water Treatment Plant Department Operating Expenses
 Fiscal Year 2006/07 Administration/O&M Budget

Account Number	Account Name	FY 2004/05 Budget	FY 2004/05 Actual	FY 2005/06 Budget	FY 2005/06 Estimated Actual	FY 2006/07 Budget	Change from FY 2005/06 Budget	Percent Change FY 2005/06 Budget
<u>REPAIRS AND MAINTENANCE</u>								
5700.10	Equipment Repairs and Maintenance	70,000	62,619	70,000	79,105	80,000	10,000	14.29%
5700.20	Vehicle Repairs and Maintenance	3,000	3,965	5,000	4,658	5,000	-	0.00%
5700.30	Building Maintenance	15,000	14,419	19,200	18,600	22,900	3,700	19.27%
5700.40	Landscape Maintenance	4,000	3,646	4,000	3,600	4,600	600	15.00%
Total Repairs and Maintenance:		92,000	84,649	98,200	105,963	112,500	14,300	14.56%
<u>PROFESSIONAL SERVICES</u>								
5400.10	Professional Services	12,000	5,840	16,300	11,008	15,600	(700)	-4.29%
5400.20	Legal Services	-	-	-	3,246	-	-	N/A
5400.30	Engineering Services	5,000	695	5,000	75	5,000	-	0.00%
5400.40	Permits	8,500	7,481	15,900	13,831	14,900	(1,000)	-6.29%
5400.50	Non-Contractual Services	9,500	2,195	-	-	27,000	27,000	N/A
5400.60	Accounting Services	-	-	-	-	-	-	N/A
Total Professional Services:		35,000	16,211	37,200	28,160	62,500	25,300	68.01%
<u>GENERAL AND ADMINISTRATIVE</u>								
5300.10	Meeting and Travel	10,000	15,107	11,000	7,365	13,750	2,750	25.00%
5300.20	Mileage Reimbursement	500	446	600	198	600	-	0.00%
5300.30	Dues and Memberships	15,000	9,480	11,000	10,720	11,000	-	0.00%
5300.40	Publications	1,000	930	1,000	1,079	1,000	-	0.00%
5300.50	Training	12,000	6,762	13,750	3,568	13,750	-	0.00%
5300.60	Advertising	1,000	2,336	2,000	1,587	2,000	-	0.00%
5300.70	Printing and Binding	-	-	-	-	-	-	N/A
5300.80	Postage	4,000	2,989	4,500	2,424	5,700	1,200	26.67%
Total General and Administrative:		43,500	38,050	43,850	26,941	47,800	3,950	9.01%

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Central Coast Water Authority
Water Treatment Plant Department Operating Expenses
 Fiscal Year 2006/07 Administration/O&M Budget

Account Number	Account Name	FY 2004/05 Budget	FY 2004/05 Actual	FY 2005/06 Budget	FY 2005/06 Estimated Actual	FY 2006/07 Budget	Change from FY 2005/06 Budget	Percent Change FY 2005/06 Budget
<u>UTILITIES</u>								
5800.20	Natural Gas	4,000	4,356	4,000	4,351	4,500	500	12.50%
5800.30	Electric-Fixed	96,000	95,740	96,000	91,394	96,000	-	0.00%
5800.35	Electric-Variable	26,000	23,935	26,000	22,848	26,000	-	0.00%
5800.40	Water	-	-	-	94	-	-	N/A
5800.50	Telephone	9,500	10,697	9,500	1,029	10,000	500	5.26%
5800.60	Waste Disposal	2,500	2,432	2,500	2,242	2,500	-	0.00%
Total Utilities:		138,000	137,160	138,000	121,959	139,000	1,000	0.72%
<u>OTHER EXPENSES</u>								
5900.10	Insurance	58,599	50,108	58,292	50,827	62,298	4,006	6.87%
5900.30	Non-Capitalized Projects	33,460	10,471	100,466	186,457	113,210	12,744	12.68%
5900.40	Equipment Rental	15,000	20,212	15,000	17,462	15,000	-	0.00%
5900.50	Non-Capitalized Equipment	10,000	9,951	10,000	7,241	10,000	-	0.00%
5900.60	Computer Expenses	6,000	11,939	9,750	15,543	9,750	-	0.00%
5900.70	Appropriated Contingency	47,607	-	56,390	-	60,654	4,264	7.56%
Total Other Expenses:		170,666	102,681	249,898	277,530	270,912	21,014	8.41%
TOTAL OPERATING EXPENSES		\$ 2,427,958	\$ 2,239,076	\$ 2,875,874	\$ 2,508,888	\$ 3,093,377	\$ 217,503	7.56%

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**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2006/07 BUDGET**

ACCOUNT NUMBER: 5000.10

ACCOUNT TITLE: Full-Time Regular Salaries

Description: Funds for the WTP staff salaries.
Includes \$64,185 for the FY 2006/07 salary pool.

FY 06/07 Requested Budget	912,079
FY 05/06 Estimated Actual	818,092
Increase (Decrease)	93,987

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 06/07 Requested Budget	45,604
FY 05/06 Estimated Actual	50,401
Increase (Decrease)	(4,797)

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 06/07 Requested Budget	(16,131)
FY 05/06 Estimated Actual	(15,882)
Increase (Decrease)	(249)

ACCOUNT NUMBER: 5000.30

ACCOUNT TITLE: Temporary Services

Description: Temporary services for the
Water Treatment Plant Department.

FY 06/07 Requested Budget	5,000
FY 05/06 Estimated Actual	1,100
Increase (Decrease)	3,900

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

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2006/07 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 \$1.37 per hour (5% of average hourly rate) for 8,760 hours for WTP operator and \$1.78 per hour for Instrumentation and Control employee stand-by pay (1/3 to WTP and 2/3 to Distribution)

FY 06/07 Requested Budget	17,199
FY 05/06 Estimated Actual	18,869
Increase (Decrease)	(1,670)

ACCOUNT NUMBER: 5000.50

ACCOUNT TITLE: Shift Differential Pay

Description: Funds for shift employee pay.

FY 06/07 Requested Budget	11,500
FY 05/06 Estimated Actual	12,366
Increase (Decrease)	(866)

ACCOUNT NUMBER: 5100.10

ACCOUNT TITLE: PERS Retirement

Description: Funds for the employer and employee portion of PERS retirement system contributions. Based on a 18.7% contribution rate for FY 2006/07.

FY 06/07 Requested Budget	168,943
FY 05/06 Estimated Actual	170,133
Increase (Decrease)	(1,189)

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 06/07 Requested Budget	14,357
FY 05/06 Estimated Actual	13,054
Increase (Decrease)	1,303

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2006/07 BUDGET**

ACCOUNT NUMBER: 5100.20

ACCOUNT TITLE: Health Insurance

FY 06/07 Requested Budget	159,449
FY 05/06 Estimated Actual	145,042
Increase (Decrease)	14,407

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 5% in 2007.
Family: \$ 12,488
Emp+1: \$ 10,782
Emp: \$ 4,583

ACCOUNT NUMBER: 5100.25

ACCOUNT TITLE: Workers' Compensation Insurance

FY 06/07 Requested Budget	53,674
FY 05/06 Estimated Actual	40,776
Increase (Decrease)	12,898

Description: Funds for Workers' Compensation insurance for the WTP Department. Based on an X-Mod rate of 76%. Based on a 10% premium increase over FY 2005/06.

ACCOUNT NUMBER: 5100.35

ACCOUNT TITLE: Employer Paid Deferred Compensation

FY 06/07 Requested Budget	3,750
FY 05/06 Estimated Actual	3,567
Increase (Decrease)	183

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

ACCOUNT NUMBER: 5100.40

ACCOUNT TITLE: Cafeteria Plan Benefits

FY 06/07 Requested Budget	17,266
FY 05/06 Estimated Actual	17,448
Increase (Decrease)	(182)

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 2006/07 BUDGET**

ACCOUNT NUMBER: 5100.45

ACCOUNT TITLE: Dental/Vision Plan

Description: Funds for the self-funded dental/vision plan. The plan provides \$2,726 per year per family for dental and vision expenses. Budgeted amount is \$1,363 per year per employee. Annual limit is based on an increase over the prior year amount for the percentage change in the CPI.

FY 06/07 Requested Budget	19,425
FY 05/06 Estimated Actual	22,068
Increase (Decrease)	(2,643)

ACCOUNT NUMBER: 5100.50

ACCOUNT TITLE: Long-Term Disability

Description: Funds for premiums paid for long-term disability insurance. Based on a rate of \$0.55 per \$100 of salary.

FY 06/07 Requested Budget	4,615
FY 05/06 Estimated Actual	4,423
Increase (Decrease)	192

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 06/07 Requested Budget	3,717
FY 05/06 Estimated Actual	4,611
Increase (Decrease)	(894)

ACCOUNT NUMBER: 5100.60

ACCOUNT TITLE: Employee Physicals

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

FY 06/07 Requested Budget	750
FY 05/06 Estimated Actual	340
Increase (Decrease)	410

\$ 750 5 physicals @ \$150 each

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2006/07 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 06/07 Requested Budget	1,000
FY 05/06 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 06/07 Requested Budget	2,600
FY 05/06 Estimated Actual	2,599
Increase (Decrease)	1

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 06/07 Requested Budget	(8,206)
FY 05/06 Estimated Actual	-
Increase (Decrease)	(8,206)

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, plus an additional \$1,500 to upgrade office furniture and file cabinets.

FY 06/07 Requested Budget	4,740
FY 05/06 Estimated Actual	3,878
Increase (Decrease)	862

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2006/07 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 06/07 Requested Budget	2,520
FY 05/06 Estimated Actual	1,598
Increase (Decrease)	922

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 Chief Engineer.

FY 06/07 Requested Budget	13,750
FY 05/06 Estimated Actual	7,365
Increase (Decrease)	6,386

ACCOUNT NUMBER: 5300.20

ACCOUNT TITLE: Mileage Reimbursement

Description: Funds for reimbursement to employees for mileage expenses.

FY 06/07 Requested Budget	600
FY 05/06 Estimated Actual	198
Increase (Decrease)	402

ACCOUNT NUMBER: 5300.30

ACCOUNT TITLE: Dues and Memberships

Description: Funds for professional dues.

FY 06/07 Requested Budget	11,000
FY 05/06 Estimated Actual	10,720
Increase (Decrease)	280

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

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2006/07 BUDGET**

ACCOUNT NUMBER: 5300.40

ACCOUNT TITLE: Publications

Description: Funds for publications received by the WTP.

FY 06/07 Requested Budget	1,000
FY 05/06 Estimated Actual	1,079
Increase (Decrease)	(79)

ACCOUNT NUMBER: 5300.50

ACCOUNT TITLE: Training

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

FY 06/07 Requested Budget	13,750
FY 05/06 Estimated Actual	3,568
Increase (Decrease)	10,182

\$ 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 06/07 Requested Budget	2,000
FY 05/06 Estimated Actual	1,587
Increase (Decrease)	413

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 06/07 Requested Budget	5,700
FY 05/06 Estimated Actual	2,424
Increase (Decrease)	3,276

An extra \$1,200 has been added to this account for FY 06/07 to pay for shipping Cryptosporidium samples to meet the requirements of the Long Term 2 Enhanced Surface Water Treatment Rule.

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2006/07 BUDGET**

ACCOUNT NUMBER: 5400.10

ACCOUNT TITLE: Professional Services
Description: Outside professional services including:
 \$ 3,000 Cathodic protection
 2,000 Fire system/extinguisher inspection
 3,000 Security
 800 Crane inspection
 1,800 Oil analysis and waste oil service
 1,000 Miscellaneous
 1,000 Emergency generator/forklift service
 \$ 3,000 Equipment Calibration
 \$ 15,600 TOTAL

FY 06/07 Requested Budget	15,600
FY 05/06 Estimated Actual	11,008
Increase (Decrease)	4,592

ACCOUNT NUMBER: 5400.20

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

FY 06/07 Requested Budget	-
FY 05/06 Estimated Actual	3,246
Increase (Decrease)	(3,246)

ACCOUNT NUMBER: 5400.30

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

FY 06/07 Requested Budget	5,000
FY 05/06 Estimated Actual	75
Increase (Decrease)	4,925

ACCOUNT NUMBER: 5400.40

ACCOUNT TITLE: Permits
Description: Funds for all required permits for the WTP including the California Department of Health.
 \$ 11,000 Drinking Water Program
 2,000 DHS Lab Accreditation
 1,300 Emergency Generator Permit
 600 Hazardous Materials Fees
 \$ 14,900 TOTAL

FY 06/07 Requested Budget	14,900
FY 05/06 Estimated Actual	13,831
Increase (Decrease)	1,069

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2006/07 BUDGET**

ACCOUNT NUMBER: 5400.50

ACCOUNT TITLE: Non-Contractual Services

Description: Funds for miscellaneous non-contractual services.

FY 06/07 Requested Budget	27,000
FY 05/06 Estimated Actual	-
Increase (Decrease)	27,000

\$	12,000	Miscellaneous facility painting
\$	15,000	Road oiling
\$	27,000	

ACCOUNT NUMBER: 5500.10

ACCOUNT TITLE: Uniform Expenses

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

FY 06/07 Requested Budget	8,245
FY 05/06 Estimated Actual	6,222
Increase (Decrease)	2,023

\$	4,920	Uniform Service (\$410 per month)
	1,350	Blue jean pants (\$150/year for 9 employees)
	1,575	Boots (\$175/year for 9 employees)
	400	Misc. uniform requirements (jackets, etc.)
\$	8,245	TOTAL

ACCOUNT NUMBER: 5500.15

ACCOUNT TITLE: Minor Tools and Equipment

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

FY 06/07 Requested Budget	5,000
FY 05/06 Estimated Actual	2,608
Increase (Decrease)	2,392

ACCOUNT NUMBER: 5500.20

ACCOUNT TITLE: Spare Parts

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

FY 06/07 Requested Budget	-
FY 05/06 Estimated Actual	-
Increase (Decrease)	-

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2006/07 BUDGET**

ACCOUNT NUMBER: 5500.25

ACCOUNT TITLE: Landscape Supplies

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

FY 06/07 Requested Budget	1,500
FY 05/06 Estimated Actual	555
Increase (Decrease)	945

ACCOUNT NUMBER: 5500.31

ACCOUNT TITLE: Chemicals-Variable

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

FY 06/07 Requested Budget	898,571
FY 05/06 Estimated Actual	540,534
Increase (Decrease)	358,036

Based on \$27.00 per acre foot and 34,793 acre feet of requests in FY 2006/07 and \$5,000 for taste and odor reduction chemicals.

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 06/07 Requested Budget	10,000
FY 05/06 Estimated Actual	7,520
Increase (Decrease)	2,480

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. An extra \$2,500 has been budgeted to purchase a new davit arm.

FY 06/07 Requested Budget	6,000
FY 05/06 Estimated Actual	3,648
Increase (Decrease)	2,352

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2006/07 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 06/07 Requested Budget	13,500
FY 05/06 Estimated Actual	16,387
Increase (Decrease)	<u>(2,887)</u>

ACCOUNT NUMBER: 5600.10

ACCOUNT TITLE: Laboratory Supplies

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

FY 06/07 Requested Budget	39,000
FY 05/06 Estimated Actual	38,468
Increase (Decrease)	<u>532</u>

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 06/07 Requested Budget	5,000
FY 05/06 Estimated Actual	4,857
Increase (Decrease)	<u>143</u>

ACCOUNT NUMBER: 5600.30

ACCOUNT TITLE: Lab Testing

Description: Funds for outside lab services.

FY 06/07 Requested Budget	45,400
FY 05/06 Estimated Actual	13,053
Increase (Decrease)	<u>32,347</u>

\$	3,000	Federal UCMR testing
	19,200	DBP Analysis
	3,000	Annual analysis
	200	Monthly Aluminum Analysis
	7,000	Taste and Odor Analysis
	13,000	Miscellaneous Analyses (includes LT2)
\$	45,400	TOTAL

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2006/07 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 06/07 Requested Budget	80,000
FY 05/06 Estimated Actual	79,105
Increase (Decrease)	895

ACCOUNT NUMBER: 5700.20

ACCOUNT TITLE: Vehicle Repairs and Maintenance

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

FY 06/07 Requested Budget	5,000
FY 05/06 Estimated Actual	4,658
Increase (Decrease)	342

ACCOUNT NUMBER: 5700.30

ACCOUNT TITLE: Building Maintenance

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

FY 06/07 Requested Budget	22,900
FY 05/06 Estimated Actual	18,600
Increase (Decrease)	4,300

\$	1,000	Miscellaneous repairs
	4,000	Site improvements (includes painting)
	11,000	Janitorial service
	3,000	HVAC
	3,900	Janitorial Supplies
\$	22,900	TOTAL

ACCOUNT NUMBER: 5700.40

ACCOUNT TITLE: Landscape Maintenance

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

FY 06/07 Requested Budget	4,600
FY 05/06 Estimated Actual	3,600
Increase (Decrease)	1,000

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2006/07 BUDGET**

ACCOUNT NUMBER: 5800.20

ACCOUNT TITLE: Natural Gas Service

Description: Funds for natural gas service to the WTP.

FY 06/07 Requested Budget	4,500
FY 05/06 Estimated Actual	4,351
Increase (Decrease)	149

ACCOUNT NUMBER: 5800.30

ACCOUNT TITLE: Electric Service-Fixed

Description: Funds for electrical service to the WTP.

FY 06/07 Requested Budget	96,000
FY 05/06 Estimated Actual	91,394
Increase (Decrease)	4,606

ACCOUNT NUMBER: 5800.31

ACCOUNT TITLE: Electric Service-Variable

Description: Funds for electrical service to the WTP.

FY 06/07 Requested Budget	26,000
FY 05/06 Estimated Actual	22,848
Increase (Decrease)	3,152

ACCOUNT NUMBER: 5800.40

ACCOUNT TITLE: Water/Sewer

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

FY 06/07 Requested Budget	-
FY 05/06 Estimated Actual	-
Increase (Decrease)	-

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2006/07 BUDGET**

ACCOUNT NUMBER: 5800.50

ACCOUNT TITLE: Telephone

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

FY 06/07 Requested Budget	10,000
FY 05/06 Estimated Actual	1,029
Increase (Decrease)	8,971

ACCOUNT NUMBER: 5800.60

ACCOUNT TITLE: Waste Disposal

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

FY 06/07 Requested Budget	2,500
FY 05/06 Estimated Actual	2,242
Increase (Decrease)	258

ACCOUNT NUMBER: 5900.10

ACCOUNT TITLE: Insurance

Description: Funds for insurance coverage.

FY 06/07 Requested Budget	62,298
FY 05/06 Estimated Actual	50,827
Increase (Decrease)	11,471

\$	33,627	Property and auto coverage based on the apportionment provided by JPIA.
\$	28,671	General liability and E&O based on salary proportions.
\$	62,298	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.

FY 06/07 Requested Budget	113,210
FY 05/06 Estimated Actual	186,457
Increase (Decrease)	(73,247)

See the detailed description of the WTP Non-Capitalized Projects in this section of the Budget.

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2006/07 BUDGET**

ACCOUNT NUMBER: 5900.40

ACCOUNT TITLE: Equipment Rental

Description: Funds for rental of equipment for the WTP.

FY 06/07 Requested Budget	15,000
FY 05/06 Estimated Actual	17,462
Increase (Decrease)	(2,462)

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 06/07 Requested Budget	10,000
FY 05/06 Estimated Actual	7,241
Increase (Decrease)	2,759

ACCOUNT NUMBER: 5900.60

ACCOUNT TITLE: Computer Expenses

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

FY 06/07 Requested Budget	9,750
FY 05/06 Estimated Actual	15,543
Increase (Decrease)	(5,793)

Service Contracts	\$8,750
Minor purchases	\$1,000
Total	\$9,750

ACCOUNT NUMBER: 5900.70

ACCOUNT TITLE: Appropriated Contingency

Description: 2.0% of requested budget.

FY 06/07 Requested Budget	60,562
FY 05/06 Estimated Actual	-
Increase (Decrease)	60,562





Wildfires are a concern along the Department of Water Resources' right-of-way, especially in northern San Luis Obispo County. California Department of Forestry (CDF) helicopters filled at the Polonio Pass Water Plant raw water tanks to fight this fire, that burned approximately 100 acres adjacent to the plant. No CCWA or DWR facilities were affected. (See page 148.)

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 2006/07 O&M Budget \$1,985,552
- Non-Annual Recurring Expense deposits \$ 29,415
- **Total Distribution Department FY 2005/06
Budgeted Expenses \$2,014,967**
- O&M Budget decrease over FY 2006/07 \$ 184,132
- Fixed O&M expenses \$1,744,872
- Variable O&M expenses \$ 240,680
- FY 2006/07 budgeted electrical cost \$55 per acre-foot

Significant Accomplishments During FY 2005/06

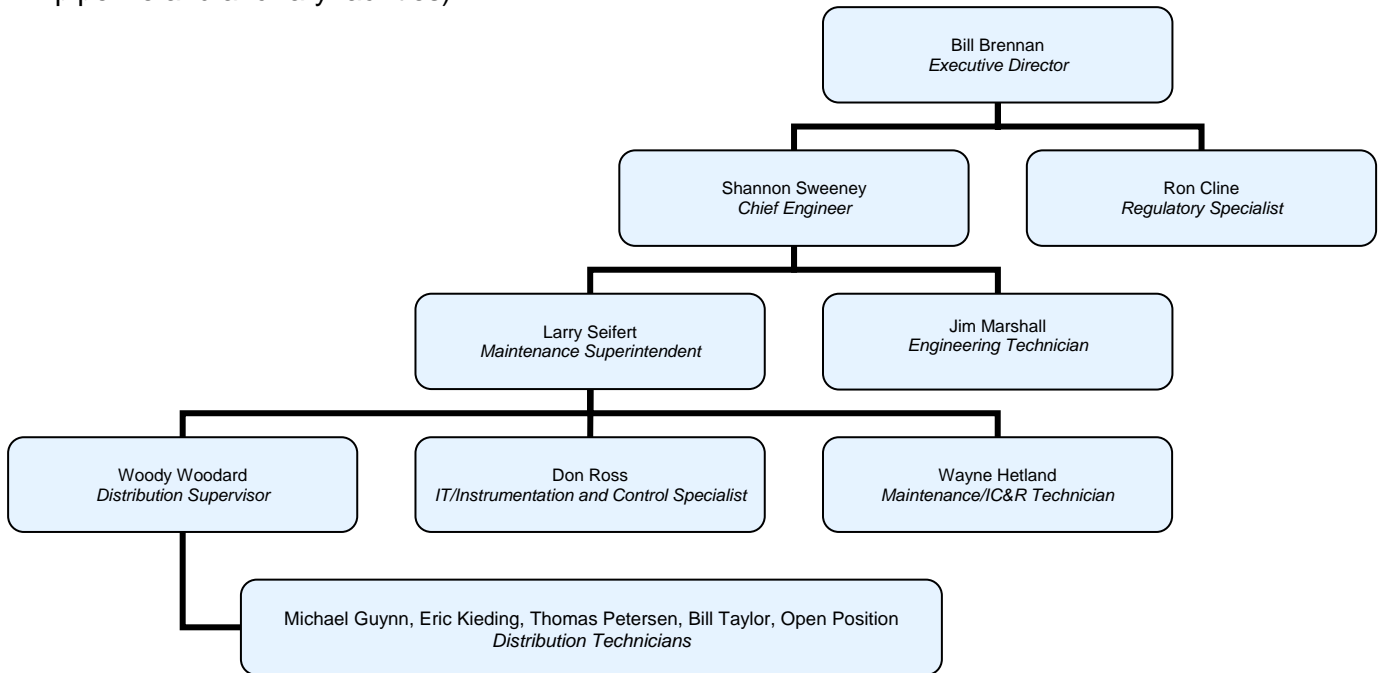
- Conducted an internal inspection of Reach 3 of the pipeline.
- Coordinated the pipeline and water treatment plant inspections with the annual DWR shutdown for the Coastal Branch Phase I maintenance.

Significant Goals for FY 2006/07

- Explore and address pipeline and fiber optic cable continuity issues.
- Implement permanent chlorine feed system at Tank 7.

Central Coast Water Authority
Distribution Department
 Fiscal Year 2006/07 Budget

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.



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.

Central Coast Water Authority
Distribution Department
 Fiscal Year 2006/07 Budget

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

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

The following pages list the 2005 accomplishments, performance indicators (“Service Efforts and Accomplishments”) and 2006 goals for the Distribution Department.

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

2005 ACCOMPLISHMENTS

Goal

Status

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

Inspection of Reach 3 pipeline interior.	Completed 10/05
Identify and implement security enhancements for distribution system. [12/05]	Enhancements identified for installation in 2006
Develop in-house cathodic protection survey methodology. [6/05]	Completed 6/05
Pursue certification for Instrumentation and Control staff. [12/05]	Postponed to 2006
Replace galvanized piping on Reach 5B/6 AVAR’s. [6/05]	Completed 6/05

<i>Cost effectively operate and maintain our facilities.</i>

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]	Extremely low voltage exit signs installed to save energy (offered free from PG&E). Rebates for interior lighting project at WTP and variable frequency drive at SYPP also underway.
Identify and implement security enhancements for distribution system. [12/05]	Enhancements identified for installation in 2006.
Develop in-house cathodic protection survey methodology. [6/05]	Completed 6/05
Replace galvanized piping on Reach 5B/6 AVAR’s. [6/05]	Completed 6/05

Central Coast Water Authority
Distribution Department
Fiscal Year 2006/07 Budget

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

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

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

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

Coordinate pipeline and water treatment plant inspections with annual DWR shutdown for Coastal Branch Phase I maintenance. [11/05] Complete 11/05

Assist project participants in their efforts to reduce groundwater overdraft.

Identify and pursue approaches to maximize delivery allocation and maintain high water quality consistent with project participants' needs. [Ongoing] CCWA on DWR storer's track for 2005. CCWA 2005 delivery schedule structured to enhance Article 21 deliveries.

NEW GOALS FOR CALENDAR YEAR 2006

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

- Explore and address pipeline and fiber optic cable continuity issues [12/06]

Cost effectively operate and maintain our facilities.

- Implement Long Term 2 Surface Water Treatment Rule and Stage 2 Disinfection Byproducts rules [2/06]
- Implement permanent chlorine feed system at Tank 7 [6/06]
- Migrate CCWA as-built drawings to one consistent electronic format [12/06]

Central Coast Water Authority
Distribution Department
Fiscal Year 2006/07 Budget

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.

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

Central Coast Water Authority
Distribution Department
 Fiscal Year 2006/07 Budget

The table and map on page 163 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 2004/05 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.

<i>Distribution Department Financial Reach Allocation</i>			
Financial Reach	FY 2006/07 Allocation Percentage	FY 2005/06 Allocation Percentage	Increase (Decrease)
Reach 33B	23.49%	27.62%	-4.13%
Reach 34	12.22%	8.68%	3.54%
Reach 35	8.66%	7.27%	1.39%
Reach 37	4.75%	3.76%	0.99%
Reach 38	4.49%	3.71%	0.78%
Mission Hills II	10.09%	12.08%	-1.99%
Santa Ynez I	15.21%	17.84%	-2.63%
Santa Ynez II	21.09%	19.03%	2.05%
TOTAL:	100.00%	100.00%	0.00%

The expenses associated with the Distribution Department are divided into fixed and variable O&M costs.

Fixed O&M Costs are all costs of the distribution system that do not vary with the amount of water processed. Examples of these expenses include personnel costs, professional services and repair and maintenance costs.

Variable O&M Costs are all costs that vary with the amount of water processed. These costs include all chemical and electrical costs for the Distribution Department including electrical costs at the Santa Ynez Pumping Facility.

Fiscal Year 2006/07 Operating Expense Budget

The Fiscal Year 2006/07 Distribution Department operating expense budget is \$1,985,552, which is \$184,132 higher than the previous year's budget of \$1,801,403, an increase of 10.22%.

Central Coast Water Authority
Distribution Department
 Fiscal Year 2006/07 Budget

The personnel expense section of the Distribution Department budget represents approximately 56% of the budget. Utilities comprise 14%, with other expenses making up the balance of the budget. The chart on page 164 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 \$172,000 (excluding reductions for capitalized salaries and benefits) attributed to the following:

- Salary increases for FY 2006/07 of \$46,142.
- Proposed new Engineering Technician position at a salary of \$68,000.
- PERS retirement expense increase of approximately \$31,000 for the new Engineering Technician position and an increase in the employer contribution rate to 18.70% from 17.10%.

Professional Services Professional services are increasing by \$7,800 attributed to funds for miscellaneous painting projects at the Distribution facilities and landscaping services at the Arroyo Grande Mitigation site. These increases were partially offset by a decrease of about \$10,000 in other miscellaneous professional services.

Utility Expenses Utility expenses are decreasing by about \$25,000 attributed to a change in project participant requested water deliveries into Lake Cachuma for FY 2006/07 and the installation of the variable frequency drive at the Santa Ynez Pumping Facility which provides greater flexibility for pumping into the lake in a more energy-efficient manner.

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 2006/07 O&M budget for the various CCWA turnouts.

TURNOUT EXPENSES									
Turnout	Electric Expense	Equipment Repairs and Maintenance	Phone Expenses	Other Expenses	Subtotal Operating Expenses	Non Capitalized Projects	TOTAL		
Guadalupe	\$ 1,000	\$ 1,000	\$ -	\$ 500	\$ 2,500	\$ 2,184	\$ 4,684		
Santa Maria	700	1,500	-	500	2,700	2,184	4,884		
Golden State Water Co.	-	3,000	-	500	3,500	2,184	5,684		
Vandenberg Air Force Base	-	1,500	-	500	2,000	2,184	4,184		
Buellton	500	1,500	-	500	2,500	2,184	4,684		
Santa Ynez (Solvang)	500	1,000	-	500	2,000	2,184	4,184		
Santa Ynez	-	1,000	-	500	1,500	2,184	3,684		
Chorro Valley	-	1,500	5,000	500	7,000	2,184	9,184		
Lopez	750	1,500	-	500	2,750	2,184	4,934		
TOTAL:	\$ 3,450	\$ 13,500	\$ 5,000	\$ 4,500	\$ 26,450	\$ 19,655	\$ 46,105		

Central Coast Water Authority
Distribution Department
Fiscal Year 2006/07 Budget

Non-Annual Recurring Expenses

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

FY 2006/07 Non-Annual Recurring Expenses

The FY 2006/07 Distribution Department non-annual recurring expenses total \$29,415 for the replacement of vehicles based on the Authority's ten-year vehicle replacement schedule (\$24,415) and future computer replacements (\$5,000).

The table on page 162 shows the allocation of the FY 2006/07 non-annual recurring expenses for the Distribution Department.

Non-Capitalized Projects

CCWA operates the Coastal Branch Extension for DWR through an Operations and Maintenance Agreement. Therefore, all expenses associated with the repairs and maintenance of the DWR portion of the Coastal Branch Extension are funded through the CCWA O&M assessments. Additionally, since CCWA does not own the DWR portion of the Coastal Branch Extension, capital related expenditures may not be capitalized as an asset on its books. The account also includes funding for projects on CCWA owned portions of the distribution system which are considered extraordinary expenses, but which are not eligible for capitalization.

The following table provides a summary of the Distribution Department Non-Capitalized Projects for FY 2006/07.

Central Coast Water Authority
Distribution Department
 Fiscal Year 2006/07 Budget

<i>Non-Capitalized Projects-Reach Specific</i>			
Project Description	Financial Reach	Amount	
Pipeline and Fiber Optic Cable	MHII	\$	18,750
Continuity Repairs	SYI		18,750
Distribution System Asphalt Maintenance	33B		6,225
	34		6,225
	38		6,225
	MHII		6,225
Land Acquisition for Habitat Conservation Plan	ALL		37,800
Tank 2 Hatch Replacement	33B		20,900
Subtotal:		\$	121,100
<u>Turnout Specific Projects</u>			
Flow Control Valve Maintenance	All Turnouts	\$	19,655
Subtotal-Turnout Specific Projects:		\$	19,655
TOTAL NON-CAPITALIZED PROJECTS		\$	140,755

Central Coast Water Authority
Distribution Department
Fiscal Year 2006/07 Budget

Description: ***Tank 2 Hatch Replacement***

Department: Distribution, 33B

Project Type: Non-Capitalized Project

Expanded Description: Replace the Hatches and supporting hardware on each of the two tanks at Tank Site 2

Estimated Charge	\$ 18,000
Sales Tax	\$ 1,400
Contingency (5%)	<u>\$ 1,500</u>
Subtotal without CCWA labor	\$ 20,900

Labor	\$ 7,500
Fringe and Overhead	<u>\$ 2,250</u>
Total Cost:	\$ 30,650

Funding Source: Reach Specific Assessments

Operating Budget Impact: The rusted springs on the existing design pose a safety hazard. Replacement of heavy steel hatches and rusty springs with lightweight aluminum hatches will increase safety and reduce the potential for a workplace injury.

Central Coast Water Authority
Distribution Department
Fiscal Year 2006/07 Budget

Description: ***Pipeline and Fiber Optic Cable Continuity Repairs***

Department: Distribution, MHII, SYI

Project Type: Non-capitalized Project

Expanded Description: Survey, identify, and repair discontinuities in the fiber optic cable and pipeline.

Estimated Charge	\$ 30,000
Sales Tax	\$ 2,300
Contingency (5%)	<u>\$ 5,200</u>
Subtotal without CCWA labor	\$ 37,500
Labor	\$ 55,400
Fringe and Overhead	<u>\$ 16,600</u>
Total Cost:	\$109,500

Funding Source: Reach Specific Assessments

Operating Budget Impact: Discontinuities affect the ability to locate underground facilities, decrease effectiveness of communication, and negatively impact the cathodic protection of the pipeline. Repairing these discontinuities enables the accurate location of the fiber optic cable, reducing the need for expensive repairs, and extends the life of the pipeline.

Central Coast Water Authority
Distribution Department
Fiscal Year 2006/07 Budget

Description: ***Flow Control Valve Maintenance***

Department: Turnout Specific

Project Type: Non-capital Project

Expanded Description: Maintenance on large flow control valves at each of the turnouts.

Estimated Charge	\$ 16,000
Sales Tax	\$ 1,240
Contingency (5%)	<u>\$ 2,415</u>
Subtotal without CCWA labor	\$ 19,655
Labor	\$ 23,900
Fringe and Overhead	<u>\$ 7,170</u>
Total Cost:	\$ 50,725

Funding Source: Reach Specific Assessments

Operating Budget Impact: Maintenance ensures proper operation. This maintenance can only be performed during shutdown, either of each turnout specifically, or of the entire pipeline.

Description: ***Distribution System Asphalt Maintenance***

Department: Distribution, 33B, 34, 38, MHII

Project Type: Non-capitalized Project

Expanded Description: Provide maintenance for tank site roads

Estimated Charge	\$ 22,000
Sales Tax	\$ 1,700
Contingency (5%)	<u>\$ 1,200</u>
Total Cost:	\$ 24,900

Funding Source: Reach Specific Assessments

Operating Budget Impact: Regular preventative maintenance will extend the life of the asphalt.

Central Coast Water Authority
Distribution Department
Fiscal Year 2006/07 Budget

Description: ***Land Acquisition for Habitat Conservation Plan***

Department: All Distribution Reaches

Project Type: Non-capital Project

Expanded Description: Easement to provide habitat for kit fox, tiger salamander, and red-legged frog.

Estimated Charge \$ 36,000
Contingency (5%) \$ 1,800

Total Cost: \$ 37,800

Funding Source: Reach Specific Assessments

Operating Budget Impact: Land Acquisition is the most cost effective method for CCWA to meet the requirements of its Habitat Conservation Plan.

Central Coast Water Authority
Personnel Services Summary
Distribution Department
Fiscal Year 2006/07 Budget

PERSONNEL COUNT SUMMARY					
Position Title	Number	Number	Number	Change	Change
	Auth. FY 2004/05	Auth. FY 2005/06	Requested FY 2006/07	Over FY 2004/05	Over FY 2005/06
Executive Director ⁽¹⁾	0.25	0.25	0.25	-	-
Operations Manager	-	-	-	-	-
Chief Engineer ⁽²⁾	0.55	0.40	0.40	(0.15)	-
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⁾	0.20	0.40	0.40	0.20	-
Maintenance/IC&R Technician	0.30	0.20	0.20	(0.10)	-
Distribution Technician	5.00	5.00	5.00	-	-
TOTAL:	9.05	9.00	10.00	0.95	1.00

PERSONNEL WAGE SUMMARY				
Position Title	Position Classification	Minimum	Maximum	FY 2005/06
		Monthly Salary	Monthly Salary	Current Salary
Executive Director ⁽¹⁾	N/A		N/A	\$ 35,038
Chief Engineer ⁽²⁾	25	\$ 7,454	\$ 9,094	\$ 41,600
Regulatory Specialist ⁽³⁾	18	\$ 5,163	\$ 6,299	\$ 52,276
Distribution Supervisor	18	\$ 5,163	\$ 6,299	\$ 71,718
Engineering Technician	16	\$ 4,648	\$ 5,671	\$ 68,000
Instrumentation & Control Specialist	18	\$ 5,163	\$ 6,299	\$ 72,488
Maintenance Superintendent ⁽⁴⁾	20	\$ 5,734	\$ 6,996	\$ 32,423
Maintenance/IC&R Technician	15	\$ 4,410	\$ 5,381	\$ 10,799
Distribution Technicians	14	\$ 4,184	\$ 5,105	\$ 290,493
FY 2006/07 Salary Pool				\$ 45,251
TOTAL:				\$ 720,086

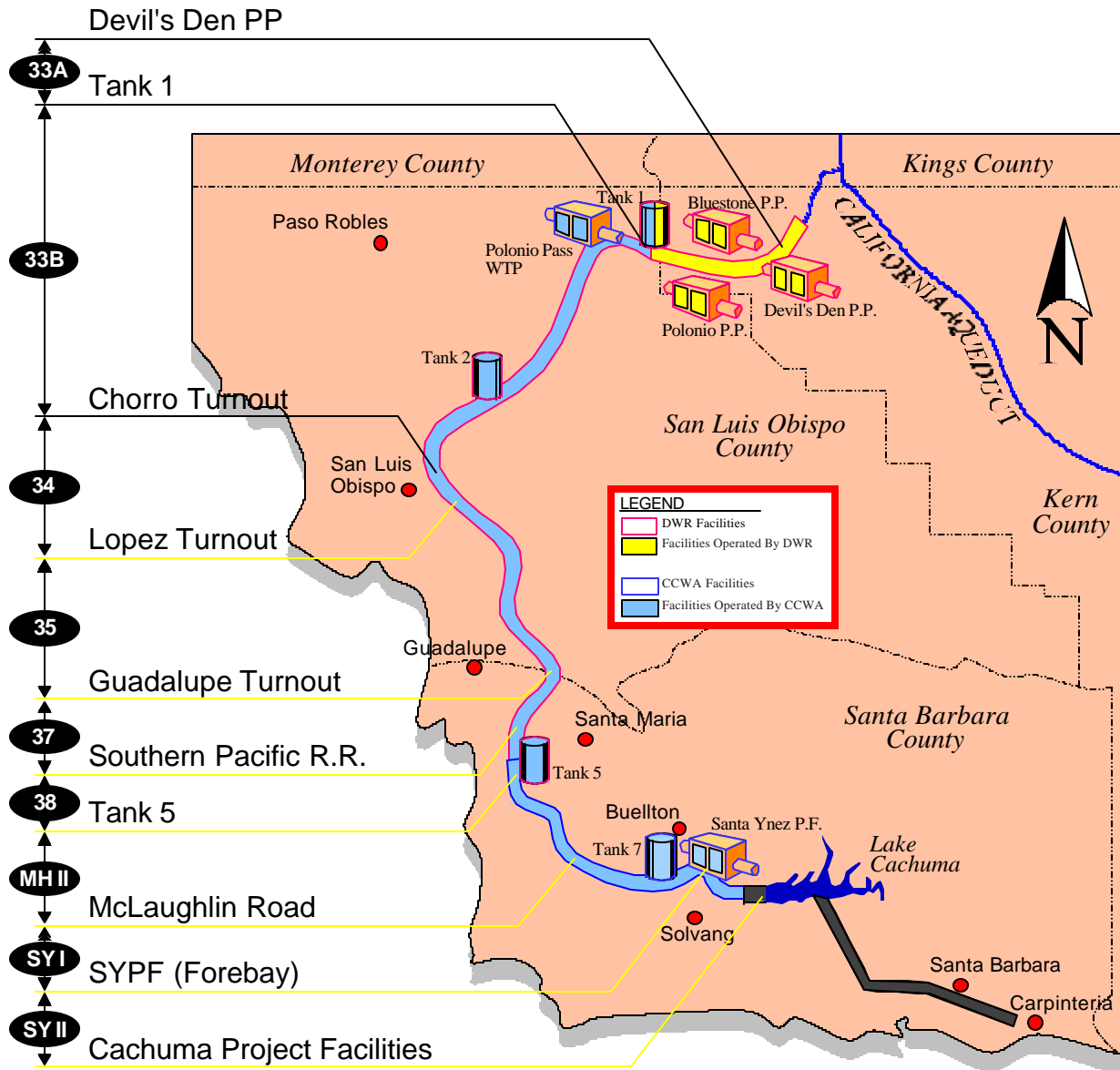
- (1) The Executive Director is allocated to Administration (50%), Water Treatment Plant (25%) and Distribution (25%).
(2) The Chief Engineer is allocated to Administration (25%), Water Treatment Plant (35%) and Distribution (40%).
(3) The Regulatory Specialist is allocated to Water Treatment Plant (25%)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

Central Coast Water Authority
Distribution Department Non-Annual Recurring Expenses
 Fiscal Year 2006/07 Budget

Project Participant	WEIGHTED TABLE A AMOUNTS									Total	Melded	FY 2006/07
	Reach 33B Table A	Reach 34 Table A	Reach 35 Table A	Reach 37 Table A	Reach 38 Table A	Mission Hills II Table A	Santa Ynez I Table A	Santa Ynez II Table A	Table A All Reaches	Percentage	Non-Annual Recurring Expenses	
Allocation Percentage	23.49%	12.22%	8.66%	4.75%	4.49%	10.09%	15.21%	21.09%	100.00%			
Shandon	127	-	-	-	-	-	-	-	127	0.05%	\$ 16	
Chorro Valley	2,961	-	-	-	-	-	-	-	2,961	1.25%	368	
Lopez	3,030	1,669	-	-	-	-	-	-	4,699	1.98%	584	
Guadalupe	697	384	289	-	-	-	-	-	1,369	0.58%	170	
Santa Maria	20,518	11,304	8,502	4,728	-	-	-	-	45,052	19.03%	5,598	
Golden State Water Co.	633	349	262	146	-	-	-	-	1,390	0.59%	173	
VAFB	6,966	3,838	2,886	1,605	2,676	6,018	-	-	23,989	10.13%	2,981	
Buellton	732	403	303	169	281	632	1,274	-	3,795	1.60%	472	
Santa Ynez (Solvang)	1,900	1,047	787	438	730	1,641	3,307	-	9,849	4.16%	1,224	
Santa Ynez	633	349	262	146	243	547	1,102	-	3,283	1.39%	408	
Goleta	5,699	3,140	2,362	1,313	2,190	4,924	9,920	16,336	45,885	19.38%	5,702	
Morehart Land	253	140	105	58	97	219	441	726	2,039	0.86%	253	
La Cumbre	1,267	698	525	292	487	1,094	2,205	3,630	10,197	4.31%	1,267	
Raytheon	63	35	26	15	24	55	110	182	510	0.22%	63	
Santa Barbara	3,800	2,093	1,574	876	1,460	3,282	6,614	10,891	30,590	12.92%	3,801	
Montecito	3,800	2,093	1,574	876	1,460	3,282	6,614	10,891	30,590	12.92%	3,801	
Carpinteria	2,533	1,396	1,050	584	973	2,188	4,409	7,261	20,393	8.61%	2,534	
TOTAL:	55,612	28,936	20,508	11,246	10,622	23,883	35,996	49,917	236,718	100.00%	\$ 29,415	

The Table A amounts for each financial reach is adjusted for the weighted allocation percentage (i.e., actual FY 2004/05 operating expense percentages). Includes funding for vehicle replacements (\$24,415), computer replacements (\$5,000).

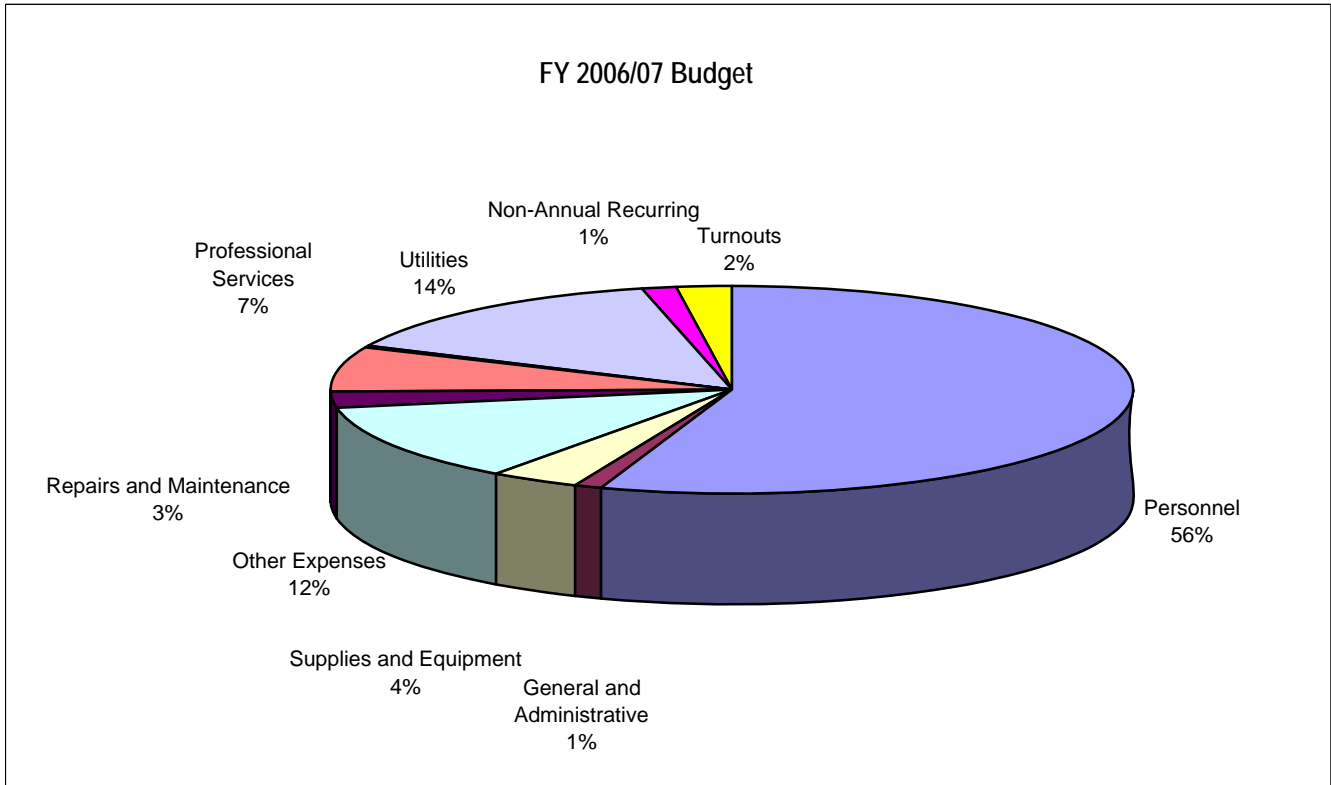
COASTAL BRANCH FINANCIAL REACHES



Purveyor	CONTRACT ENTITLEMENT IN FINANCIAL REACHES							
	WTP / 33B	34	35	37	38	MH II	SY I	SY II
Shandon	100							
Chorro Valley	2,338							
Lopez	2,392	2,392						
Guadalupe	550	550	550					
Santa Maria	16,200	16,200	16,200	16,200				
SCWC	500	500	500	500				
Vandenberg AFB	5,500	5,500	5,500	5,500	5,500	5,500		
Buellton	578	578	578	578	578	578	578	
Santa Ynez (Solvang)	1,500	1,500	1,500	1,500	1,500	1,500	1,500	
Santa Ynez	500	500	500	500	500	500	500	
Goleta	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Morehart Land	200	200	200	200	200	200	200	200
LaCumbre	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
SB Research	50	50	50	50	50	50	50	50
Santa Barbara	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Montecito	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700
Summerland	300	300	300	300	300	300	300	300
Carpinteria	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
TOTAL	43,908 AF	41,470 AF	39,078 AF	38,528 AF	21,828 AF	21,828 AF	16,328 AF	13,750 AF

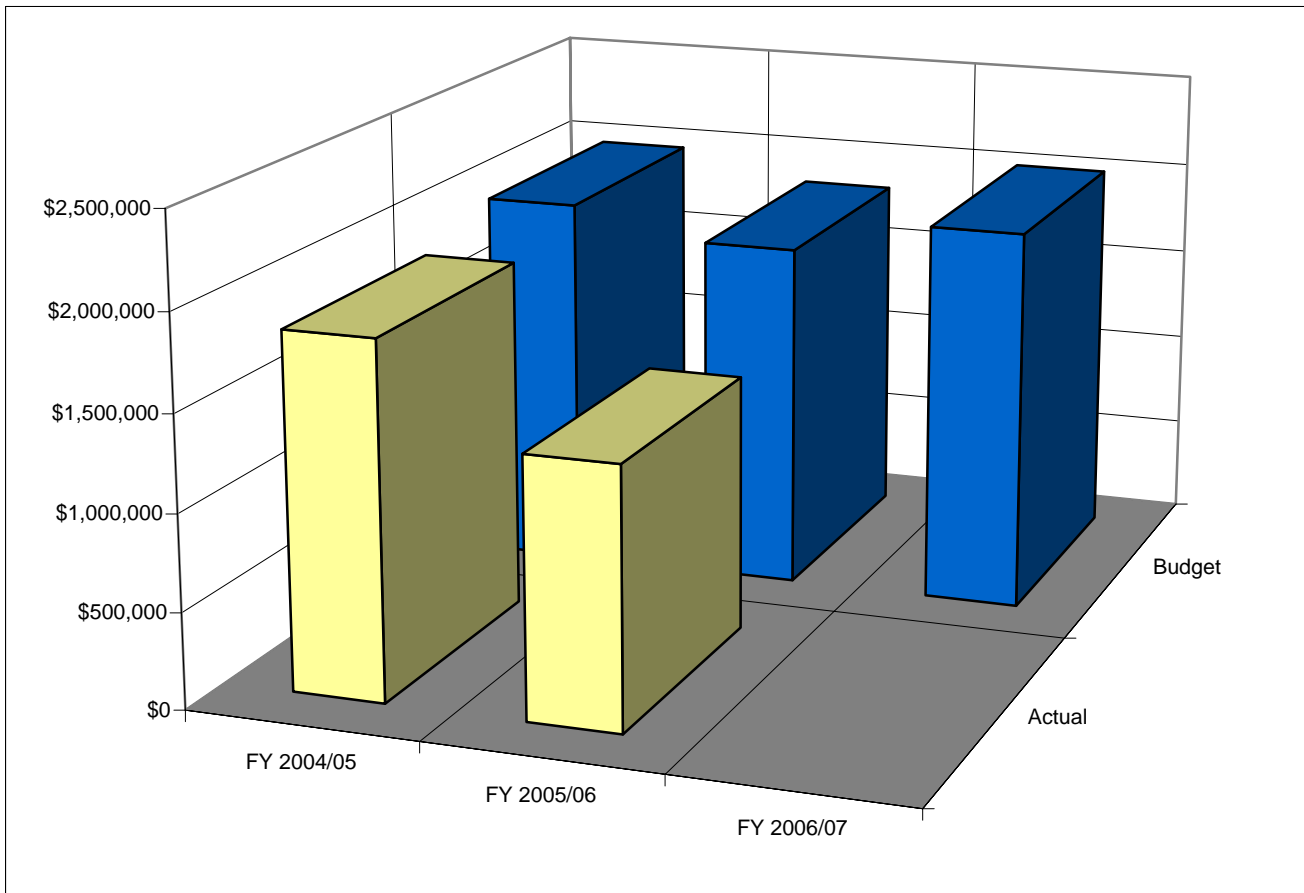
Central Coast Water Authority
Distribution Department Operating Expenses
 Fiscal Year 2006/07 Budget

Item	FY 2006/07 Budget
Personnel	\$ 1,112,831
Office Expenses	3,000
Supplies and Equipment	72,605
Monitoring Expenses	-
Repairs and Maintenance	51,568
Professional Services	140,400
General and Administrative	23,100
Utilities	290,820
Other Expenses	245,123
Non-Annual Recurring	29,415
Turnouts	46,105
TOTAL:	\$ 2,014,967



Central Coast Water Authority
Distribution Department Operating Expenses
 Fiscal Year 2006/07 Budget

Item	FY 2004/05 Budget	FY 2004/05 Actual	FY 2005/06 Budget	FY 2005/06 Estimated Actual	FY 2006/07 Budget
Personnel	\$ 952,052	\$ 846,769	\$ 927,747	\$ 842,135	\$ 1,112,831
Office Expenses	3,000	1,315	3,000	945	3,000
Supplies and Equipment	62,746	55,988	65,705	71,919	72,605
Monitoring Expenses	-	-	-	-	-
Repairs and Maintenance	46,148	41,660	51,568	46,519	51,568
Professional Services	155,800	154,503	132,600	79,694	140,400
General and Administrative	23,300	18,815	26,100	23,531	23,100
Utilities	437,576	410,062	315,223	74,304	290,820
Other Expenses	220,045	245,900	233,388	139,564	245,123
Turnouts	26,350	21,860	46,072	40,203	46,105
Subtotal	\$ 1,927,018	\$ 1,796,872	\$ 1,801,403	\$ 1,318,813	\$ 1,985,552
Non-Annual Recurring	\$ 50,301	\$ 50,301	\$ 29,415	\$ 29,415	\$ 29,415
TOTAL:	\$ 1,977,319	\$ 1,847,173	\$ 1,830,818	\$ 1,348,228	\$ 2,014,967



Central Coast Water Authority
Distribution Department Operating Expenses
 Fiscal Year 2006/07 Administration/O&M Budget

Account Number	Account Name	FY 2004/05 Budget	FY 2004/05 Actual	FY 2005/06 Budget	FY 2005/06 Estimated Actual	FY 2006/07 Budget	Change from FY 2005/06 Budget	Percent Change FY 2005/06 Budget
<u>PERSONNEL EXPENSES</u>								
5000.10	Full-Time Regular Wages	\$ 583,787	\$ 526,945	\$ 605,930	\$ 548,920	\$ 720,086	\$ 114,156	18.84%
1300.60	Capitalized Wages and Overtime	-	-	(18,515)	(18,515)	(10,300)	8,215	-44.37%
5000.20	Overtime	41,189	41,885	42,296	39,260	48,004	5,708	13.50%
5000.40	Standby Pay	24,178	17,789	24,178	17,952	23,535	(643)	-2.66%
5000.50	Shift Differential Pay	-	-	-	-	-	-	N/A
5100.10	PERS Retirement	92,571	87,533	98,908	99,602	129,403	30,495	30.83%
5100.15	Medicare Taxes	9,460	6,976	9,801	7,874	11,533	1,732	17.67%
5100.20	Health Insurance	113,354	62,311	94,985	68,879	112,676	17,691	18.63%
5100.25	Workers' Compensation	48,987	39,151	40,636	29,671	44,621	3,985	9.81%
5100.30	Vehicle Expenses	-	-	-	32	-	-	N/A
5100.35	IRC 457-Employer Paid	3,250	2,538	3,500	3,567	3,750	250	7.14%
5100.40	Cafeteria Plan Benefits	7,867	9,163	10,218	7,626	6,357	(3,861)	-37.78%
5100.45	Dental/Vision Plan	12,563	11,865	11,743	12,992	13,632	1,889	16.08%
5100.50	Long-Term Disability	3,419	2,360	3,181	2,630	3,806	625	19.65%
5100.55	Life Insurance	2,827	2,275	3,247	2,748	3,327	80	2.47%
5100.60	Employee Physicals	1,200	202	900	80	900	-	0.00%
5000.30	Temporary Services	5,000	-	1,000	-	1,000	-	0.00%
5100.70	Employee Incentive Programs	1,400	3,411	2,600	1,860	2,600	-	0.00%
5100.65	Employee Education Reimbursement	1,000	-	1,000	-	1,000	-	0.00%
5100.86	Benefits-Non-Capitalized Projects	-	32,364	-	24,817	-	-	N/A
1300.60	Capitalized Employee Benefits	-	-	(7,861)	(7,861)	(3,100)	4,761	-60.56%
Total Personnel Expenses:		952,052	846,769	927,747	842,135	1,112,831	185,084	19.95%

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Central Coast Water Authority
Distribution Department Operating Expenses
 Fiscal Year 2006/07 Administration/O&M Budget

Account Number	Account Name	FY 2004/05 Budget	FY 2004/05 Actual	FY 2005/06 Budget	FY 2005/06 Estimated Actual	FY 2006/07 Budget	Change from FY 2005/06 Budget	Percent Change FY 2005/06 Budget
<u>OFFICE EXPENSES</u>								
5200.20	Office Supplies	2,000	993	2,000	377	2,000	-	0.00%
5200.30	Miscellaneous Office Expenses	1,000	322	1,000	568	1,000	-	0.00%
Total Office Expenses:		3,000	1,315	3,000	945	3,000	-	0.00%
<u>SUPPLIES AND EQUIPMENT</u>								
5500.10	Uniform Expenses	5,496	6,046	6,205	6,698	6,205	-	0.00%
5500.15	Minor Tools and Equipment	10,000	8,375	10,000	13,375	10,000	-	0.00%
5500.20	Spare Parts	-	-	-	-	-	-	N/A
5500.25	Landscape Equipment and Supplies	1,000	82	1,000	1,666	1,000	-	0.00%
5500.30	Chemicals-Fixed	-	-	-	-	-	-	N/A
5500.31	Chemicals-Variable	-	-	-	-	-	-	N/A
5500.35	Maintenance Supplies/Hardware	10,000	3,795	10,000	5,644	10,000	-	0.00%
5500.40	Safety Supplies	3,500	3,983	4,000	3,589	4,000	-	0.00%
5500.45	Fuel and Lubricants	25,250	33,415	27,000	36,279	33,900	6,900	25.56%
5500.50	Seed/Erosion Control Supplies	7,000	226	7,000	4,493	7,000	-	0.00%
5500.55	Backflow Prevention Supplies	500	67	500	175	500	-	0.00%
Total Supplies and Equipment:		62,746	55,988	65,705	71,919	72,605	6,900	10.50%
<u>MONITORING EXPENSES</u>								
5600.10	Lab Supplies	-	-	-	-	-	-	N/A
5600.20	Lab Tools and Equipment	-	-	-	-	-	-	N/A
5600.30	Lab Testing	-	-	-	-	-	-	N/A
Total Monitoring Expenses:		-	-	-	-	-	-	N/A
<u>REPAIRS AND MAINTENANCE</u>								
5700.10	Equipment Repairs and Maintenance	30,000	25,152	30,000	33,199	30,000	-	0.00%
5700.20	Vehicle Repairs and Maintenance	9,000	10,124	14,420	6,929	14,420	-	0.00%
5700.30	Building Maintenance	4,000	3,257	4,000	3,440	4,000	-	0.00%
5700.40	Landscape Maintenance	3,148	3,128	3,148	2,950	3,148	-	0.00%

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Central Coast Water Authority
Distribution Department Operating Expenses
 Fiscal Year 2006/07 Administration/O&M Budget

Account Number	Account Name	FY 2004/05 Budget	FY 2004/05 Actual	FY 2005/06 Budget	FY 2005/06 Estimated Actual	FY 2006/07 Budget	Change from FY 2005/06 Budget	Percent Change FY 2005/06 Budget
Total Repairs and Maintenance:		46,148	41,660	51,568	46,519	51,568	-	0.00%

PROFESSIONAL SERVICES

5400.10	Professional Services	135,300	111,161	113,850	67,408	104,050	(9,800)	-8.61%
5400.20	Legal Services	-	4,767	-	592	-	-	N/A
5400.30	Engineering Services	16,000	34,520	16,000	9,324	16,000	-	0.00%
5400.40	Permits	2,000	3,380	2,750	2,371	2,750	-	0.00%
5400.50	Non-Contractual Services	2,500	675	-	-	17,600	17,600	N/A
5400.60	Accounting Services	-	-	-	-	-	-	N/A
Total Professional Services:		155,800	154,503	132,600	79,694	140,400	7,800	5.88%

Central Coast Water Authority
Distribution Department Operating Expenses
 Fiscal Year 2006/07 Administration/O&M Budget

Account Number	Account Name	FY 2004/05 Budget	FY 2004/05 Actual	FY 2005/06 Budget	FY 2005/06 Estimated Actual	FY 2006/07 Budget	Change from FY 2005/06 Budget	Percent Change FY 2005/06 Budget
<u>GENERAL AND ADMINISTRATIVE</u>								
5300.10	Meeting and Travel	12,000	7,999	12,000	14,789	9,000	(3,000)	-25.00%
5300.20	Mileage Reimbursement	-	-	-	-	-	-	N/A
5300.30	Dues and Memberships	1,000	1,956	1,300	1,125	1,300	-	0.00%
5300.40	Publications	800	634	1,300	489	1,300	-	0.00%
5300.50	Training	8,000	8,000	9,000	6,552	9,000	-	0.00%
5300.60	Advertising	1,000	-	2,000	-	2,000	-	0.00%
5300.70	Printing and Binding	-	-	-	-	-	-	N/A
5300.80	Postage	500	227	500	575	500	-	0.00%
Total General and Administrative:		23,300	18,815	26,100	23,531	23,100	(3,000)	-11.49%
 <u>UTILITIES</u>								
5800.20	Natural Gas	400	430	400	1,085	400	-	0.00%
5800.30	Electric Fixed	30,540	78,839	30,540	50,985	30,540	-	0.00%
5800.35	Electric-Variable	389,436	316,745	265,083	8,008	240,680	(24,403)	-9.21%
5800.40	Water	1,200	1,321	1,200	1,066	1,200	-	0.00%
5800.50	Telephone	14,000	10,668	16,000	10,857	16,000	-	0.00%
5800.60	Waste Disposal	2,000	2,059	2,000	2,302	2,000	-	0.00%
Total Utilities:		437,576	410,062	315,223	74,304	290,820	(24,403)	-7.74%

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Central Coast Water Authority
Distribution Department Operating Expenses
 Fiscal Year 2006/07 Administration/O&M Budget

Account Number	Account Name	FY 2004/05 Budget	FY 2004/05 Actual	FY 2005/06 Budget	FY 2005/06 Estimated Actual	FY 2006/07 Budget	Change from FY 2005/06 Budget	Percent Change FY 2005/06 Budget
<u>OTHER EXPENSES</u>								
5900.10	Insurance	41,826	45,893	41,740	50,287	46,895	5,155	12.35%
5900.30	Non-Capitalized Projects	108,951	173,368	118,130	44,351	121,100	2,970	2.51%
5900.40	Equipment Rental	12,000	6,268	12,000	10,389	12,000	-	0.00%
5900.50	Non-Capitalized Equipment	10,000	7,814	10,000	5,915	10,000	-	0.00%
5900.60	Computer Expenses	10,000	12,557	17,100	28,621	17,100	-	0.00%
5900.70	Appropriated Contingency	37,268	-	34,418	-	38,028	3,610	10.49%
Total Other Expenses:		220,045	245,900	233,388	139,564	245,123	11,735	5.03%
Turnouts		26,350	21,860	46,072	40,203	46,105	33	0.07%
TOTAL OPERATING EXPENSES		\$ 1,927,018	\$ 1,796,872	\$ 1,801,403	\$ 1,318,813	\$ 1,985,552	184,132	10.22%

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION FY 2006/07 BUDGET**

ACCOUNT NUMBER: 5000.10

ACCOUNT TITLE: Full-Time Regular Salaries

Description: Funds for the Distribution regular full-time employees. Includes \$46,142 for FY 2006/07 salary pool and a proposed new Engineering Technician position.

FY 06/07 Requested Budget	720,086
FY 05/06 Estimated Actual	548,920
Increase (Decrease)	171,167

ACCOUNT NUMBER: 5000.20

ACCOUNT TITLE: Overtime

Description: Funds for overtime expenses for non-exempt Distribution employees.

FY 06/07 Requested Budget	48,004
FY 05/06 Estimated Actual	39,260
Increase (Decrease)	8,744

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 06/07 Requested Budget	(19,918)
FY 05/06 Estimated Actual	(18,515)
Increase (Decrease)	(1,403)

ACCOUNT NUMBER: 5000.30

ACCOUNT TITLE: Temporary Services

Description: Temporary services for the Distribution Department.

FY 06/07 Requested Budget	1,000
FY 05/06 Estimated Actual	-
Increase (Decrease)	1,000

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION FY 2006/07 BUDGET**

ACCOUNT NUMBER: 5000.40

ACCOUNT TITLE: Stand-by Pay

FY 06/07 Requested Budget	23,535
FY 05/06 Estimated Actual	17,952
Increase (Decrease)	5,583

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 \$1.50 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 06/07 Requested Budget	129,403
FY 05/06 Estimated Actual	99,602
Increase (Decrease)	29,800

Description: Funds for the employer and employee portion of PERS retirement system contributions. Based on a 18.70% contribution rate for FY 2006/07 based on the 2% @ 55 formula.

ACCOUNT NUMBER: 5100.15

ACCOUNT TITLE: Medicare

FY 06/07 Requested Budget	11,533
FY 05/06 Estimated Actual	7,874
Increase (Decrease)	3,659

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 06/07 Requested Budget	112,676
FY 05/06 Estimated Actual	68,879
Increase (Decrease)	43,797

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: \$ 12,488
 Emp+1: \$ 10,782
 Emp: \$ 4,583

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION FY 2006/07 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 76%. Based on a 10% premium increase over FY 2005/06.

FY 06/07 Requested Budget	44,621
FY 05/06 Estimated Actual	29,671
Increase (Decrease)	14,950

ACCOUNT NUMBER: 5100.35

ACCOUNT TITLE: Employer Paid Deferred Compensation

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

FY 06/07 Requested Budget	3,750
FY 05/06 Estimated Actual	3,567
Increase (Decrease)	183

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 06/07 Requested Budget	6,357
FY 05/06 Estimated Actual	7,626
Increase (Decrease)	(1,269)

ACCOUNT NUMBER: 5100.45

ACCOUNT TITLE: Dental/Vision Plan

Description: Funds for the self-funded dental/vision plan. The plan provides \$2,726 per year per family for dental and vision expenses. Budgeted amount is \$1,363 per year per employee. Annual limit is based on an increase over the prior year amount for the percentage change in the CPI.

FY 06/07 Requested Budget	13,632
FY 05/06 Estimated Actual	12,992
Increase (Decrease)	640

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION FY 2006/07 BUDGET**

ACCOUNT NUMBER: 5100.50

ACCOUNT TITLE: Long-Term Disability

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

FY 06/07 Requested Budget	3,806
FY 05/06 Estimated Actual	2,630
Increase (Decrease)	1,176

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 06/07 Requested Budget	3,327
FY 05/06 Estimated Actual	2,748
Increase (Decrease)	579

ACCOUNT NUMBER: 5100.60

ACCOUNT TITLE: Employee Physicals

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

FY 06/07 Requested Budget	900
FY 05/06 Estimated Actual	80
Increase (Decrease)	820

ACCOUNT NUMBER: 5100.65

ACCOUNT TITLE: Employee Education Reimbursement

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

FY 06/07 Requested Budget	1,000
FY 05/06 Estimated Actual	-
Increase (Decrease)	1,000

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION FY 2006/07 BUDGET**

ACCOUNT NUMBER: 5100.70

ACCOUNT TITLE: Employee Incentive Programs

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

FY 06/07 Requested Budget	2,600
FY 05/06 Estimated Actual	1,860
Increase (Decrease)	740

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 06/07 Requested Budget	(8,541)
FY 05/06 Estimated Actual	(7,861)
Increase (Decrease)	(680)

ACCOUNT NUMBER: 5200.20

ACCOUNT TITLE: Office Supplies

Description: Funds for office supplies for the Distribution Department.

FY 06/07 Requested Budget	2,000
FY 05/06 Estimated Actual	377
Increase (Decrease)	1,623

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 06/07 Requested Budget	1,000
FY 05/06 Estimated Actual	568
Increase (Decrease)	432

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION FY 2006/07 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 Chief Engineer as well as travel expenses for winter maintenance.

FY 06/07 Requested Budget	9,000
FY 05/06 Estimated Actual	14,789
Increase (Decrease)	(5,789)

ACCOUNT NUMBER: 5300.20

ACCOUNT TITLE: Mileage Reimbursement

Description: Funds for reimbursement to employees for mileage expenses.

FY 06/07 Requested Budget	-
FY 05/06 Estimated Actual	-
Increase (Decrease)	-

ACCOUNT NUMBER: 5300.30

ACCOUNT TITLE: Dues and Memberships

Description: Funds for professional dues and memberships in required areas.

FY 06/07 Requested Budget	1,300
FY 05/06 Estimated Actual	1,125
Increase (Decrease)	175

ACCOUNT NUMBER: 5300.40

ACCOUNT TITLE: Publications

Description: Funds for publications received by the Distribution Department.

FY 06/07 Requested Budget	1,300
FY 05/06 Estimated Actual	489
Increase (Decrease)	811

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION FY 2006/07 BUDGET**

ACCOUNT NUMBER: 5300.50

ACCOUNT TITLE: Training

Description: Funds for training Distribution Department staff.
Does not include educational reimbursement.

FY 06/07 Requested Budget	9,000
FY 05/06 Estimated Actual	6,552
Increase (Decrease)	2,448

\$ 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 06/07 Requested Budget	2,000
FY 05/06 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 06/07 Requested Budget	500
FY 05/06 Estimated Actual	575
Increase (Decrease)	(75)

ACCOUNT NUMBER: 5400.10

ACCOUNT TITLE: Professional Services

Description:

\$ 70,000	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
1,300	Oil analysis
750	Fire extinguisher inspections
2,000	Crane inspections
\$ 104,050	TOTAL

FY 06/07 Requested Budget	104,050
FY 05/06 Estimated Actual	67,408
Increase (Decrease)	36,642

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION FY 2006/07 BUDGET**

ACCOUNT NUMBER: 5400.20

ACCOUNT TITLE: Legal Services

Description: Not funded for current fiscal year.

FY 06/07 Requested Budget	-
FY 05/06 Estimated Actual	592
Increase (Decrease)	(592)

ACCOUNT NUMBER: 5400.30

ACCOUNT TITLE: Engineering Services

Description: Funds for all non-capitalized engineering services.

FY 06/07 Requested Budget	16,000
FY 05/06 Estimated Actual	9,324
Increase (Decrease)	6,676

ACCOUNT NUMBER: 5400.40

ACCOUNT TITLE: Permits

Description: Funds for all required permits for the Distribution Department.

FY 06/07 Requested Budget	2,750
FY 05/06 Estimated Actual	2,371
Increase (Decrease)	379

600	Low Threat Discharge Permit
1,650	Diesel Permit
500	SYPP Business Plan
\$ 2,750	TOTAL

ACCOUNT NUMBER: 5400.50

ACCOUNT TITLE: Non-Contractual Services

Description: Funds for miscellaneous non-contractual services.

FY 06/07 Requested Budget	17,600
FY 05/06 Estimated Actual	-
Increase (Decrease)	17,600

\$ 11,000	Miscellaneous Painting
\$ 6,600	Landscaping services at AGMS
\$ 17,600	TOTAL

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION FY 2006/07 BUDGET**

ACCOUNT NUMBER: 5500.10

ACCOUNT TITLE: Uniform Expenses

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

FY 06/07 Requested Budget	6,205
FY 05/06 Estimated Actual	6,698
Increase (Decrease)	(493)

\$	2,880	Uniform Service (\$240 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.)
\$	6,205	TOTAL

ACCOUNT NUMBER: 5500.15

ACCOUNT TITLE: Minor Tools and Equipment

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

FY 06/07 Requested Budget	10,000
FY 05/06 Estimated Actual	13,375
Increase (Decrease)	(3,375)

ACCOUNT NUMBER: 5500.20

ACCOUNT TITLE: Spare Parts

Description: Not funded.

FY 06/07 Requested Budget	-
FY 05/06 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 06/07 Requested Budget	1,000
FY 05/06 Estimated Actual	1,666
Increase (Decrease)	(666)

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION FY 2006/07 BUDGET**

ACCOUNT NUMBER: 5500.30

ACCOUNT TITLE: Chemicals-Fixed

Description: Not funded for FY 2006/07.

FY 06/07 Requested Budget	-
FY 05/06 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 06/07 Requested Budget	10,000
FY 05/06 Estimated Actual	5,644
Increase (Decrease)	4,356

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 06/07 Requested Budget	4,000
FY 05/06 Estimated Actual	3,589
Increase (Decrease)	411

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 06/07 Requested Budget	33,900
FY 05/06 Estimated Actual	36,279
Increase (Decrease)	(2,379)

\$	29,900	Vehicles
\$	1,000	Emergency Generator Sets
\$	2,000	Lubricants
\$	1,000	Miscellaneous
\$	33,900	TOTAL

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION FY 2006/07 BUDGET**

ACCOUNT NUMBER: 5500.50

ACCOUNT TITLE: Seed/Plants/Erosion Control Supplies

Description: Funds for reseeding, replanting and erosion control supplies.

FY 06/07 Requested Budget	7,000
FY 05/06 Estimated Actual	4,493
Increase (Decrease)	2,507

\$	1,000	Seed
	1,000	Plants and materials
	5,000	Erosion control
\$	7,000	TOTAL

ACCOUNT NUMBER: 5500.55

ACCOUNT TITLE: Backflow Prevention Supplies

Description: Funds for backflow prevention.

FY 06/07 Requested Budget	500
FY 05/06 Estimated Actual	175
Increase (Decrease)	325

ACCOUNT NUMBER: 5700.10

ACCOUNT TITLE: Equipment Repairs and Maintenance

Description: Funds for repairs and maintenance of Distribution Department equipment.

FY 06/07 Requested Budget	30,000
FY 05/06 Estimated Actual	33,199
Increase (Decrease)	(3,199)

ACCOUNT NUMBER: 5700.20

ACCOUNT TITLE: Vehicle Repairs and Maintenance

Description: Funds for the repair and maintenance of Distribution Department vehicles.

FY 06/07 Requested Budget	14,420
FY 05/06 Estimated Actual	6,929
Increase (Decrease)	7,491

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION FY 2006/07 BUDGET**

ACCOUNT NUMBER: 5700.30

ACCOUNT TITLE: Building Maintenance

Description: Funds for the repair and maintenance of the Santa Ynez Pumping Facility.

FY 06/07 Requested Budget	4,000
FY 05/06 Estimated Actual	3,440
Increase (Decrease)	560

\$	2,000	Janitorial Service
	2,000	Miscellaneous Repairs
\$	4,000	TOTAL

ACCOUNT NUMBER: 5700.40

ACCOUNT TITLE: Landscape Maintenance

Description: Funds for the maintenance of the Santa Ynez Pumping Facility (SYPF).

FY 06/07 Requested Budget	3,148
FY 05/06 Estimated Actual	2,950
Increase (Decrease)	198

\$	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 06/07 Requested Budget	400
FY 05/06 Estimated Actual	1,085
Increase (Decrease)	(685)

ACCOUNT NUMBER: 5800.30

ACCOUNT TITLE: Electric Service-Fixed

Description: Funds for electrical service for the Distribution Dept.

FY 06/07 Requested Budget	30,540
FY 05/06 Estimated Actual	50,985
Increase (Decrease)	(20,445)

\$	7,800	Suite B & C	\$650 month
	1,200	2 Iso vaults	\$100 month
	5,040	2 Tanks	\$420 month
	2,220	11 Rectifiers	\$185 month
	3,000	EDV	\$250 month
	8,280	SYPF	\$690 month
	3,000	Turnouts	\$250 month
\$	30,540	TOTAL	

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION FY 2006/07 BUDGET**

ACCOUNT NUMBER: 5800.31

ACCOUNT TITLE: Electric Service-Variable

Description: Funds for electrical service for the
Distribution Department.

FY 06/07 Requested Budget	240,680
FY 05/06 Estimated Actual	8,008
Increase (Decrease)	232,672

Acre feet pumped	4,376
Cost per acre foot	\$55
TOTAL	\$240,680

ACCOUNT NUMBER: 5800.40

ACCOUNT TITLE: Water/Sewer

Description: Funds for water and sewer service to
the Distribution Department.

FY 06/07 Requested Budget	1,200
FY 05/06 Estimated Actual	1,066
Increase (Decrease)	134

ACCOUNT NUMBER: 5800.50

ACCOUNT TITLE: Telephone

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

FY 06/07 Requested Budget	16,000
FY 05/06 Estimated Actual	10,857
Increase (Decrease)	5,143

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 06/07 Requested Budget	2,000
FY 05/06 Estimated Actual	2,302
Increase (Decrease)	(302)

\$	1,000	Trash service
	1,000	Hazardous waste removal
\$	2,000	TOTAL

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION FY 2006/07 BUDGET**

ACCOUNT NUMBER: 5900.10

ACCOUNT TITLE: Insurance

Description: Funds for insurance coverage.

FY 06/07 Requested Budget	46,895
FY 05/06 Estimated Actual	50,287
Increase (Decrease)	(3,393)

\$	24,259	Property and Auto Insurance as apportioned by JPIA.
\$	22,635	General liability and E&O insurance pro rated by salary percentages.
\$	46,895	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 06/07 Requested Budget	121,100
FY 05/06 Estimated Actual	44,351
Increase (Decrease)	76,749

ACCOUNT NUMBER: 5900.40

ACCOUNT TITLE: Equipment Rental

Description: Funds for rental of equipment for the Distribution Department.

FY 06/07 Requested Budget	12,000
FY 05/06 Estimated Actual	10,389
Increase (Decrease)	1,611

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 06/07 Requested Budget	10,000
FY 05/06 Estimated Actual	5,915
Increase (Decrease)	4,085

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION FY 2006/07 BUDGET**

ACCOUNT NUMBER: 5900.60

ACCOUNT TITLE: Computer Expenses

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

FY 06/07 Requested Budget	17,100
FY 05/06 Estimated Actual	28,621
Increase (Decrease)	(11,521)

DSL Allowance	\$2,400
Service Contracts	\$9,500
New Computers	\$4,200
Minor purchases	\$1,000
Total	\$17,100

ACCOUNT NUMBER: 5900.70

ACCOUNT TITLE: Appropriated Contingency

Description: 2.0% of requested budget.

FY 06/07 Requested Budget	37,727
FY 05/06 Estimated Actual	-
Increase (Decrease)	37,727





Santa Margarita Ranch Air Vacuum/Air Release Vault
(Power Line Hill).

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 2006/07 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 2006/07 is \$281,695.

There are two (2) components of the CIP budget: (1) **New Facilities and Equipment** and (2) **Equipment Replacement and Repair**.

New Facilities and Equipment (NFE)

This section of the CIP budget provides funding for new purchases of facilities and equipment needed by the Authority. These purchases are generally for items which the Authority does not already own.

For FY 2006/07 the NFE budget is \$40,270. The budgeted expenditures for NFE are listed below.

New Facilities and Equipment	
Load Bank for Battery Testing	\$ 10,200
All-Terrain Vehicle	9,070
Truck for Engineering Technician	21,000
TOTAL NEW FACILITIES AND EQUIPMENT	\$ 40,270

Equipment Replacement and Repair (ERR)

This section of the CIP budget provides funding for the repair and replacement of existing facilities and equipment.

For FY 2006/07 the ERR budget is \$241,425. The budgeted expenditures for ERR are listed below.

Equipment Replacement and Repair	
Pickup Truck for Distribution Supervisor	24,900
Distribution Sample Truck Replacement	20,000
Turbidimeter Upgrade	25,900
Buellton Office Carpet and Paint	20,370
WTP PLC Upgrade	53,470
Fuel Monitoring System Replacement	7,850
Replace Filter Gallery Sump Pumps	10,200
Replace Auxiliary Backwash Valve Actuator	9,150
Santa Ynez Pump Station Sodium Bisulfite Tank Modifications	21,950
WTP Roof Repairs	34,965
Suite B Control Room Improvements	12,670
TOTAL EQUIPMENT REPLACEMENT AND REPAIR	\$ 241,425

Central Coast Water Authority
Capital Improvements
 Fiscal Year 2006/07 Budget

Carry-Over

During the previous fiscal year, certain capital improvement projects were either not completed or started during the year. However, the Authority intends to complete these projects and expend the funds in the next fiscal year. Therefore, the items are treated as a "carry-over." This means that the project is being carried forward from the previous fiscal year to the new fiscal year capital improvement budget. Additionally, the unused funds are moved from the previous fiscal year to the new fiscal year. There are no carry-over capital improvement projects for FY 2006/07.

Funding of Capital Improvements Expenditures

The FY 2006/07 CIP expenditures are being funded from two funding sources – Project Participant Assessment, (\$215,795) and Non-Annual Recurring Expense Deposits (\$65,900). Previously, Revenue Bond funds and Capital Deposits from the Authority's 1996 Revenue Bond issue were available to fund certain capital projects. However, since these bonds may be refinanced during FY 2006/07, the remaining bond proceeds are not available.

The following table shows the allocation of the FY 2006/07 capital improvements by department, financial reach, and funding source.

FY 2006/07 Capital Improvements					
Capital Improvements	Specific		Water Treatment		Total
	Financial Reach	Administration	Plant	Distribution	
Non-Annual Recurring Expense Funded CIP					
<u>Vehicle Replacements</u>					
Truck for Engineering Technician	ALL			21,000	21,000
Distribution Sample Truck Replacement	ALL			20,000	20,000
Pickup Truck for Distribution Supervisor	ALL			24,900	24,900
Subtotal:		-	-	65,900	65,900
Assessment Funded CIP					
Buellton Office Carpet and Paint	ADM	20,370			20,370
Turbidimeter Upgrade	WTP		25,900		25,900
WTP PLC Upgrade-Phase 1: PCM 100	WTP		53,470		53,470
Fuel Monitoring System Replacement	WTP		7,850		7,850
Load Bank for Battery Testing	WTP		10,200		10,200
Replace Filter Gallery Sump Pumps	WTP		10,200		10,200
WTP Roof Repairs	WTP		34,965		34,965
Replace Auxiliary Backwash Valve Actuator	WTP		9,150		9,150
Santa Ynez Pump Station Sodium Bisulfite Tank Modifications	SYII			21,950	21,950
All-Terrain Vehicle	ALL			9,070	9,070
Suite B Control Room Improvements	ALL			12,670	12,670
Subtotal:		20,370	151,735	43,690	215,795
TOTAL CIP		\$ 20,370	\$ 151,735	\$ 109,590	\$ 281,695

Central Coast Water Authority
Capital Improvements
Fiscal Year 2006/07 Budget

State Water Project Construction Project

The facilities constructed by the Authority generally include a water treatment plant located at Polonio Pass in northeastern San Luis Obispo County to serve Santa Barbara County project participants and San Luis Obispo County water purchasers and a transmission system to serve Santa Barbara County project participants consisting of: (1) the Mission Hills II Extension, a buried pipeline approximately 12.3 miles long running from the terminus of the Coastal Branch Phase II on Vandenberg Air Force Base in Santa Barbara County southerly to the vicinity of the Lompoc Valley and (2) the Santa Ynez Extension, a buried pipeline approximately 29.3 miles long running from the terminus of the Mission Hills Extension easterly through the Santa Ynez Valley to a terminus at Cachuma Lake and which includes a pumping plant near Santa Ynez and a storage tank west of Buellton. Water is conveyed from that point to the South Coast of Santa Barbara County through existing Cachuma Project facilities which traverse the Santa Ynez Mountains.

Central Coast Water Authority
Capital Improvements
Fiscal Year 2006/07 Budget

Description: ***Vehicle Replacements***

Department: Distribution, All

Project Type: Capital Project

Expanded Description: Replace Distribution Supervisor vehicle and sample truck that each has over 100,000 miles. Purchase a new truck for the new Engineering Technician position.

Estimated Charge \$ 60,793
Sales Tax \$ 5,107

Total Cost: \$ 65,900

Funding Source: Non-Annual Recurring Expense Deposits

Operating Budget Impact: Replacement of vehicles on a regular schedule reduces repair costs.

Description: ***Buellton Office Maintenance***

Department: Admin

Project Type: Capital Project

Expanded Description: Replace carpet and paint interior walls of Buellton Administrative Office.

Estimated Charge \$ 18,000
Sales Tax \$ 1,400
Contingency (5%) \$ 970

Total Cost: \$ 20,370

Funding Source: Reach Specific Assessments

Operating Budget Impact: Existing facilities showing signs of excessive wear.

Central Coast Water Authority
Capital Improvements
Fiscal Year 2006/07 Budget

Description: ***Turbidimeter Upgrade***

Department: Water Treatment Plant

Project Type: Capital Project

Expanded Description: Replace water treatment plant turbidimeters.

Estimated Charge	\$ 20,000
Sales Tax	\$ 1,550
Contingency (5%)	<u>\$ 1,230</u>
Subtotal without CCWA Labor	\$22,780
Labor	\$ 2,400
Fringe and Overhead	<u>\$ 720</u>
Total Cost:	\$ 25,900

Funding Source: Reach Specific Assessments

Operating Budget Impact: Existing Equipment is obsolete. Failure of these instruments without manufacturer support would result in a regulatory violation.

Central Coast Water Authority
Capital Improvements
Fiscal Year 2006/07 Budget

Description: ***Polonio Pass Water Treatment Plant PLC Upgrade – Phase 1: PCM 100***

Department: Water Treatment Plant

Project Type: Capital Project

Expanded Description: Replace the PLC components in PCM 100

Estimated Charge	\$ 35,000
Sales Tax	\$ 2,700
Contingency (5%)	<u>\$ 2,500</u>
Subtotal without CCWA Labor	\$ 40,200
Labor	\$ 10,170
Fringe and Overhead	<u>\$ 3,100</u>
Total Cost:	\$ 53,470

Funding Source: Reach Specific Assessments

Operating Budget Impact: Existing equipment is obsolete.

Central Coast Water Authority
Capital Improvements
Fiscal Year 2006/07 Budget

Description: ***Fuel Monitoring System Replacement***

Department: Water Treatment Plant

Project Type: Capital Project

Expanded Description: Replace existing fuel monitoring systems for diesel and gasoline tanks

Estimated Charge	\$ 5,800
Sales Tax	\$ 500
Contingency (5%)	<u>\$ 400</u>
Subtotal without CCWA Labor	\$ 6,700
Labor	\$ 850
Fringe and Overhead	<u>\$ 300</u>
Total Cost:	\$ 7,850

Funding Source: Reach Specific Assessments

Operating Budget Impact: Existing system is obsolete.

Central Coast Water Authority
Capital Improvements
Fiscal Year 2006/07 Budget

Description: ***Load Bank for Battery Testing***

Department: Water Treatment Plant

Project Type: Capital Project

Expanded Description: Load bank testing equipment that allows for the testing of batteries and power supplies.

Estimated Charge \$ 9,000
Sales Tax \$ 700
Contingency (5%) \$ 500

Total Cost: \$ 10,200

Funding Source: Reach Specific Assessments

Operating Budget Impact: Testing of batteries and power supplies will provide information about weaknesses in backup systems prior to failure, providing greater reliability and reducing staff overtime during power failures.

Description: ***Replace Filter Gallery Sump Pumps***

Department: Water Treatment Plant

Project Type: Capital Project

Expanded Description: Replacement of the filter gallery sump pumps at the water treatment plant.

Estimated Charge \$ 9,000
Sales Tax \$ 700
Contingency (5%) \$ 500

Total Cost: \$ 10,200

Funding Source: Reach Specific Assessments

Operating Budget Impact: Existing pumps have outlived useful life. Operations and maintenance budget impact is not quantifiable.

Central Coast Water Authority
Capital Improvements
Fiscal Year 2006/07 Budget

Description: ***Water Treatment Plant Roof Repairs***

Department: Water Treatment Plant

Project Type: Capital Project

Expanded Description: The roof-bridge caps and seals on certain buildings at the Water Treatment Plant were improperly installed during construction and must be replaced and resealed to keep from further damaging the interior and related components of the buildings.

Estimated Charge \$ 33,300
Contingency (5%) \$ 1,665

Total Cost: \$ 34,965

Funding Source: Reach Specific Assessments

Operating Budget Impact: Operating expenses may be reduced due to a reduction in potential repairs to the building interior and related equipment from exposure to the elements.

Central Coast Water Authority
Capital Improvements
Fiscal Year 2006/07 Budget

Description: ***Replace Auxiliary Backwash Valve Actuator***

Department: Water Treatment Plant

Project Type: Capital Project

Expanded Description: Replace existing actuator with new style consistent with the remainder of the plant.

Estimated Charge	\$ 6,000
Sales Tax	\$ 500
Contingency (5%)	<u>\$ 450</u>
Subtotal without CCWA Labor	\$ 6,950
Labor	\$ 1,700
Fringe and Overhead	<u>\$ 500</u>
Total Cost:	\$ 9,150

Funding Source: Reach Specific Assessments

Operating Budget Impact: Replacement of actuator will reduce plant down time in the event of actuator failure. Old style actuator is prone to modulation problems.

Central Coast Water Authority
Capital Improvements
Fiscal Year 2006/07 Budget

Description: ***Santa Ynez Sodium Bisulfite Tank Modifications***

Department: Distribution, SYII

Project Type: Capital Project

Expanded Description: Repair and retrofit chemical piping associated with the Sodium Bisulfite Tanks at the Santa Ynez Pumping Facility.

Estimated Charge	\$ 7,000
Sales Tax	\$ 500
Contingency (5%)	<u>\$ 1,050</u>
Subtotal without CCWA Labor	\$8,550
Labor	\$ 10,300
Fringe and Overhead	<u>\$ 3,100</u>
Total Cost:	\$ 21,950

Funding Source: Reach Specific Assessments

Operating Budget Impact: Modifications will address leaks and design issues that will reduce the likelihood of a spill or chemical exposure, and will allow the facility to operate as originally intended.

Central Coast Water Authority
Capital Improvements
Fiscal Year 2006/07 Budget

Description: ***All-Terrain Vehicle***

Department: Distribution, All Reaches

Project Type: Capital Project

Expanded Description: Four-wheel drive vehicle to provide access to facilities in difficult terrain.

Estimated Charge \$ 8,000
Sales Tax \$ 620
Contingency (5%) \$ 450

Total Cost: \$ 9,070

Funding Source: Reach Specific Assessments

Operating Budget Impact: Vehicle will result in reduced reliance on contractors and will reduce man hours associated with right-of-way environmental mitigation.

Description: ***Suite B Control Room Improvements***

Department: Distribution, All

Project Type: Capital Project

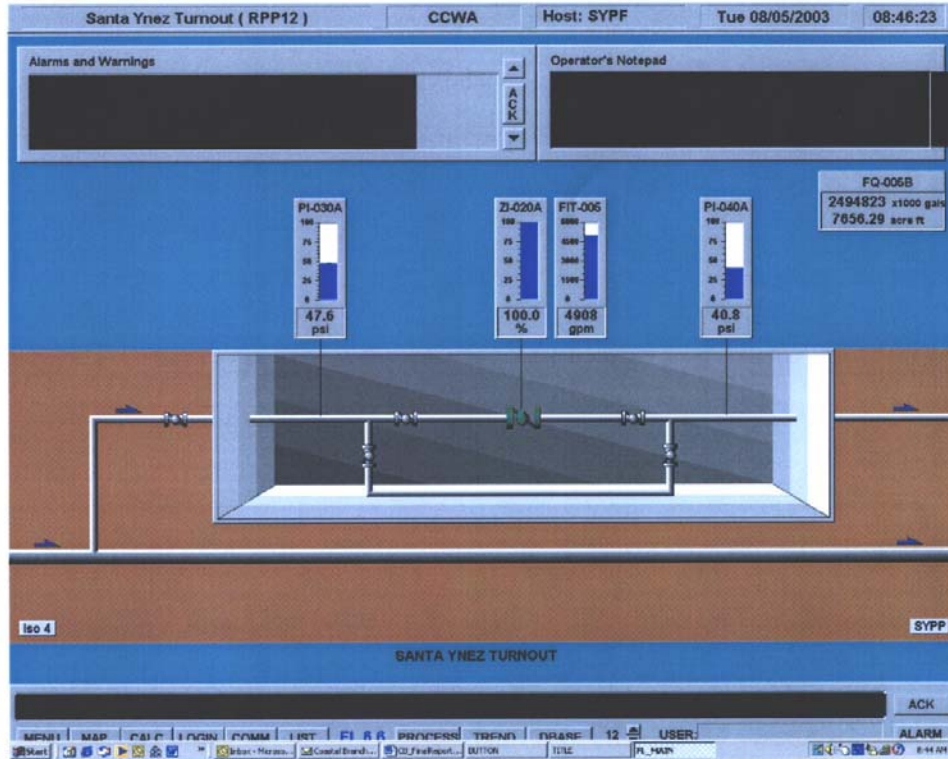
Expanded Description: Replace under cabinet servers with a rack mounted system in the Distribution Control Room.

Estimated Charge \$ 11,200
Sales Tax \$ 870
Contingency (5%) \$ 600

Total Cost: \$12,670

Funding Source: Reach Specific Assessments

Operating Budget Impact: This modification will reduce damage to electronic components caused by excessive heat, and will reduce maintenance costs due to easier accessibility.



A screen shot of the Santa Ynez turnout as depicted by the new Factorylink 7.5 SCADA system.

Debt Management

The Debt Management section of the FY 2006/07 Budget contains information on the Authority's outstanding revenue bonds including the Authority's authorization to issue debt, security for the bonds, bond coverage covenant, arbitrage rebate liability, and the project participant debt payment schedule.

Central Coast Water Authority
Debt Management
Fiscal Year 2006/07 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 2006/07 Budget

Security for the Bonds

Each Santa Barbara County project participant has entered into a Water Supply Agreement with the Authority pursuant to which the Santa Barbara County project participant is obligated to make certain payments to the Authority with respect to the project. Such payments, when received by or on behalf of the Authority, will constitute revenues pledged to secure the payment of the principal of and interest on the bonds.

The San Luis Obispo County Flood Control and Water Conservation District (SLOCFCWCD) has entered into a Master Water Treatment Agreement with the Authority pursuant to which SLOCFCWCD is obligated to make certain payments with respect to the water treatment plant and local projects for certain San Luis Obispo County project participants.

The bonds are not debts of the financing participants of the Authority, the State of California or any political subdivision of the State of California. The bonds are strictly a liability of the Authority.

The Bonds

The bonds are dated November 1, 1996 with interest payable on April 1 and principal and interest payable on October 1 of each year (*see the "1996 Revenue Bond Debt Service Schedule" in this section*).

Bond Coverage Covenant

Each Santa Barbara County project participant and each San Luis Obispo County water purchaser has agreed in its Water Supply Agreement or Local Water Treatment Agreement to comply with the bond coverage covenant. This covenant requires each project participant to fix, prescribe and collect rates and charges for its water system which will be at least sufficient to yield net water system revenues equal to 125% of the sum of the contract payments required to be made by each participant and purchaser in such fiscal year pursuant to its Water Supply Agreement or Local Water Treatment Agreement plus debt service.

Arbitrage Rebate Liability

The arbitrage rebate liability calculations as of June 30, 2005, show no rebate liability to the Internal Revenue Service.

The five-year rebate calculation for the 1992 Revenues Bonds indicates a negative rebate liability of (\$5,546,174) completed on June 10, 1998. No additional rebate calculations will be performed on the 1992 bonds as a result of this negative rebate liability.

Central Coast Water Authority
Debt Management
Fiscal Year 2006/07 Budget

Construction Project Close Out and Final Reconciliation

On June 25, 1998, the Authority declared the construction project complete. In conjunction with declaring the project complete, a reconciliation of all construction expenditures and the corresponding allocation of costs to each financial reach was performed and the Project Closeout Report was prepared. Additionally, funds were retained from the construction fund and the local project fund based on estimates of future project expenditures to fully complete the remaining construction items.

Amended debt service amortization schedules were prepared for each financing participant based on the actual construction expenditures, financed local facilities and capitalized interest elections by the financing participants. The "1996 Revenue Bond Distribution Schedule, Series A" found on page 207 from the Project Closeout Report, provides a summary of the Series A principal and interest allocation to each financing participant.

A final reconciliation of total actual project expenditures will be prepared after all project funds are completely expended. Amended debt service amortization schedules will be prepared for each financing participant. These changes are estimated to result in minor adjustments to the debt service amortization schedules.

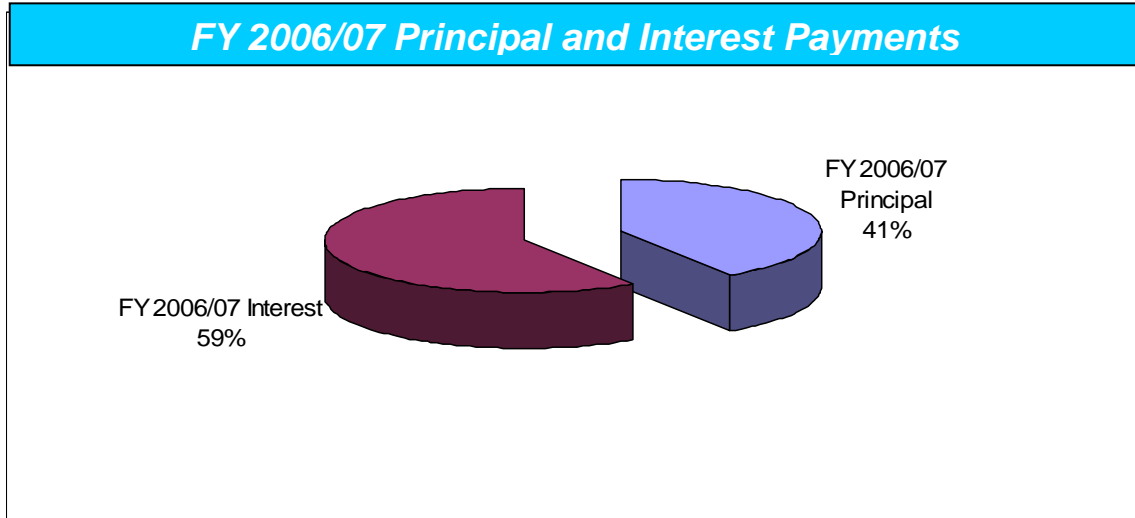
Fiscal Year 2006/07 Debt Service Budget

For FY 2006/07, total Series A principal payments is \$4,915,000 and total interest due is \$7,121,238, totaling \$12,036,238. Additionally, Bond Trustee fees in the amount of \$2,000 are included in the debt service assessment. These amounts are partially offset by the following:

- Reserve Fund Interest Income This is interest income on the collateralized guaranteed investment contract in the principal amount of \$12,758,750 at an interest rate of 5.47%, which exactly equals the restricted rate on the CCWA bonds. The guaranteed investment contract pays interest semi-annually on April 1st and October 1st, each in the amount of \$348,952. Total reserve fund interest income for FY 2006/07 is \$697,904.
- Debt Service Account Interest Income Payments from the financing participants are invested in accordance with the CCWA Investment Policy. Investments are purchased which correspond to the debt service payment dates on the bonds. Estimated investment income on the debt service account is \$176,515 earned during FY 2005/06.

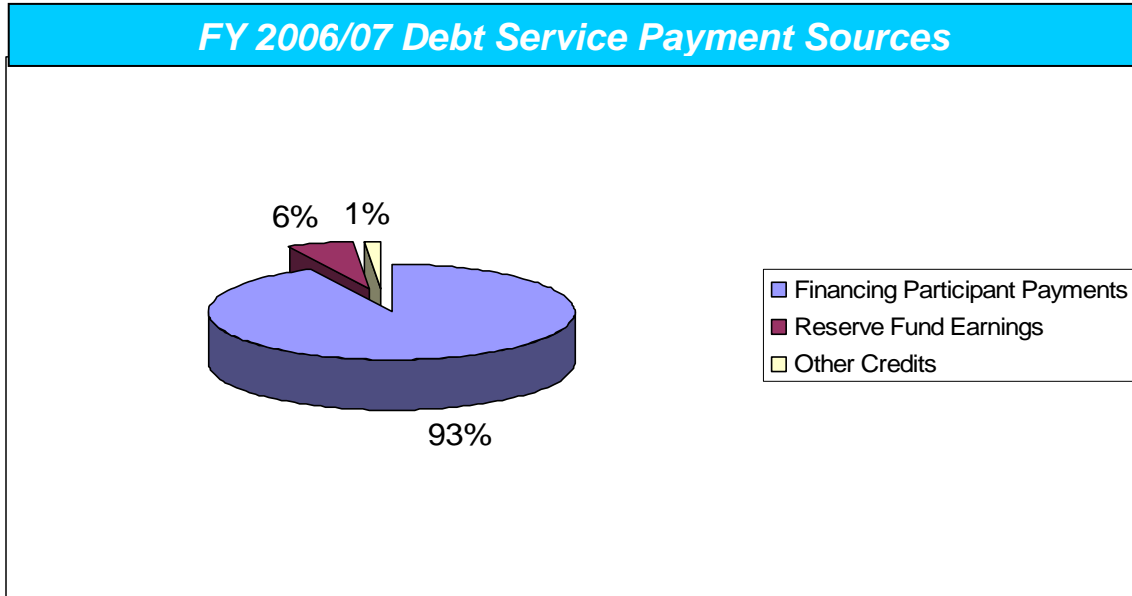
Central Coast Water Authority
Debt Management
Fiscal Year 2006/07 Budget

The following chart shows the total principal and interest payments for the 1996 revenue bonds for FY 2006/07.



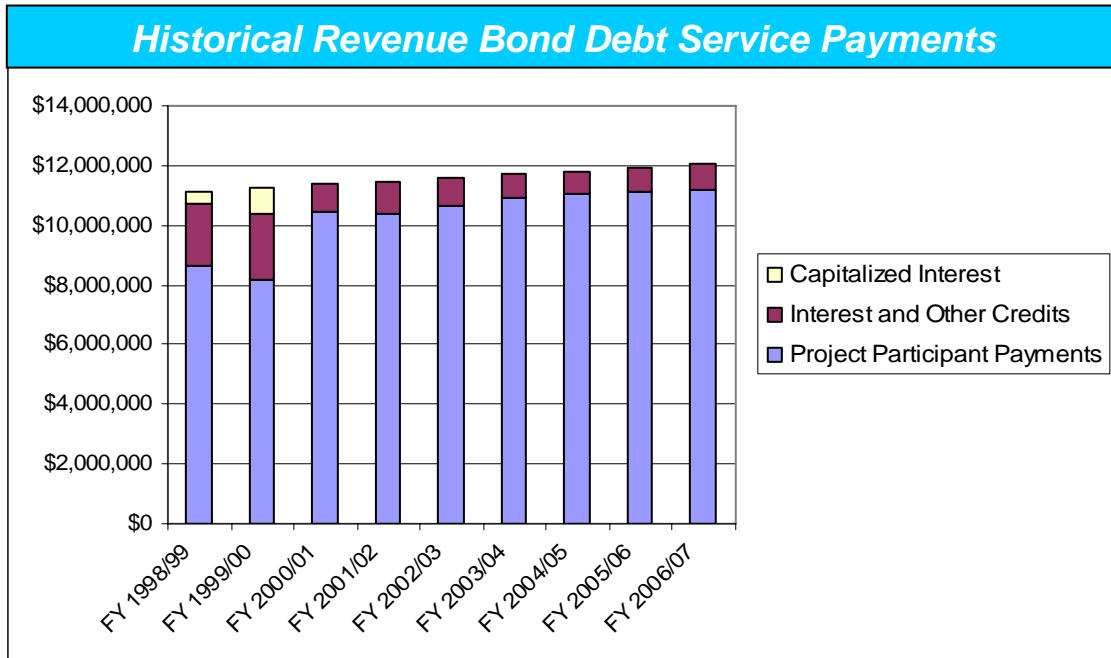
Central Coast Water Authority
Debt Management
 Fiscal Year 2006/07 Budget

The following chart shows the sources of cash for the FY 2006/07 debt service payments.



Historical CCWA Revenue Bond Debt Service Payments

The following graph shows the composition of the source of funds for payment of the CCWA revenue bond debt service payments.



Central Coast Water Authority
1996 Revenue Bond Series A Debt Service Payments
 Fiscal Year 2006/07 Budget

Financing Participant	FY 2006/07 Series A (10/1/06) Principal Payment	FY 2006/07 Series A (10/1/06) Interest Payment	FY 2006/07 Series A (4/1/07) Interest Payment	Trustee Expenses	Debt Service Account Interest Income (1)	Reserve Fund Interest Earnings (2)	FY 2006/07 Total Payments
Avila Beach	\$ 6,641	\$ 4,447	\$ 4,247	\$ 3	\$ (231)	\$ (887)	\$ 14,219
California Men's Colony	56,215	37,642	35,956	22	(1,959)	(7,506)	120,370
County of SLO	59,878	40,095	38,298	23	(2,087)	(7,995)	128,213
Cuesta College	28,110	18,822	17,979	11	(980)	(3,753)	60,189
Morro Bay	349,424	233,978	223,495	134	(12,176)	(46,654)	748,201
Oceano	48,640	32,570	31,111	19	(1,695)	(6,494)	104,150
Pismo Beach	80,392	53,831	51,419	31	(2,801)	(10,734)	172,138
Shandon	6,310	4,225	4,036	2	(220)	(842)	13,511
Guadalupe	77,296	51,758	49,439	30	(2,854)	(10,320)	165,349
Buellton	136,895	91,666	87,560	52	(4,581)	(18,278)	293,314
Santa Ynez (Solvang)	123,514	280,268	276,562	139	(10,998)	(48,434)	621,051
Santa Ynez	46,247	104,939	103,551	52	(4,118)	(18,135)	232,536
Goleta	1,322,828	885,780	846,095	506	(44,269)	(176,620)	2,834,320
Morehart Land	55,748	40,660	38,988	21	(2,006)	(7,340)	126,072
La Cumbre	266,986	194,728	186,718	101	(9,143)	(35,150)	604,240
Raytheon (SBRC)	12,729	8,523	8,141	5	(446)	(1,699)	27,253
Santa Barbara	813,532	544,750	520,344	311	(27,223)	(108,620)	1,743,093
Montecito	876,932	639,597	613,289	331	(30,338)	(115,453)	1,984,357
Carpinteria	546,684	366,065	349,665	209	(18,389)	(72,991)	1,171,242
TOTAL:	\$ 4,915,000	\$ 3,634,344	\$ 3,486,894	\$ 2,000	\$ (176,515)	\$ (697,904)	\$ 11,163,819

Notes:

(1) Represents interest on the financing participant debt service payments for FY 2005/06.

(2) Represents interest on the reserve fund guaranteed investment contract (GIC). Calculated using a par amount of \$12,758,750 at an interest rate of 5.47% for one year. Payments made semi-annually on April 1st and October 1st.

Source: CCWA Project Closeout Report, October 1998.

Central Coast Water Authority
1996 Revenue Bond Distribution Schedule
Series A

Project Closeout Report

Financing Participant	Series A Principal	Series A Interest	TOTAL
<u>LEVEL DEBT SERVICE</u>			
Avila Beach CSD	\$ 219,286	\$ 180,794	\$ 400,080
California Men's Colony	1,856,355	1,530,503	3,386,858
County of SLO	1,977,305	1,630,222	3,607,527
Cuesta College	928,246	765,308	1,693,555
City of Morro Bay	11,538,823	9,513,375	21,052,197
Oceano CSD	1,606,208	1,324,265	2,930,472
City of Pismo Beach	2,654,727	2,188,734	4,843,461
Shandon	208,367	171,792	380,159
City of Buellton	4,520,603	3,727,086	8,247,690
Carpinteria Valley Water District	18,052,797	14,883,929	32,936,727
City of Guadalupe	2,552,497	2,104,449	4,656,946
Goleta Water District	43,682,936	36,015,123	79,698,059
Raytheon (SBRC)	420,333	346,550	766,883
City of Santa Barbara	26,864,766	22,149,104	49,013,870
Total Level Debt Service:	<u>\$ 117,083,250</u>	<u>\$ 96,531,234</u>	<u>\$ 213,614,484</u>
<u>ESCALATING DEBT SERVICE</u>			
La Cumbre Mutual Water Co.	\$ 8,737,771	\$ 7,725,642	\$ 16,463,414
Montecito Water District	28,699,777	25,375,372	54,075,149
Morehart Land Co.	1,824,502	1,613,163	3,437,665
Total Escalating Debt Service:	<u>\$ 39,262,050</u>	<u>\$ 34,714,178</u>	<u>\$ 73,976,228</u>
<u>STEP-UP DEBT SERVICE</u>			
City of Solvang	\$ 12,128,507	\$ 11,031,811	\$ 23,160,318
Santa Ynez ID #1	4,541,193	4,130,565	8,671,758
Total Step-Up Debt Service:	<u>\$ 16,669,700</u>	<u>\$ 15,162,376</u>	<u>\$ 31,832,076</u>
TOTAL DEBT SERVICE:	<u><u>\$ 173,015,000</u></u>	<u><u>\$ 146,407,788</u></u>	<u><u>\$ 319,422,788</u></u>

Central Coast Water Authority
1996 Revenue Bond Debt Service Schedule
Series A

Debt Service Date	Interest Rate	Sinking Fund Payment	Serial Maturity	Interest Due	Principal Outstanding	Fiscal Yr Debt Service (Cash)
4/1/1997				3,625,760	173,015,000	3,625,760
10/1/1997	4.000%		2,420,000	4,350,913	170,595,000	
4/1/1998				4,302,513	170,595,000	11,073,425
10/1/1998	4.000%		2,540,000	4,302,513	168,055,000	
4/1/1999				4,251,713	168,055,000	11,094,225
10/1/1999	4.000%		2,775,000	4,251,713	165,280,000	
4/1/2000				4,196,213	165,280,000	11,222,925
10/1/2000	4.200%		3,010,000	4,196,213	162,270,000	
4/1/2001				4,133,003	162,270,000	11,339,215
10/1/2001	4.375%		3,270,000	4,133,003	159,000,000	
4/1/2002				4,061,471	159,000,000	11,464,474
10/1/2002	4.500%		3,535,000	4,061,471	155,465,000	
4/1/2003				3,981,934	155,465,000	11,578,405
10/1/2003	4.600%		3,830,000	3,981,934	151,635,000	
4/1/2004				3,893,844	151,635,000	11,705,778
10/1/2004	6.000%		4,135,000	3,893,844	147,500,000	
4/1/2005				3,769,794	147,500,000	11,798,638
10/1/2005	6.000%		4,515,000	3,769,794	142,985,000	
4/1/2006				3,634,344	142,985,000	11,919,138
10/1/2006	6.000%		4,915,000	3,634,344	138,070,000	
4/1/2007				3,486,894	138,070,000	12,036,238
						FY 2006/07
10/1/2007	5.000%		5,775,000	3,486,894	132,295,000	
4/1/2008				3,342,519	132,295,000	12,604,413
10/1/2008	6.000%		6,065,000	3,342,519	126,230,000	
4/1/2009				3,160,569	126,230,000	12,568,088
10/1/2009	5.150%		6,425,000	3,160,569	119,805,000	
4/1/2010				2,995,125	119,805,000	12,580,694
10/1/2010	5.000%		6,760,000	2,995,125	113,045,000	
4/1/2011				2,826,125	113,045,000	12,581,250
10/1/2011	5.000%		7,095,000	2,826,125	105,950,000	
4/1/2012				2,648,750	105,950,000	12,569,875
10/1/2012	5.000%		7,455,000	2,648,750	98,495,000	
4/1/2013				2,462,375	98,495,000	12,566,125
10/1/2013	5.000%		7,830,000	2,462,375	90,665,000	
4/1/2014				2,266,625	90,665,000	12,559,000
10/1/2014	5.000%	8,225,000		2,266,625	82,440,000	
4/1/2015				2,061,000	82,440,000	12,552,625
10/1/2015	5.000%	8,630,000		2,061,000	73,810,000	
4/1/2016				1,845,250	73,810,000	12,536,250
10/1/2016	5.000%	9,065,000		1,845,250	64,745,000	
4/1/2017				1,618,625	64,745,000	12,528,875
10/1/2017	5.000%	9,515,000		1,618,625	55,230,000	
4/1/2018				1,380,750	55,230,000	12,514,375
10/1/2018	5.000%	9,995,000		1,380,750	45,235,000	
4/1/2019				1,130,875	45,235,000	12,506,625
10/1/2019	5.000%	10,495,000		1,130,875	34,740,000	
4/1/1920				868,500	34,740,000	12,494,375

Central Coast Water Authority
1996 Revenue Bond Debt Service Schedule
Series A

Debt Service Date	Interest Rate	Sinking Fund Payment	Serial Maturity	Interest Due	Principal Outstanding	Fiscal Yr Debt Service (Cash)
10/1/1920	5.000%	11,020,000		868,500	23,720,000	
4/1/1921				593,000	23,720,000	12,481,500
10/1/1921	5.000%	11,570,000		593,000	12,150,000	
4/1/1922				303,750	12,150,000	12,466,750
10/1/1922	5.000%	12,150,000		303,750	-	12,453,750
		90,665,000	82,350,000	146,407,788		319,422,788





Chemical Injection Mixing Cone at Polonio Pass Water Treatment Plant.

Reserves and Cash Management

The Reserves and Cash Management section of the FY 2006/07 Budget includes information regarding the Authority's O&M Reserve Fund, Rate Coverage Reserve Fund, Non-Annual Recurring Expenses (NARES) and cash management information.

Highlights

FY 2006/07 Total Reserve Balances **\$ 9,878,196**

- O&M Reserve Fund \$ 2,000,000
- Rate Coverage Reserve Fund \$ 7,808,153
- Non-Annual Recurring Expenses (6-30-07) \$ 166,590

Non-Annual Recurring Expenses

- FY 2006/07 Beginning Balance \$ 212,825
- Additional Deposits for FY 2006/07 \$ 250,442
- FY 2006/07 Expenditures \$ 298,650

Central Coast Water Authority
Reserves and Cash Management
Fiscal Year 2006/07 Budget

Operating Reserve Policy

During its December 18, 1997 regular meeting, the Board of Directors approved an "Operations and Maintenance Reserve Policy" as follows:

- Purpose:** The O&M Reserve Fund is intended to provide a mechanism for the Authority to immediately undertake unanticipated operation and maintenance activities, including emergency repairs, for which funds are not otherwise immediately available.
- Contributions:** Contributions to the O&M Reserve Fund are mandatory. Each Authority Contractor shall maintain on deposit with Authority in said Fund an amount of money equal to its pro-rata share of the Fund target size of \$2 million, which share is that Contractor's Water Supply Agreement Project Allotment divided by the Project Allotments held by all Authority Contractors. Each Contractor's initial contribution to the O&M Reserve Fund shall be drawn from cash held by Authority on behalf of the Contractor as of the date of the Fund's creation. If the Fund balance is reduced below \$2 million, Authority shall be authorized to (i) transfer into said Fund excess operating assessments and investment income from the Fund, and (ii) notify the participating Contractor if an additional contribution is necessary, in which event the contractor shall deposit an additional contribution within sixty (60) days of the Authority notice.
- Administration:** The Treasurer shall invest funds held in the O&M Reserve Fund in liquid money market accounts (for example, LAIF) so that the funds shall be immediately available. O&M Reserve Fund investment earnings shall be considered to credit to each Authority Contractor with respect to that Contractor's June 1 payment to Authority, except to the extent said earnings are needed to be retained to ensure that the Contractor's share of the Fund is fully funded, or as otherwise directed by the Contractor. The Treasurer shall prepare and disseminate to all Contractors a quarterly statement concerning the O&M Reserve Fund.

Central Coast Water Authority
Reserves and Cash Management
 Fiscal Year 2006/07 Budget

Use of Fund: Monies held in the O&M Reserve Fund may be expended only upon authorization of the Board of Directors for unanticipated operating and maintenance activities, including by way of example only: repair of earthquake-caused damage to Authority facilities; unanticipated need to purchase chemicals; major emergency repair or replacement of equipment; reserve for legal judgements. In the event that monies from the O&M Reserve Fund are expended for an activity which is to be funded by certain Contractors and not other Contractors (for example, repair of a certain reach of the pipeline), then (i) it is permissible to expend from the Fund an amount which exceeds the monies on deposit by those Contractors who are obligated to fund the activity under the WSA, and (ii) said Contractors shall replenish said Fund as quickly as possible, and in no event later than one year, including payment of interest on monies expended which exceeded the amount on deposit by said Contractors.

The following table shows the allocation of the Operations and Maintenance Reserve Fund by project participant.

Operations and Maintenance Reserve Fund

Project Participant	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	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 2006/07 Budget

Rate Coverage Reserve Fund

During its December 18, 1997 regular meeting, the Board of Directors also adopted the "Rate Coverage Reserve Fund" policy as follows:

Purpose: The Rate Fund is intended to provide a mechanism to allow the Authority Contractors to satisfy a portion of their obligation under Section 20(a) of the Water Supply Agreement (WSAs) to impose rates and charges sufficient to collect 125% of their Contract Payments (as therein defined).

Contributions: Contributions to the Rate Fund are voluntary. During each year of participation, an Authority Contractor which has elected to participate in the Rate Fund shall maintain on deposit with the Authority in said Fund an amount of money, when combined with the moneys on deposit in the O&M Reserve Fund, sufficient to constitute all or a portion of 25% of that Contractor's Contract Payments with respect to that year. A participating Contractor's initial contribution to the Rate Fund may be drawn from cash held by the Authority on behalf of the Contractor as of the date of the Fund's creation. In each subsequent year, the Authority shall notify the participating Contractor if an additional contribution is desired and the Contractor shall deposit said additional contribution within sixty (60) days of the Authority notice. Voluntary contributions to the Fund by a Contractor may be made at any time, but shall not be considered with regard to satisfying the Contractor's obligations until the subsequent July 1. For example: to act as a credit for Fiscal Year 1998/99, a deposit must be received by the Authority prior to July 1, 1998. However, in the first year of the Fund's creation, each Authority Contractor may elect to deposit additional funds into the Rate Fund within the first 30 days after adoption of this policy by the Authority Board of Directors. These balances will be counted toward the coverage calculations for FY 1997/98.

Withdrawal: A Contractor may withdraw from the Rate Fund effective 180 days after it submits written documentation to the Authority that is in compliance with its WSA rate coverage obligations without considering the Fund.

Central Coast Water Authority
Reserves and Cash Management
 Fiscal Year 2006/07 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 January 31, 2006. Participation in the fund for FY 2006/07 is not yet known. Prior to June 30, 2006, each project participant will be notified of the allowable deposit in the Rate Coverage Reserve Fund for FY 2006/07.

FY 2005/06 Rate Coverage Reserve Fund

Project Participant	FY 2005/06 Deposit
City of Buellton	\$ 245,852
Carpinteria Valley Water District	776,426
City of Guadalupe	159,640
La Cumbre Mutual Water Company	355,984
Montecito Water District	990,017
City of Santa Maria	4,105,311
Santa Ynez, RWCD, I.D. #1 (Solvang)	551,700
Santa Ynez, RWCD, I.D. #1	397,712
County of San Luis Obispo (Shandon)	14,980
Avila Beach Community Services District	28,480
Oceano Community Services District	182,049
TOTAL:	\$ 7,808,153

Central Coast Water Authority
Reserves and Cash Management
 Fiscal Year 2006/07 Budget

Non-Annual Recurring Expense Cash Deposits

As part of the budget process, certain expenses which occur periodically are identified and charged to the project participants over a number of years to minimize fluctuations in the annual assessments. The following table shows anticipated activity in the non-annual recurring expense deposits account for FY 2005/06 and FY 2006/07.

Non-Annual Recurring Expense Cash Deposits

Financing Participant	FY 2005/06 Beginning Balance	FY 2005/06 Interest Income	FY 2005/06 NARES Expenditures	FY 2006/07 Additional Deposits	FY 2006/07 NARES Expenditures	FY 2006/07 Ending Balance
Shandon	\$ 1,730	\$ 30	\$ (117)	\$ 27	\$ (35)	\$ 1,635
Chorro Valley	22,366	374	(13,096)	10,456	(17,181)	2,920
Lopez	14,179	236	(11,411)	16,114	(16,475)	2,642
Guadalupe	3,234	53	(2,978)	3,865	(3,833)	342
Santa Maria	90,496	1,468	(92,000)	119,746	(119,419)	291
Golden State Water Co.	3,467	59	(2,027)	1,047	(2,101)	445
VAFB	40,264	668	(30,642)	36,699	(38,098)	8,892
Buellton	5,282	88	(3,923)	5,310	(5,671)	1,086
Santa Ynez (Solvang)	21,130	361	(8,545)	7,021	(12,337)	7,630
Santa Ynez	33,378	558	(16,562)	18,824	(27,809)	8,389
Goleta	60,573	1,059	(12,417)	7,071	(14,597)	41,689
Morehart Land Co.	2,838	50	(473)	312	(633)	2,094
La Cumbre	12,466	217	(2,917)	1,589	(3,360)	7,996
Raytheon	631	11	(136)	79	(160)	426
Santa Barbara	41,810	732	(7,628)	4,688	(9,411)	30,191
Montecito	41,417	725	(7,777)	4,695	(9,549)	29,511
Carpinteria	28,032	491	(5,002)	3,122	(6,232)	20,411
TOTAL:	\$ 423,296	\$ 7,179	\$ (217,650)	\$ 240,665	\$ (286,900)	\$ 166,590

Cash Management

All cash balances presented in this document exclude cash balances held as deposits for project participants. Additionally, the effects of other accounts receivables and payables have been added or subtracted from the cash balance to show the cash balances as if all receivables and payables had been received or paid.

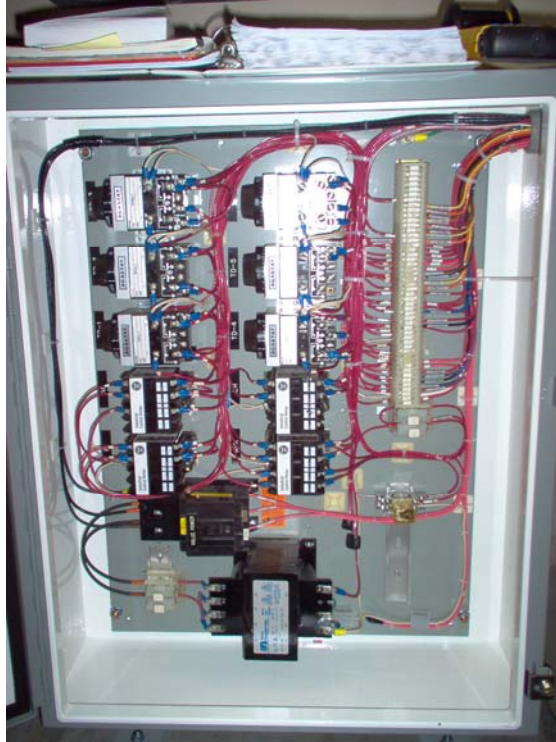
It is the Authority's policy to refund unexpended operating assessments and investment income on the general fund after the close of each fiscal year. Therefore, the general fund balance, defined as total cash minus reserves, is projected to be zero. However, since the Authority receives assessment income in advance of the anticipated payment date, the actual cash balance will be positive.

Central Coast Water Authority
Reserves and Cash Management
Fiscal Year 2006/07 Budget

Cash Components

The Authority's cash balances are comprised of the following:

- **Operating Expense Assessments** Cash amounts collected from the project participants for operating expense assessments. These cash balances are held in the Authority demand deposit bank accounts and the California Local Agency Investment Fund.
- **Pass-Through Expenses** Cash amounts collected from the project participants for payment to the DWR and Warren Act charges paid to the U.S. Bureau of Reclamation. These balances are held in a custodial account and invested in accordance with the Authority's investment policy with maturities corresponding to the anticipated payment date on the expenses.
- **Debt Service Payments** Cash amounts collected from the financing participants for payment on the 1996 revenue bonds. These balances are held in a custodial account and invested in accordance with the Authority's investment policy with maturities corresponding to the debt service payment dates on the 1996 revenue bonds.
- **Construction Fund** Bond proceeds from the 1996 revenue bond issue used to construct the Authority facilities. These funds are held in trust by the Trustee on the bond issue and invested by the Authority's Treasurer in accordance with the bond indenture and the Authority's investment policy.



New Relay Control Cabinet for 300hp Variable Speed Pump Drive at the Santa Ynez Pump Station.

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 2009/10. 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 2006/07 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 Appendix 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.



Utility water pumps at the treatment 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 2006/07	FY 2007/08	FY 2008/09	FY 2009/10	2006	2007	2008	2009	2010
Shandon	-	-	-	-	-	-	-	-	-
Chorro Valley	2,235	2,344	2,344	2,344	2,450	2,450	2,450	2,450	2,450
Lopez	1,892	1,925	1,940	1,965	1,927	1,954	1,966	1,990	2,002
Guadalupe	555	564	605	605	605	605	605	605	605
Santa Maria	14,400	16,200	17,820	17,820	16,689	17,058	17,405	17,756	17,820
Golden State Water Co.	270	403	550	550	550	550	550	550	550
VAFB	4,100	4,695	6,050	6,050	6,050	6,050	6,050	6,050	6,050
Buellton	625	632	636	636	578	578	578	578	578
Santa Ynez (Solvang)	1,250	1,435	1,500	1,500	1,000	1,500	1,500	1,500	1,500
Santa Ynez	740	700	700	700	700	700	700	700	700
Goleta	2,712	4,950	4,950	4,950	4,950	4,950	4,950	4,950	4,950
Morehart Land	160	220	219	220	100	115	130	150	170
La Cumbre	915	1,024	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Raytheon	55	55	55	55	55	55	55	55	55
Santa Barbara	592	1,880	2,500	3,300	1,030	1,030	1,030	1,030	1,030
Montecito	2,000	3,079	3,300	3,300	1,200	1,250	1,300	1,350	1,400
Carpinteria	409	1,532	2,200	2,200	600	600	600	600	600
TOTAL:	32,910	41,638	46,469	47,295	39,584	40,545	40,969	41,414	41,560

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 2006/07	32,910	-	32,910	
FY 2007/08	41,638	-	41,638	
FY 2008/09	46,469	-	46,469	
FY 2009/10	47,295	-	47,295	

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 2006/07	\$ 5,336,568	\$ 1,417,643	\$ (1,417,643)	\$ -	\$ -	\$ -	\$ -	\$ 9,676,005	\$ 15,012,573
FY 2007/08	5,276,775	1,443,722	(1,443,722)	(0)	-	-	-	11,338,334	16,615,109
FY 2008/09	5,455,568	1,462,093	(1,462,093)	-	-	-	-	11,906,509	17,362,077
FY 2009/10	5,645,963	1,481,014	(1,481,014)	-	-	-	-	11,870,184	17,516,146

(1) Includes capital improvement projects and non-annual recurring expenses.

(2) Net of CCWA credits

CCWA Variable O&M Charges

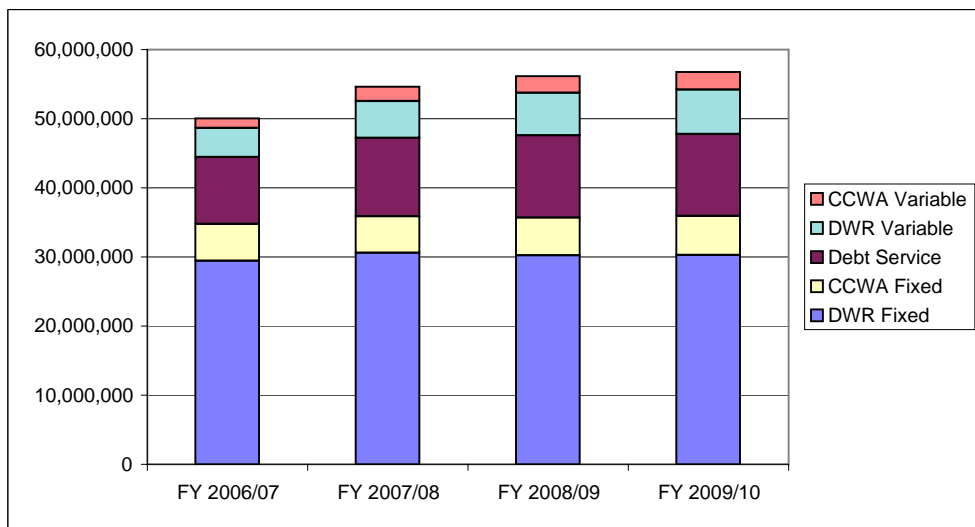
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2006/07	\$ 1,300,936	\$ 396,894	\$ 122,939	\$ (122,939)	\$ 0	\$ -	\$ (143,086)	\$ (135,685)	\$ 1,419,059
FY 2007/08	1,588,680	738,920	301,260	(301,260)	0	-	(135,082)	(70,164)	2,122,354
FY 2008/09	1,815,532	830,792	356,293	(356,293)	0	-	(135,082)	(70,003)	2,441,239
FY 2009/10	1,885,404	877,250	392,824	(392,824)	0	-	(135,082)	(68,792)	2,558,781

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 2006/07	\$ 29,426,824	\$ 4,206,474	\$ 33,633,298	\$ 5,336,568	\$ 1,419,059	\$ 9,676,005	\$ 29,426,824	\$ 4,206,474
FY 2007/08	30,587,935	5,322,069	35,910,003	5,276,775	2,122,354	11,338,334	30,587,935	5,322,069	54,647,466
FY 2008/09	30,248,767	6,124,088	36,372,855	5,455,568	2,441,239	11,906,509	30,248,767	6,124,088	56,176,171
FY 2009/10	30,270,841	6,430,721	36,701,563	5,645,963	2,558,781	11,870,184	30,270,841	6,430,721	56,776,490

(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 2006/07	28,783	-	28,783	
FY 2007/08	37,369	-	37,369	
FY 2008/09	42,185	-	42,185	
FY 2009/10	42,986	-	42,986	

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 2006/07	\$ 4,819,869	\$ 1,417,643	\$ (1,417,643)	\$ -	\$ -	\$ -	\$ -	\$ 8,602,289	\$ 13,422,158
FY 2007/08	4,961,530	1,443,722	(1,443,722)	(0)	-	-	-	9,955,437	14,916,967
FY 2008/09	5,130,313	1,462,093	(1,462,093)	-	-	-	-	10,521,387	15,651,700
FY 2009/10	5,310,191	1,481,014	(1,481,014)	0	-	-	-	10,489,442	15,799,633

- (1) Includes capital improvement projects and non-annual recurring expenses.
 (2) Net of CCWA credits.

CCWA Variable O&M Charges

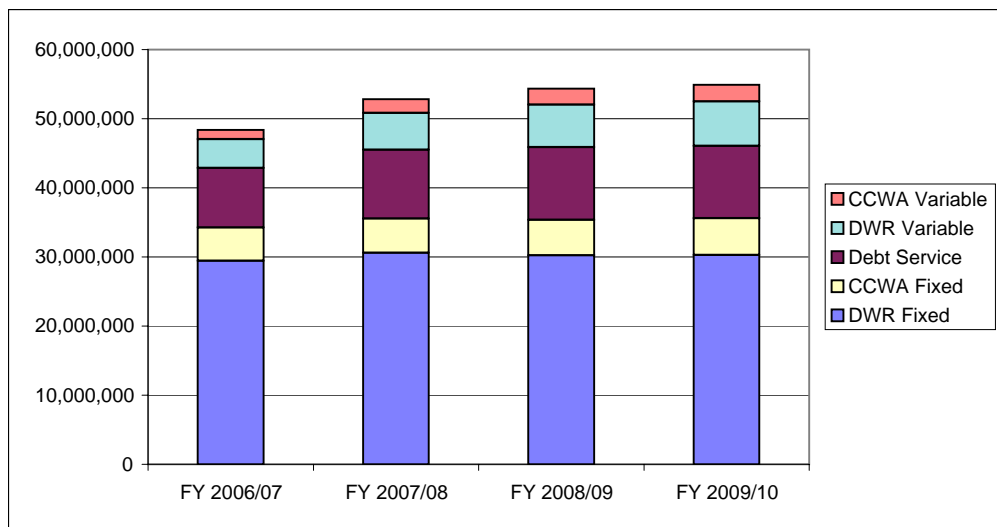
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2006/07	\$ 1,184,991	\$ 396,894	\$ 122,939	\$ (122,939)	\$ 0	\$ -	\$ (143,086)	\$ (135,685)	\$ 1,303,114
FY 2007/08	1,465,146	738,920	301,260	(301,260)	0	-	(135,082)	(70,164)	1,998,820
FY 2008/09	1,687,854	830,792	356,293	(356,293)	0	-	(135,082)	(70,003)	2,313,561
FY 2009/10	1,753,120	877,250	392,824	(392,824)	0	-	(135,082)	(68,792)	2,426,496

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 2006/07	\$ 29,426,824	\$ 4,206,474	\$ 33,633,298	\$ 4,819,869	\$ 1,303,114	\$ 8,602,289	\$ 29,426,824	\$ 4,206,474
FY 2007/08	30,587,935	5,322,069	35,910,003	4,961,530	1,998,820	9,955,437	30,587,935	5,322,069	52,825,790
FY 2008/09	30,248,767	6,124,088	36,372,855	5,130,313	2,313,561	10,521,387	30,248,767	6,124,088	54,338,116
FY 2009/10	30,270,841	6,430,721	36,701,563	5,310,191	2,426,496	10,489,442	30,270,841	6,430,721	54,927,692

- (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 2006/07	-	-	-	
FY 2007/08	-	-	-	
FY 2008/09	-	-	-	
FY 2009/10	-	-	-	

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 2006/07	\$ 6,249							\$ 13,052	\$ 19,302
FY 2007/08	6,329							13,728	20,057
FY 2008/09	6,528							13,751	20,278
FY 2009/10	6,736							13,707	20,443

(1) Includes capital improvement projects and non-annual recurring expenses.

(2) Net of CCWA credits.

CCWA Variable O&M Charges

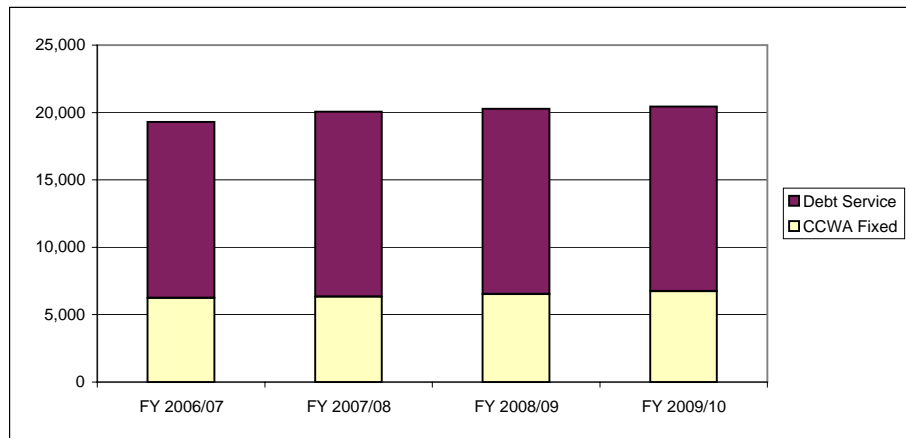
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2006/07	\$0								\$ -
FY 2007/08	-								-
FY 2008/09	-								-
FY 2009/10	-								-

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 2006/07			\$ -	\$ 6,249	\$ -	\$ 13,052	\$ -	\$ -	\$ 19,302
FY 2007/08			-	6,329	-	13,728	-	-	20,057
FY 2008/09			-	6,528	-	13,751	-	-	20,278
FY 2009/10			-	6,736	-	13,707	-	-	20,443

(2) Net of DWR account interest income.



Central Coast Water Authority
FY 2006/07 Four Year Financial Plan
 Project Participant Payment Summary

Shandon

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)
April 1, 2006	\$ -	0
June 1, 2006	\$ 19,302	n/a
July 1, 2006	\$ -	0
October 1, 2006	\$ -	0
January 1, 2007	\$ -	0
April 1, 2007	\$ -	0
June 1, 2007	\$ 20,057	n/a
July 1, 2007	\$ -	0
October 1, 2007	\$ -	0
January 1, 2008	\$ -	0
April 1, 2008	\$ -	0
June 1, 2008	\$ 20,278	n/a
July 1, 2008	\$ -	0
October 1, 2008	\$ -	0
January 1, 2009	\$ -	0
April 1, 2009	\$ -	0
June 1, 2009	\$ 20,443	n/a
July 1, 20089	\$ -	0
October 1, 2009	\$ -	0
January 1, 2010	\$ -	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 2006/07	2,235	-	2,235
FY 2007/08	2,344	-	2,344
FY 2008/09	2,344	-	2,344
FY 2009/10	2,344	-	2,344

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 2006/07	\$ 165,128							\$ 1,045,189	\$ 1,210,317
FY 2007/08	147,963							1,073,986	1,221,949
FY 2008/09	152,616							1,075,714	1,228,329
FY 2009/10	157,486							1,072,312	1,229,798

(1) Includes capital improvement projects and non-annual recurring expenses.

(2) Net of CCWA credits.

CCWA Variable O&M Charges

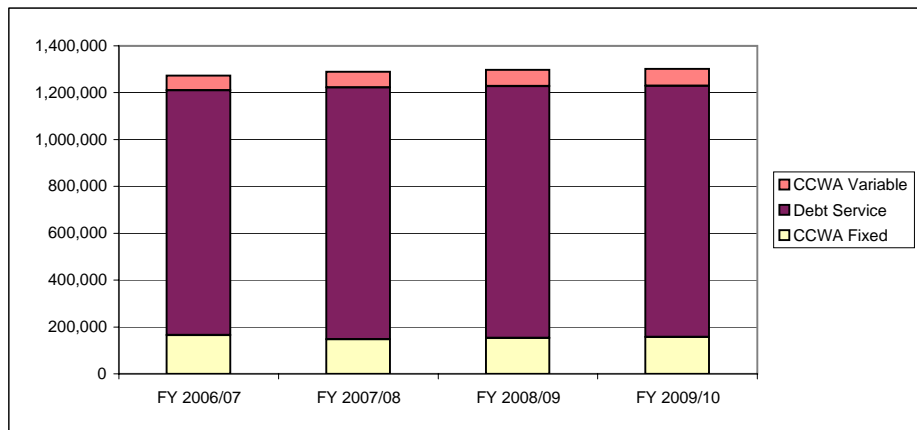
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2006/07	\$ 62,779								\$ 62,779
FY 2007/08	67,831								67,831
FY 2008/09	69,866								69,866
FY 2009/10	71,962								71,962

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 2006/07			\$ -	\$ 165,128	\$ 62,779	\$ 1,045,189	\$ -	\$ -	\$ 1,273,096
FY 2007/08			-	147,963	67,831	1,073,986	-	-	1,289,780
FY 2008/09			-	152,616	69,866	1,075,714	-	-	1,298,196
FY 2009/10			-	157,486	71,962	1,072,312	-	-	1,301,761

(2) Net of DWR account interest income.



Central Coast Water Authority
FY 2006/07 Four Year Financial Plan
 Project Participant Payment Summary

Chorro Valley

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)
April 1, 2006	\$ 17,240	614
June 1, 2006	\$ 1,210,317	n/a
July 1, 2006	\$ 14,778	526
October 1, 2006	\$ 14,139	503
January 1, 2007	\$ 16,623	592
April 1, 2007	\$ 20,284	701
June 1, 2007	\$ 1,221,949	n/a
July 1, 2007	\$ 15,689	542
October 1, 2007	\$ 14,737	509
January 1, 2008	\$ 17,122	592
April 1, 2008	\$ 20,714	695
June 1, 2008	\$ 1,228,329	n/a
July 1, 2008	\$ 16,160	542
October 1, 2008	\$ 15,358	515
January 1, 2009	\$ 17,635	592
April 1, 2009	\$ 21,151	689
June 1, 2009	\$ 1,229,798	n/a
July 1, 20089	\$ 16,645	542
October 1, 2009	\$ 16,002	521
January 1, 2010	\$ 18,164	592

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 2006/07	1,892	-	1,892	
FY 2007/08	1,925	-	1,925	
FY 2008/09	1,940	-	1,940	
FY 2009/10	1,965	-	1,965	

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 2006/07	\$ 181,798							\$ 178,998	\$ 360,796
FY 2007/08	160,953							295,183	456,136
FY 2008/09	166,112							295,658	461,770
FY 2009/10	171,549							294,723	466,272

(1) Includes capital improvement projects and non-annual recurring expenses.

(2) Net of CCWA credits.

CCWA Variable O&M Charges

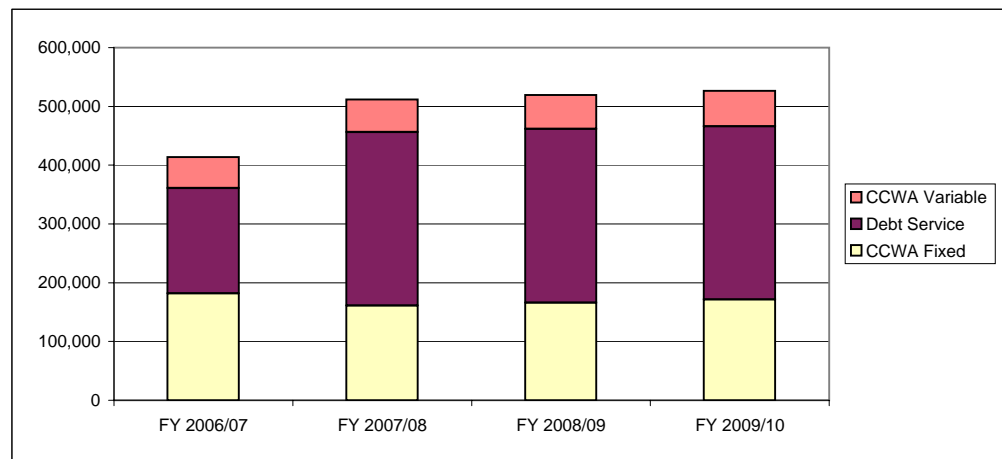
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2006/07	\$ 53,165								\$ 53,165
FY 2007/08	55,702								55,702
FY 2008/09	57,811								57,811
FY 2009/10	60,323								60,323

DWR Charges

Total State Water Charges

Fiscal Year	DWR Fixed Costs ⁽²⁾	DWR Variable Costs	Total DWR Costs	<u>Total State Water Charges</u>					
				CCWA Fixed	CCWA Variable O&M	Debt Service	DWR Fixed	DWR Variable O&M	Total SWP Charges
FY 2006/07			-	\$ 181,798	\$ 53,165	\$ 178,998	-	-	\$ 413,961
FY 2007/08			-	160,953	55,702	295,183	-	-	511,838
FY 2008/09			-	166,112	57,811	295,658	-	-	519,581
FY 2009/10			-	171,549	60,323	294,723	-	-	526,594

(2) Net of DWR account interest income.



Central Coast Water Authority
FY 2006/07 Four Year Financial Plan
 Project Participant Payment Summary

Lopez

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)
April 1, 2006	\$ 15,909	566
June 1, 2006	\$ 360,796	n/a
July 1, 2006	\$ 12,382	441
October 1, 2006	\$ 10,452	372
January 1, 2007	\$ 14,422	513
April 1, 2007	\$ 16,553	572
June 1, 2007	\$ 456,136	n/a
July 1, 2007	\$ 13,341	461
October 1, 2007	\$ 10,861	375
January 1, 2008	\$ 14,947	517
April 1, 2008	\$ 17,118	574
June 1, 2008	\$ 461,770	n/a
July 1, 2008	\$ 13,926	467
October 1, 2008	\$ 11,247	377
January 1, 2009	\$ 15,521	521
April 1, 2009	\$ 17,650	575
June 1, 2009	\$ 466,272	n/a
July 1, 20089	\$ 14,786	482
October 1, 2009	\$ 11,768	383
January 1, 2010	\$ 16,118	525

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 2006/07	555	-	555	
FY 2007/08	564	-	564	
FY 2008/09	605	-	605	
FY 2009/10	605	-	605	

CCWA Fixed Charges

Fiscal Year	Fixed O&M Expenses ⁽¹⁾	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Revenue Bond Debt Service ⁽²⁾	Fixed CCWA Charges
		Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	Capital Modifications	Fixed O&M Modifications	Total Exchange Modifications		
FY 2006/07	\$ 61,396	\$ 19,952	\$ -	\$ 19,952	\$ -	\$ -	\$ -	\$ 159,511	\$ 240,859
FY 2007/08	53,372	20,320	-	20,320	-	-	-	168,173	241,865
FY 2008/09	55,067	20,578	-	20,578	-	-	-	168,444	244,089
FY 2009/10	56,849	20,844	-	20,844	-	-	-	167,911	245,604

(1) Includes capital improvement projects and non-annual recurring expenses.

(2) Net of CCWA credits.

CCWA Variable O&M Charges

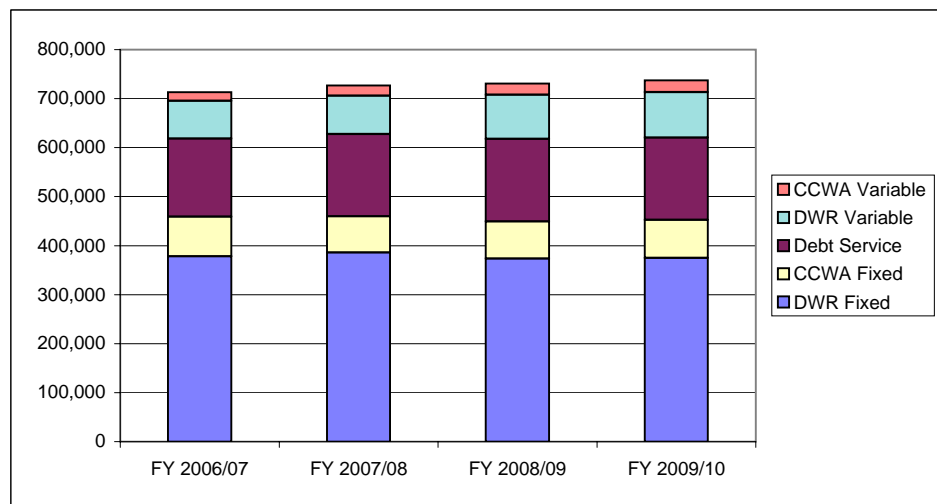
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2006/07	\$ 15,592	\$ -	\$ 2,264	\$ -	\$ 2,264	\$ -	\$ -	\$ -	\$ 17,856
FY 2007/08	16,320	-	4,528	-	4,528	-	-	-	20,848
FY 2008/09	18,032	-	5,110	-	5,110	-	-	-	23,142
FY 2009/10	18,573	-	5,557	-	5,557	-	-	-	24,130

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 2007/08	386,034	78,154	464,187	73,692	20,848	168,173	386,034	78,154	726,901
FY 2008/09	373,674	89,837	463,511	75,645	23,142	168,444	373,674	89,837	730,742
FY 2009/10	374,600	93,043	467,643	77,693	24,130	167,911	374,600	93,043	737,377

(3) Net of DWR account interest income.



Central Coast Water Authority
FY 2006/07 Four Year Financial Plan
 Project Participant Payment Summary

City of Guadalupe

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)
April 1, 2006	\$ 24,040	150
June 1, 2006	\$ 618,656	n/a
July 1, 2006	\$ 23,558	135
October 1, 2006	\$ 23,558	135
January 1, 2007	\$ 23,558	135
April 1, 2007	\$ 26,073	150
June 1, 2007	\$ 627,899	n/a
July 1, 2007	\$ 23,869	135
October 1, 2007	\$ 26,073	150
January 1, 2008	\$ 22,987	129
April 1, 2008	\$ 31,370	171
June 1, 2008	\$ 617,763	n/a
July 1, 2008	\$ 28,838	155
October 1, 2008	\$ 28,047	150
January 1, 2009	\$ 24,724	129
April 1, 2009	\$ 32,550	171
June 1, 2009	\$ 620,204	n/a
July 1, 20089	\$ 29,912	155
October 1, 2009	\$ 29,087	150
January 1, 2010	\$ 25,625	129

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 2006/07	14,400	-	14,400
FY 2007/08	16,200	-	16,200
FY 2008/09	17,820	-	17,820
FY 2009/10	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 2006/07	\$ 1,713,915	\$ 587,692	\$ -	\$ 587,692	\$ -	\$ -	\$ -	\$ (164,089)	\$ 2,137,518
FY 2007/08	1,606,487	598,503	-	598,503	-	-	-	-	2,204,990
FY 2008/09	1,657,838	606,119	-	606,119	-	-	-	-	2,263,956
FY 2009/10	1,711,916	613,963	-	613,963	-	-	-	-	2,325,879

(1) Includes capital improvement projects and non-annual recurring expenses.

CCWA Variable O&M Charges

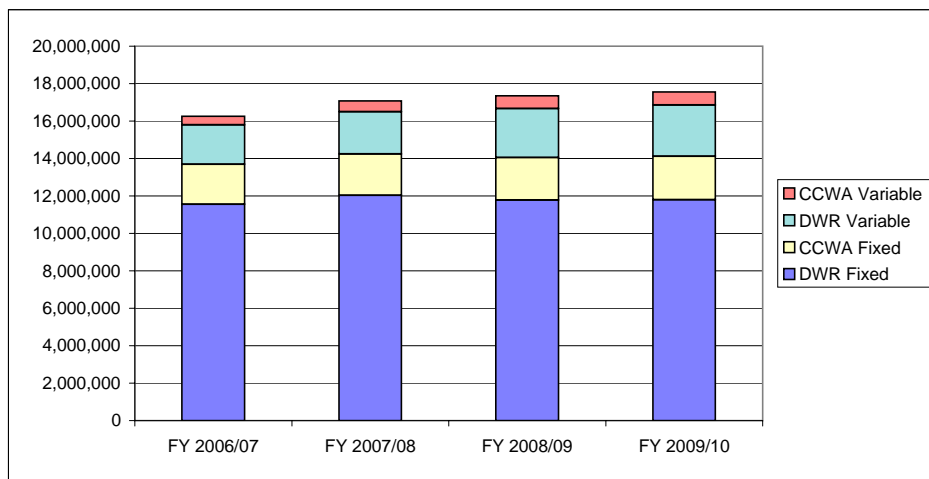
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2006/07	\$ 404,552	\$ -	\$ 59,141	\$ -	\$ 59,141	\$ -	\$ -	\$ -	\$ 463,693
FY 2007/08	468,775	-	125,277	-	125,277	-	-	-	594,051
FY 2008/09	531,122	-	147,019	-	147,019	-	-	-	678,141
FY 2009/10	547,055	-	159,980	-	159,980	-	-	-	707,035

DWR Charges

Total State Water Charges

Fiscal Year	DWR Fixed Costs ⁽²⁾	DWR Variable Costs	Total DWR Costs	<u>CCWA</u>						Total SWP Charges
				Fixed	Variable O&M	Credits	DWR Fixed	DWR Variable O&M	Total SWP Charges	
FY 2006/07	\$ 11,556,098	\$ 2,098,187	\$ 13,654,285	\$ 2,301,607	\$ 463,693	\$ (164,089)	\$ 11,556,098	\$ 2,098,187	\$ 16,255,496	
FY 2007/08	12,028,766	2,256,620	14,285,386	2,204,990	594,051	0	12,028,766	2,256,620	17,084,427	
FY 2008/09	11,784,198	2,627,029	14,411,227	2,263,956	678,141	0	11,784,198	2,627,029	17,353,324	
FY 2009/10	11,801,922	2,728,836	14,530,758	2,325,879	707,035	0	11,801,922	2,728,836	17,563,671	

(2) Net of DWR account interest income.



Central Coast Water Authority
FY 2006/07 Four Year Financial Plan
 Project Participant Payment Summary

City of Santa Maria

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)
April 1, 2006	\$ 679,111	4,800
June 1, 2006	\$ 13,693,615	n/a
July 1, 2006	\$ 624,370	3,100
October 1, 2006	\$ 605,049	2,500
January 1, 2007	\$ 653,350	4,000
April 1, 2007	\$ 822,670	4,800
June 1, 2007	\$ 14,233,756	n/a
July 1, 2007	\$ 573,331	3,100
October 1, 2007	\$ 676,000	3,800
January 1, 2008	\$ 778,669	4,500
April 1, 2008	\$ 936,141	5,150
June 1, 2008	\$ 14,048,154	n/a
July 1, 2008	\$ 812,858	4,370
October 1, 2008	\$ 722,766	3,800
January 1, 2009	\$ 833,405	4,500
April 1, 2009	\$ 973,418	5,150
June 1, 2009	\$ 14,127,800	n/a
July 1, 20089	\$ 844,970	4,370
October 1, 2009	\$ 751,105	3,800
January 1, 2010	\$ 866,378	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 2006/07	270	-	270	
FY 2007/08	403	-	403	
FY 2008/09	550	-	550	
FY 2009/10	550	-	550	

CCWA Fixed Charges

Fiscal Year	Fixed O&M Expenses ⁽¹⁾	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			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 2006/07	\$ 55,783	\$ 18,139	\$ -	\$ 18,139	\$ -	\$ -	\$ -	\$ (875)	\$ 73,047
FY 2007/08	49,583	18,472	-	18,472	-	-	-	-	68,055
FY 2008/09	51,168	18,707	-	18,707	-	-	-	-	69,875
FY 2009/10	52,837	18,949	-	18,949	-	-	-	-	71,786

(1) Includes capital improvement projects and non-annual recurring expenses.

CCWA Variable O&M Charges

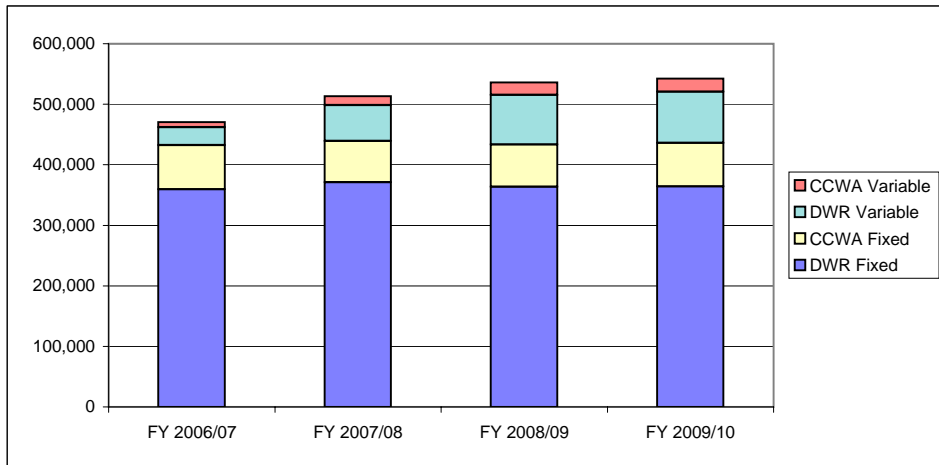
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2006/07	\$ 7,585	\$ -	\$ 1,121	\$ -	\$ 1,121	\$ -	\$ -	\$ -	\$ 8,706
FY 2007/08	11,661	-	3,275	-	3,275	-	-	-	14,937
FY 2008/09	16,393	-	4,558	-	4,558	-	-	-	20,950
FY 2009/10	16,884	-	4,961	-	4,961	-	-	-	21,845

DWR Charges

Total State Water Charges

Fiscal Year	DWR Charges		Total DWR Costs	Total State Water Charges			DWR Variable O&M	Total SWP Charges
	DWR Fixed Costs ⁽²⁾	DWR Variable Costs		CCWA Fixed	CCWA Variable O&M	CCWA Credits		
FY 2006/07	\$ 359,460	\$ 29,423	\$ 388,883	\$ 73,922	\$ 8,706	\$ (875)	\$ 359,460	\$ 470,636
FY 2007/08	371,258	58,979	430,237	68,055	14,937	0	371,258	513,229
FY 2008/09	363,710	81,670	445,380	69,875	20,950	0	363,710	536,205
FY 2009/10	364,257	84,585	448,842	71,786	21,845	0	364,257	542,473

(2) Net of DWR account interest income.



Central Coast Water Authority
FY 2006/07 Four Year Financial Plan
 Project Participant Payment Summary

Golden State Water Company

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)
April 1, 2006	\$ 10,258	90
June 1, 2006	\$ 432,507	n/a
July 1, 2006	\$ 9,290	60
October 1, 2006	\$ 8,807	45
January 1, 2007	\$ 9,774	75
April 1, 2007	\$ 16,898	90
June 1, 2007	\$ 439,313	n/a
July 1, 2007	\$ 12,486	60
October 1, 2007	\$ 21,310	120
January 1, 2008	\$ 23,222	133
April 1, 2008	\$ 28,738	157
June 1, 2008	\$ 433,585	n/a
July 1, 2008	\$ 26,050	140
October 1, 2008	\$ 22,889	120
January 1, 2009	\$ 24,944	133
April 1, 2009	\$ 29,820	157
June 1, 2009	\$ 436,043	n/a
July 1, 20089	\$ 27,019	140
October 1, 2009	\$ 23,725	120
January 1, 2010	\$ 25,866	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 2006/07	4,100	-	4,100
FY 2007/08	4,695	-	4,695
FY 2008/09	6,050	-	6,050
FY 2009/10	6,050	-	6,050

CCWA Fixed Charges

Fiscal Year	Fixed O&M Expenses ⁽¹⁾	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			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 2006/07	\$ 648,448	\$ 199,525	\$ -	\$ 199,525	\$ -	\$ -	\$ -	\$ (1,855)	\$ 846,118
FY 2007/08	645,752	203,195	-	203,195	-	-	-	-	848,948
FY 2008/09	667,324	205,781	-	205,781	-	-	-	-	873,105
FY 2009/10	690,175	208,444	-	208,444	-	-	-	-	898,619

(1) Includes capital improvement projects and non-annual recurring expenses.

CCWA Variable O&M Charges

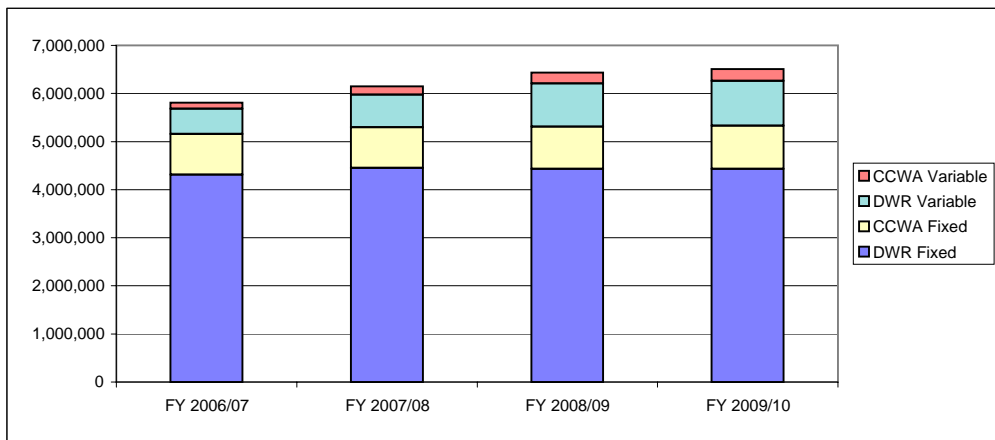
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2006/07	\$ 115,185	\$ -	\$ 16,709	\$ -	\$ 16,709	\$ -	\$ -	\$ -	\$ 131,894
FY 2007/08	135,858	-	38,677	-	38,677	-	-	-	174,534
FY 2008/09	180,319	-	50,836	-	50,836	-	-	-	231,155
FY 2009/10	185,729	-	55,203	-	55,203	-	-	-	240,932

DWR Charges

Total State Water Charges

Fiscal Year	<u>DWR Charges</u>			<u>Total State Water Charges</u>						
	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 2006/07	\$ 4,312,751	\$ 520,881	\$ 4,833,632	\$ 847,973	\$ 131,894	\$ (1,855)	\$ 4,312,751	\$ 520,881	\$ 5,811,644	
FY 2007/08	4,450,333	677,586	5,127,919	848,948	174,534	0	4,450,333	677,586	6,151,402	
FY 2008/09	4,433,823	898,373	5,332,196	873,105	231,155	0	4,433,823	898,373	6,436,456	
FY 2009/10	4,434,522	930,433	5,364,955	898,619	240,932	0	4,434,522	930,433	6,504,506	

(2) Net of DWR account interest income.



Central Coast Water Authority
FY 2006/07 Four Year Financial Plan
 Project Participant Payment Summary

Vandenberg Air Force Base

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)
April 1, 2006	\$ 178,474	1,500
June 1, 2006	\$ 5,158,869	n/a
July 1, 2006	\$ 155,956	800
October 1, 2006	\$ 149,522	600
January 1, 2007	\$ 168,823	1,200
April 1, 2007	\$ 187,459	1,000
June 1, 2007	\$ 5,299,281	n/a
July 1, 2007	\$ 158,024	800
October 1, 2007	\$ 253,687	1,450
January 1, 2008	\$ 252,951	1,445
April 1, 2008	\$ 304,927	1,655
June 1, 2008	\$ 5,306,928	n/a
July 1, 2008	\$ 280,404	1,500
October 1, 2008	\$ 272,494	1,450
January 1, 2009	\$ 271,703	1,445
April 1, 2009	\$ 316,329	1,655
June 1, 2009	\$ 5,333,141	n/a
July 1, 20089	\$ 290,781	1,500
October 1, 2009	\$ 282,540	1,450
January 1, 2010	\$ 281,716	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 2006/07	625	-	625	
FY 2007/08	632	-	632	
FY 2008/09	636	-	636	
FY 2009/10	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 2006/07	\$ 83,320	\$ 20,968	\$ -	\$ 20,968	\$ -	\$ -	\$ -	\$ 290,510	\$ 394,798
FY 2007/08	82,352	21,354	-	21,354	-	-	-	297,843	401,549
FY 2008/09	85,216	21,626	-	21,626	-	-	-	298,323	405,164
FY 2009/10	88,267	21,906	-	21,906	-	-	-	297,379	407,552

(1) Includes capital improvement projects and non-annual recurring expenses.
 (2) Net of CCWA credits.

CCWA Variable O&M Charges

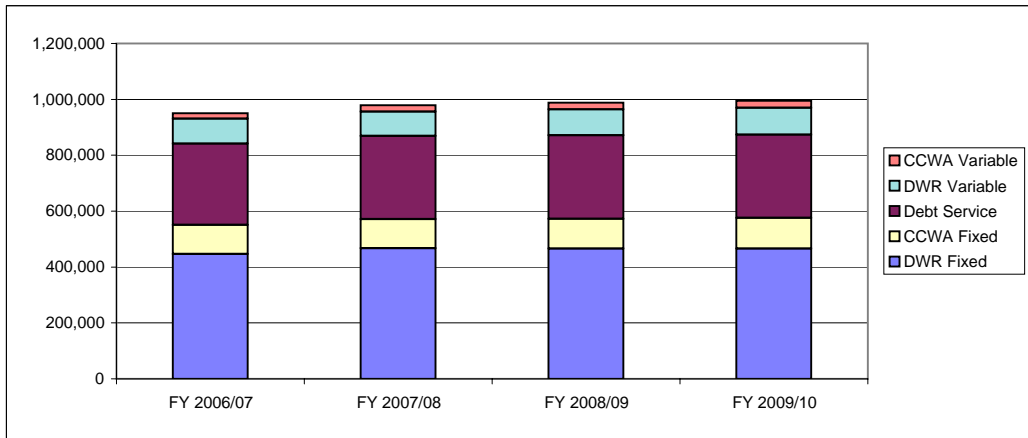
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2006/07	\$ 17,559	\$ -	\$ 2,581	\$ -	\$ 2,581	\$ -	\$ -	\$ -	\$ 20,140
FY 2007/08	18,288	-	4,924	-	4,924	-	-	-	23,212
FY 2008/09	18,956	-	5,321	-	5,321	-	-	-	24,277
FY 2009/10	19,525	-	5,781	-	5,781	-	-	-	25,306

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 2007/08	467,695	86,459	554,154	103,706	23,212	297,843	467,695	86,459	978,915
FY 2008/09	465,960	92,988	558,948	106,842	24,277	298,323	465,960	92,988	988,389
FY 2009/10	466,033	96,174	562,207	110,172	25,306	297,379	466,033	96,174	995,065

(3) Net of DWR account interest income.



Central Coast Water Authority
FY 2006/07 Four Year Financial Plan
 Project Participant Payment Summary

City of Buellton

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)
April 1, 2006	\$ 28,345	190
June 1, 2006	\$ 841,750	n/a
July 1, 2006	\$ 26,734	140
October 1, 2006	\$ 26,089	120
January 1, 2007	\$ 27,861	175
April 1, 2007	\$ 32,113	190
June 1, 2007	\$ 869,244	n/a
July 1, 2007	\$ 24,777	140
October 1, 2007	\$ 26,244	150
January 1, 2008	\$ 26,537	152
April 1, 2008	\$ 32,954	182
June 1, 2008	\$ 871,124	n/a
July 1, 2008	\$ 28,209	152
October 1, 2008	\$ 27,893	150
January 1, 2009	\$ 28,209	152
April 1, 2009	\$ 34,160	182
June 1, 2009	\$ 873,585	n/a
July 1, 20089	\$ 29,216	152
October 1, 2009	\$ 28,887	150
January 1, 2010	\$ 29,216	152

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 2006/07	1,250	-	1,250
FY 2007/08	1,435	-	1,435
FY 2008/09	1,500	-	1,500
FY 2009/10	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 2006/07	\$ 201,497	\$ 54,416	\$ -	\$ 54,416	\$ -	\$ -	\$ -	\$ 601,513	\$ 857,427
FY 2007/08	213,715	55,417	-	55,417	-	-	-	951,568	1,220,700
FY 2008/09	221,149	56,122	-	56,122	-	-	-	948,588	1,225,860
FY 2009/10	229,066	56,848	-	56,848	-	-	-	949,890	1,235,805

(1) Includes capital improvement projects and non-annual recurring expenses.
 (2) Net of CCWA credits.

CCWA Variable O&M Charges

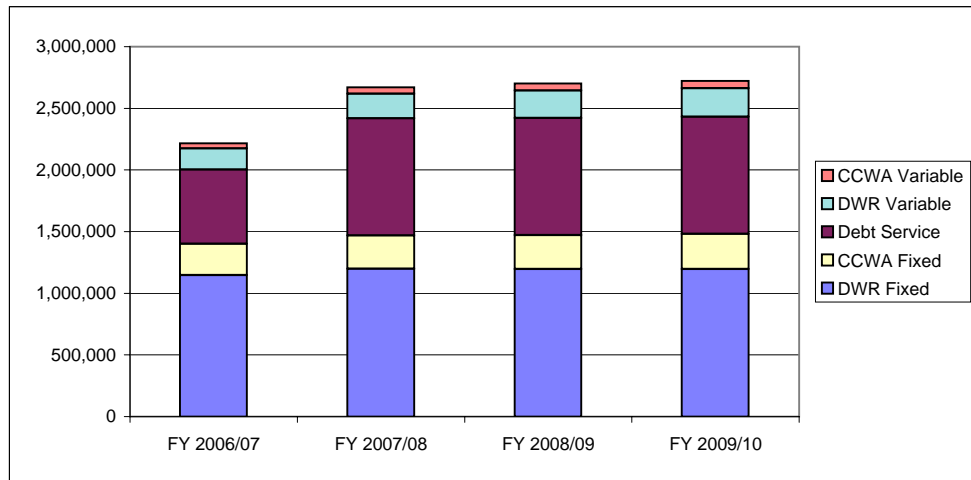
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	Regional WTP Modifications			Exchange Agreement Modifications			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2006/07	\$ 35,117	\$ -	\$ 4,994	\$ -	\$ 4,994	\$ -	\$ -	\$ -	\$ 40,112
FY 2007/08	41,524	-	10,875	-	10,875	-	-	-	52,399
FY 2008/09	44,707	-	12,452	-	12,452	-	-	-	57,159
FY 2009/10	46,048	-	13,540	-	13,540	-	-	-	59,589

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 2006/07	\$ 1,146,249	\$ 171,624	\$ 1,317,874	\$ 255,913	\$40,112	\$601,513	\$ 1,146,249	\$ 171,624	\$ 2,215,411
FY 2007/08	1,198,990	197,801	1,396,791	269,132	52,399	951,568	1,198,990	197,801	2,669,890
FY 2008/09	1,195,207	222,737	1,417,944	277,271	57,159	948,588	1,195,207	222,737	2,700,963
FY 2009/10	1,195,373	230,686	1,426,059	285,914	59,589	949,890	1,195,373	230,686	2,721,452

(3) Net of DWR account interest income.



Central Coast Water Authority
FY 2006/07 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, 2006	\$ 59,272	510
June 1, 2006	\$ 2,003,676	n/a
July 1, 2006	\$ 49,966	220
October 1, 2006	\$ 48,040	160
January 1, 2007	\$ 54,458	360
April 1, 2007	\$ 84,710	510
June 1, 2007	\$ 2,419,690	n/a
July 1, 2007	\$ 42,221	220
October 1, 2007	\$ 58,338	330
January 1, 2008	\$ 64,931	375
April 1, 2008	\$ 76,298	415
June 1, 2008	\$ 2,421,067	n/a
July 1, 2008	\$ 70,765	380
October 1, 2008	\$ 62,859	330
January 1, 2009	\$ 69,974	375
April 1, 2009	\$ 79,158	415
June 1, 2009	\$ 2,431,178	n/a
July 1, 2009	\$ 73,392	380
October 1, 2009	\$ 65,156	330
January 1, 2010	\$ 72,569	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 2006/07	740	2,467	3,207	
FY 2007/08	700	2,329	3,029	
FY 2008/09	700	2,329	3,029	
FY 2009/10	700	2,329	3,029	

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 2006/07	\$ 85,939	\$ 107,635	\$ -	\$ 107,635	\$ 179,583	\$ 131,396	\$ 310,979	\$ 220,167	\$ 724,720
FY 2007/08	71,238	104,516	-	104,516	169,537	124,870	294,408	356,289	826,451
FY 2008/09	73,716	105,846	-	105,846	169,537	128,616	298,154	355,173	832,890
FY 2009/10	76,355	107,216	-	107,216	169,537	132,475	302,012	355,661	841,244

(1) Includes capital improvement projects and non-annual recurring expenses.

(2) Net of CCWA credits

CCWA Variable O&M Charges

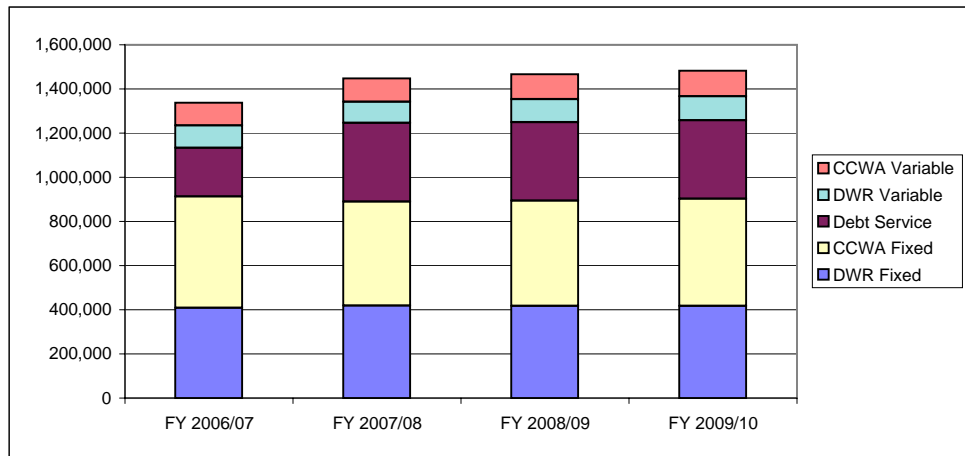
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2006/07	\$ 20,789	\$ -	\$ 12,602	\$ -	\$ 12,602	\$ 69,308	\$ -	\$ -	\$ 102,699
FY 2007/08	20,256	-	19,317	-	19,317	67,394	-	-	106,967
FY 2008/09	20,863	-	21,813	-	21,813	69,415	-	-	112,092
FY 2009/10	21,489	-	24,051	-	24,051	71,498	-	-	117,039

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 2006/07	\$ 409,212	\$ 100,627	\$ 509,839	\$ 504,553	\$ 102,699	\$ 220,167	\$ 409,212	\$ 100,627	\$ 1,337,258
FY 2007/08	419,313	95,644	514,957	470,162	106,967	356,289	419,313	95,644	1,448,375
FY 2008/09	417,093	103,944	521,037	477,716	112,092	355,173	417,093	103,944	1,466,018
FY 2009/10	417,180	107,653	524,833	485,584	117,039	355,661	417,180	107,653	1,483,116

(3) Net of DWR account interest income.



Central Coast Water Authority
FY 2006/07 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, 2006	\$ 75,529	240	1,573
June 1, 2006	\$ 1,133,932	n/a	n/a
July 1, 2006	\$ 37,934	220	399
October 1, 2006	\$ 30,729	70	174
January 1, 2007	\$ 59,133	210	1,061
April 1, 2007	\$ 77,942	210	1,421
June 1, 2007	\$ 1,245,765	n/a	n/a
July 1, 2007	\$ 40,933	210	373
October 1, 2007	\$ 18,506	70	174
January 1, 2008	\$ 65,229	210	1,061
April 1, 2008	\$ 82,772	210	1,421
June 1, 2008	\$ 1,249,982	n/a	n/a
July 1, 2008	\$ 43,989	210	373
October 1, 2008	\$ 19,825	70	174
January 1, 2009	\$ 69,450	210	1,061
April 1, 2009	\$ 86,195	210	1,421
June 1, 2009	\$ 1,258,424	n/a	n/a
July 1, 2009	\$ 45,701	210	373
October 1, 2009	\$ 20,512	70	174
January 1, 2010	\$ 72,285	210	1,061

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 2006/07	2,712	(888)	1,824	
FY 2007/08	4,950	(838)	4,112	
FY 2008/09	4,950	(838)	4,112	
FY 2009/10	4,950	(838)	4,112	

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 2006/07	\$ 698,120	\$ 131,029	\$ (453,812)	\$ (322,783)	\$ (64,650)	\$ (47,303)	\$ (111,953)	\$ 2,821,062	\$ 3,084,446
FY 2007/08	732,774	135,275	(462,856)	(327,581)	(61,033)	(44,953)	(105,987)	2,878,083	3,177,289
FY 2008/09	758,891	136,996	(468,745)	(331,749)	(61,033)	(46,302)	(107,335)	2,882,713	3,202,520
FY 2009/10	787,002	138,769	(474,811)	(336,042)	(61,033)	(47,691)	(108,724)	2,873,599	3,215,834

(1) Includes capital improvement projects and non-annual recurring expenses.

(2) Net of CCWA credits.

CCWA Variable O&M Charges

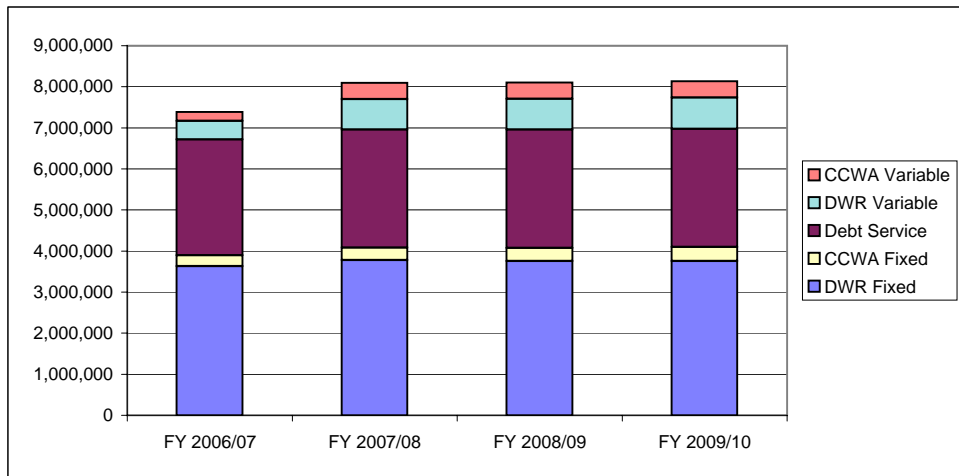
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2006/07	\$ 225,351	\$ 157,296	\$ 11,723	\$ (51,240)	\$ (39,517)	\$ (24,951)	\$ (51,511)	\$ (48,847)	\$ 217,821
FY 2007/08	292,362	287,100	35,618	(118,975)	(83,357)	(24,262)	(48,630)	(25,259)	397,956
FY 2008/09	296,317	287,100	37,307	(122,128)	(84,821)	(24,990)	(48,630)	(25,201)	399,775
FY 2009/10	298,168	287,100	40,138	(126,221)	(86,083)	(25,739)	(48,630)	(24,765)	400,051

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 2006/07	\$ 3,632,820	\$ 450,363	\$ 4,083,183	\$ 263,385	\$ 217,821	\$ 2,821,062	\$ 3,632,820	\$ 450,363
FY 2007/08	3,780,894	742,924	4,523,818	299,206	397,956	2,878,083	3,780,894	742,924	8,099,063
FY 2008/09	3,758,219	743,642	4,501,861	319,807	399,775	2,882,713	3,758,219	743,642	8,104,156
FY 2009/10	3,758,895	762,688	4,521,582	342,235	400,051	2,873,599	3,758,895	762,688	8,137,468

(3) Net of DWR account interest income. Includes DWR fixed costs for the Goleta additional 2500 AF.



Central Coast Water Authority
FY 2006/07 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, 2006	\$ 112,605	480	0
June 1, 2006	\$ 6,717,267	n/a	n/a
July 1, 2006	\$ 237,459	1,110	1,046
October 1, 2006	\$ 112,538	37	(0)
January 1, 2007	\$ 205,582	1,085	779
April 1, 2007	\$ 266,930	1,255	819
June 1, 2007	\$ 6,958,183	n/a	n/a
July 1, 2007	\$ 273,463	1,110	1,051
October 1, 2007	\$ 356,166	1,500	1,463
January 1, 2008	\$ 244,320	1,085	779
April 1, 2008	\$ 267,647	1,255	819
June 1, 2008	\$ 6,960,739	n/a	n/a
July 1, 2008	\$ 272,832	1,110	1,051
October 1, 2008	\$ 359,618	1,500	1,463
January 1, 2009	\$ 243,319	1,085	779
April 1, 2009	\$ 272,551	1,255	819
June 1, 2009	\$ 6,974,728	n/a	n/a
July 1, 20089	\$ 277,027	1,110	1,051
October 1, 2009	\$ 365,790	1,500	1,463
January 1, 2010	\$ 247,370	1,085	779

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 2006/07	160	-	160	
FY 2007/08	220	-	220	
FY 2008/09	219	-	219	
FY 2009/10	220	-	220	

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 2006/07	\$ 31,025	\$ 7,255	\$ (25,129)	\$ (17,873)	-	-	-	\$ 114,396	\$ 127,548
FY 2007/08	32,568	7,389	(25,282)	(17,893)	-	-	-	128,057	142,732
FY 2008/09	33,729	7,483	(25,604)	(18,121)	-	-	-	133,467	149,075
FY 2009/10	34,978	7,580	(25,935)	(18,355)	-	-	-	133,105	149,727

(1) Includes capital improvement projects and non-annual recurring expenses.

(2) Net of CCWA credits.

CCWA Variable O&M Charges

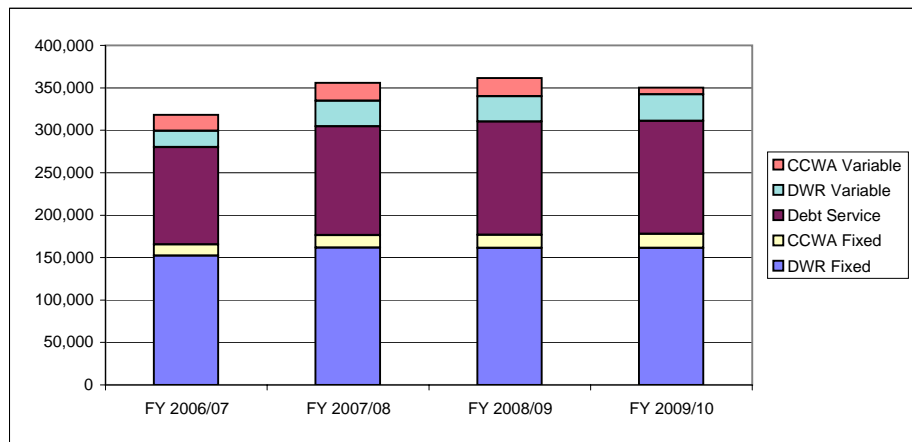
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2006/07	\$ 13,295	\$ 9,280	\$ 785	\$ (4,495)	\$ (3,710)	-	-	-	\$ 18,865
FY 2007/08	12,994	12,760	1,770	(6,366)	(4,596)	-	-	-	21,158
FY 2008/09	13,110	12,702	1,878	(6,505)	(4,627)	-	-	-	21,184
FY 2009/10	-	12,760	2,039	(6,754)	(4,715)	-	-	-	8,045

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 2006/07	\$ 152,420	\$ 19,188	\$ 171,609	\$13,151	\$ 18,865	\$114,396	\$ 152,420	\$ 19,188	\$ 318,021	
FY 2007/08	161,830	30,060	191,890	14,675	21,158	128,057	161,830	30,060	355,780	
FY 2008/09	161,230	29,918	191,148	15,608	21,184	133,467	161,230	29,918	361,407	
FY 2009/10	161,255	31,294	192,549	16,623	8,045	133,105	161,255	31,294	350,322	

(3) Net of DWR account interest income.



Central Coast Water Authority
FY 2006/07 Four Year Financial Plan
 Project Participant Payment Summary

Morehart Land Company

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)
April 1, 2006	\$ 11,754	59
June 1, 2006	\$ 279,967	n/a
July 1, 2006	\$ 10,692	50
October 1, 2006	\$ 4,797	0
January 1, 2007	\$ 10,810	51
April 1, 2007	\$ 13,629	59
June 1, 2007	\$ 304,562	n/a
July 1, 2007	\$ 11,774	50
October 1, 2007	\$ 13,835	60
January 1, 2008	\$ 11,980	51
April 1, 2008	\$ 13,480	58
June 1, 2008	\$ 310,305	n/a
July 1, 2008	\$ 11,746	50
October 1, 2008	\$ 13,913	60
January 1, 2009	\$ 11,963	51
April 1, 2009	\$ 10,481	59
June 1, 2009	\$ 310,983	n/a
July 1, 20089	\$ 9,027	50
October 1, 2009	\$ 10,643	60
January 1, 2010	\$ 9,189	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 2006/07	915	-	915	
FY 2007/08	1,024	-	1,024	
FY 2008/09	1,100	-	1,100	
FY 2009/10	1,100	-	1,100	

CCWA Fixed Charges

Fiscal Year	Fixed O&M Expenses ⁽¹⁾	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Revenue Bond Debt Service ⁽²⁾	Fixed CCWA Charges
		Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	Capital Modifications	Fixed O&M Modifications	Total Exchange Modifications		
FY 2006/07	\$ 155,156	\$ 36,277	\$ (125,644)	\$ (89,367)	-	-	-	\$ (455,945)	\$ (390,156)
FY 2007/08	162,839	36,945	(126,409)	(89,465)	-	-	-	613,282	686,656
FY 2008/09	168,643	37,415	(128,018)	(90,603)	-	-	-	639,191	717,231
FY 2009/10	174,889	37,899	(129,675)	(91,776)	-	-	-	637,455	720,569

(1) Includes capital improvement projects and non-annual recurring expenses.

(2) Net of CCWA credits.

CCWA Variable O&M Charges

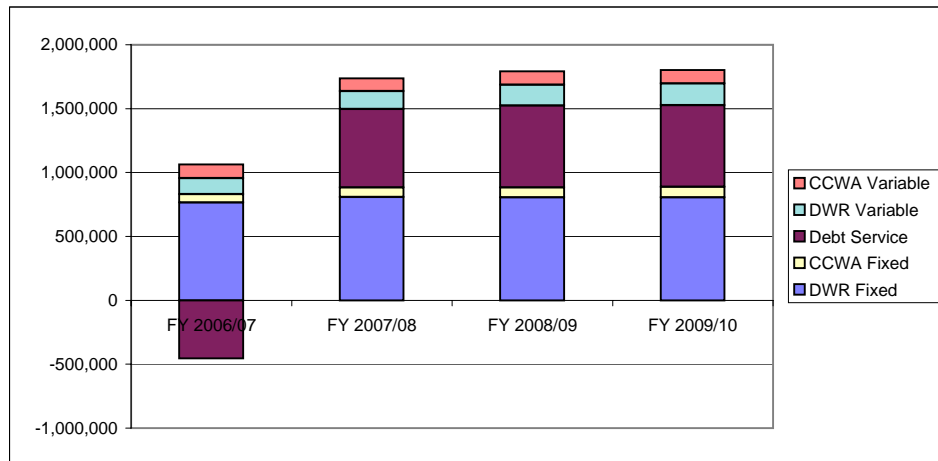
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2006/07	\$ 76,031	\$ 53,070	\$ 3,793	\$ (25,706)	\$ (21,913)	-	-	-	\$ 107,188
FY 2007/08	60,481	59,392	8,164	(29,631)	(21,468)	-	-	-	98,405
FY 2008/09	65,848	63,800	9,252	(32,674)	(23,422)	-	-	-	106,227
FY 2009/10	66,259	63,800	10,036	(33,769)	(23,733)	-	-	-	106,326

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 2006/07	\$ 764,442	\$ 126,103	\$ 890,545	\$65,789	\$ 107,188	\$ (455,945)	\$ 764,442	\$ 126,103	\$ 607,576	
FY 2007/08	809,151	141,938	951,089	73,374	98,405	613,282	809,151	141,938	1,736,150	
FY 2008/09	806,150	163,340	969,490	78,039	106,227	639,191	806,150	163,340	1,792,948	
FY 2009/10	806,277	169,170	975,446	83,114	106,326	637,455	806,277	169,170	1,802,341	

(3) Net of DWR account interest income.



Central Coast Water Authority
FY 2006/07 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, 2006	\$ 63,155	270
June 1, 2006	\$ 374,285	n/a
July 1, 2006	\$ 56,712	215
October 1, 2006	\$ 53,198	185
January 1, 2007	\$ 60,226	245
April 1, 2007	\$ 62,971	270
June 1, 2007	\$ 1,495,807	n/a
July 1, 2007	\$ 51,636	215
October 1, 2007	\$ 62,971	270
January 1, 2008	\$ 62,765	269
April 1, 2008	\$ 74,972	310
June 1, 2008	\$ 1,523,380	n/a
July 1, 2008	\$ 62,194	251
October 1, 2008	\$ 66,309	270
January 1, 2009	\$ 66,092	269
April 1, 2009	\$ 76,632	310
June 1, 2009	\$ 1,526,845	n/a
July 1, 20089	\$ 63,554	251
October 1, 2009	\$ 67,766	270
January 1, 2010	\$ 67,544	269

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 2006/07	55	-	55	
FY 2007/08	55	-	55	
FY 2008/09	55	-	55	
FY 2009/10	55	-	55	

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 2006/07	\$ 7,758	\$ 1,814	\$ (6,282)	\$ (4,468)	-	-	-	\$ 22,320	\$ 25,609
FY 2007/08	8,142	1,847	(6,320)	(4,473)	-	-	-	27,694	31,363
FY 2008/09	8,432	1,871	(6,401)	(4,530)	-	-	-	27,739	31,641
FY 2009/10	8,744	1,895	(6,484)	(4,589)	-	-	-	27,651	31,807

(1) Includes capital improvement projects and non-annual recurring expenses.

(2) Net of CCWA credits.

CCWA Variable O&M Charges

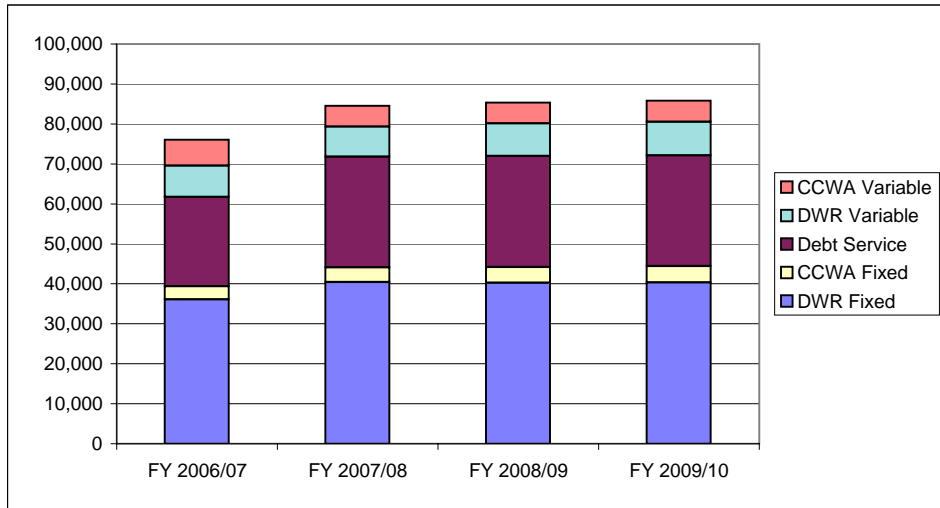
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2006/07	\$ 4,570	\$ 3,190	\$ 258	\$ (1,545)	\$ (1,287)	-	-	-	\$ 6,473
FY 2007/08	3,248	3,190	348	(1,592)	(1,244)	-	-	-	5,195
FY 2008/09	3,292	3,190	388	(1,634)	(1,246)	-	-	-	5,237
FY 2009/10	3,313	3,190	433	(1,688)	(1,255)	-	-	-	5,248

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 2006/07	\$ 36,106	\$ 7,845	\$ 43,951	\$ 3,289	\$ 6,473	\$ 22,320	\$ 36,106	\$ 7,845
FY 2007/08	40,458	7,515	47,972	3,669	5,195	27,694	40,458	7,515	84,530
FY 2008/09	40,307	8,167	48,475	3,902	5,237	27,739	40,307	8,167	85,352
FY 2009/10	40,314	8,458	48,772	4,156	5,248	27,651	40,314	8,458	85,827

(3) Net of DWR account interest income.



Central Coast Water Authority
FY 2006/07 Four Year Financial Plan
 Project Participant Payment Summary

Raytheon

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)
April 1, 2006	\$ 4,668	23
June 1, 2006	\$ 61,715	n/a
July 1, 2006	\$ 3,727	15
October 1, 2006	\$ 1,961	0
January 1, 2007	\$ 3,962	17
April 1, 2007	\$ 5,069	23
June 1, 2007	\$ 71,820	n/a
July 1, 2007	\$ 3,433	15
October 1, 2007	\$ 366	0
January 1, 2008	\$ 3,842	17
April 1, 2008	\$ 5,342	23
June 1, 2008	\$ 71,948	n/a
July 1, 2008	\$ 3,620	15
October 1, 2008	\$ 392	0
January 1, 2009	\$ 4,050	17
April 1, 2009	\$ 5,465	23
June 1, 2009	\$ 72,120	n/a
July 1, 20089	\$ 3,702	15
October 1, 2009	\$ 396	0
January 1, 2010	\$ 4,143	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 2006/07	592	(592)	(0)	
FY 2007/08	1,880	(559)	1,321	
FY 2008/09	2,500	(559)	1,941	
FY 2009/10	3,300	(559)	2,741	

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 2006/07	\$ 465,387	\$ 87,353	\$ (302,541)	\$ (215,188)	\$ (43,100)	\$ (31,535)	\$ (74,635)	\$ 1,738,558	\$ 1,914,122
FY 2007/08	488,516	90,183	(308,571)	(218,387)	(40,689)	(29,969)	(70,658)	1,770,005	1,969,476
FY 2008/09	505,928	91,331	(312,497)	(221,166)	(40,689)	(30,868)	(71,557)	1,772,853	1,986,057
FY 2009/10	524,668	92,513	(316,541)	(224,028)	(40,689)	(31,794)	(72,483)	1,767,248	1,995,404

(1) Includes capital improvement projects and non-annual recurring expenses.

(2) Net of CCWA credits.

CCWA Variable O&M Charges

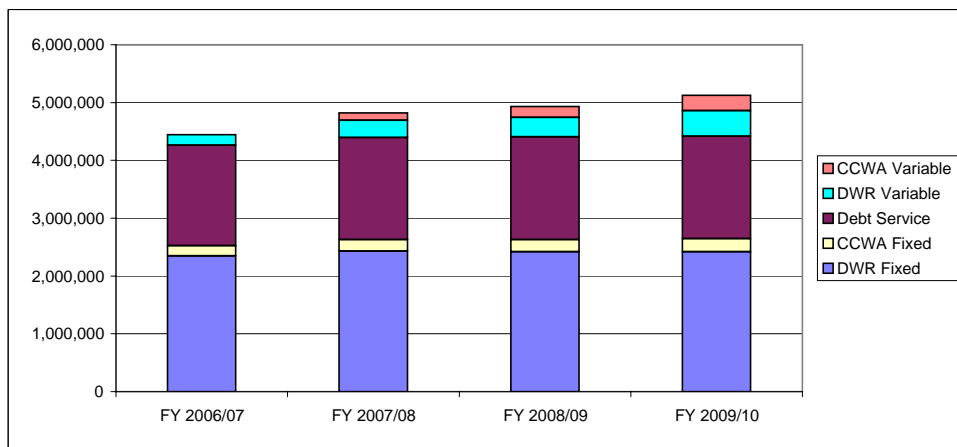
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	Regional WTP Modifications			Exchange Agreement Modifications			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2006/07	\$49,192	\$ 34,336	\$ (1)	\$ 2	\$ 2	\$ (16,634)	\$ (34,341)	\$ (32,564)	\$ (10)
FY 2007/08	111,039	109,040	14,518	(38,227)	(23,708)	(16,174)	(32,420)	(16,839)	130,937
FY 2008/09	149,655	145,000	18,406	(57,656)	(39,250)	(16,660)	(32,420)	(16,801)	189,525
FY 2009/10	198,778	191,400	26,047	(84,147)	(58,100)	(17,159)	(32,420)	(16,510)	265,989

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 2006/07	\$ 2,346,403	\$ 185,417	\$ 2,531,820	\$175,564	\$ (10)	\$ 1,738,558	\$ 2,346,403	\$ 185,417	\$ 4,445,933
FY 2007/08	2,427,454	294,693	2,722,147	199,471	130,936.62	1,770,005	2,427,454	294,692.50	4,822,560
FY 2008/09	2,418,449	337,164	2,755,613	213,205	189,525.11	1,772,853	2,418,449	337,163.62	4,931,195
FY 2009/10	2,418,830	443,448	2,862,278	228,157	265,988.88	1,767,248	2,418,830	443,447.77	5,123,671

(3) Net of DWR account interest income.



Central Coast Water Authority
FY 2006/07 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, 2006	\$ 46,364	320	0
June 1, 2006	\$ 4,260,526	n/a	n/a
July 1, 2006	\$ 46,359	43	0
October 1, 2006	\$ 46,359	25	0
January 1, 2007	\$ 46,325	204	(0)
April 1, 2007	\$ 54,019	291	0
June 1, 2007	\$ 4,396,931	n/a	n/a
July 1, 2007	\$ 26,251	39	(0)
October 1, 2007	\$ 239,071	1,050	1,025
January 1, 2008	\$ 106,288	500	296
April 1, 2008	\$ 111,497	600	309
June 1, 2008	\$ 4,404,506	n/a	n/a
July 1, 2008	\$ 59,881	250	211
October 1, 2008	\$ 202,731	900	875
January 1, 2009	\$ 152,579	750	546
April 1, 2009	\$ 206,014	1,020	729
June 1, 2009	\$ 4,414,234	n/a	n/a
July 1, 20089	\$ 143,826	630	591
October 1, 2009	\$ 205,150	900	875
January 1, 2010	\$ 154,447	750	546

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 2006/07	2,000	(592)	1,408
FY 2007/08	3,079	(559)	2,520
FY 2008/09	3,300	(559)	2,741
FY 2009/10	3,300	(559)	2,741

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 2006/07	\$ 465,394	\$ 87,353	\$ (302,541)	\$ (215,188)	\$ (43,100)	\$ (31,535)	\$ (74,635)	\$ 1,949,196	\$ 2,124,767
FY 2007/08	488,516	90,183	(308,571)	(218,387)	(40,689)	(29,969)	(70,658)	2,014,364	2,213,835
FY 2008/09	505,928	91,331	(312,497)	(221,166)	(40,689)	(30,868)	(71,557)	2,099,466	2,312,670
FY 2009/10	524,668	92,513	(316,541)	(224,028)	(40,689)	(31,794)	(72,483)	2,093,763	2,321,920

- (1) Includes capital improvement projects and non-annual recurring expenses.
 (2) Net of CCWA credits.

CCWA Variable O&M Charges

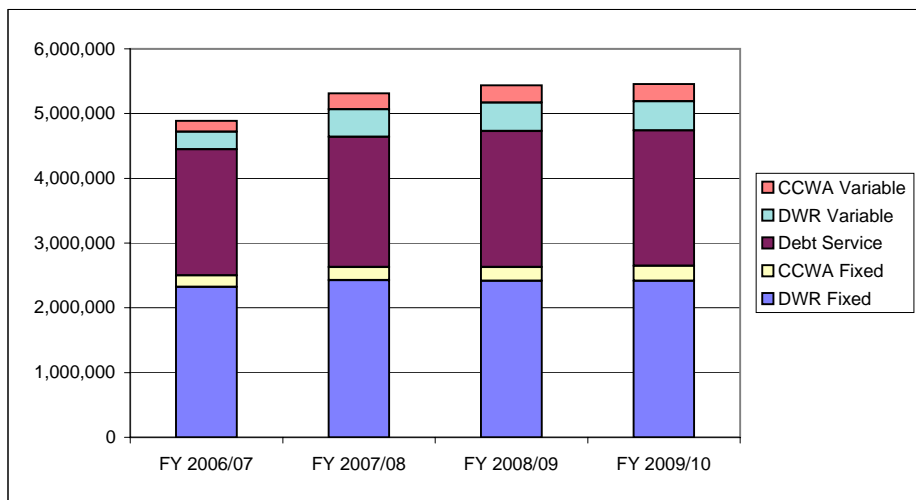
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2006/07	\$ 166,188	\$ 116,000	\$ 6,904	\$ (39,554)	\$ (32,650)	\$ (16,634)	\$ (34,341)	\$ (32,564)	\$ 165,999
FY 2007/08	181,855	178,582	21,341	(72,922)	(51,580)	(16,174)	(32,420)	(16,839)	243,423
FY 2008/09	197,544	191,400	24,124	(81,418)	(57,294)	(16,660)	(32,420)	(16,801)	265,770
FY 2009/10	198,778	191,400	26,047	(84,147)	(58,100)	(17,159)	(32,420)	(16,510)	265,989

DWR Charges

Total State Water Charges

Fiscal Year	<u>DWR Charges</u>		Total DWR Costs	<u>Total State Water Charges</u>					
	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 2006/07	\$ 2,323,238	\$ 274,389	\$ 2,597,627	\$175,571	\$ 165,999	\$ 1,949,196	\$ 2,323,238	\$ 274,389	\$ 4,888,393
FY 2007/08	2,427,454	426,583	2,854,037	199,471	243,423	2,014,364	2,427,454	426,583	5,311,295
FY 2008/09	2,418,449	438,674	2,857,123	213,205	265,770	2,099,466	2,418,449	438,674	5,435,563
FY 2009/10	2,418,830	451,067	2,869,898	228,157	265,989	2,093,763	2,418,830	451,067	5,457,806

- (3) Net of DWR account interest income.



Central Coast Water Authority
FY 2006/07 Four Year Financial Plan
 Project Participant Payment Summary

Montecito Water District

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)	Requested SWP Delivery (acre-feet)
April 1, 2006	\$ 136,991	900	580
June 1, 2006	\$ 4,448,006	n/a	n/a
July 1, 2006	\$ 125,903	529	486
October 1, 2006	\$ 68,838	27	2
January 1, 2007	\$ 108,656	544	340
April 1, 2007	\$ 179,834	900	609
June 1, 2007	\$ 4,641,289	n/a	n/a
July 1, 2007	\$ 127,483	529	490
October 1, 2007	\$ 205,498	900	875
January 1, 2008	\$ 157,191	750	546
April 1, 2008	\$ 203,787	1,020	729
June 1, 2008	\$ 4,731,119	n/a	n/a
July 1, 2008	\$ 143,560	630	591
October 1, 2008	\$ 203,512	900	875
January 1, 2009	\$ 153,585	750	546
April 1, 2009	\$ 207,918	1,020	729
June 1, 2009	\$ 4,740,750	n/a	n/a
July 1, 20089	\$ 145,730	630	591
October 1, 2009	\$ 207,055	900	875
January 1, 2010	\$ 156,352	750	546

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 2006/07	409	(395)	14
FY 2007/08	1,532	(373)	1,159
FY 2008/09	2,200	(373)	1,827
FY 2009/10	2,200	(373)	1,827

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 2006/07	\$ 310,255	\$ 58,235	\$ (201,694)	\$ (143,459)	\$ (28,733)	\$ (21,023)	\$ (49,757)	\$ 1,144,296	\$ 1,261,336
FY 2007/08	325,677	60,122	(205,714)	(145,591)	(27,126)	(19,979)	(47,105)	1,189,422	1,322,403
FY 2008/09	337,285	60,887	(208,331)	(147,444)	(27,126)	(20,579)	(47,705)	1,191,336	1,333,472
FY 2009/10	349,778	61,675	(211,027)	(149,352)	(27,126)	(21,196)	(48,322)	1,187,569	1,339,673

(1) Includes capital improvement projects and non-annual recurring expenses.

(2) Net of CCWA charges.

CCWA Variable O&M Charges

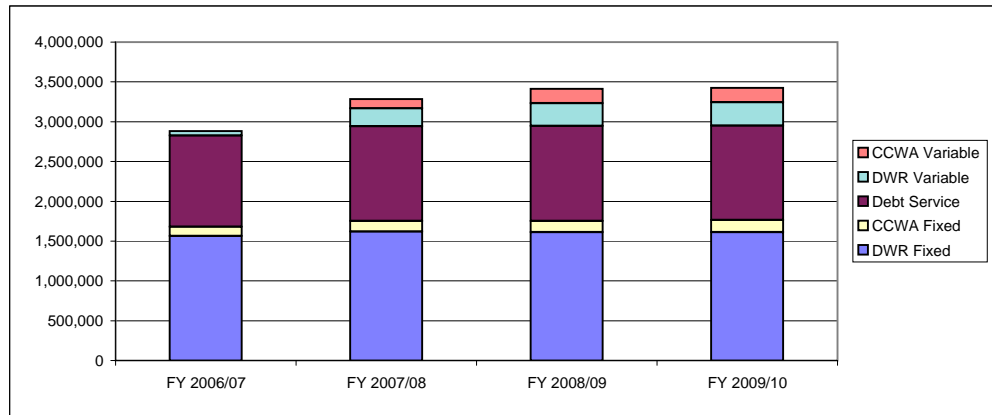
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2006/07	\$ 33,985	\$ 23,722	\$ 65	\$ (401)	\$ (336)	\$ (11,089)	\$ (22,894)	\$ (21,710)	\$ 1,679
FY 2007/08	90,485	88,856	12,628	(33,548)	(20,920)	(10,783)	(21,613)	(11,226)	114,798
FY 2008/09	131,696	127,600	17,830	(54,279)	(36,449)	(11,106)	(21,613)	(11,200)	178,927
FY 2009/10	132,519	127,600	19,011	(56,098)	(37,087)	(11,440)	(21,613)	(11,007)	178,972

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 2006/07	\$ 1,562,875	\$ 56,681	\$ 1,619,556	\$ 117,039	\$ 1,679	\$ 1,144,296	\$ 1,562,875	\$ 56,681	\$ 2,882,571
FY 2007/08	1,618,303	227,115	1,845,418	132,980	114,798	1,189,422	1,618,303	227,115	3,282,619
FY 2008/09	1,612,299	286,605	1,898,904	142,136	178,927	1,191,336	1,612,299	286,605	3,411,303
FY 2009/10	1,612,553	293,186	1,905,739	152,104	178,972	1,187,569	1,612,553	293,186	3,424,385

(3) Net of DWR account interest income.



Central Coast Water Authority
FY 2006/07 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, 2006	\$ 14,137	213	(0)
June 1, 2006	\$ 2,824,211	n/a	n/a
July 1, 2006	\$ 14,213	29	0
October 1, 2006	\$ 14,330	18	1
January 1, 2007	\$ 15,680	149	13
April 1, 2007	\$ 39,984	213	19
June 1, 2007	\$ 2,940,706	n/a	n/a
July 1, 2007	\$ 18,128	29	3
October 1, 2007	\$ 201,118	900	883
January 1, 2008	\$ 82,684	390	254
April 1, 2008	\$ 89,099	470	276
June 1, 2008	\$ 2,945,771	n/a	n/a
July 1, 2008	\$ 98,980	440	414
October 1, 2008	\$ 200,146	900	883
January 1, 2009	\$ 77,306	390	254
April 1, 2009	\$ 90,352	470	276
June 1, 2009	\$ 2,952,227	n/a	n/a
July 1, 20089	\$ 100,086	440	414
October 1, 2009	\$ 203,563	900	883
January 1, 2010	\$ 78,158	390	254

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Air Vacuum Air Release Vault in Reach 1 below Polonio Pass Water Treatment Plant.

Appendix

The Appendix to the FY 2006/07 Budget contains narrative explanations of the Santa Ynez Exchange Agreement, Regional Water Treatment Plant Allocation, CCWA Investment Policy and a glossary of terms.



Central Coast Water Authority
Santa Ynez Exchange Agreement

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

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

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

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

The benefits of exchange are:

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

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

Central Coast Water Authority
Regional Water Treatment Plant Allocation

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

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

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

In order to properly allocate the capital cost component of the water treatment plant for those project participants that did not participate in the bond financing (Santa Maria, Southern California Water Company and Vandenberg Air Force Base), an imputed debt service schedule has been prepared which allocates treatment plant debt service as though all Santa Barbara County participants shared in the financing in proportion to their entitlement allocation.

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

Central Coast Water Authority
Miscellaneous Statistical Information
 Fiscal Year 2006/07 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 2005/06 Santa Barbara County estimated deliveries	20,810 acre-feet
San Luis Obispo State water Table A	4,830 acre-feet
FY 2005/06 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.

Glossary of Terms

Fiscal Year 2006/07 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.

Central Coast Water Authority
Glossary of Terms
Fiscal Year 2006/07 Budget

C

Capital Improvements - Expenditures for items or projects which usually have an estimated useful life longer than five (5) years and will benefit the Authority for a long period of time.

Capitalized Interest - Funds provided from the proceeds of an issue to cover interest payments until revenue sources to repay the debt are available.

Carry-Over - The term used to denote amounts which were expected to be expended during one fiscal year on a contract or obligation but were not expended for various reasons. Amounts are "carried over" into the subsequent fiscal year.

Coastal Branch Phase II - A 102-mile long buried pipeline, and ancillary facilities, extending from Devils Den (Kern County) to Tank 5 on Vandenberg Air Force Base (Santa Barbara County).

Coverage - The margin of safety for payment of debt service, reflecting the number of times by which earnings for a period of time exceed debt service payable in such a period.

D

Debt - An obligation resulting from the borrowing of money or from the purchase of goods and services. These include bonds and accounts payable.

Defeasance - To set aside sufficient money to retire outstanding debt when due. A full defeasance results in release from covenants and contractual obligations contained in the bond documents.

Deficiency - A general term indicating the amount by which anything falls short of some requirement of expectation.

Deficit - The excess of expenditures over revenues during an accounting period.

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

Department of Water Resources - The state agency responsible for financing, constructing and operating State Water Project facilities.

Depreciation - An element of cost resulting from the service of long-lived assets in an economic organization and represents the loss in asset value because of wear,

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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.

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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, Southern California Water Company, La Cumbre Mutual Water Company and two other private entities). It was originally responsible for construction and operation of the 42 mile buried pipeline from Vandenberg Air Force Base to Lake Cachuma (i.e., the Mission Hills and Santa Ynez Extensions) and the 43 million gallon per day Polonio Pass Water Treatment Plant. The State was originally responsible for construction, management and operation of the 101-mile Coastal Branch

Phase II project, which extends from northwest Kern County to Vandenberg Air Force Base, and for delivering SWP water to the local facilities.

Since SWP water is delivered from sources hundreds of miles away, the largest part of the delivery costs are “fixed” in the form of costs to finance, build and operate the dams, reservoirs, aqueducts and pipelines to conserve and transport the water. As previously noted, the State recoups these costs, whether or not water is actually delivered. Thus, a water purveyor signing up for SWP water must agree to a “take or pay” contract under which certain (i.e., fixed) costs must be paid each year, irrespective of how much water the State can deliver, and how much water the purveyor actually needs in a given year.

Project Financing, Development and Implementation

In May 1992 CCWA issued “Development Notes” in the principal amount of \$23,760,000 for the purpose of securing funds to initiate design, engineering, planning, and related activities. In connection with the note issue, CCWA published an Official Statement containing information about each of the Santa Barbara County public agencies that would be receiving water through the CCWA constructed facilities.

During 1992, CCWA worked closely with the State on the design and engineering of the Coastal Branch Phase II project. This coordination included intensive discussions concerning the location of the Coastal Branch terminus. The 1963 State Contract showed the Coastal Branch terminating at the Santa Maria River, which is the boundary line between Santa Barbara and San Luis Obispo Counties. This terminus location, while geographically logical, turned out to pose problems from an engineering perspective. In light of these practical problems, CCWA and the State agreed that the terminus should be shifted 15 miles south to a location on Vandenberg Air Force Base, approximately 3 miles from the town of Casmalia.

This decision to move the Coastal Branch Phase II terminus was incorporated into a September 21, 1992 amendment to the State Contract, which was approved at public meetings by the CCWA Board of Directors and Santa Barbara County Board of Supervisors. The effect of this change was to shift from CCWA to the State the obligation to build this 15-mile pipeline reach. CCWA believed this decision was financially advantageous to CCWA project participants, since the State would be able to build this

section with State revenue bond funds borrowed at interest rates lower than those available to CCWA and would provide SWP power for a proposed pumping plant in that reach.

In October 1992, CCWA issued \$177,120,000 in revenue bonds for the purpose of securing funds to design and construct the local facilities. In connection with the bond issue, CCWA published an Official Statement containing information about each of the Santa Barbara and San Luis Obispo County public agencies which would be receiving water through those facilities. (In November 1996, CCWA refinanced the 1992 water revenue bond issue resulting in debt service savings of almost \$400,000 per year. The principal amount of the refunding bonds was \$198,015,000.)

On May 27, 1993 CCWA made the necessary determinations and findings to permit final sizing of the facilities. It amended those findings and determinations in 1994, so that the final sizing was based on 42,986 acre-feet of water per year, which consists of 39,078 acre-feet per year of contract allocations and 3,908 acre-feet per year of "drought buffer" (the purpose of drought buffer entitlement is to firm up the reliability of the contract allocations in those years when full SWP deliveries are not available). On March 16, 1993 SLO County made the requisite determinations and findings regarding its participation, and decided to take 4,830 acre-feet of water per year.

In March 1994, the State commenced construction of the Coastal Branch Phase II facilities. CCWA started construction of its facilities a few months later in July 1994. Pages 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. The route of this 42-mile CCWA extension is shown in Figure 5.

CCWA also constructed a 43 million gallon per day water treatment plant at Polonio Pass. The site was chosen because the project planners determined a single water treatment plant near the upstream end of the Coastal Branch would offer economies of scale to the 24 project participants, as compared to building a series of smaller plants serving individual participants.

Avoiding delay was a key goal which CCWA pursued throughout the planning and construction of the project, because CCWA estimated that delay would cost \$60,000 to \$100,000 per day. CCWA avoided delays by maintaining cooperation among construction crews, environmental monitors, construction supervisors and regulatory agencies.

In late 1994, the State determined that a proposed power plant in the vicinity of the city of San Luis Obispo was uneconomical in light of an updated construction cost estimate. This finding led to a cooperative effort between the State and CCWA to redesign a portion of the Coastal Branch Phase II pipeline, which resulted in eliminating the San Luis Obispo Power Plant, Tank 4 and the Casmalia Pumping Plant. (Tank 3 was also eliminated when the State decided to tunnel through a mountain rather than trenching and laying pipe over it.)

In early 1995, the State delegated design and construction of a 28-mile stretch of the Coastal Branch Phase II pipeline and Tank 5 to CCWA. Its decision was based on project schedule analyses that indicated the State was falling behind schedule to complete construction of its facilities, which threatened to delay the start of water deliveries.

Overall project construction was completed in the summer of 1997. Initial deliveries to turnouts along the pipeline commenced on August 11, 1997 and to Lake Cachuma on November 20, 1997. On June 25, 1998 the CCWA Board of Directors took formal action to declare the CCWA project complete. The estimated cost of the overall project is \$595 million, which is comprised of \$481 million for the Coastal Branch Phase II project and \$114 million for the CCWA facilities (\$43 million for the Polonio Pass Water Treatment Plant and \$71 million for the CCWA pipeline). In addition, CCWA provided \$27 million financing for project participants' turnouts and local projects and miscellaneous other project related costs.

By working cooperatively with the State and San Luis Obispo County, CCWA's efforts to implement a project that met three principal goals associated with quality, cost and schedule resulted in a number of unique and unprecedented accomplishments. The change in the location of the Coastal Branch Phase II terminus was one such accomplishment. Others were:

- CCWA's Polonio Pass Water Treatment Plant was sited at the State's Tank 1 site, 90 miles from the downstream terminus of the SWP Coastal Branch. As previously mentioned, by siting the plant at this location, only one treatment plant is necessary to most cost effectively treat all the State water for two State water contractors (San Luis Obispo County and CCWA).
- As previously mentioned CCWA recommended and the State implemented major design changes which eliminated a power plant, a tank site and a pumping plant from the Coastal Branch Phase II project. Simplifying the overall project design in this manner helped to preserve the project schedule and enhance operational flexibility. There were a number of other benefits as well. Both capital costs and operating and maintenance (O&M) costs were reduced. Environmental impacts associated with the surface features were eliminated. Property owner issues in San Luis Obispo County were simplified because acquiring fee title for the surface features was no longer necessary.
- In early 1995 CCWA determined that internal State staff resources were being stretched as a growing number of project components were moving from the permitting and design phases into the bid and construction phases. The State's Design and Construction Division was struggling to meet its deadlines and keep the project on schedule. As a result CCWA proposed to the State that it contract with CCWA to provide engineering services and to construct a 28-mile stretch of pipeline and Tank 5 on Vandenberg Air Force Base. The State agreed and entered into a joint powers agreement with CCWA to construct the facilities financed by the State. CCWA redesigned the facilities using industry standards, which resulted in capital cost savings. CCWA and the State successfully defended a lawsuit seeking to invalidate this agreement brought by a group of State engineers.

Under this agreement CCWA provided additional assistance to the State for (1) acquiring Coastal Branch Phase II right of way, (2) reconstructing an 800-foot portion of the partially constructed State pipeline which was damaged by a landslide resulting from heavy rains, (3) constructing a 3,500 foot portion of the State pipeline near the city of San Luis Obispo, (4) constructing the Lopez and Chorro Valley turnouts in San Luis Obispo County and (5) resolving its outstanding construction contract claims.

- On October 1, 1996 the State entered into an agreement with CCWA to have CCWA operate and maintain all of the Coastal Branch facilities downstream of the Polonio Pass Water Treatment Plant. This action provides significant O&M cost savings to SLO County and CCWA and avoids State overhead costs. It also provides greater efficiency by having a single agency – CCWA – exercise responsibility for all Coastal Branch facilities involved in the conveyance and treatment of SWP water.
- In the early stages of project development, the State appointed a Coastal Branch Project Manager to oversee the various State departments working on the project. This action resulted in improved coordination and cooperation among the various State divisions and numerous individuals. It also greatly facilitated CCWA input on Coastal Branch Phase II project financing, planning, design, 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 80% 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 (Figure 3). CCWA has built both the organization and infrastructure that will support this vision well into the future.

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Figure 1 – State Water Project Facilities



**Figure 2 – State Water Project Contracting Agencies
(and year of initial water delivery)**

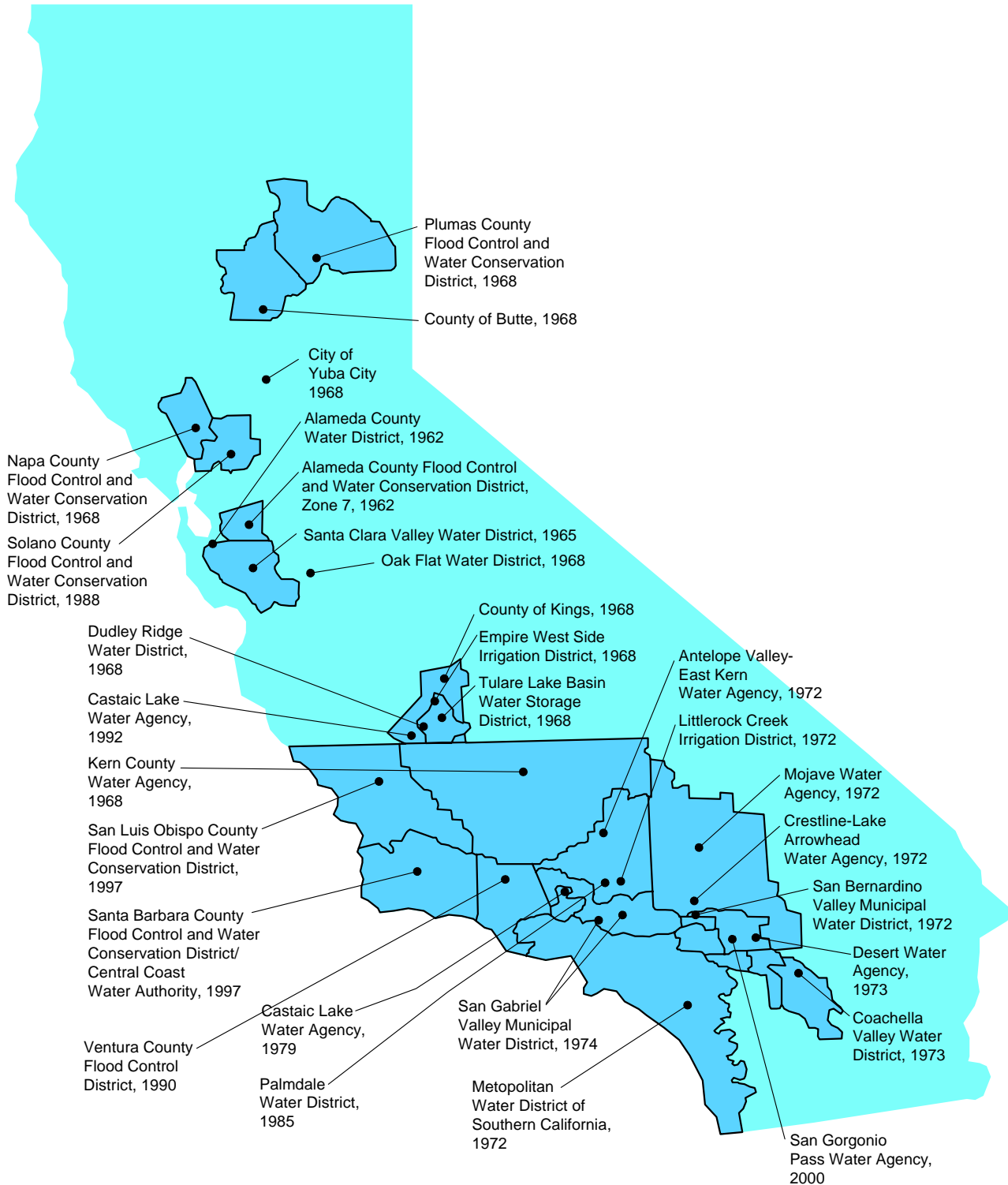


Table 1

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.

