

A photograph of a large industrial water treatment facility. The scene is dominated by a massive, vertical, blue-painted metal pipe that runs down the center of the frame. The facility is filled with complex machinery, including various pipes, valves, and structural supports, all painted in a consistent blue color. The lighting is warm and yellowish, creating a dramatic atmosphere. The ceiling is high, and several bright lights are visible. The overall impression is one of a large-scale, modern industrial operation.

CENTRAL COAST WATER AUTHORITY

A CALIFORNIA JOINT POWERS AUTHORITY

**FISCAL YEAR
2004/05 BUDGET**

CENTRAL COAST WATER AUTHORITY

ANNUAL BUDGET

FISCAL YEAR 2004/05

Central Coast Water Authority

Mission:

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

Objectives:

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



On the Cover.....

The Polonio Pass Water Treatment Plant filter gallery.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Central Coast Water Authority
California**

For the Fiscal Year Beginning

July 1, 2003

President

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented an award of Distinguished Budget Presentation to the Central Coast Water Authority for its annual budget for the fiscal year beginning July 1, 2003.

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

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

*California Society of
Municipal Finance Officers*

Certificate of Award

Excellence in Operational Budgeting 2003-04

Presented to

Central Coast Water Authority

*This certificate recognizes Meritorious Achievement in Operational Budgeting and reflects a highly professional budget document
and the underlying budgeting process through which the budget is implemented.*

March 1, 2004




Chair, Budgeting & Financial Management

Dedicated to Excellence in Municipal Financial Management

Central Coast Water Authority

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Pipeline dewatering near Chalome prior to the November 2003 pipeline inspection.

Budget Foreword

The Budget Foreword section of the FY 2004/05 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 27.25 (*proposed*)

Central Coast Water Authority
Reader's Guide
Fiscal Year 2004/05 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 eight (8) 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. **NON-OPERATING EXPENSES** The non-operating expense section of the budget is comprised of Capital Improvement Projects, Debt Management and Reserves and Cash Management. The section includes narrative, graphs and tables on each section.
- VII. **FOUR YEAR FINANCIAL PLAN** The four year financial plan section of the budget provides the four year pro forma projections for each project participant.
- VIII. **APPENDIX** The appendix includes a glossary of terms and other items relevant to the Authority's budget.

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



April 22, 2004

Board of Directors
Central Coast Water Authority

Dear Members of the Board:

Submitted herewith is the Fiscal Year (FY) 2004/05 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 2004/05.

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.

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

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

For six consecutive years, CCWA has received the Government Finance Officers Association (GFOA) "Distinguished Budget Presentation" award and the California Society of Municipal Finance Officers (CSMFO) "Award of Excellence in Operational Budgeting." We will also submit the FY 2004/05 Budget for consideration of both of these awards.

AN OVERVIEW OF LAST FISCAL YEAR

The following are some of the major highlights from FY 2003/04:

Water Deliveries

During FY 2003/04, total deliveries by CCWA to the Santa Barbara and San Luis Obispo County project participants were 30,091 acre-feet. The FY 2002/03 deliveries were 34,085 acre-feet. The graph on the following page shows water deliveries since CCWA commenced operations in August 1997.

Robert W. Puddicombe
Chairman

Leo Trujillo
Vice Chairman

William Brennan
Executive Director

Hatch & Parent
General Counsel

Member Agencies

City of Buellton

Carpinteria Valley
Water District

City of Guadalupe

City of Santa Barbara

City of Santa Maria

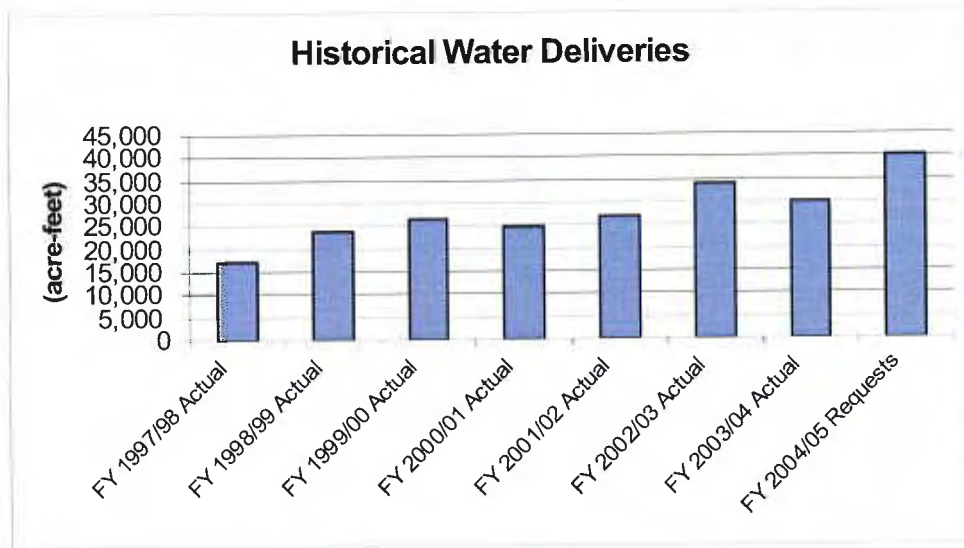
Goleta Water District

Montecito Water District

Santa Ynez River Water
Conservation District,
Improvement District #1

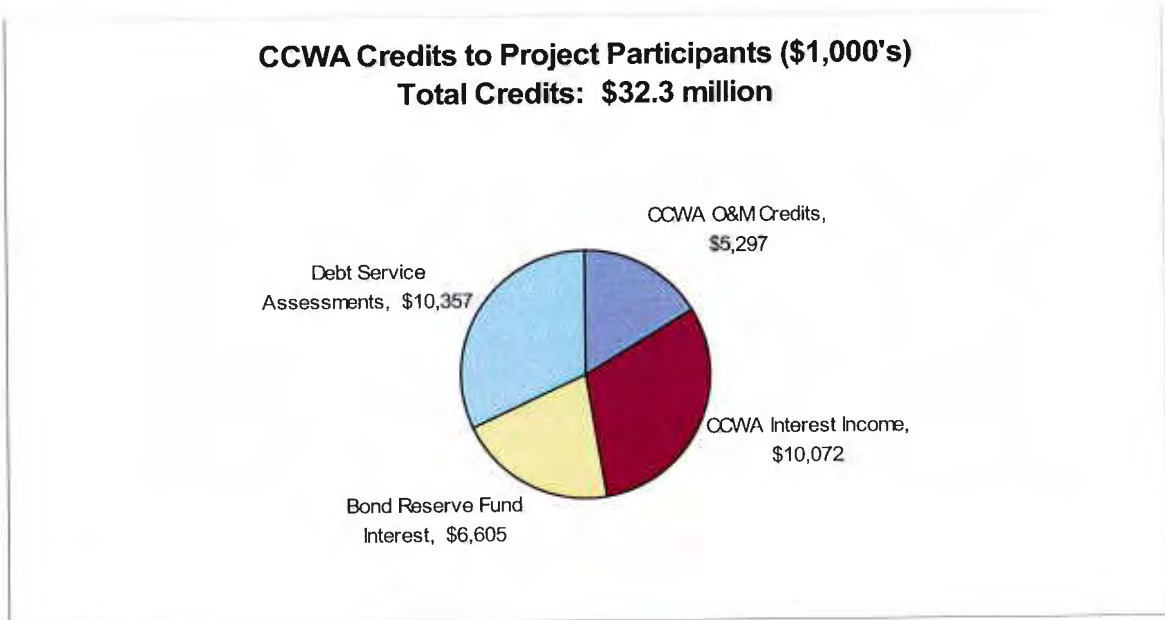
Associate Member

La Cumbre Mutual
Water Company



CCWA Credits

For the eighth consecutive year, actual CCWA operating expenses are projected to be less than budgeted. For Fiscal Years 1996/97 to 2003/04, CCWA has provided approximately \$32.3 million in credits to its project participants. These credits include \$5.3 million for unexpended operating expenses, \$16.6 million for interest income and \$10.4 million for debt service and other credits. The following graph shows the sources of the credits as described above.



Inspection of Pipeline Reach 2 and Tanks 5 and 7

During FY 2003/04, CCWA staff conducted an internal inspection of the Reach 2 pipeline and Tanks 5 and 7. A total of 3.7 miles of pipeline were inspected. The pipeline was found to be in good condition, with no repairs required. The two tanks at Tank Site 5 and the one tank at Tank Site 7 were inspected by a diving contract. The tanks were found to be in generally good condition. Some minor areas were in need of repair, including the installation of new sacrificial anodes on the inlet and outlet pipes, sediment removal and epoxy coating of corroded surfaces. These repairs are scheduled to be completed in 2004.

Temporary Pipeline Installation at Bradbury Dam

At the end of December 2003, The Bureau of Reclamation (Bureau) notified CCWA that an existing pipeline from Lake Cachuma to the Hilton Creek would no longer function by gravity. The Biological Opinion for the Bureau's operation and maintenance of the Cachuma Project on the Santa Ynez requires that Lake Cachuma project participants deliver certain amounts of Lake Cachuma water to Hilton Creek and/or the dam stilling basin for the benefit of steelhead trout. A temporary pipeline, installed at the base of the dam in 2002, provided an alternate source of Lake Cachuma water to Hilton Creek during low lake level periods, but use of the system precluded CCWA from pumping State Project water into the lake.

During March 2004, CCWA staff oversaw the design and construction of a rented temporary pipeline to deliver State Project water directly into Lake Cachuma until the Bureau completes a pumping system to permanently supply Hilton Creek. CCWA was able to rapidly resume deliveries to its South Coast project participants through this temporary pipeline.

Taste and Odor Monitoring Program

Last year, CCWA, in conjunction with Department of Water Resources (DWR), Metropolitan Water District of Southern California (MWD), and Kern County Water Agency (KCWA), developed a low-cost, five-month Taste and Odor Monitoring and Control Program. CCWA arranged to have several samples from the Coastal Aqueduct and Polonio Pass Water Treatment Plant collected and analyzed by MWD and KCWA in an effort to determine the cause and location of annual taste and odor episodes. Last year, the source of the taste and odor episode was determined to be blue-green algae found in the forebays of the pumping plants upstream of Polonio Pass Water Treatment Plant. DWR assisted CCWA staff by applying copper sulfate to the affected areas, rapidly reducing the level and duration of the taste and odor events. A similar monitoring program has been developed for the summer of 2004, along with an action plan designed to address high concentrations of taste and odor compounds.

Awards and Competitions

Over the past year, CCWA received the GFOA "Distinguished Budget Presentation" award and the CSMFO "Award for Excellence in Operational Budgeting" for the FY 2003/04 Budget and the GFOA "Excellence in Financial Reporting" award for the FY 2002/03 Comprehensive Annual Financial Report.

Additionally, CCWA continued its Employee Recognition Program with great success. Last Fiscal year, 13 awards were given to CCWA staff for exceptional performance and innovative thinking.

AN OVERVIEW OF THIS FISCAL YEAR

Water Delivery Projections

For calendar years 2004 and 2005, Santa Barbara and San Luis Obispo County project participants have requested State water deliveries of 39,862 and 40,269 acre-feet, respectively. To firm up deliveries, certain CCWA project participants elected to participate in alternative water programs including the DWR and CCWA Turnback Pools A and B. CCWA will continue to identify and implement mechanisms to enhance supply reliability and offset low water allocations.

Inspection of Schedule A Pipeline

CCWA Operations staff will conduct an inspection of the Schedule A pipeline and make repairs and modifications to Tanks 5A, 5B and 7 that were identified in the 2003 pipeline and tank inspection.

FY 2004/05 BUDGET SUMMARY

The FY 2004/05 budget calls for total project participant payments of \$47.1 million compared to the FY 2003/04 budget of \$45.7 million, a \$1.4 million increase. These amounts include \$2.8 million in CCWA credits for FY 2004/05 and \$3.4 million for FY 2003/04.

The following table compares the FY 2004/05 Budget and the FY 2003/04 Budget:

Budget Item	Final FY 2003/04 Budget	Final FY 2004/05 Budget	Increase (Decrease)
CCWA Expenses			
CCWA Operating Expenses	\$ 4,846,918	\$ 5,214,699	\$ 367,781
Revenue Bond Debt Service Payments	10,922,938	11,053,669	130,731
Capital Improvement Projects ⁽¹⁾	22,605	-	(22,605)
Non-Annual Recurring Expenses	34,149	41,461	7,312
Total CCWA Expenses:	15,826,610	16,309,829	483,219
Pass-Through Expenses			
DWR Fixed Costs	30,366,881	30,342,053	(24,828)
DWR Variable Costs	2,596,688	2,883,433	286,745
Warren Act and Trust Fund Payments	327,251	351,031	23,780
Total Pass-Through Expenses:	33,290,820	33,576,516	285,696
Subtotal Gross Budget:	49,117,430	49,886,346	768,916
CCWA Credits	(3,423,382)	(2,774,519)	648,863
TOTAL:	\$ 45,694,048	\$ 47,111,828	\$ 1,417,779
(1) Excludes capital expenditures funded from non-annual recurring expenses and revenue bond funds and capital deposits.			

CCWA Operating Expense Budget

The FY 2004/05 CCWA operating expense budget totals \$5,214,699, which is \$367,781 higher than the FY 2003/04 operating expense budget, a 7.6% increase.

The following table shows the allocation between the fixed and variable CCWA O&M expenses for FY 2004/05 and FY 2003/04.

	Final FY 2003/04 Budget	Final FY 2004/05 Budget	Increase
Fixed O&M	\$ 3,905,624	\$ 4,272,263	\$ 366,639
Variable O&M	941,294	942,436	1,142
Total:	\$ 4,846,918	\$ 5,214,699	\$ 367,780

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 2004/05 is 40,012 acre-feet compared to the FY 2003/04 requested deliveries of 39,921 acre-feet, an increase of 91 acre feet.

Since the final DWR entitlement allocation for 2004 was anticipated to be less than 75% at the time the CCWA budget was prepared, the CCWA variable expense allocation is based on 75% of the requested water deliveries for the second half of calendar year 2004 and 100% of requested deliveries for the first half of calendar year 2005.

Personnel Expenses

Personnel expenses are increasing about \$307,000, which includes the following changes from the prior year:

- The FY 2004/05 Budget includes a \$73,420 salary pool for employee salary treatment approved by the CCWA Board of Directors on March 27, 2003.
- Regular wages are increasing for one new full-time Maintenance Foreman position at the Water Treatment Plant.
- PERS retirement expenses are increasing by about \$38,000 due to an increase in the PERS employer rate for FY 2004/05 coupled with the new Maintenance Foreman position at the Water Treatment Plant.
- Health insurance expenses are increasing by about \$40,000 due to increases in health insurance premiums as of January 1, 2004, an anticipated premium increase of 20% for calendar year 2005 and health insurance benefits for the new position discussed above.
- Employer paid deferred compensation contributions are increasing by \$14,000 for the CCWA Board approval for full funding of the Executive Director and Deputy Director's deferred compensation accounts.

Supplies and Equipment

Supplies and equipment expenses are decreasing slightly by about \$7,000. The budgeted chemical unit cost for FY 2004/05 is \$15 per acre-foot.

Utilities

- Utility expenses are increasing by about \$18,000 for a slight increase in requested water deliveries for FY 2004/05. Electrical expenses for the Santa Ynez Pumping Facility are budgeted at \$69 per acre-foot.

Other Expenses

Other expenses are increasing by about \$59,000 for the following reasons:

- Anticipated increase in property and casualty insurance expenses of about \$11,000.
- Increase in non-capitalized project expenses of \$46,000.
- Decrease in non-capitalized equipment purchases of \$2,000.
- Increase in the appropriated contingency account of about \$3,000.

CCWA Capital Improvement Projects

The FY 2004/05 Budget includes \$309,252 for capital improvements. This includes \$262,750 from non-annual recurring expense deposits and \$46,502 from revenue bond proceeds and capital deposits.

Please refer to the "Capital Improvements" section of the FY 2004/05 Budget for additional information.

Non-Annual Recurring Expense Deposits

Non-annual recurring expense (NARES) deposits for FY 2004/05 are \$41,461 compared to the FY 2003/04 amount of \$34,149, an increase of \$7,312. The FY 2004/05 NARES deposits are primarily for future vehicle and computer replacements.

Regional Water Treatment Plant Allocation and Exchange Agreement Modifications

The FY 2004/05 fixed, capital and variable regional water treatment plant allocation (and associated credit) is \$1,436,930. The FY 2004/05 fixed, capital and variable exchange agreement modifications total \$276,120.

CCWA 1996 Revenue Bond Debt Service

CCWA 1996 revenue bond debt service for FY 2004/05 totals \$11.0 million, which includes \$697,904 in bond reserve fund guaranteed investment contract interest income credits and \$51,565 for interest income credits earned on debt service payments in FY 2003/04.

Warren Act and Trust Fund Payments

The FY 2004/05 Budget includes \$351,031 for Warren Act and Trust Fund MOU payments based on \$58 per acre-foot. Anticipated water deliveries for Warren Act and Trust Fund MOU payments for the second half of calendar year 2004 are based on 75% of requested deliveries into Lake Cachuma and 100% of requested deliveries for the first half of calendar year 2005.

CCWA Credits

The FY 2004/05 budget includes the following credits:

CCWA O&M Credits	\$	5,282
O&M Reserve Fund Interest Income		2,252
Rate Coverage Reserve Fund Interest		29,492
Prepayments and Other Credits		2,737,492
	\$	<u>2,774,518</u>

DWR Fixed Charges

The DWR fixed charges for FY 2004/05 total \$30.3 million which is approximately equals the FY 2003/04 budget. The following is a list of the major changes in the various components of the DWR Fixed Budget for FY 2004/05:

- Transportation capital charges are increasing by about \$2.2 million due to a reduction in rate management credits for both calendar years 2004 and 2005. Total rate management credits for FY 2004/05 are about \$0.8 million compared to the normal funding amount of approximately \$3.5 million.
- Decreased Transportation Minimum OMP&R charges of \$2.0 million for a prior year over-collection by DWR.

- Decrease in Water System Revenue Bond Surcharge of approximately \$0.4 million for prior year credits which were not paid by DWR until FY 2003/04.

DWR Variable Charges

The DWR variable charges for FY 2004/05 total \$2.9 million, a \$0.3 million increase from the prior fiscal attributed to a higher Variable OMP&R costs.

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 another productive year of successes and challenges in the coming year.

Sincerely,

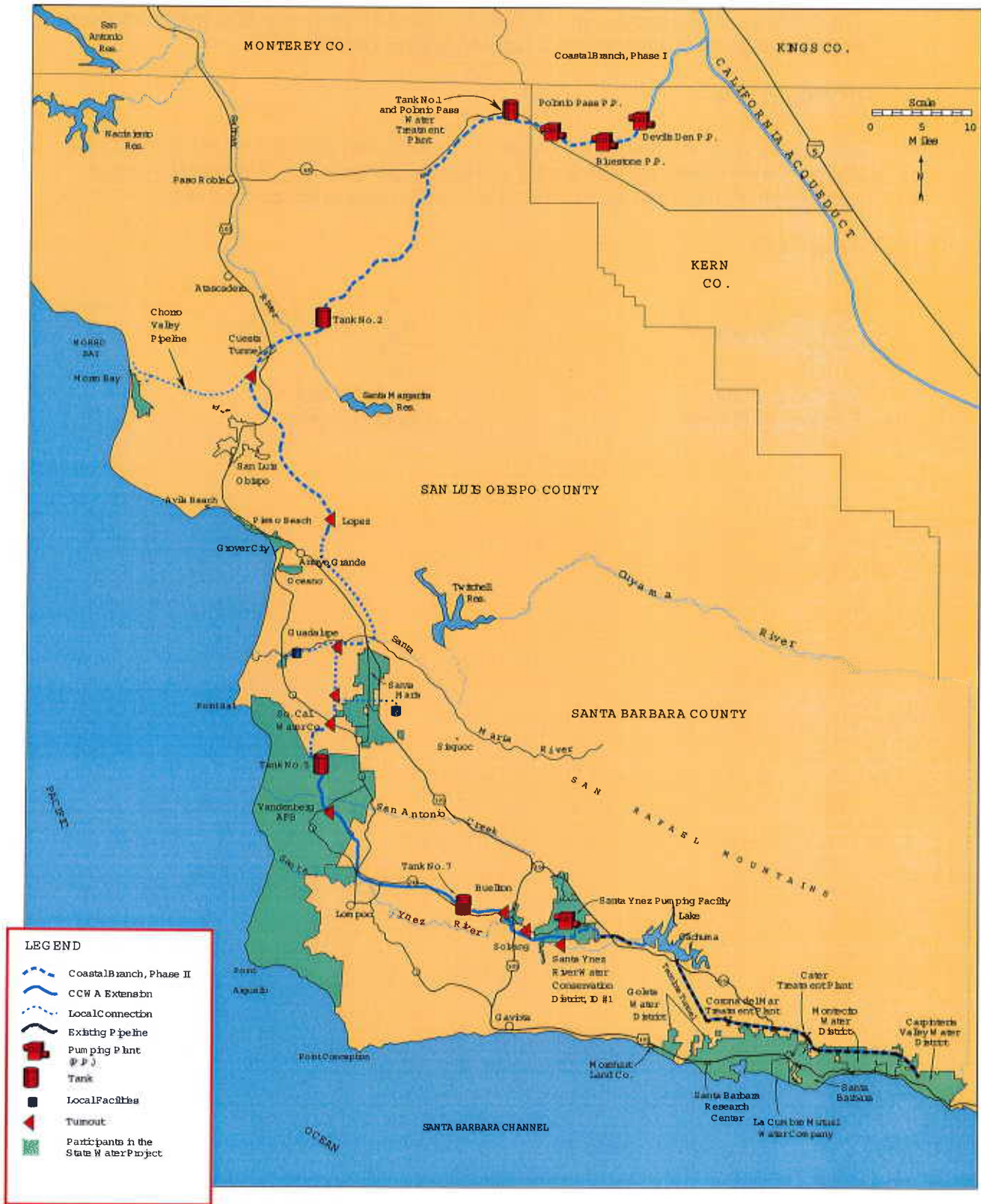


William Brennan
Executive Director



Ray A. Stokes
Deputy Director

Project Map



PROJECT MAP OF COASTAL BRANCH PHASE II

Central Coast Water Authority
Organization Overview, Structure and Staffing
 Fiscal Year 2004/05 Budget

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

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

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

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

Central Coast Water Authority
Organization Overview, Structure and Staffing
 Fiscal Year 2004/05 Budget

CCWA Committees

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

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

Santa Barbara County Project Participants

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

Santa Barbara County Project Participant Table A Amounts

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

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

Central Coast Water Authority
Organization Overview, Structure and Staffing
 Fiscal Year 2004/05 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 (SLOFCWCD) 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)	200
TOTAL	4,830

Water Supply Agreements

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

Local Water Treatment Agreements

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

Central Coast Water Authority
Organization Overview, Structure and Staffing
Fiscal Year 2004/05 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.

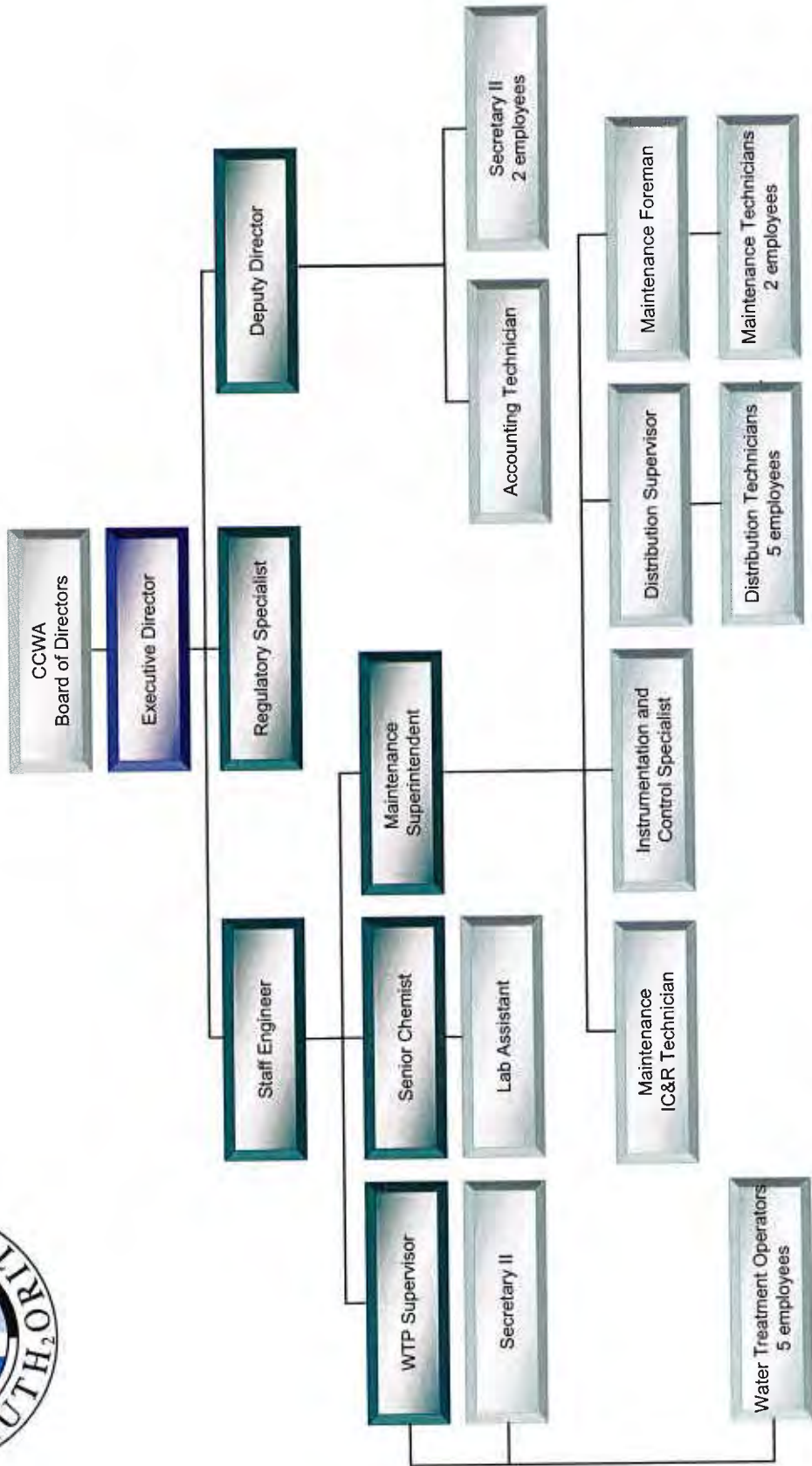
The Coastal Branch Phase II pipeline, which was recently constructed by DWR to supply State water to San Luis Obispo and Santa Barbara Counties, runs from the Coastal Branch Phase I terminus over the coastal mountains to and through the County of San Luis Obispo to a terminus in northern Santa Barbara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

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

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



Central Coast Water Authority Organization Chart FY 2004/05



Central Coast Water Authority
Budget Process
Fiscal Year 2004/05 Budget

Fiscal Year Budget

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

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

Four Year Financial Plan

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

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

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

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

Committee Review of the Budget

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

Central Coast Water Authority
Budget Process
Fiscal Year 2004/05 Budget

Board Adoption of the Fiscal Year Budget

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

Budget Amendment Process

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

CCWA Financial Schedule FY 2004/05

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 2004/2005

	FY 2003/04												FY 2004/05											
	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A
BUDGET	Budget Planning Cycle												Budget Expenditure Cycle											
1.0																								
1.1																								
1.2																								
1.3																								
1.4																								
1.5																								
1.6																								
1.7																								
1.8																								
1.9																								
REVENUE																								
2.0																								
2.1																								
2.2																								
2.3																								
2.4																								
2.5																								
EXPENSES																								
3.0																								
3.1																								
3.1.1																								
3.1.2																								
3.1.3																								
3.2																								
3.2.1																								
3.3																								
3.3.1																								
3.3.2																								
3.3.3																								
WATER TRANSFERS AND SALES																								
4.0																								
4.1																								
4.2																								

RAE/FPO/OUT/PAUL/SCH/ML
December 30, 2003

*Contains the FY 2004/2005 Budget and the Four-Year Financial Plan for FY 2004/05 through FY 2007/08

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's Assessment Due Date/Period
DWR Payment/Period CCWA Expense Period/Payment Participant's Task/Milestone		

Central Coast Water Authority
Financial Reporting Basis
Fiscal Year 2004/05 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 2004/05 Budget

The Fiscal Year 2004/05 Budget document has been prepared after analyzing, evaluating and justifying both the financial and non-financial objectives and goals of the Authority for the current year and beyond. The Authority's budget is a comprehensive document which enables the Board of Directors and Authority staff to evaluate where the Authority has been in the past and where it is going in the future.

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

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

BUDGET POLICIES

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

Central Coast Water Authority
Budget Policy and Strategy
Fiscal Year 2004/05 Budget

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

Central Coast Water Authority
Budget Policy and Strategy
Fiscal Year 2004/05 Budget

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

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

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

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

- 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 2004/05 Budget

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.

INVESTMENT POLICY

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

Central Coast Water Authority
Budget Policy and Strategy
Fiscal Year 2004/05 Budget

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



Reach 2 blow-off vault near Shandon, CA.

Budget Summary

The Budget Summary section of the FY 2004/05 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 2007/08 are included in this section.

Highlights

Budget Summary

• FY 2004/05 Gross Budget	\$ 49,886,347
• FY 2003/04 Gross Budget	<u>\$ 49,117,430</u>
Increase:	\$ 768,917
• FY 2004/05 CCWA Credits	\$ 2,774,519
• FY 2003/04 CCWA Credits	<u>\$ 3,423,382</u>
Decrease:	\$ 648,863
• FY 2004/05 Net Budget (After CCWA Credits)	\$ 47,111,829
• FY 2003/04 Net Budget (After CCWA Credits)	<u>\$ 45,694,048</u>
Increase:	\$ 1,417,781

Significant Budget Changes

- DWR Rate Management Funds credits for second half of calendar year 2004 (\$250,000)
- DWR Rate Management Funds credits for first half of calendar year 2005 projected at 25% of normal amount (\$0.9 million for calendar year 2005, or \$450,000 for the second half of FY 2004/05).
- CCWA O&M Expense budget increase of \$367,781
- CCWA Revenue Bond Debt service increase of \$130,000
- DWR Fixed and Variable cost increase of \$262,000

Central Coast Water Authority

Budget Summary

Fiscal Year 2004/05 Budget

	FY 2002/03		FY 2003/04		Change from	
	Actual	Budget	Estimated Actual	Budget	FY 2003/04 Budget	FY 2003/04 Actual
Beginning Cash Balance	\$ 2,000,000	\$ 2,628,818	\$ 2,628,818	\$ 2,578,557		
SOURCES OF CASH						
CCWA Operating Expenses	4,679,263	4,846,918	4,846,918	5,214,699	367,781	367,781
Debt Service Payments	10,654,207	10,922,938	10,922,938	11,053,669	130,731	130,731
Capital Improvement Projects	2,694	22,605	22,605	-	(22,605)	(22,605)
Non-Annual Recurring Expenses	386,547	34,149	34,149	41,461	7,312	7,312
Investment Income and Other	244,010	-	75,000	-	-	(75,000)
CCWA Credits	(4,140,598)	(3,423,382)	(3,712,063)	(2,774,518)	648,864	937,546
Subtotal Revenues	11,826,123	12,403,228	12,189,547	13,535,312	1,132,084	1,345,765
Pass-Through Expenses						
DWR Fixed Costs	26,980,573	30,366,881	30,244,497	30,342,053	(24,828)	97,556
DWR Variable Costs	2,931,232	2,596,688	2,956,640	2,883,433	286,745	(73,207)
Warren Act Charges	262,900	327,251	426,744	351,031	23,780	(75,714)
Subtotal Pass-Through Expenses	30,174,705	33,290,820	33,627,882	33,576,516	285,696	(51,365)
TOTAL SOURCES OF CASH	42,000,828	45,694,048	45,817,428	47,111,829	1,417,780	1,294,400
USES OF CASH						
CCWA Operating Expenses						
Personnel	2,106,478	2,399,269	2,373,000	2,707,133	307,864	334,133
Office Expenses	16,573	19,500	28,366	23,300	3,800	(5,066)
Supplies and Equipment	592,095	633,925	496,620	626,955	(6,970)	130,335
Monitoring Expenses	69,923	73,000	51,783	71,000	(2,000)	19,217
Repairs and Maintenance	177,567	166,258	153,039	163,658	(2,600)	10,619
Professional Services	519,972	303,170	301,993	288,320	(14,850)	(13,673)
General and Administrative	138,252	190,806	191,685	196,113	5,307	4,428
Utilities	554,801	581,764	370,748	599,476	17,712	228,728
Other Expenses	503,602	479,226	438,119	538,744	59,518	100,625
Total Operating Expenses	4,679,263	4,846,918	4,405,353	5,214,699	367,781	809,346
Other Expenditures						
Warren Act Charges	262,900	327,251	426,744	351,031	23,780	(75,714)
Capital Improvement Projects ⁽¹⁾	2,694	114,292	121,710	262,750	148,458	141,040
CCWA Credits	(4,140,598)	(3,423,382)	(3,712,063)	(2,774,518)	648,864	937,546
1996 Revenue Bond Debt Service	10,654,207	10,922,938	10,922,938	11,053,669	130,731	130,731
Unexpended O&M Assessments	-	-	501,870	-	-	-
Total Other Expenditures	6,779,203	7,941,099	8,261,199	8,892,932	951,833	1,133,603
Total CCWA Expenditures	11,458,466	12,788,017	12,666,552	14,107,631	1,319,614	1,942,949
DWR Charges						
Fixed DWR Charges	26,980,573	30,366,881	30,244,497	30,342,053	(24,828)	97,556
Variable DWR Charges	2,931,232	2,596,688	2,956,640	2,883,433	286,745	(73,207)
DWR Credits	-	-	-	-	-	-
Total DWR Charges	29,911,805	32,963,569	33,201,137	33,225,486	261,917	24,349
TOTAL USES OF CASH	41,370,271	45,751,586	45,867,689	47,333,117	1,581,531	1,967,298
Ending Cash Balance	\$ 2,630,557	\$ 2,571,280	\$ 2,578,557	\$ 2,357,270	\$ (214,010)	(221,288)
Non-Annual Recurring Balance	630,556	571,280	578,557	357,268		
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 2004/05 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	Warren Act Charges (2)	1906 Revenue Bond Debt Service	Subtotal FY 2003/04 CCWA	Non-Annual Recurring Expenses	CCWA Credits	Total FY 2004/05 CCWA
Guadalupe	55,209	-	-	-	\$0	\$0	\$75,723	167,665	\$243,408	367	(\$1,342)	\$ 242,434
Santa Maria	1,568,195	-	-	-	\$600,600	-	2,168,795	2,168,795	2,168,795	11,348	(1,551,395)	628,747
SCWC	51,816	-	-	-	\$18,656	-	70,472	-	70,472	344	(64)	70,752
Vandenberg AFB	597,424	-	-	-	\$205,103	-	802,526	-	802,526	4,766	-	807,313
Buellton	74,490	-	-	-	\$21,559	-	96,049	297,058	393,108	636	(2,032)	391,714
Santa Ynez (Solvang)	185,348	-	-	-	\$55,942	-	240,890	629,371	870,261	1,606	(4,586)	867,281
Santa Ynez	85,414	246,682	-	-	\$97,197	-	438,731	235,651	674,382	318	(3,231)	671,468
Golieta	930,883	(43,505)	(88,805)	(10,598)	\$139,604	(\$488,985)	438,594	2,870,488	3,521,159	6,560	(574)	3,527,145
Morehart Land	35,657	-	-	-	\$7,246	-	113,457	115,969	140,971	291	(8,332)	132,930
La Cumbre	206,863	-	-	-	\$37,293	(\$130,699)	113,457	555,345	724,076	1,461	(1,008,785)	(283,248)
Raytheon (SBRC)	10,343	-	-	-	\$1,865	(\$6,535)	5,674	27,621	36,122	73	(686)	35,509
Santa Barbara	423,806	(29,003)	(59,204)	(7,065)	\$85,473	(\$287,444)	126,563	1,765,341	1,891,889	4,369	(382)	1,895,876
Montecito	500,642	(29,003)	(59,204)	(7,065)	\$88,562	(\$302,495)	191,438	1,824,069	2,073,796	4,370	(8,268)	2,069,897
Carpinteria	303,587	(19,336)	(39,469)	(4,710)	\$57,717	(\$195,752)	102,036	1,186,192	1,303,685	2,912	(6,439)	1,300,158
Shandon	5,056	-	-	-	-	-	5,056	13,689	18,744	35	(119)	18,660
Chorro Valley	159,274	-	-	-	-	-	159,274	1,070,866	1,230,140	854	-	1,230,995
Lopez	161,538	-	-	-	-	-	161,538	294,325	455,863	1,129	(178,281)	278,711
TOTAL:	5,335,546	(\$120,848)	\$0	\$0	\$1,436,930	(\$1,436,930)	\$5,214,699	\$11,053,669	\$16,619,398	\$41,461	(2,774,518)	\$13,886,342

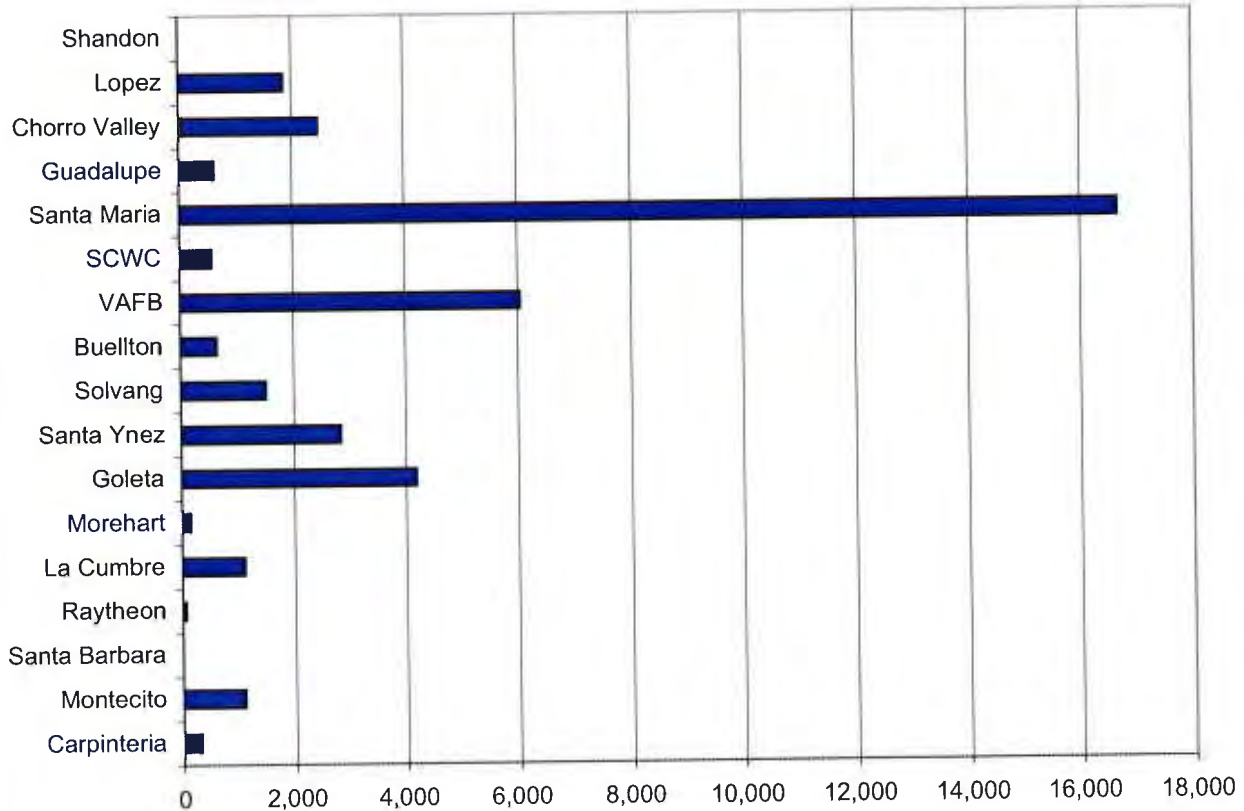
(1) Includes capital improvement projects.
(2) Adjusted for Santa Ynez Exchange Agreement modifications.

Project Participant	DWP FIXED CHARGES				DWP VARIABLE CHARGES				TOTAL DWR and CCWA			
	Transportation Capital Reach 35	Transportation Capital Reach 37	Transportation Capital Reach 38	Transportation Minimum OMP&R	Water System Revenue Bond	Delta Water Charges	Off-Aqueduct Charges	Variable OMP&R				
Guadalupe	\$ 317,607	\$ -	\$ -	\$ 45,253	\$ 13,328	\$ 15,405	\$ 391,594	\$ 7,416	\$ 37,249	\$ 44,665	\$ (637)	\$ 678,055
Santa Maria	9,357,083	526,422	-	1,333,192	393,855	453,756	12,064,308	325,155	1,027,514	1,352,669	(52,354)	13,993,371
SCWC	288,734	16,248	-	41,149	12,179	14,005	372,314	4,742	34,672	39,414	(590)	481,890
Vandenberg AFB	3,176,074	178,723	293,066	452,634	133,964	154,053	4,388,515	106,734	343,229	449,963	-	5,645,790
Buellton	333,776	18,782	30,799	47,557	14,036	16,195	461,145	15,002	87,278	53,532	(717)	905,673
Santa Ynez (Solvang)	858,804	48,743	79,927	115,280	35,746	38,195	1,176,695	36,174	86,270	123,452	(1,841)	2,165,587
Santa Ynez	296,132	16,248	26,642	49,314	12,740	17,824	418,900	19,405	36,529	55,934	(693)	1,145,608
Golieta	2,598,298	146,228	239,781	404,553	106,900	126,043	3,621,804	51,792	275,620	327,412	(6,214)	7,470,147
Morehart Land	115,494	6,489	10,657	16,459	4,826	5,602	159,537	7,201	7,201	7,201	(919)	298,749
La Cumbre	577,468	32,495	53,285	82,297	24,357	28,010	797,912	28,356	65,279	93,635	(1,281)	607,018
Raytheon (SBRC)	26,770	1,625	2,664	4,100	1,378	1,400	37,938	1,386	3,424	4,810	(66)	78,191
Santa Barbara	1,732,404	97,486	159,854	246,891	72,843	84,029	2,393,507	46,620	33,116	79,736	(3,454)	4,365,665
Montecito	1,732,404	97,486	159,854	246,891	72,843	84,029	2,393,507	47,099	124,517	171,616	(3,620)	4,631,400
Carpinteria	1,154,836	64,990	106,569	164,594	48,714	56,019	1,595,823	33,574	45,819	79,393	(2,293)	2,973,082
Golieta 2500 AF	22,015	-	-	47,703	9,865	63,653	143,236	-	-	-	-	143,236
Shandon	-	-	-	-	-	-	-	-	-	-	-	18,660
Chorro Valley	-	-	-	-	-	-	-	-	-	-	-	1,230,995
Lopez	-	-	-	-	-	-	-	-	-	-	-	278,711
TOTAL:	\$ 22,587,999	\$ 1,251,974	\$ 1,163,099	\$ 3,297,869	\$ 957,574	\$ 1,158,218	\$ 30,416,733	\$ 723,456	\$ 2,159,977	\$ 2,883,433	\$ (74,680)	\$ 47,111,829

Central Coast Water Authority
FY 2004/05 Delivery Requests (Acre Feet)

Project Participant	Requested Deliveries	Exchange Deliveries	Net Deliveries
Shandon	-	-	-
Lopez	1,861	-	1,861
Chorro Valley	2,465	-	2,465
Guadalupe	605	-	605
Santa Maria	16,651	-	16,651
SCWC	550	-	550
VAFB	6,050	-	6,050
Buellton	636	-	636
Solvang	1,500	-	1,500
Santa Ynez	700	2,130	2,830
Goleta	4,950	(767)	4,183
Morehart	139	-	139
La Cumbre	1,100	-	1,100
Raytheon	55	-	55
Santa Barbara	511	(511)	(0)
Montecito	1,600	(511)	1,089
Carpinteria	639	(341)	298
TOTAL:	40,012	-	40,012

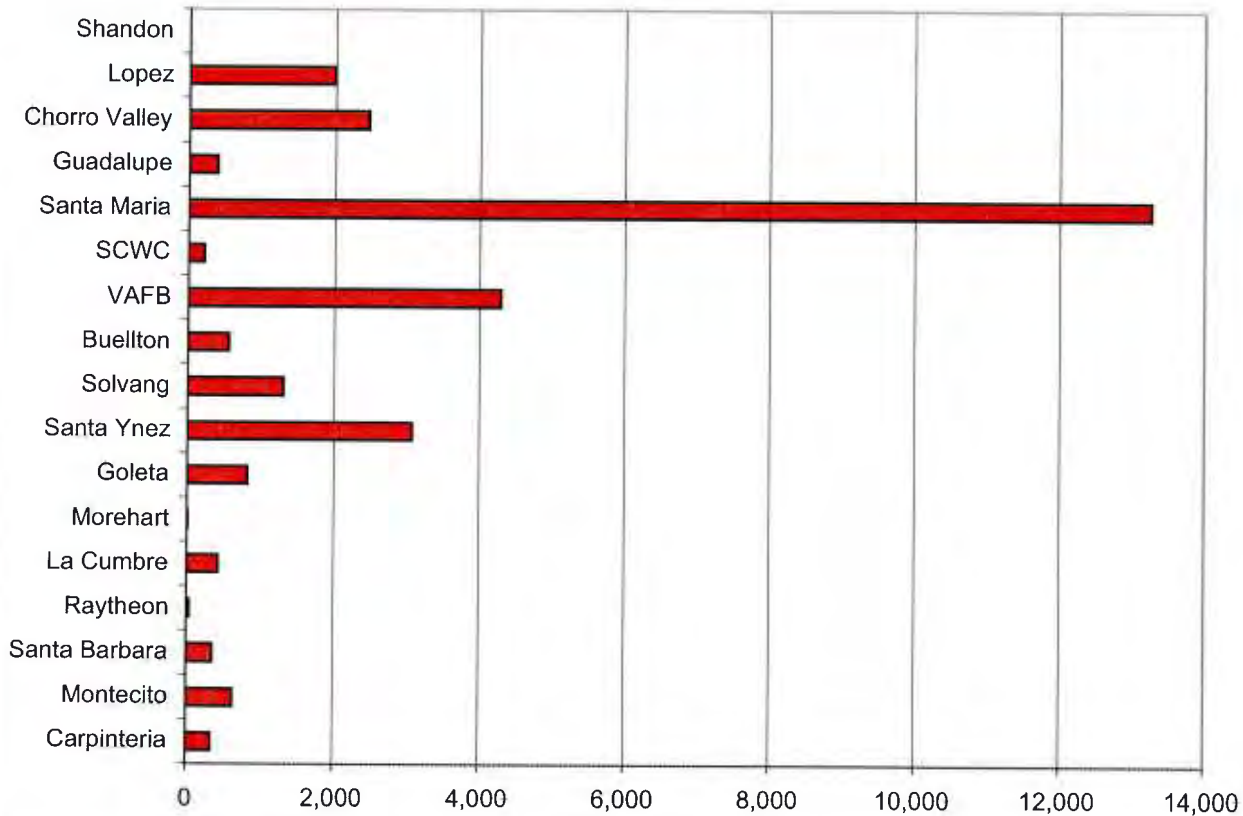
FY 2004/05 Deliveries (Acre Feet)



Central Coast Water Authority
FY 2003/04 Actual Deliveries (Acre Feet)

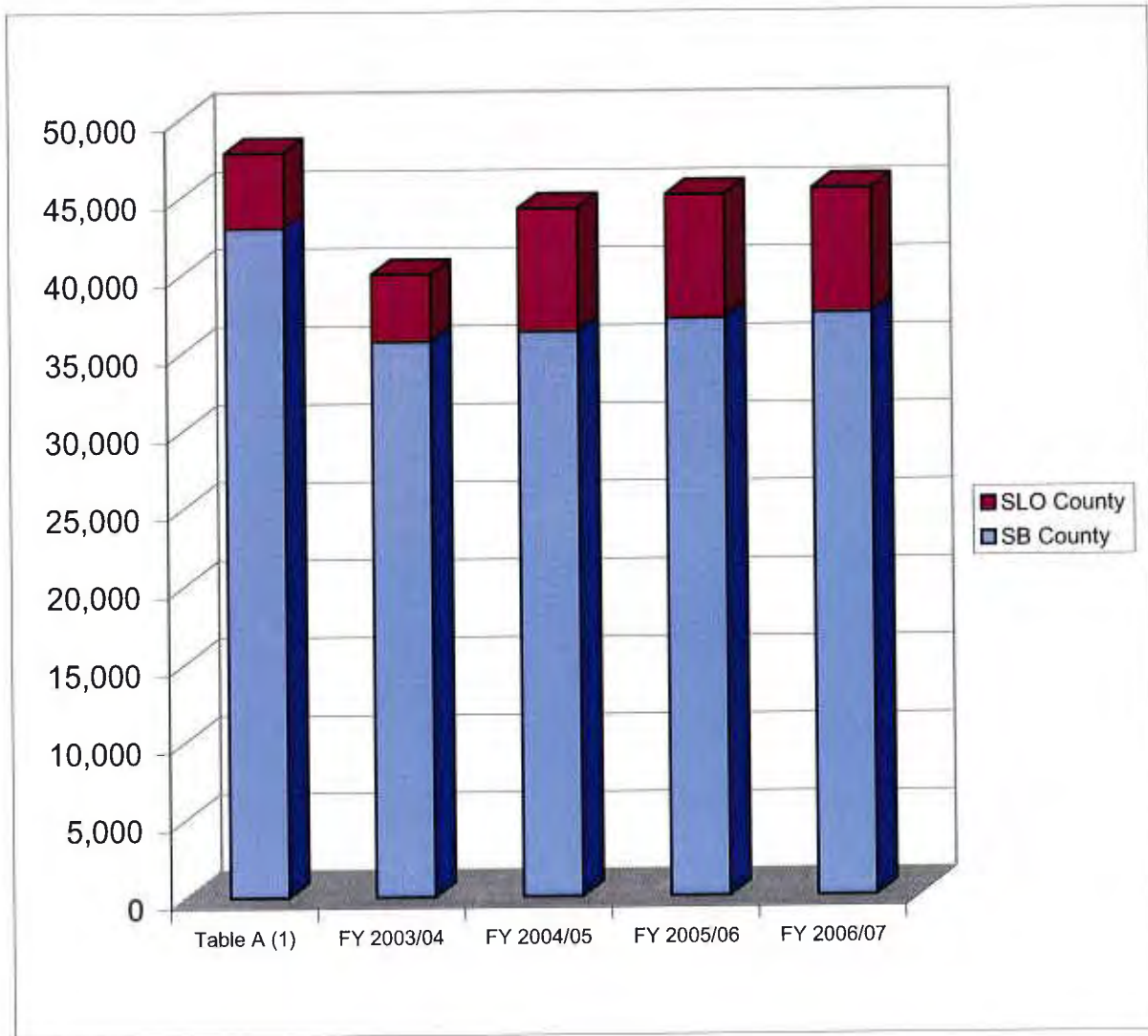
Project Participant	Actual Deliveries	Exchange Deliveries	Actual Deliveries
Shandon	-	-	-
Lopez	1,994	-	1,994
Chorro Valley	2,465	-	2,465
Guadalupe	379	-	379
Santa Maria	13,267	-	13,267
SCWC	208	-	208
VAFB	4,294	-	4,294
Buellton	545	-	545
Solvang	1,299	-	1,299
Santa Ynez	588	2,482	3,070
Goleta	1,707	(893)	814
Morehart	13	-	13
La Cumbre	417	-	417
Raytheon	36	-	36
Santa Barbara	937	(596)	341
Montecito	1,217	(596)	621
Carpinteria	725	(397)	328
TOTAL:	30,091	-	30,091

FY 2003/04 Actual Deliveries (Acre Feet)



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

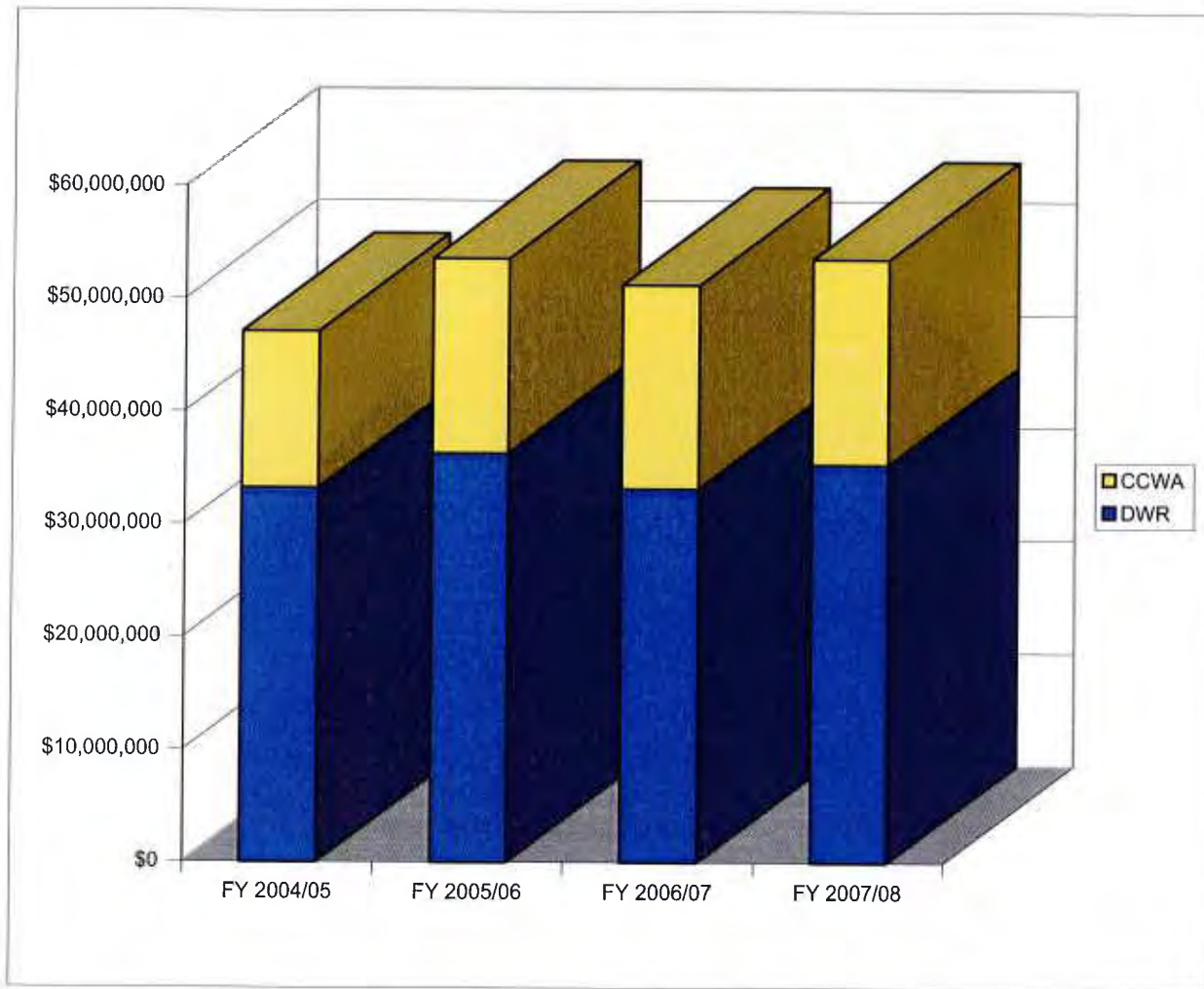
Table A ⁽¹⁾	47,816 AF
FY 2003/04	40,012 AF
FY 2004/05	44,214 AF
FY 2005/06	45,062 AF
FY 2006/07	45,429 AF



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

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

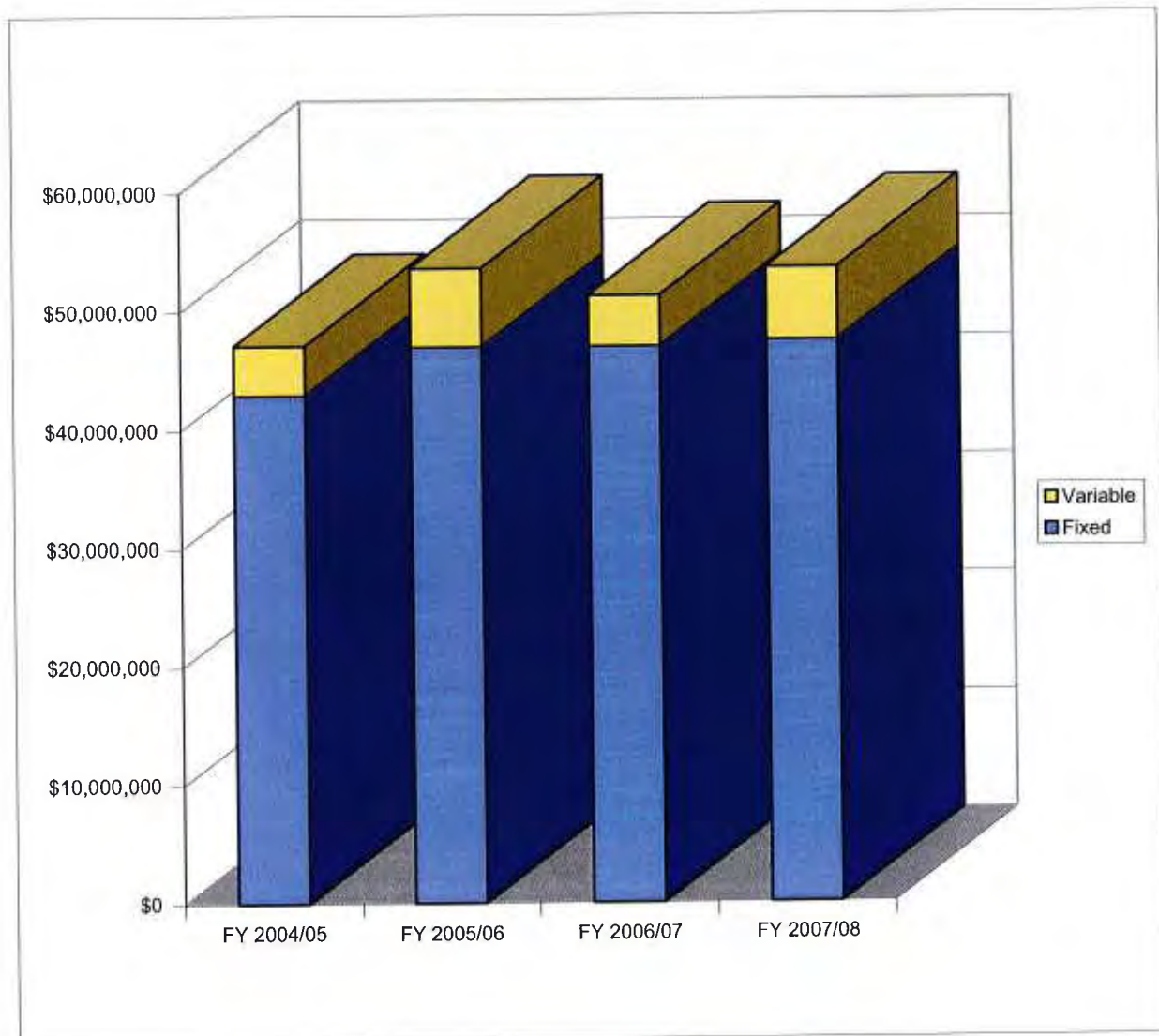
<u>Fiscal Year</u>	<u>DWR</u>	<u>CCWA</u>	<u>Total</u>
FY 2004/05	\$33,225,486	\$13,886,342	\$47,111,662
FY 2005/06	\$36,316,291	\$17,272,980	\$53,589,271
FY 2006/07	\$33,182,002	\$18,059,885	\$51,241,887
FY 2007/08	\$35,329,910	\$18,223,314	\$53,553,224



FY 2003/04 charges net of CCWA credits.

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

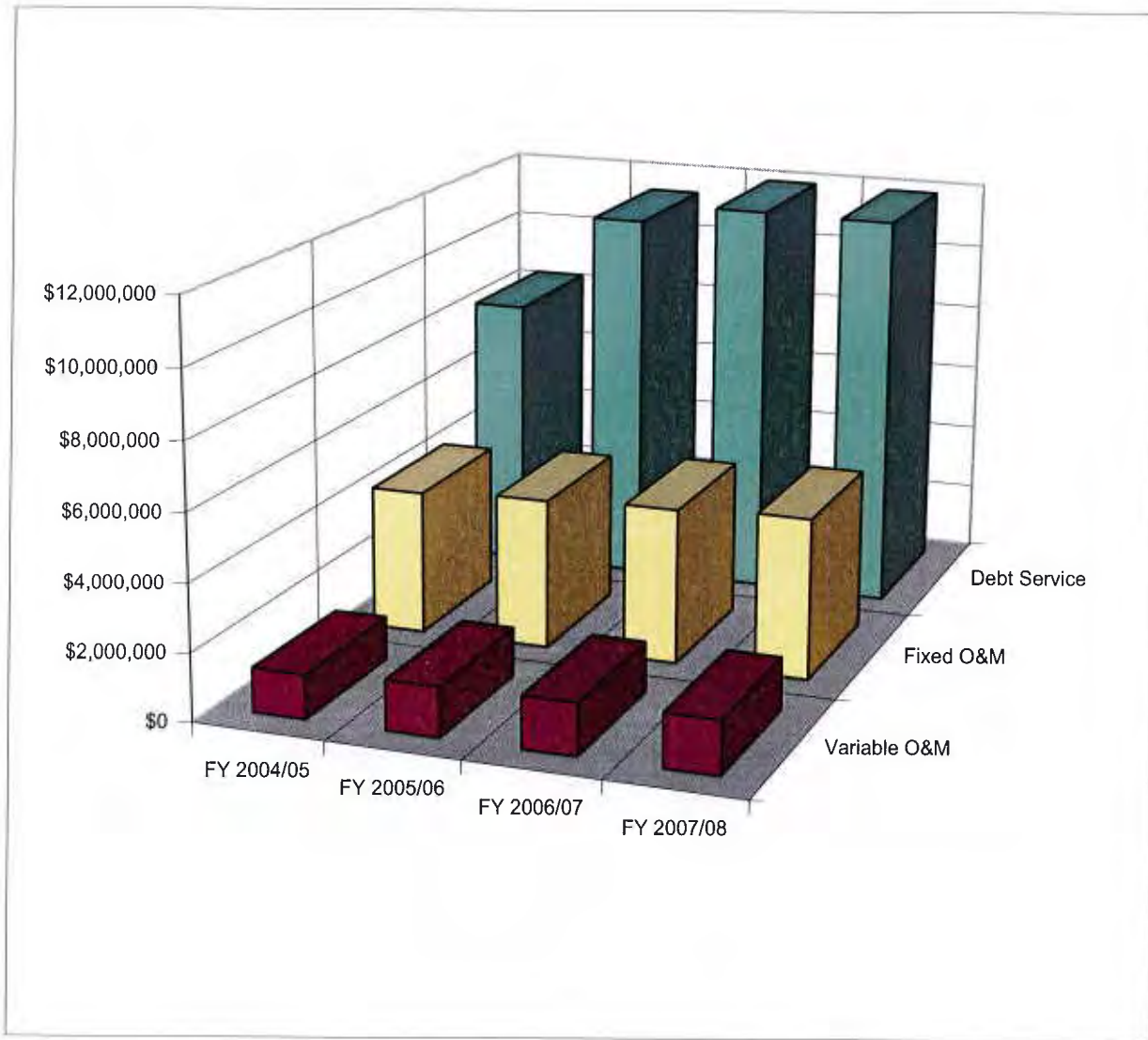
<u>Fiscal Year</u>	<u>Fixed</u>	<u>Variable</u>	<u>Total</u>
FY 2004/05	\$42,934,929	\$4,176,899	\$47,111,662
FY 2005/06	\$46,966,784	\$6,622,487	\$53,589,271
FY 2006/07	\$46,959,280	\$4,282,606	\$51,241,887
FY 2007/08	\$47,407,288	\$6,145,937	\$53,553,224



FY 2003/04 charges net of CCWA credits.

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

Fiscal Year	Variable O&M	Fixed O&M	Debt Service	Total
FY 2004/05	\$1,293,467	\$4,313,724	\$8,279,152	\$13,886,342
FY 2005/06	\$1,450,312	\$4,484,334	\$11,338,334	\$17,272,980
FY 2006/07	\$1,516,384	\$4,636,992	\$11,906,509	\$18,059,885
FY 2007/08	\$1,558,473	\$4,794,658	\$11,870,184	\$18,223,314



FY 2003/04 charges net of CCWA credits.



Standby generator at valve vault facility.

Revenues and Sources of Cash

The Revenues and Sources of Cash section of the FY 2004/05 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 2004/05 Budget

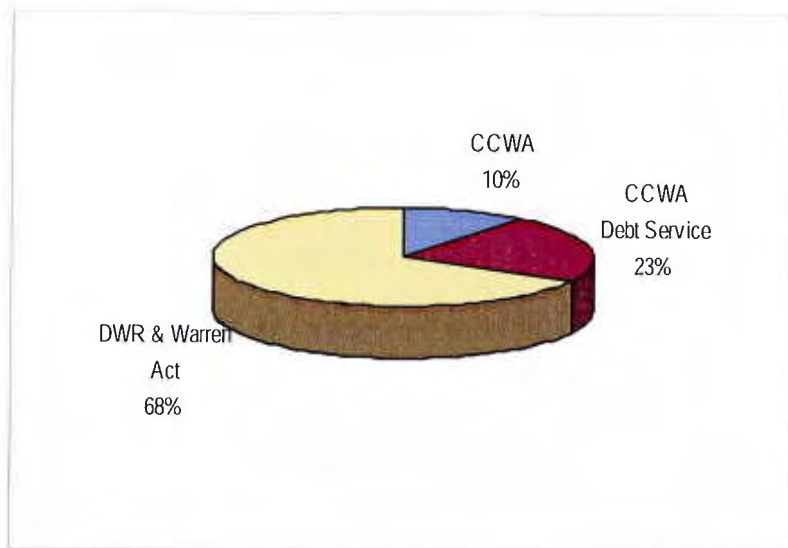
The Authority Revenue budget is comprised of payments made by member agencies and other project participants for Authority operating expenses, debt service on the Authority revenue bonds and investment income. Additionally, there are other payments made by the project participants that are treated as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

Revenues and Other Sources of Cash

Revenues	FY 2002/03 Actual	FY 2003/04 Estimated Actual	FY 2004/05 Budget
CCWA Operating Expenses ⁽¹⁾	\$ 4,679,263	\$ 4,846,918	\$ 5,214,699
Debt Service Payments	10,654,207	10,922,938	11,053,669
Capital Improvement Projects (CIP)	2,694	22,605	-
Non-Annual Recurring Expenses	386,547	34,149	41,461
Investment Income	244,010	75,000	-
Subtotal Revenues	15,966,721	15,901,610	16,309,829
<u>Pass-Through Expenses</u>			
DWR Fixed Costs	26,980,573	30,244,497	30,416,733
DWR Variable Costs	2,931,232	2,956,640	2,883,433
DWR Account Interest	-	-	(74,680)
Warren Act Charges ⁽¹⁾	262,900	426,744	351,031
Subtotal Pass Through Expenses	30,174,705	33,627,882	33,576,516
Gross Budget Before Credits	46,141,426	49,529,492	49,886,346
Credits and Prepayments	(4,140,598)	(3,712,063)	(2,774,518)
TOTAL SOURCES OF CASH	\$ 42,000,828	\$ 45,817,428	\$ 47,111,828

(1) Adjusted for Santa Ynez Exchange Agreement modifications.

Central Coast Water Authority
Revenues and Sources of Cash
Fiscal Year 2004/05 Budget



FY 2003/04 Actual Cash Receipts

The actual cash receipts for FY 2003/04 were less than the actual expenditures for the year because of credits given to the project participants for (1) unexpended operating expense assessments for FY 2002/03, (2) interest income for FY 2002/03, (3) differences between the DWR actual fixed payments and the budgeted fixed payments and (4) debt service credits from the project closeout.

CCWA Operating Expense Revenues

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

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

Central Coast Water Authority
Revenues and Sources of Cash
 Fiscal Year 2004/05 Budget

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

Project Participant	Original CCWA Operating Expenses ⁽¹⁾	Regional WTP Allocation	Regional WTP Allocation Credit	Exchange Agreement Adjustment SYPF Power	Exchange Agreement Adjustment Cap. and Fixed	Exchange Agreement Adjustment Variable	Adjusted CCWA Operating Expenses
Guadalupe	\$ 55,209	\$ 20,515	\$ -	\$ -	\$ -	\$ -	\$ 75,723
Santa Maria	1,568,195	600,600	-	-	-	-	2,168,795
SCWC	51,816	18,656	-	-	-	-	70,472
Vandenberg AFB	597,424	205,103	-	-	-	-	802,526
Buellton	74,490	21,559	-	-	-	-	96,049
Santa Ynez (Solvang)	185,348	55,542	-	-	-	-	240,890
Santa Ynez	65,414	97,197	-	-	246,682	29,438	438,731
Goleta	930,883	139,604	(488,985)	(43,505)	(88,805)	(10,598)	438,594
Morehart Land	35,657	7,246	(25,020)	-	-	-	17,883
La Cumbre	206,863	37,293	(130,699)	-	-	-	113,457
Raytheon (SBRC)	10,343	1,865	(6,535)	-	-	-	5,674
Santa Barbara	423,806	85,473	(287,444)	(29,003)	(59,204)	(7,065)	126,563
Montecito	500,642	88,562	(302,495)	(29,003)	(59,204)	(7,065)	191,438
Carpinteria	303,587	57,717	(195,752)	(19,336)	(39,469)	(4,710)	102,036
Shandon	5,056	-	-	-	-	-	5,056
Chorro Valley	159,274	-	-	-	-	-	159,274
Lopez	161,538	-	-	-	-	-	161,538
TOTAL:	\$ 5,335,546	\$ 1,436,930	(\$ 1,436,930)	(\$ 120,848)	\$ -	\$ -	\$ 5,214,699

(1) Includes \$510,284 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 2004/05, are **\$5,214,699**.

Central Coast Water Authority
Revenues and Sources of Cash
 Fiscal Year 2004/05 Budget

Debt Service Payments

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

For Fiscal Year 2004/05, total revenue for debt service payments will be \$11,053,669, or about \$131,000 more than the FY 2003/04 payment. The following table shows each financing participant's share of the debt service.

Financing Participant	FY 2003/04 Actual Debt Service Payments	FY 2004/05 Debt Service Revenue	Increase
Avila Beach	\$ 14,403	\$ 14,406	\$ 3
California Men's Colony	121,923	121,952	29
County of SLO	129,868	129,898	30
Cuesta College	60,967	60,981	14
Morro Bay	757,862	758,036	174
Oceano	105,495	105,519	24
Pismo Beach	174,360	174,401	41
Shandon	13,685	13,689	4
Guadalupe	167,633	167,685	52
Buellton	297,045	297,058	13
Santa Ynez (Solvang)	627,697	629,371	1,674
Santa Ynez	235,021	235,651	630
Goleta	2,870,362	2,870,488	126
Morehart Land	110,075	115,969	5,894
La Cumbre	526,724	555,345	28,621
Raytheon (SBRC)	27,648	27,621	(27)
Santa Barbara	1,765,264	1,765,341	77
Montecito	1,730,671	1,824,069	93,398
Carpinteria	1,186,234	1,186,192	(42)
TOTAL:	\$ 10,922,937	\$ 11,053,669	\$ 130,732

Central Coast Water Authority
Revenues and Sources of Cash
 Fiscal Year 2004/05 Budget

FY 2004/05 CCWA Credits

The following table shows a summary of the FY 2004/05 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	\$0	\$70	\$ 1,272	\$ -	\$1,342
Santa Maria	-	-	-	1,551,395	1,551,395
SCWC	-	64	-	-	64
Vandenberg AFB	-	-	-	-	-
Buellton	-	74	1,958	-	2,032
Santa Ynez (Solvang)	-	192	4,394	-	4,586
Santa Ynez	-	64	3,168	-	3,231
Goleta	-	574	-	-	574
Morehart Land	5,282	60	-	2,991	8,332
La Cumbre	-	127	2,835	1,005,822	1,008,785
Raytheon	-	6	-	680	686
Santa Barbara	-	382	-	-	382
Montecito	-	383	7,885	-	8,268
Carpinteria	-	255	6,184	-	6,439
Shandon	-	-	119	-	119
Oceano CSD	-	-	1,450	176,604	178,054
Avila Beach CSD	-	-	227	-	227
Chorro Valley	-	-	-	-	-
Lopez	-	-	-	-	-
TOTAL:	\$5,282	\$2,252	\$29,492	\$2,737,492	\$2,774,518

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 2004/05 Budget

Bank Account Cash Balances

The Authority has three demand deposit bank accounts and one general account at the California Local Agency Investment Fund (LAIF) 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 Investment Policy with investment maturities corresponding to the debt service payment dates. Investment income within this account is allocated to the financing participants based on the proportional amount initially paid.

Investment Income

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

DWR Payment Investments

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

CCWA Operating Expense Revenue

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

Central Coast Water Authority
Revenues and Sources of Cash
 Fiscal Year 2004/05 Budget

Pass-Through Expenses

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

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

Warren Act Charges

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

There are two components to the Warren Act charges: (1) Trust Fund payments of \$43 an acre-foot and (2) Warren Act charges of \$15 per acre foot. For Fiscal Year 2004/05, the charges are based on 75% of requested deliveries to Lake Cachuma for the second half of 2004 and 100% of requested deliveries to Lake Cachuma for the first half of 2005.

The following table represents the Fiscal Year 2004/05 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 2004/05 DWR Fixed Charges	FY 2004/05 DWR Variable Charges	FY 2004/05 Interest Income	FY 2004/05 Warren Act Charges ⁽¹⁾	Total Pass-Through Expenses
Guadalupe	\$391,594	\$44,665	(\$637)	\$ -	\$435,622
Santa Maria	12,064,308	1,352,669	(52,354)	-	13,364,624
SCWC	372,314	39,414	(590)	-	411,138
Vandenberg AFB	4,388,515	449,963	-	-	4,838,477
Buellton	461,145	53,532	(717)	-	513,960
Santa Ynez (Solvang)	1,176,695	123,452	(1,841)	-	1,298,305
Santa Ynez	418,900	55,934	(693)	-	474,140
Goleta	3,765,040	327,412	(6,214)	212,077	4,298,315
Morehart Land	159,537	7,201	(919)	7,120	172,938
LaCumbre	797,912	93,635	(1,281)	55,274	945,540
Raytheon (SBRC)	37,938	4,810	(66)	2,828	45,509
Santa Barbara	2,393,507	79,736	(3,454)	(14)	2,469,774
Montecito	2,393,507	171,616	(3,620)	58,290	2,619,793
Carpinteria	1,595,823	79,393	(2,293)	15,457	1,688,380
Shandon	N/A	N/A	-	-	-
Chorro Valley	N/A	N/A	-	-	-
Lopez	N/A	N/A	-	-	-
TOTAL:	\$30,416,733	\$2,883,433	(\$74,680)	\$351,031	\$33,576,516

(1) Adjusted for Santa Ynez Exchange Agreement modifications.

Central Coast Water Authority
Revenues and Sources of Cash
Fiscal Year 2004/05 Budget

Authority Billing Procedures

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

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

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

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

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

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

Central Coast Water Authority
Revenues and Sources of Cash
 Fiscal Year 2004/05 Budget

The following table provides a breakdown of the various revenues and pass-through expenses for Fiscal Year 2004/05 for each project participant.

Project Participant	FY 2004/05 CCWA Operating Expenses ⁽¹⁾	FY 2004/05 Non-Annual Recurring	FY 2004/05 Debt Service Payments	FY 2004/05 DWR Costs	FY 2004/05 Warren Act Charges ⁽²⁾	FY 2004/05 CCWA Credits	FY 2004/05 Total Payments
Guadalupe	\$75,723	\$367	\$ 167,685	\$435,622	\$0	\$ (1,342)	\$678,055
Santa Maria	2,168,795	11,348	-	13,364,624	-	(1,551,395)	13,993,371
SCWC	70,472	344	-	411,138	-	(64)	481,890
Vandenberg AFB	802,526	4,786	-	4,838,477	-	-	5,645,790
Buellton	96,049	638	297,058	513,960	-	(2,032)	905,673
Santa Ynez (Solvan)	240,890	1,606	629,371	1,298,305	-	(4,586)	2,165,587
Santa Ynez	438,731	318	235,651	474,140	-	(3,231)	1,145,608
Goleta	438,594	6,560	2,870,488	4,086,238	212,077	(574)	7,613,383
Morehart Land	17,883	291	115,969	165,819	7,120	(8,332)	298,749
La Cumbre	113,457	1,461	555,345	890,266	55,274	(1,008,785)	607,018
Raytheon (SBRC)	5,674	73	27,621	42,682	2,828	(686)	78,191
Santa Barbara	126,563	4,369	1,765,341	2,469,789	(14)	(382)	4,365,665
Montecito	191,438	4,370	1,824,069	2,561,503	58,290	(8,268)	4,631,400
Carpinteria	102,036	2,912	1,186,192	1,672,923	15,457	(6,439)	2,973,082
Shandon	5,056	35	13,689	N/A	-	(119)	18,660
Chorro Valley	159,274	854	1,070,866	N/A	-	-	1,230,995
Lopez	161,538	1,129	294,325	N/A	-	(178,281)	278,711
TOTAL:	\$5,214,699	\$41,461	\$11,053,669	\$33,225,486	\$351,031	(\$2,774,518)	\$47,111,828

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





*Sleeve valve controller at the
Southern California Water Company Turnout.*

Department of Water Resources Charges

The Department of Water Resources (DWR) section of the FY 2004/05 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 2004/05 DWR charges.

Highlights

Total FY 2004/05 DWR Charges **\$ 33,225,486**

- DWR Fixed Charges \$ 30,416,733
- DWR Variable Charges \$ 2,883,432
- Interest Income Credits \$ (74,680)

Fixed Charge Highlights

- Total fixed charge increase over FY 2003/04 of \$49,853
- Increase in Transportation Capital charges \$2,213,645
- Decrease in Transportation Minimum OMP&R charges \$2,027,942
- Partial Rate Management Funds Credits for both 2004 and 2005 totaling about \$700,000

Variable Charge Highlights

- Total variable charge increase over FY 2003/04 of \$286,744
- Estimated Variable OMP&R unit rate for 2004: \$75.00
- Estimated Variable OMP&R unit rate for 2005: \$115.55

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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 project participants, which the Authority provides to DWR in October of the prior year. The fixed portion of the bill is based on the Authority's State water Table A amount. The Delta Water Charge is billed by DWR net of Table A entitlement reductions (*see the sections entitled "Delta Water Charges" and "Table A Entitlement Reductions"*).

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

Summary of FY 2004/05 DWR Charges

The DWR charges for the first half of FY 2004/05 are based on the 2004 Statement of Charges. The DWR charges for the second half of FY 2004/05 are based on forecasts prepared by the DWR State Water Project Analysis Office. DWR transportation capital charges starting in 1998 are based on a Coastal Branch Phase II project cost of \$481 million. Coastal Branch Extension capital charges are based on debt service from DWR's November 1996 Series Q revenue bond financing including deferral of principal through 2008 and the Series W revenue bonds issued in 2001.

The fixed DWR charges are allocated to the various project participants based on their State water Table A allocation. The variable DWR charges are allocated in proportion to the project participant requested deliveries. San Luis Obispo County pays DWR directly for its DWR costs. The table on page 63 shows fixed and variable DWR costs for each project participant.

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The FY 2004/05 DWR fixed charges total \$30,416,733, which is \$49,853 more than the FY 2003/04 Budget.

- Transportation capital charges are increasing by \$2,213,645 due to the following:
 1. Rate Management Credits DWR determined it only had sufficient revenues to provide partial rate management credits for calendar year 2004, of which CCWA's share is approximately \$500,000. Additionally, calendar year 2005 rate management credits are shown at 25% of the normal calendar year amount (normal rate management credits are \$3.5 million a year for CCWA), or \$0.8 million, of which \$0.4 million is included in the FY 2004/05 Budget.
 2. One-Shot Adjustment The FY 2003/04 Transportation Capital Budget included a \$400,000 "one-shot" adjustment which is not shown in the FY 2004/05 Budget.
 3. Prior Year Credits The FY 2003/04 Transportation Capital Budget included about \$500,000 in credits from the prior year which are not included in the FY 2004/05 Budget. The prior year credits related to calendar year 2002 rate management credits which were not provided by DWR until after adoption of the CCWA FY 2002/03 Budget.
- Coastal Branch Phase II Extension (i.e., Reaches 37 and 38) transportation charges are increasing by \$119,251 compared to the FY 2003/04 amount primarily due to changes in the Coastal Branch Phase II debt service payments.
- Transportation Minimum OMP&R charges are decreasing by \$2,027,942 from the prior year budget due to a \$1 million over-collection by DWR in 2003, one-half of which is included in the FY 2004/05 budget, and a decrease in the current year (2004) Transportation Minimum OMP&R charges.
- Water System Revenue Bond (WSRB) Charges are about \$412,000 lower than the prior year budget due to additional credits paid by DWR during FY 2003/04, which carried over and were payable in the prior year but not remitted to CCWA until FY 2003/04.
- Total Delta Water Charges for FY 2004/05 are \$1,158,218, or about \$160,000 higher than the prior year budget amount due to an increase in the 2004 Delta Water Charge unit rate for CCWA's allocated share of repair project costs at the Hyatt-Thermalito power generation facilities located at Oroville Lake. The cost of this project increased the Delta Water Charge by about \$2.50/AF.

The DWR variable charges for FY 2004/05 total \$2,883,433, which is \$286,744 higher than the FY 2003/04 budgeted variable payments.

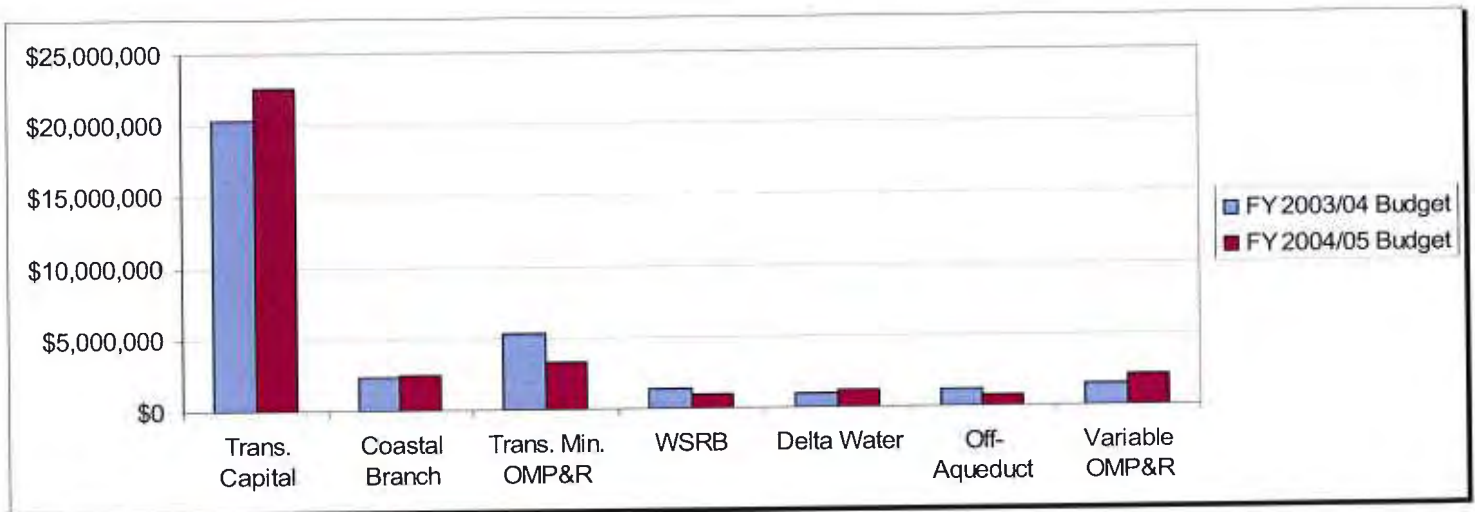
- Off-aqueduct charges total \$723,456, which is about \$414,000 lower than the prior year amount due to \$470,000 of off-aqueduct credits from FY 2003/04.

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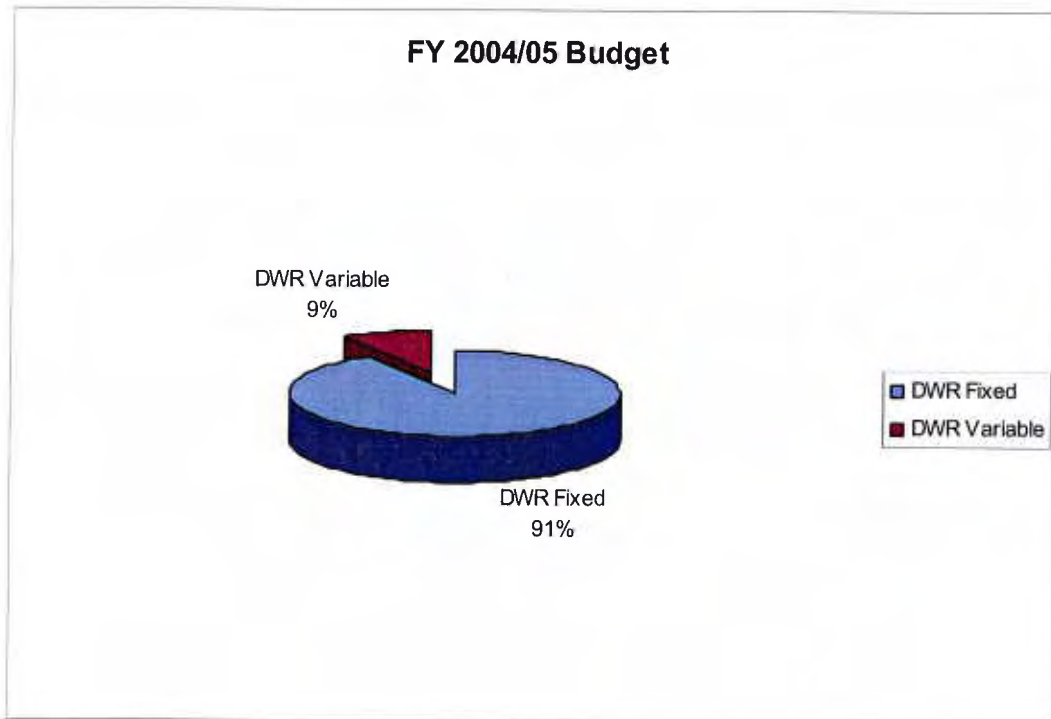
- Variable OMP&R charges total \$2,159,977 which is about \$701,000 more than the prior year amount. The increase is attributed to a significantly higher estimate of the 2005 Variable OMP&R costs. For projection purposes, DWR conservatively estimates the Variable OMP&R costs and then adjusts the actual invoices based on the actual costs incurred. Therefore, actual Variable OMP&R charges will most likely be less than the amount shown in the FY 2004/05 Budget.

The following table provides a comparison of the FY 2003/04 and FY 2004/05 DWR charges. The FY 2004/05 charges are partially offset by DWR account investment income payable to the project participants.

DWR Fixed and Variable Cost Comparison			
Cost Component	FY 2003/04 Budget	FY 2004/05 Budget	Increase (Decrease)
Transportation Capital	\$ 20,374,354	\$ 22,587,999	\$ 2,213,645
Coastal Branch Phase II	2,295,823	2,415,074	119,251
Transportation Minimum OMP&R	5,325,811	3,297,869	(2,027,942)
Water System Revenue Bond	1,369,537	957,574	(411,963)
Delta Water Charges	<u>1,001,356</u>	<u>1,158,218</u>	<u>156,862</u>
Subtotal Fixed DWR Charges	<u>30,366,880</u>	<u>30,416,733</u>	<u>49,853</u>
Off-Aqueduct Charges	1,137,910	723,456	(414,454)
Variable OMP&R	1,458,779	2,159,977	701,198
Subtotal Variable DWR Charges	<u>2,596,689</u>	<u>2,883,433</u>	<u>286,744</u>
DWR Account Investment Income	-	(74,680)	(74,680)
Total DWR Charges	<u>\$ 32,963,569</u>	<u>\$ 33,225,486</u>	<u>\$ 261,916</u>



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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 2004/05 by project participant.

TRANSPORTATION CAPITAL CHARGES

Project Participant	Table A	Percentage	Reaches 1 to 35 ⁽¹⁾	Deferral	One-Shot Adjustment	Rate	FY 2003/04	FY 2004/05
				of Charges Repayment		Management Funds Credit	(Credits) Additional Charge ⁽²⁾	Transportation Capital Charges
Guadalupe	550	1.41%	\$ 314,637	\$ 13,087	\$ (36)	\$ (9,160)	\$ (920)	\$ 317,607
Santa Maria	16,200	41.46%	9,267,477	385,467	(1,061)	(269,805)	(24,995)	9,357,083
SCWC	500	1.28%	286,033	11,897	(33)	(8,327)	(836)	288,734
VAFB	5,500	14.07%	3,146,366	130,868	(360)	(91,601)	(9,200)	3,176,074
Buellton	578	1.48%	330,654	13,753	(38)	(9,626)	(967)	333,776
Santa Ynez (Solvang) ⁽³⁾	1,500	3.84%	850,692	35,691	(98)	(24,752)	(2,730)	858,804
Santa Ynez ⁽³⁾	500	1.28%	293,441	11,897	(33)	(8,558)	(616)	296,132
Goleta	4,500	11.52%	2,574,299	107,074	(295)	(74,946)	(7,835)	2,598,298
Morehart	200	0.51%	114,413	4,759	(13)	(3,331)	(335)	115,494
La Cumbre	1,000	2.56%	572,067	23,794	(65)	(16,655)	(1,673)	577,468
Raytheon (SBRC)	50	0.13%	28,603	1,190	(3)	(833)	(2,187)	26,770
Santa Barbara	3,000	7.68%	1,716,200	71,383	(196)	(49,964)	(5,018)	1,732,404
Montecito	3,000	7.68%	1,716,200	71,383	(196)	(49,964)	(5,018)	1,732,404
Carpinteria	2,000	5.12%	1,144,133	47,589	(131)	(33,309)	(3,345)	1,154,936
Subtotal:	39,078	100.00%	\$ 22,355,215	\$ 929,832	\$ (2,559)	\$ (650,831)	\$ (65,674)	\$ 22,565,984
Goleta Additional Table A	2,500	5.50%	21,903	911	-	(799)	-	22,015
CCWA Drought Buffer	3,908	-	-	-	-	-	-	-
TOTAL:	45,486		\$ 22,377,118	\$ 930,744	\$ (2,559)	\$ (651,630)	\$ (65,674)	\$ 22,587,999

(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 2003/04 transportation capital reconciliation.
 (3) Adjusted for transfer of the Solvang 150 acre foot drought buffer Table A to Santa Ynez.

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

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

TRANSPORTATION CAPITAL-COASTAL BRANCH EXTENSION

Project Participant	Reach 37				
	Table A	Percentage	Transportation Capital	Reach 37 Credits ⁽¹⁾	Net Reach 37 Transp. Costs
Guadalupe	-	0.00%	-	-	\$ -
Santa Maria	16,200	42.05%	700,639	(133,894)	566,745
SCWC	500	1.30%	21,625	(4,133)	17,492
VAFB	5,500	14.28%	237,871	(45,458)	192,413
Buellton	578	1.50%	24,998	(4,777)	20,221
Santa Ynez (Solvang)	1,500	3.89%	64,874	(12,398)	52,476
Santa Ynez	500	1.30%	21,625	(4,133)	17,492
Goleta	4,500	11.68%	194,622	(37,193)	157,429
Morehart	200	0.52%	8,650	(1,653)	6,997
La Cumbre	1,000	2.60%	43,249	(8,265)	34,984
Raytheon	50	0.13%	2,162	(413)	1,749
Santa Barbara	3,000	7.79%	129,748	(24,795)	104,953
Montecito	3,000	7.79%	129,748	(24,795)	104,953
Carpinteria	2,000	5.19%	86,499	(16,530)	69,969
Total:	38,528	100.00%	1,666,310	(318,437)	\$ 1,347,873

Project Participant	Reach 38					FY 2004/05	
	Table A	Percentage	Transportation Capital	Reach 38 Credits ⁽¹⁾	Net Reach 38 Transp. Costs	FY 2003/04 Credits	Transportation Capital Charges
Guadalupe	-	0.00%	-	-	\$ -	\$ -	\$ -
Santa Maria	-	0.00%	-	-	-	(40,324)	526,421
SCWC	-	0.00%	-	-	-	(1,245)	16,247
VAFB	5,500	25.20%	390,055	(74,541)	315,515	(36,138)	471,790
Buellton	578	2.65%	40,991	(7,834)	33,158	(3,798)	49,580
Santa Ynez (Solvang)	1,500	6.87%	106,379	(20,329)	86,049	(9,856)	128,670
Santa Ynez	500	2.29%	35,460	(6,776)	28,683	(3,285)	42,890
Goleta	4,500	20.62%	319,136	(60,988)	258,148	(29,568)	386,009
Morehart	200	0.92%	14,184	(2,711)	11,473	(1,314)	17,156
La Cumbre	1,000	4.58%	70,919	(13,553)	57,366	(6,571)	85,780
Raytheon	50	0.23%	3,546	(678)	2,868	(328)	4,289
Santa Barbara	3,000	13.74%	212,757	(40,659)	172,099	(19,711)	257,340
Montecito	3,000	13.74%	212,757	(40,659)	172,099	(19,711)	257,340
Carpinteria	2,000	9.16%	141,838	(27,106)	114,733	(13,142)	171,560
Total:	21,828	100.00%	1,548,023	(295,832)	\$ 1,252,191	\$ (184,991)	\$ 2,415,074

(1) Includes repayment of the Deferral of Charges of \$80,095, credits for the return of bond cover, \$652,273, and Rate Management Funds Credits of \$42,091.

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

The following table shows the Transportation Charge-Minimum OMP&R charges for FY 2004/05.

TRANSPORTATION MINIMUM OMP&R

Project Participant	Table A	Percentage	Reaches 1 to 35	One-Shot Adjustment	FY 2003/04 Credit Amount	FY 2004/05 Transportation Minimum OMP&R
Guadalupe	550	1.41%	\$ 57,006	\$ (6,979)	\$ (4,774)	\$ 45,253
Santa Maria	16,200	41.46%	1,679,077	(205,556)	(140,329)	1,333,192
SCWC	500	1.28%	51,823	(6,344)	(4,330)	41,149
VAFB	5,500	14.07%	570,057	(69,788)	(47,635)	452,634
Buellton	578	1.48%	59,908	(7,334)	(5,016)	47,557
Santa Ynez (Solvang) ⁽¹⁾	1,500	3.84%	151,188	(19,033)	(16,874)	115,280
Santa Ynez ⁽¹⁾	500	1.28%	56,106	(6,344)	(448)	49,314
Goleta	4,500	11.52%	466,410	(57,099)	(4,758)	404,553
Morehart	200	0.51%	20,729	(2,538)	(1,732)	16,459
La Cumbre	1,000	2.56%	103,647	(12,689)	(8,661)	82,297
Raytheon (SBRC)	50	0.13%	5,182	(634)	(447)	4,100
Santa Barbara	3,000	7.68%	310,940	(38,066)	(25,983)	246,891
Montecito	3,000	7.68%	310,940	(38,066)	(25,983)	246,891
Carpinteria	2,000	5.12%	207,293	(25,377)	(17,322)	164,594
Subtotal:	39,078	100.00%	\$ 4,050,307	\$ (495,848)	\$ (304,293)	\$ 3,250,166
Goleta Additional Table A	2,500	-	54,358	(6,655)	-	47,703
CCWA Drought Buffer	3,908	-	-	-	-	-
TOTAL:	45,486	-	\$ 4,104,665	\$ (502,503)	\$ (304,293)	\$ 3,297,869

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

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

The following table shows the Water System Revenue Bond Surcharge for FY 2004/05.

WATER SYSTEM REVENUE BOND SURCHARGE

Project Participant	Table A	Percentage	Gross WSRB Charges	Return of Bond Cover ⁽²⁾	FY 2003/04 WSRB Credits	FY 2004/05 WSRB Charges
Guadalupe	550	1.41%	\$ 34,335	\$ (13,231)	\$ (7,776)	\$ 13,328
Santa Maria	16,200	41.46%	1,011,317	(389,713)	(227,748)	393,855
SCWC	500	1.28%	31,213	(12,028)	(7,007)	12,179
VAFB	5,500	14.07%	343,348	(132,310)	(77,074)	133,964
Buellton	578	1.48%	36,083	(13,905)	(8,143)	14,036
Santa Ynez (Solvang) ⁽¹⁾	1,500	3.84%	92,390	(35,603)	(21,042)	35,746
Santa Ynez ⁽¹⁾	500	1.28%	32,464	(12,510)	(7,214)	12,740
Goleta	4,500	11.52%	280,921	(108,254)	(65,767)	106,900
Morehart	200	0.51%	12,485	(4,811)	(2,848)	4,826
La Cumbre	1,000	2.56%	62,427	(24,056)	(14,013)	24,357
Raytheon (SBRC)	50	0.13%	3,121	(1,203)	(541)	1,378
Santa Barbara	3,000	7.68%	187,281	(72,169)	(42,269)	72,843
Montecito	3,000	7.68%	187,281	(72,169)	(42,269)	72,843
Carpinteria	2,000	5.12%	124,854	(48,113)	(28,027)	48,714
Subtotal	39,078	100.00%	\$ 2,439,521	\$ (940,076)	\$ (551,736)	\$ 947,709
Goleta Additional Table A	2,500	-	\$ 16,050	(6,185)	\$ -	\$ 9,865
CCWA Drought Buffer	3,908	-	-	-	-	-
TOTAL:	45,486		\$ 2,455,571	\$ (946,261)	\$ (551,736)	\$ 957,574

(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 2003 and January 2004 payments.

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

No Table A reductions are assumed for FY 2004/05.

The following table shows the Delta Water Charges for FY 2004/05.

DELTA WATER CHARGE

Project Participant	Table A Including Drought Buffer ⁽¹⁾	Percentage	Gross Delta Water Charges	Rate Management Funds Credit	FY 2004/05 Delta Water Charges
Guadalupe	605	1.41%	\$ 15,772	(367)	\$ 15,405
Santa Maria	17,820	41.46%	464,555	(10,799)	453,756
SCWC	550	1.28%	14,338	(333)	14,005
VAFB	6,050	14.07%	157,719	(3,666)	154,053
Buellton	636	1.48%	16,580	(385)	16,195
Santa Ynez (Solvang)	1,500	3.49%	39,104	(909)	38,195
Santa Ynez	700	1.63%	18,249	(424)	17,824
Goleta	4,950	11.52%	129,043	(3,000)	126,043
Morehart	220	0.51%	5,735	(133)	5,602
La Cumbre	1,100	2.56%	28,676	(667)	28,010
Raytheon	55	0.13%	1,434	(33)	1,400
Santa Barbara	3,300	7.68%	86,029	(2,000)	84,029
Montecito	3,300	7.68%	86,029	(2,000)	84,029
Carpinteria	2,200	5.12%	57,352	(1,333)	56,019
Subtotal	42,986	100.00%	\$ 1,120,615	\$ (26,050)	\$ 1,094,565
Goleta Additional Table A	2,500	5.50%	\$ 65,173	(1,520)	\$ 63,653
TOTAL:	45,486		\$ 1,185,789	\$ (27,571)	\$ 1,158,218

(1) No Table A reductions for calendar years 2004 or 2005.

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

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

The following table shows the Off-Aqueduct charges for FY 2004/05.

		OFF-AQUEDUCT CHARGES							
Project Participant	Table A Allocation		2004		2005		FY 2003/04	TOTAL	
	Table A	Percentage	Off-Aqueduct ^{(1) & (2)}	One-Half Year	Off-Aqueduct ⁽²⁾	One-Half Year	(Credits) Charges ⁽⁴⁾	FY 2004/05 Off-Aqueduct	
Guadalupe	605	1.33%	\$ 15,047	\$ 7,524	\$ 16,657	\$ 8,328	\$ (8,436)	\$ 7,416	
Santa Maria	17,820	39.18%	443,216	221,608	490,613	245,307	(141,759)	325,155	
SCWC	550	1.21%	13,879	6,840	15,142	7,571	(9,669)	4,742	
VAFB	6,050	13.30%	150,474	75,237	166,566	83,283	(51,786)	106,734	
Buellton	636	1.40%	15,818	7,909	17,510	8,755	(1,662)	15,002	
Santa Ynez (Solvang) ⁽⁵⁾	1,500	3.30%	37,308	18,654	41,297	20,649	(3,129)	36,174	
Santa Ynez ⁽⁶⁾	700	1.54%	17,410	8,705	19,272	9,636	1,064	19,405	
Goleta	7,450	16.38%	185,295	92,647	205,111	102,555	(143,410)	51,792	
Morehart	220	0.48%	5,472	2,736	6,057	3,028	(6,555)	-	
La Cumbre	1,100	2.42%	27,359	13,679	30,285	15,142	(466)	28,356	
Raytheon	55	0.12%	1,368	684	1,514	757	(55)	1,386	
Santa Barbara	3,300	7.25%	82,077	41,038	90,854	45,427	(39,846)	46,620	
Montecito	3,300	7.25%	82,077	41,038	90,854	45,427	(39,367)	47,099	
Carpinteria	2,200	4.84%	54,718	27,359	60,570	30,285	(24,070)	33,574	
	45,486	100.00%	\$ 1,131,319	\$ 565,660	\$ 1,252,303	\$ 626,152	\$ (469,145)	\$ 723,456	

- (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, 2003.
- (3) Source: Attachment #3, November 3, 2003 DWR Invoice.
- (4) Credits for reconciliation of 2002 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.

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

The following table shows the Variable OMP&R charges for FY 2004/05.

Project Participant	VARIABLE OMP&R CHARGES									
	July 1, 2004 to Dec 31, 2004 ⁽¹⁾			\$75.00/AF ⁽²⁾	Jan 1, 2005 to June 30, 2005 ⁽³⁾			\$115.55/AF ⁽⁴⁾		TOTAL
	Requested Delivery	SYID#1 Exchanges	Net Deliveries	2004 Var OMP&R	Requested Delivery	SYID#1 Exchanges	Net Deliveries	2005 Var OMP&R	FY 2003/04 Credits ⁽⁵⁾	FY 2004/05 Var. OMP&R
Guadalupe	230	-	230	\$ 17,269	298	-	298	\$ 34,435	\$ (14,455)	\$ 37,249
Santa Maria	6,484	-	6,484	486,281	8,006	-	8,006	925,129	(383,896)	1,027,514
SCWC	192	-	192	14,400	294	-	294	33,973	(13,701)	34,672
VAFB	2,414	-	2,414	181,013	2,832	-	2,832	327,250	(165,034)	343,229
Buellton	242	-	242	18,113	314	-	314	36,284	(15,867)	38,530
Santa Ynez (Solvang)	570	-	570	42,750	740	-	740	85,510	(40,982)	87,278
Santa Ynez ⁽⁶⁾	272	1,395	1,667	20,363	338	735	1,073	39,057	(22,891)	36,529
Goleta	2,459	(502)	1,957	184,421	2,341	(265)	2,076	270,513	(179,314)	275,620
Morehart	49	-	49	3,656	74	-	74	8,551	(5,006)	7,201
La Cumbre	441	-	441	33,075	512	-	512	59,164	(26,960)	65,279
Raytheon (SBRC)	19	-	19	1,406	30	-	30	3,467	(1,449)	3,424
Santa Barbara	586	(335)	251	43,954	176	(176)	(0)	20,338	(31,175)	33,116
Montecito	837	(335)	503	62,798	930	(176)	754	107,466	(45,746)	124,517
Carpinteria	486	(223)	263	36,428	289	(118)	171	33,395	(24,004)	45,819
Total	15,279	-	15,279	\$ 1,145,925	17,174	-	17,174	\$ 1,984,532	\$ (970,480)	\$ 2,159,977

- (1) 2004 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 2004.
- (3) 2005 Requested Deliveries based on a 100% delivery allocation.
- (4) Source: DWR Attachment #3, Revised Statement of Charges for 2004.
- (5) Credits for FY 2003/04 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

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

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

Table A Entitlement Reductions These reductions are the result of elections by certain project participants to temporarily decrease their Table A allocation. This election eliminates the Delta Water Charge associated with the amount of State water Table A that has been reduced. No Table A reductions are assumed for calendar year 2004 or 2005.

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

Central Coast Water Authority
Department of Water Resources Charges
Fiscal Year 2004/05 Budget

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.

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

For the FY 2004/05 CCWA budget, partially rate management credits are included for the first half of the fiscal year, or about \$268,000 and 25% of rate management credits are included for the second half of the fiscal year, or about \$450,000, for total rate management credit reductions of about \$700,000.

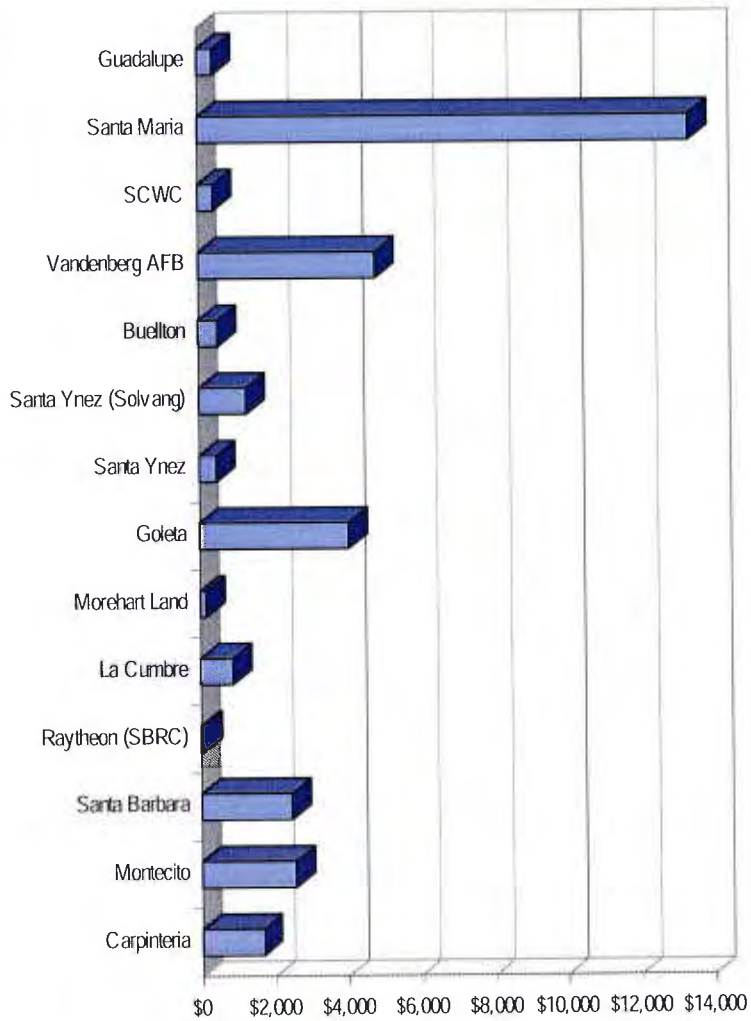
CCWA Turnback Pool

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
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Total FY 2004/05 DWR Costs (in \$1,000's)



Central Coast Water Authority
DWR Charges
 Fiscal Year 2004/05 Budget

Project Participant	DWR FIXED CHARGES				DWR VARIABLE CHARGES				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	DWR Account Interest
Guadalupe	\$ 9,357,083	\$ -	\$ -	\$ 45,253	\$ 13,328	\$ 15,405	\$ 391,534	\$ 7,416	\$ 37,249	\$ 44,665	\$ (637)	\$ 435,622
Santa Maria	288,734	16,248	-	1,333,192	393,855	453,756	12,064,308	325,155	1,027,514	1,352,669	(52,354)	13,364,624
SCWC	3,176,074	178,723	-	41,149	12,179	14,005	372,314	4,742	34,672	39,414	(590)	411,138
Vandenberg AFB	333,776	18,782	293,066	452,634	133,964	154,053	4,388,515	106,734	343,229	449,963	-	4,838,477
Buellton	858,804	48,743	30,799	47,557	14,036	16,195	461,145	15,002	38,530	53,532	(717)	513,960
Santa Ynez (Solvang)	296,132	16,248	79,927	115,280	35,746	38,195	1,176,695	36,174	87,278	123,452	(1,841)	1,298,305
Santa Ynez	2,598,298	146,228	26,642	49,314	12,740	17,824	418,900	19,405	36,529	55,934	(693)	474,140
Goleta	115,494	6,499	239,781	404,553	106,900	126,043	3,621,804	51,792	275,620	327,412	(6,214)	3,943,002
Morehart Land	577,468	32,495	10,657	16,459	4,826	5,602	159,537	-	7,201	7,201	(919)	165,819
La Cumbre	26,770	1,625	53,285	82,297	24,357	28,010	797,912	28,356	65,279	93,635	(1,281)	890,266
Raytheon (SBRC)	1,732,404	97,486	2,664	4,100	1,378	1,400	37,938	1,386	3,424	4,810	(66)	42,682
Santa Barbara	1,732,404	97,486	159,854	246,891	72,843	84,029	2,393,507	46,620	33,116	79,736	(3,454)	2,469,789
Montecito	1,154,936	64,990	106,569	164,594	48,714	56,019	1,595,823	47,099	124,517	171,616	(3,620)	2,561,503
Carpinteria	22,015	-	-	47,703	9,865	63,653	143,236	33,574	45,819	79,393	(2,293)	1,672,923
Goleta 2500 AF	22,587,999	1,251,974	1,163,099	3,297,869	957,574	1,158,218	30,416,733	723,456	2,159,977	2,883,433	(74,660)	33,225,486
Total	\$ 22,587,999	\$ 1,251,974	\$ 1,163,099	\$ 3,297,869	\$ 957,574	\$ 1,158,218	\$ 30,416,733	\$ 723,456	\$ 2,159,977	\$ 2,883,433	\$ (74,660)	\$ 33,225,486

(1) Reach 36 was deleted during project design.



Temporary State Water Project pipeline delivering State water for the South Coast project participants into Lake Cachuma.

Operating Expenses

The Operating Expenses section of the FY 2004/05 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 2004/05 Operating Expenses	\$ 5,214,699
• Fixed expense increase	\$ 366,639
• Variable expense increase	<u>\$ 1,142</u>
• Increase over FY 2003/04 Budget	\$ 367,781
• Percentage decrease	7.59%
• FY 2004/05 non-annual recurring expense deposits (all departments)	\$ 41,461

Significant Operating Expense Changes

- Includes salary pool for FY 2004/05 of \$73,420.
- Chemical costs budgeted at \$15 an acre-foot.
- CCWA Variable expense allocation for the second half of calendar year 2004 based on 75% of requested deliveries and 100% of requested deliveries for the first half of calendar year 2005.
- Employee benefits percentage for FY 2004/05: 37.42%

Central Coast Water Authority
Operating Expense Overview
Fiscal Year 2004/05 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 (23.25) of the 27.25 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 2004/05. These expenses are billed to the project participants based on the individual Water Supply Agreements for each agency (*see the Revenues and Sources of Cash section of this document for further information on billings*).

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

The Santa Ynez Exchange Agreement modifications for the Fiscal Year 2004/05 budget are as follows:

- Decrease in electrical costs at the Santa Ynez Pumping Facility of \$120,848.

Central Coast Water Authority
Operating Expense Overview
 Fiscal Year 2004/05 Budget

- Decrease in Warren Act charges of \$123,540 (Warren Act charges are not included in the Operating Expense budget and are treated as a pass-through expense).

Fixed and Variable Operating Expenses

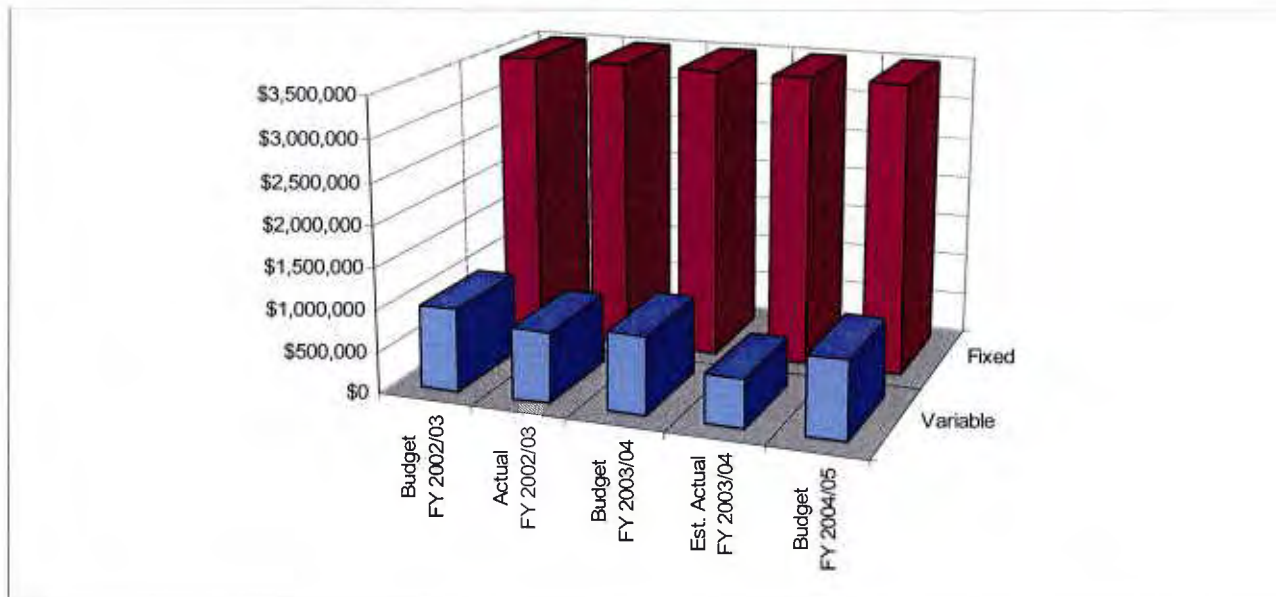
The Authority Operating Expense budget is separated by department and further subdivided into Fixed and Variable O&M costs.

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

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

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

	FY 2002/03 Budget	FY 2002/03 Actual	FY 2003/04 Budget	FY 2003/04 Est. Actual	FY 2004/05 Budget
Fixed O&M	\$ 3,883,881	\$ 3,676,989	\$ 3,905,624	\$ 3,825,154	\$ 4,272,263
Variable O&M	994,023	851,144	941,294	580,198	942,436
Total:	\$ 4,877,903	\$ 4,528,134	\$ 4,846,918	\$ 4,405,353	\$ 5,214,699



Central Coast Water Authority
Operating Expense Overview
Fiscal Year 2004/05 Budget

The Fiscal Year 2004/05 Consolidated Departmental Operating Expense Budget totals \$5,214,699 (excludes non-annual recurring expenses), which is \$367,781 higher than the Fiscal Year 2003/04 Budget, a 7.59% increase. Explanations for the various changes within the budget are found in the departmental operating expense budgets that follow.

Approximately 52% of the operating expense budget represents personnel expenses. This is followed by 12% for supplies and equipment and the balance comprised of other expenses.

The chart on page 72 provides a detailed breakdown of the components of the FY 2004/05 budget.

Authority Variable Expense Delivery Basis

As of March 1, 2004, DWR's current 2004 water allocation percentage is 50%. The Authority's variable expenses are based on 75% of project participants' delivery requests for the second half of calendar year 2004, with the exception of Water Treatment Plant regional water treatment allocation and exchange agreement charges and credits (which are based on 100% of project participants' delivery requests). For the first half of calendar year 2005, the Authority's variable expenses are based on 100% of project participants' delivery requests.

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%.

Central Coast Water Authority
Operating Expense Overview
 Fiscal Year 2004/05 Budget

The following table shows the Employee Benefits Percentage calculation for the adopted and proposed budgets for fiscal year 2002/03 through 2004/05.

Employee Benefits Percentage Calculation			
	FY 2002/03	FY 2003/04	FY 2004/05
	Budget	Budget	Budget
Total Regular Salaries	\$ 1,477,354	\$ 1,596,016	\$ 1,726,908
Benefits			
PERS Retirement	177,545	241,317	279,371
Health Insurance	171,273	241,223	282,107
Cafeteria Plan Benefits	16,854	13,081	31,356
Dental/Vision Plan	36,000	40,500	36,250
Long-Term Disability	8,437	8,835	9,834
Life Insurance	5,957	6,216	7,233
Total Benefits:	\$ 416,065	\$ 551,171	\$ 646,151
Employee Benefits Percentage	28.16%	34.53%	37.42%

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 2004/05 non-annual recurring expenses by department. Please refer to the departmental tabs for further information regarding non-annual recurring expenses.

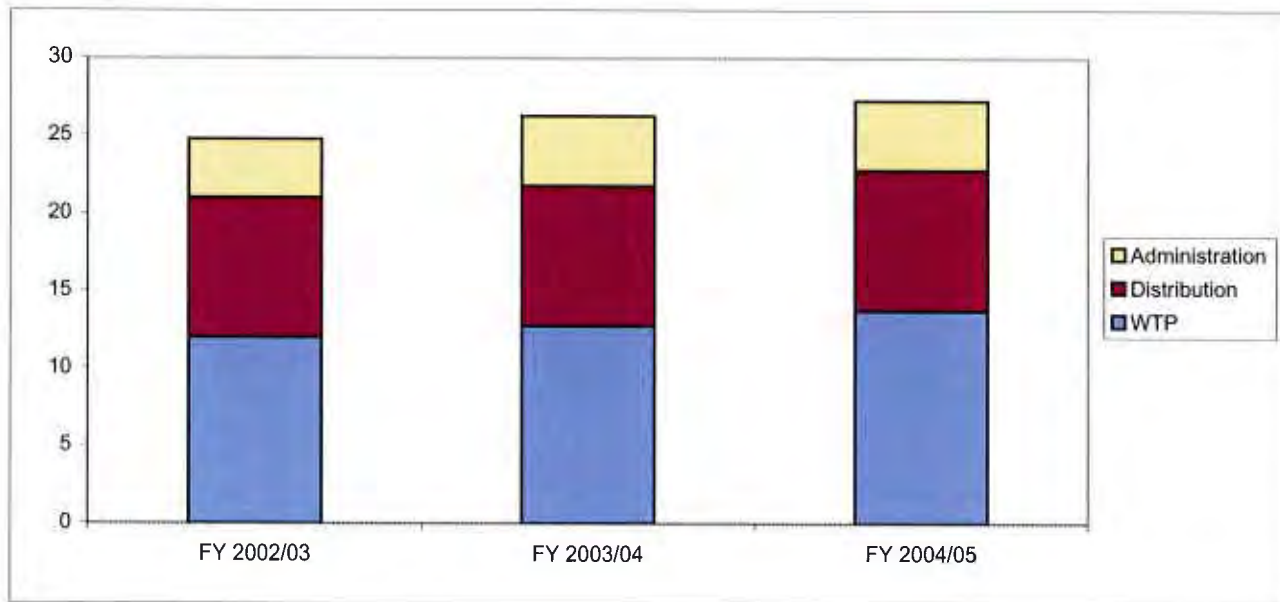
Central Coast Water Authority
Operating Expense Overview
 Fiscal Year 2004/05 Budget

Consolidated Departments
FY 2004/05 Non-Annual Recurring Expenses

Financing Participant	Water Treatment			FY 2003/04	FY 2004/05
	Administration Department	Plant Department	Distribution Department	Interest Income	Non-Annual Recurring Expenses
Shandon	\$ -	\$ 32	\$ 14	\$ (11)	\$ 35
Chorro Valley	-	741	316	(203)	854
Lopez	-	758	522	(151)	1,129
Guadalupe	70	174	150	(27)	367
Santa Maria	2,073	5,134	4,952	(811)	11,348
So Cal Water Co.	64	158	153	(31)	344
VAFB	704	1,743	2,668	(328)	4,786
Buellton	74	183	430	(49)	638
Santa Ynez (Solvang)	192	475	1,115	(176)	1,606
Santa Ynez	64	158	372	(277)	318
Goleta	576	1,426	5,013	(455)	6,560
Morehart Land	26	63	223	(21)	291
La Cumbre	128	317	1,114	(98)	1,461
Raytheon (SBRC)	6	16	56	(5)	73
Santa Barbara	384	951	3,342	(308)	4,369
Montecito	384	951	3,342	(307)	4,370
Carpinteria	256	634	2,228	(205)	2,912
TOTAL:	\$ 5,000	\$ 13,916	\$ 26,009	\$ (3,463)	\$ 41,461

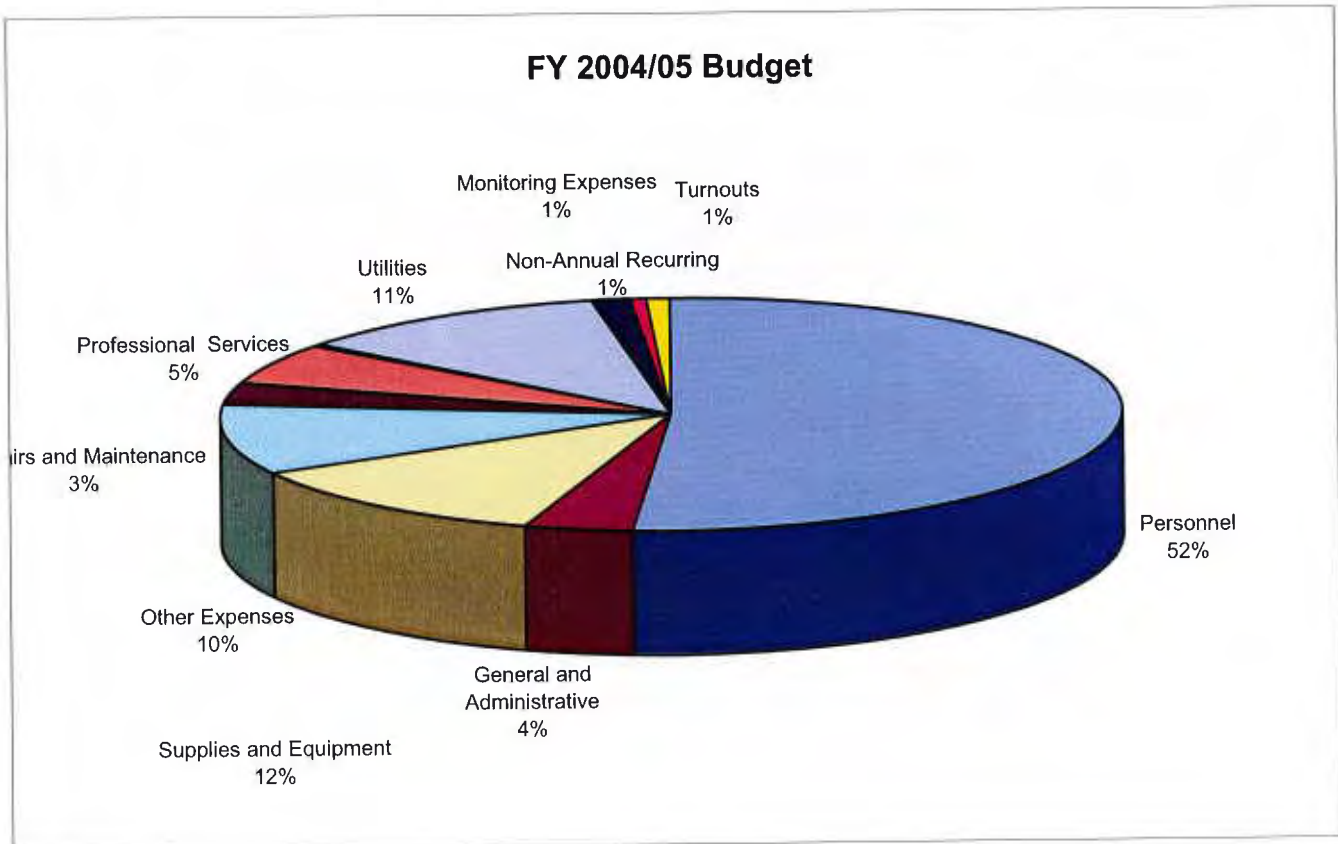
Central Coast Water Authority
Personnel Count Summary
All Departments
 Fiscal Year 2004/05 Budget

PERSONNEL COUNT SUMMARY					
Position Title	Number	Number	Number	Change	Change
	Authorized FY 2002/03	Authorized FY 2003/04	Requested FY 2004/05	Over FY 2002/03	Over FY 2003/04
Executive Director	1	1	1	0	0
Deputy Director	1	1	1	0	0
Staff Engineer	1	1	1	0	0
Regulatory Specialist	1	1	1	0	0
Accounting Technician	1	1	1	0	0
Secretary I	0	1	0.75	0.75	0
Secretary II	2	1.75	1.75	0	0
WTP Supervisor	1	1	1	0	0
Distribution Supervisor	1	1	1	0	0
Maintenance Superintendent	1	1	1	0	0
Maintenance Foreman	0	0	1	1	1
Senior Chemist	1	1	1	0	0
Laboratory Technician	0	0.75	0.75	0.75	0
Instrumentation Specialist	1	1	1	0	0
Maintenance Technician	2	2	2	0	0
Maintenance/IC&R Technician	1	1	1	0	0
WTP Operator	5	5	5	0	0
Distribution Technician	5	5	5	0	0
TOTAL:	24.75	26.25	27.25	2.50	1



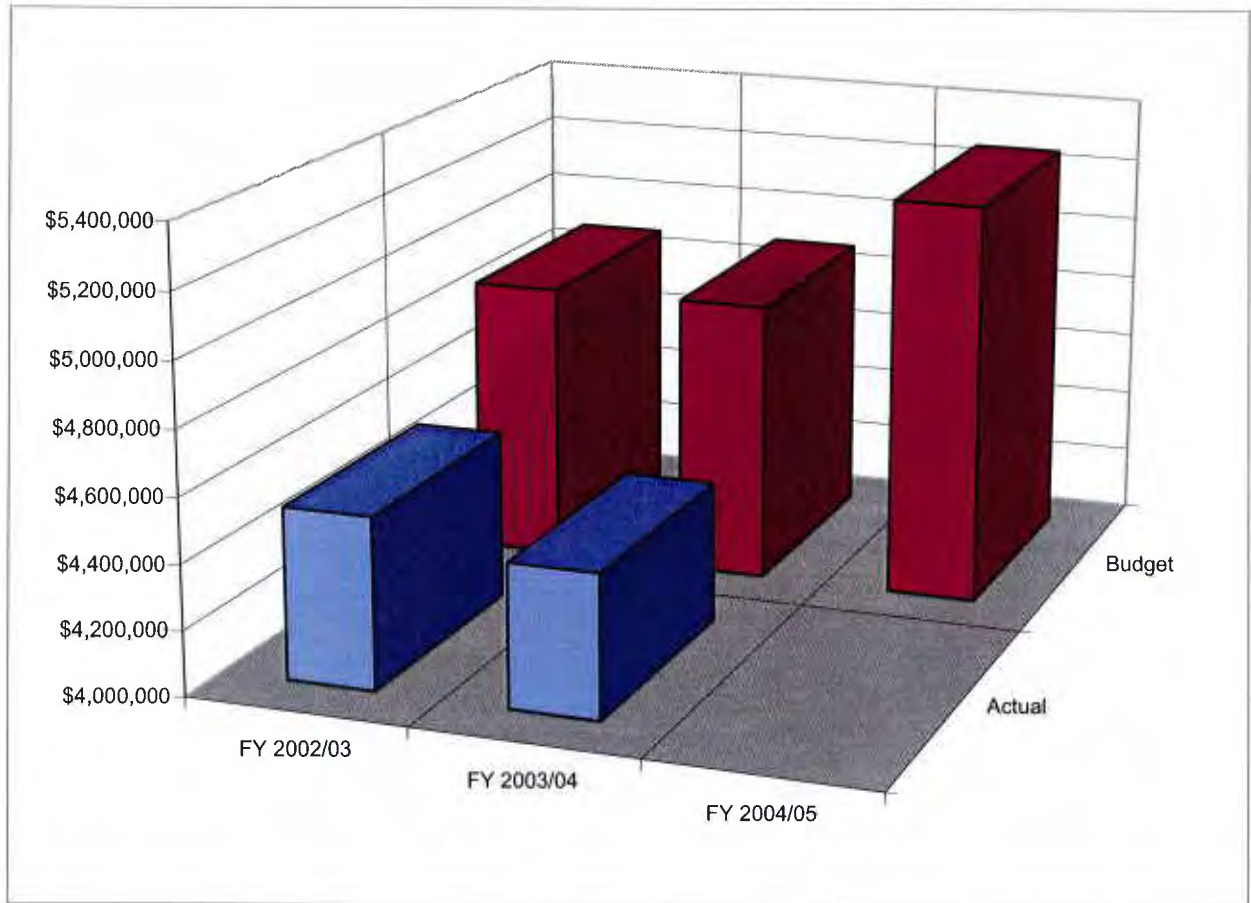
Central Coast Water Authority
Consolidated Department Operating Expenses
 Fiscal Year 2004/05 Budget

Item	FY 2004/05 Budget
Personnel	\$ 2,707,133
Office Expenses	23,300
Supplies and Equipment	626,955
Monitoring Expenses	71,000
Repairs and Maintenance	163,658
Professional Services	288,320
General and Administrative	196,113
Utilities	599,476
Other Expenses	512,394
Non-Annual Recurring	41,461
Turnouts	26,350
TOTAL:	\$ 5,256,160



Central Coast Water Authority
Consolidated Department Operating Expenses
 Fiscal Year 2004/05 Budget

Item	FY 2002/03	FY 2002/03	FY 2003/04	FY 2003/04	FY 2004/05
	Budget	Actual	Budget	Estimated Actual	Budget
Personnel	\$ 2,157,736	\$ 2,086,092	\$ 2,399,269	\$ 2,373,000	\$ 2,707,133
Office Expenses	22,400	16,573	19,500	28,366	23,300
Supplies and Equipment	694,689	592,095	633,925	496,620	626,955
Monitoring Expenses	72,000	69,923	73,000	51,783	71,000
Repairs and Maintenance	170,188	177,567	166,258	153,039	163,658
Professional Services	378,552	519,972	303,170	301,993	288,320
General and Administrative	152,792	138,252	190,806	191,685	196,113
Utilities	589,625	554,801	581,764	370,748	599,476
Other Expenses	613,672	313,999	452,976	381,155	512,394
Turnouts	26,250	58,860	26,250	56,964	26,350
Subtotal	\$ 4,877,903	\$ 4,528,134	\$ 4,846,918	\$ 4,405,353	\$ 5,214,699
Non-Annual Recurring	\$ 413,321	\$ 413,321	\$ 34,149	\$ 34,149	\$ 41,461
TOTAL:	\$ 5,291,224	\$ 4,941,455	\$ 4,881,067	\$ 4,439,502	\$ 5,256,160



Central Coast Water Authority
Consolidated Department Operating Expenses
 Fiscal Year 2004/05 Administration/O&M Budget

Account Number	Account Name	FY 2002/03	FY 2002/03	FY 2003/04	FY 2003/04	FY 2004/05	Change from		Percent Change from FY 2003/04 Budget
		Budget	Actual	Budget	Estimated Actual	Budget	Budget	FY 2003/04 Budget	
PERSONNEL EXPENSES									
5000.10	Full-Time Regular Wages	\$ 1,477,354	\$ 1,406,468	\$ 1,596,016	\$ 1,580,049	\$ 1,726,908	\$ 130,893	\$ 130,893	8.20%
5000.20	Overtime	73,996	100,858	79,808	88,453	85,614	5,806	5,806	7.27%
5000.40	Standby Pay	31,536	32,556	31,536	46,536	36,529	4,993	4,993	15.83%
5000.50	Shift Differential Pay	11,500	11,443	11,500	10,806	11,500	-	-	0.00%
5100.10	PERS Retirement	177,545	174,880	241,317	218,692	279,371	38,054	38,054	15.77%
5100.15	Medicare Taxes	23,496	23,314	25,119	25,502	27,355	2,236	2,236	8.90%
5100.20	Health Insurance	171,273	163,252	241,223	231,098	282,107	40,884	40,884	16.95%
5100.25	Workers' Compensation	69,389	58,998	62,719	65,663	119,676	56,957	56,957	90.81%
5100.30	Vehicle Expenses	6,000	4,264	6,000	4,268	5,000	(1,000)	(1,000)	-16.67%
5100.35	IRC 457-Employer Paid	11,000	11,252	12,000	12,000	26,000	14,000	14,000	116.67%
5100.40	Cafeteria Plan Benefits	16,854	14,371	13,081	16,659	31,356	18,275	18,275	139.71%
5100.45	Dental/Vision Plan	36,000	33,908	40,500	28,960	36,250	(4,250)	(4,250)	-10.49%
5100.50	Long-Term Disability	8,437	8,300	8,835	11,145	9,834	999	999	11.31%
5100.55	Life Insurance	5,957	6,082	6,216	8,183	7,233	1,017	1,017	16.36%
5100.60	Employee Physicals	2,850	752	2,850	3,532	3,150	300	300	10.53%
5000.30	Temporary Services	27,500	30,819	13,500	14,609	12,000	(1,500)	(1,500)	-11.11%
5100.70	Employee Incentive Programs	4,800	4,386	4,800	3,528	5,000	200	200	4.17%
5100.65	Employee Education Reimbursement	2,250	190	2,250	3,318	2,250	-	-	0.00%
Total Personnel Expenses:		2,157,736	2,086,092	2,399,269	2,373,000	2,707,133	307,864	307,864	12.83%

Central Coast Water Authority
Consolidated Department Operating Expenses
 Fiscal Year 2004/05 Administration/O&M Budget

Account Number	Account Name	FY 2002/03 Budget	FY 2002/03 Actual	FY 2003/04 Budget	FY 2003/04 Estimated Actual	FY 2004/05 Budget	Change from FY 2003/04 Budget	Percent Change from FY 2003/04 Budget
<u>OFFICE EXPENSES</u>								
5200.20	Office Supplies	15,600	10,866	13,200	21,697	17,000	3,800	28.79%
5200.30	Misc. Office Expenses	6,800	5,707	6,300	6,669	6,300	-	0.00%
Total Office Expenses:		22,400	16,573	19,500	28,366	23,300	3,800	19.49%
<u>SUPPLIES AND EQUIPMENT</u>								
5500.10	Uniform Expenses	15,317	10,806	12,205	10,268	12,205	-	0.00%
5500.15	Minor Tools and Equipment	20,000	10,843	14,000	17,690	14,000	-	0.00%
5500.20	Spare Parts	-	-	-	-	-	-	N/A
5500.25	Landscape Equipment and Supplies	3,000	1,143	2,000	559	2,000	-	0.00%
5500.30	Chemicals-Fixed	-	-	-	-	-	-	N/A
5500.31	Chemicals-Variable	573,122	506,346	530,470	395,916	527,000	(3,470)	-0.65%
5500.35	Maintenance Supplies/Hardware	33,000	19,623	25,000	26,327	20,000	(5,000)	-20.00%
5500.40	Safety Supplies	8,000	3,508	8,000	8,375	7,000	(1,000)	-12.50%
5500.45	Fuel and Lubricants	33,250	32,647	33,250	35,950	37,250	4,000	12.03%
5500.50	Seed/Erosion Control Supplies	8,500	7,178	8,500	1,535	7,000	(1,500)	-17.65%
5500.55	Backflow Prevention Supplies	500	-	500	-	500	-	0.00%
Total Supplies and Equipment:		694,689	592,095	633,925	496,620	626,955	(6,970)	-1.10%
<u>MONITORING EXPENSES</u>								
5600.10	Lab Supplies	35,000	31,632	35,000	28,745	35,000	-	0.00%
5600.20	Lab Tools and Equipment	12,000	6,654	10,000	5,312	8,000	(2,000)	-20.00%
5600.30	Lab Testing	25,000	31,636	28,000	17,726	28,000	-	0.00%
Total Monitoring Expenses:		72,000	69,923	73,000	51,783	71,000	(2,000)	-2.74%

Central Coast Water Authority
Consolidated Department Operating Expenses
 Fiscal Year 2004/05 Administration/O&M Budget

Account Number	Account Name	FY 2002/03	FY 2002/03	FY 2003/04	FY 2003/04	FY 2004/05	Change from	Percent
		Budget	Actual	Budget	Estimated Actual	Budget	FY 2003/04 Budget	Change from FY 2003/04 Budget
<u>REPAIRS AND MAINTENANCE</u>								
5700.10	Equipment Repairs and Maintenance	119,960	120,572	106,550	93,395	104,150	(2,400)	-2.25%
5700.20	Vehicle Repairs and Maintenance	13,000	14,663	13,000	13,579	12,000	(1,000)	-7.69%
5700.30	Building Maintenance	29,880	32,746	36,560	36,912	37,360	800	2.19%
5700.40	Landscape Maintenance	7,348	9,586	10,148	9,153	10,148	-	0.00%
Total Repairs and Maintenance:		170,188	177,567	166,258	153,039	163,658	(2,600)	-1.56%
<u>PROFESSIONAL SERVICES</u>								
5400.10	Professional Services	214,720	306,085	178,270	193,853	168,420	(9,850)	-5.53%
5400.20	Legal Services	50,000	118,585	50,000	47,527	50,000	-	0.00%
5400.30	Engineering Services	36,000	36,875	26,000	21,047	21,000	(5,000)	-19.23%
5400.40	Permits	10,000	16,694	10,500	10,311	10,500	-	0.00%
5400.50	Non-Contractual Services	38,900	21,771	15,400	6,254	15,400	-	0.00%
5400.60	Accounting Services	28,932	19,962	23,000	23,000	23,000	-	0.00%
Total Professional Services:		378,552	519,972	303,170	301,993	288,320	(14,850)	-4.90%

Central Coast Water Authority
Consolidated Department Operating Expenses
 Fiscal Year 2004/05 Administration/O&M Budget

Account Number	Account Name	FY 2002/03 Budget	FY 2002/03 Actual	FY 2003/04 Budget	FY 2003/04 Estimated Actual	FY 2004/05 Budget	Change from FY 2003/04 Budget	Percent Change from FY 2003/04 Budget
<u>GENERAL AND ADMINISTRATIVE</u>								
5300.10	Meeting and Travel	39,000	51,099	44,500	43,020	42,500	(2,000)	-4.49%
5300.20	Mileage Reimbursement	700	1,305	1,500	1,491	1,250	(250)	-16.67%
5300.30	Dues and Memberships	71,522	51,692	105,386	114,143	108,443	3,057	2.90%
5300.40	Publications	6,920	5,200	6,270	6,722	6,270	-	0.00%
5300.50	Training	22,000	14,443	20,500	10,581	21,500	1,000	4.88%
5300.60	Advertising	2,250	3,992	2,250	1,536	2,750	500	22.22%
5300.70	Printing and Binding	4,000	3,164	4,000	5,495	5,000	1,000	25.00%
5300.80	Postage	6,400	7,358	6,400	8,697	8,400	2,000	31.25%
Total General and Administrative:		152,792	138,252	190,806	191,685	196,113	5,307	2.78%

<u>UTILITIES</u>								
5800.20	Natural Gas	3,400	2,818	5,000	1,095	5,000	-	0.00%
5800.30	Electric-Fixed	115,900	164,594	120,640	141,998	133,740	13,100	10.86%
5800.35	Electric-Variable	420,901	344,798	410,824	184,282	415,436	4,612	1.12%
5800.40	Water	2,700	2,220	2,400	2,582	2,400	-	0.00%
5800.50	Telephone	40,424	33,874	36,300	34,119	36,300	-	0.00%
5800.60	Waste Disposal	6,300	6,498	6,600	6,671	6,600	-	0.00%
Total Utilities:		589,625	554,801	581,764	370,748	599,476	17,712	3.04%

Central Coast Water Authority
Consolidated Department Operating Expenses
 Fiscal Year 2004/05 Administration/O&M Budget

Account Number	Account Name	FY 2002/03	FY 2002/03	FY 2003/04	FY 2003/04	FY 2004/05	Change from		Percent Change from FY 2003/04 Budget
		Budget	Actual	Budget	Estimated Actual	Budget	FY 2003/04 Budget	FY 2003/04 Budget	
<u>OTHER EXPENSES</u>									
5900.10	Insurance	133,625	107,324	104,393	104,393	115,774	11,382	11,382	10.90%
5900.30	Non-Capitalized Projects	199,038	50,595	96,445	96,445	142,411	45,966	45,966	47.66%
5900.40	Equipment Rental	33,326	45,032	35,876	44,312	35,876	-	-	0.00%
5900.50	Non-Capitalized Equipment	50,000	38,723	32,000	38,768	30,000	(2,000)	(2,000)	-6.25%
5900.60	Computer Expenses	79,372	72,325	85,810	97,236	86,600	790	790	0.92%
5900.70	Appropriated Contingency	118,311	-	98,452	-	101,732	3,280	3,280	3.33%
	Total Other Expenses:	613,672	313,999	452,976	381,155	512,394	59,418	59,418	13.12%
	Turnout Expenses	26,250	58,860	26,250	56,964	26,350	100	100	0.38%
	TOTAL OPERATING EXPENSES	\$ 4,877,903	\$ 4,528,134	\$ 4,846,918	\$ 4,405,353	\$ 5,214,699	\$ 367,781	\$ 367,781	7.59%

Operating Expense and CIP Expense Allocation by Department

FY 2004/05 Budget

Project Participant	Administration Department			Water Treatment Plant Department Fixed Costs					Total Fixed WTP Costs	Turnout Costs
	Entitlement	Percentage	Administration Expenses	WTP Fixed	WTP and Retirement	Fixed and Capital	Exchange Adjustments	Total		
Shandon	-	-	\$ -	4,270	-	-	-	4,270	7,000	
Chorro Valley	-	-	-	99,837	-	-	-	99,837	2,750	
Lopez	-	-	-	102,143	-	-	-	102,143	2,500	
Guadalupe	550	1.41%	12,100	23,486	18,889	-	-	42,375	2,700	
Santa Maria	16,200	41.46%	356,403	691,772	556,360	-	-	1,248,132	3,000	
Southern California Water Co.	500	1.28%	11,000	21,351	17,172	-	-	38,523	2,000	
VAFB	5,500	14.07%	121,001	234,861	188,888	-	-	423,749	2,000	
Buellton	578	1.48%	12,716	24,682	19,850	-	-	44,532	3,000	
Santa Ynez (Solvang)	1,500	3.84%	33,000	4,053	51,515	-	-	115,568	1,900	
Santa Ynez	500	1.28%	11,000	21,351	90,323	-	-	358,355	3,000	
Goleta	4,500	11.52%	99,001	192,159	(302,960)	246,682	(88,805)	(199,606)	1,500	
Morehart Land	200	0.51%	4,400	8,540	(16,231)	-	-	(7,690)	-	
La Cumbre	1,000	2.56%	22,000	42,702	(81,153)	-	-	(38,451)	-	
Raytheon (SBRC)	50	0.13%	1,100	2,135	(4,058)	-	-	(1,923)	-	
Santa Barbara	3,000	7.68%	66,001	128,106	(201,973)	(59,204)	-	(133,071)	-	
Montecito	3,000	7.68%	66,001	128,106	(201,973)	(59,204)	-	(133,071)	-	
Carpinteria	2,000	5.12%	44,000	85,404	(134,649)	(39,469)	-	(88,714)	-	
TOTAL:	39,078	100.00%	859,723	1,874,958	\$ (0)	-	-	\$ 1,874,958	\$ 26,350	

Project Participant	Distribution Department Fixed Costs										Total Fixed Operating Costs	
	Reach 33B	Reach 34	Reach 35	Reach 37	Reach 38	Mission Hills II	Santa Ynez I	Santa Ynez II	Total Fixed Distribution Costs	Total		
Shandon	786	-	-	-	-	-	-	-	-	-	786	5,056
Chorro Valley	18,369	-	-	-	-	-	-	-	-	-	18,369	125,206
Lopez	18,793	12,129	-	-	-	-	-	-	-	-	30,922	135,815
Guadalupe	4,321	2,789	1,651	-	-	-	-	-	-	-	8,761	65,736
Santa Maria	127,278	82,143	48,632	29,137	-	-	-	-	-	-	287,190	1,894,425
Southern California Water Co.	3,928	2,535	1,501	899	-	-	-	-	-	-	8,864	61,387
VAFB	43,212	27,888	16,511	9,892	21,321	37,123	-	-	-	-	155,946	702,696
Buellton	4,541	2,931	1,735	1,040	2,241	3,901	8,914	-	-	-	25,303	85,551
Santa Ynez (Solvang)	11,785	7,606	4,503	2,698	5,815	10,124	23,133	-	-	-	65,664	216,132
Santa Ynez	3,928	2,535	1,501	899	1,938	3,375	7,711	-	-	-	21,888	392,743
Goleta	35,355	22,818	13,509	8,094	17,444	30,373	69,399	93,476	-	-	290,467	189,862
Morehart Land	1,571	1,014	600	360	775	1,350	3,084	4,154	-	-	12,910	9,620
La Cumbre	7,857	5,071	3,002	1,799	3,877	6,750	15,422	20,772	-	-	64,548	48,098
Raytheon (SBRC)	393	254	150	90	194	337	771	1,039	-	-	3,227	2,405
Santa Barbara	23,570	15,212	9,006	5,396	11,630	20,249	46,266	62,317	-	-	193,645	126,575
Montecito	23,570	15,212	9,006	5,396	11,630	20,249	46,266	62,317	-	-	193,645	126,575
Carpinteria	15,713	10,141	6,004	3,597	7,753	13,499	30,844	41,545	-	-	129,097	84,383
TOTAL:	344,971	210,276	117,311	69,296	84,616	147,329	251,812	285,620	1,511,232	\$	4,272,263	

Operating Expense and CIP Expense Allocation by Department

FY 2004/05 Budget

Project Participant	Distribution Department Variable Costs						Total Distribution Variable Costs
	Reach 33B	Reach 34	Reach 35	Reach 37	Reach 38	Mission Hills II	
Shandon	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Chorro Valley	0	0	0	0	0	0	0
Lopez	0	0	0	0	0	0	0
Guadalupe	0	0	0	0	0	0	0
Santa Maria	0	0	0	0	0	0	0
Southern California Water Co.	0	0	0	0	0	0	0
VAFB	0	0	0	0	0	0	0
Buellton	0	0	0	0	0	0	0
Santa Ynez (Solvang)	0	0	0	0	0	0	0
Santa Ynez	0	0	0	0	0	0	0
Goleta	0	0	0	0	0	0	237,338
Morehart Land	0	0	0	0	0	0	7,886
La Cumbre	0	0	0	0	0	0	62,410
S.B. Research	0	0	0	0	0	0	3,120
Santa Barbara	0	0	0	0	0	0	(11)
Montecito	0	0	0	0	0	0	61,774
Carpinteria	0	0	0	0	0	0	16,919
TOTAL:	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 389,436

Project Participant	Water Treatment Plant Variable Costs				Total Variable Operating Costs	TOTAL FIXED AND VARIABLE OPERATING COSTS
	WTP Variable	WTP Variable Retirement	WTP Variable Exchange Adjustments	Total WTP Variable Costs		
Shandon	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,056
Chorro Valley	34,068			34,068	34,068	159,274
Lopez	25,723			25,723	25,723	161,538
Guadalupe	8,362	1,626		9,987	9,987	75,723
Santa Maria	230,130	44,240		274,370	274,370	2,168,795
Southern California Water Co.	7,601	1,484		9,085	9,085	70,472
VAFB	83,616	16,215		99,831	99,831	802,526
Buellton	8,790	1,708		10,498	10,498	96,049
Santa Ynez (Solvang)	20,731	4,027		24,758	24,758	240,890
Santa Ynez	9,675	6,875	29,438	45,987	45,987	438,731
Goleta	68,413	(46,421)	(10,598)	11,394	248,732	438,594
Morehart Land	1,921	(1,544)		377	8,263	17,883
La Cumbre	15,203	(12,253)		2,950	65,359	113,457
S.B. Research	760	(612)		148	3,269	5,674
Santa Barbara	7,062	2	(7,065)	(0)	(12)	126,563
Montecito	22,113	(11,959)	(7,065)	3,089	64,863	191,438
Carpinteria	8,831	(3,387)	(4,710)	734	17,653	102,036
TOTAL:	\$ 553,000	\$ 0	\$ -	\$ 553,000	\$ 942,436	\$ 5,214,699



2025 RELEASE UNDER E.O. 14176



Major blow-off at San Juan Creek in Shandon during the 2003 shutdown.

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 2004/05 O&M Budget \$ 859,723
- Non-Annual Recurring Expense deposits \$ 5,000
- **Total Administration Department**
- **FY 2004/05 Budgeted Expenses \$ 864,723**

- O&M Budget increase over FY 2003/04 \$ 38,141

Significant Accomplishments During FY 2003/04

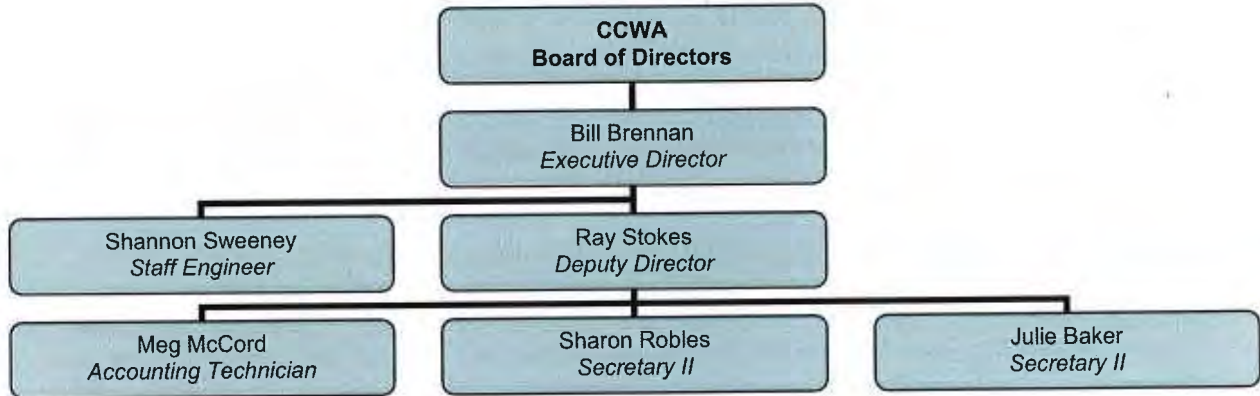
- Joined the State Water Project Contractors Authority (SWPCA)
- Received about \$536,000 in rate management credits from DWR for calendar year 2004
- Completed the bi-annual compensation and benefits analysis and upgraded the PERS retirement contract to 2% @55.

Significant Goals for FY 2004/05

- Identify and implement mechanisms to firm up water supply reliability s needed.
- Develop CCWA water transfer, sale and exchange policy with the assistance of the Ad Hoc Water Transfer Committee.

Central Coast Water Authority
Administration Department
Fiscal Year 2004/05 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 2004/05 Budget

DEPUTY DIRECTOR

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

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

In addition, the department is responsible for the workers' compensation program and the employee benefits program which includes health insurance, life insurance, dental and vision insurance, deferred compensation, Section 125 cafeteria plan and the Public Employees' Retirement System (PERS) for the Authority. The Accounting and Finance department includes a staff of one full-time Deputy Director and one full-time Accounting Technician. Additional secondary duties include in-house administration and maintenance of the computer network system and 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 Staff Engineer. This department is responsible for evaluating, designing and implementing operational and capital improvements for the Authority. Engineering projects involve oversight of professional consultants and detailed analysis and design for work performed in-house. Additionally, the Staff Engineer is charged with the responsibility for construction contract administration and management and provides technical support to the operations and maintenance departments.



Central Coast Water Authority
Administration Department
 Fiscal Year 2004/05 Budget

2003 ACCOMPLISHMENTS AND 2004 GOALS

The following pages list all of the Authority's 2003 goals and their status (i.e., "Accomplishments") and the Authority's 2004 goals. The 2003 accomplishments and 2004 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>	
Fill vacant WTP Operator [1/03]	Completed 2/03
Meet project participants' delivery needs as requested. [Ongoing]	Ongoing
Participate and represent CCWA's interests in State Water Contractors Association. [Ongoing]	Joint the State Water Project Contractors Authority. Bill Brennan appointed to SWPCA Board. Ray Stokes appointed to SWC Board.
<i>Treat and deliver water through the Coastal Aqueduct to San Luis Obispo and Santa Barbara Counties.</i>	
Complete update of instrumentation documentation to reflect installed configurations. [12/03]	Communications drawings updates completed 6/03. A thorough review of control system logic at each facility is ongoing.
Update CCWA as-built drawings to reflect project start-up and subsequent modifications. [8/02]	Most drawings at the WTP have been updated. This will become an ongoing project
Replace galvanized piping on Reach 5B/6 AVAR's [10/03]	Postponed to 10/04

Central Coast Water Authority
Administration Department
 Fiscal Year 2004/05 Budget

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

Complete HCP (Habitat Conservation Plan) and Section 10 permitting for red-legged frogs and other endangered species [2/03] and obtain project operating permits from U.S. Army Corps of Engineers. [7/03]

Final HCP comments received from USF&WS. Agreement to resolve remaining conditions agreed upon by F&WLS, NOAA Fisheries and CCWA. 12/03

Complete environmental mitigation requirements for Big Sandy Wildlife Area, San Luis Obispo Wildlife Area, El Chorro Regional Park, and Burton Mesa Management Area [12/03]

CCWA met all environmental mitigation requirements and has submitted required reports to State F&G 12/03

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

Ongoing.

Perform comprehensive review of existing and potential erosion areas along right of way and implement procedures for effective control [9/03]

Complete 12/03

Cost effectively operate and maintain our facilities.

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

FY 2001/02 Completed 3/03.

Explore and implement various options regarding short-term financing/funding mechanisms for potential cost increases from DWR [3/03]

Will be addressed at a CCWA financial issues workshop in 2004.

Research and implement new purchase requisition, purchase order and maintenance/work order software program [10/03]

CCWA resources have been focused on cleaning up, streamlining, and improving the consistency in and usability of the existing system, including the preparation of a manual that will better ensure consistent data input.

Explore PERS contract options and evaluate potential contract amendment with the CCWA Board of Directors [3/03]

Completed 3/03

Complete the CCWA compensation and benefits analysis and implement approved revisions in the FY 2003/04 CCWA budget [4/03]

Completed 4/03

Central Coast Water Authority
Administration Department
Fiscal Year 2004/05 Budget

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

Postponed until 2004.

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

Received both the GFOA and CSMFO Budget awards.

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

FY 2002/03 report completed 10/03.

Protect CCWA's interest with regard to the following lawsuits:

- Adam v. City of Santa Maria, et al. and related cases (Santa Maria groundwater basin litigation).
- Planning and Conservation League, et al. vs. Department of Water Resources, et al. (Monterey Amendments litigation).

Ongoing.

Settled 4/03 - New EIR currently being drafted by DWR with SWC input

Complete water treatment plant access road repairs [6/03]

Completed 10/03

Complete filter rate increase study [6/03]

Phase 1 and 2 of study completed (4/03, 9/03). Phase 2 test filter study was successful, and the treatment plant began operating the test filter at high flow (12/03). These tests are expected to be completed by 6/04.

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

Lawsuit settled (4/03). CCWA staff continue to participate through the SWC.

Institute cost effective recommendations from vulnerability assessment [12/03]

CCWA staff have identified an improved lock and key system that will improve security, key tracking, and lock integrity. This new lock system will be installed at the treatment plant by 4/04.

Central Coast Water Authority
Administration Department
 Fiscal Year 2004/05 Budget

Consider Table A entitlement reduction and, if appropriate, implement a State Water Contract amendment in accordance with Amendment 19.

Replace SCADA servers [7/03]

Servers replaced 5/03.

Identify and pursue all possible cost saving and quality enhancing opportunities with initial taste and odor control, communications, electricity, overtime requirements and revegetation and erosion control [ongoing]

Total identified operations savings of \$114,700.

Review and update all safety policies and procedures [7/03]

Complete 12/03

Review preventative maintenance program data collection and report functions and evaluate alternative software programs [8/03]

Completed 9/03

<i>Ensure our water supply meets or exceeds health and safety standards.</i>

Investigate and install laboratory management system [9/03]

CCWA resources have been focused on developing an in-house laboratory management system. The development is well underway, and is expected to be ready for implementation by 4/04.

Evaluate the use of alternative coagulation strategies to improve water treatment plant performance. [8/03]

One-year study to be completed 3/04. Initial data suggests that CCWA's current coagulation strategy is best

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

Instituted taste and odor monitoring program.

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

Ongoing

Develop strategies to meet the requirements of new water quality regulations such as the Filter Backwash Recycling Rule and the Stage Two Disinfection/Disinfection Byproducts Rules [12/03]

Filter Backwash Recycling Rule compliance data submitted to DHS 12/03.

Develop a taste and odor monitoring and control strategy [8/03]

Completed 6/03

Develop a schedule for the replacement of granular activated carbon media in water treatment plant filters [8/03].

Taste and odor monitoring program data indicated that the granular activated carbon (GAC) continues to remove about 50%-

Central Coast Water Authority
Administration Department
Fiscal Year 2004/05 Budget

60% of taste and odor causing compounds. Total organic carbon (TOC) removal improved significantly after the GAC replacement in September 2002, but dropped back to pre-replacement removal rates within three months of replacement. Therefore, GAC replacement is not warranted for controlling taste and odor, and that the filters should not be relied upon for long-term TOC removal. A revised replacement schedule will be proposed for the FY 04/05 Budget

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

Make CCWA financial presentation to the Santa Barbara County Board of Supervisors. [11/03]

Placed on consent agenda per County request. [12/03]

Continue to work with Department of Water Resources fiscal staff through the DWR/State Water Contractors Finance, Accounting and Invoice Review Group to implement full rate management credits for 2004. [4/03]

Received reduced rate management credits for 2004 due to significant revenue shortage at DWR for 2004. Continuing to work with DWR to improve accounting and budgeting procedures.

Assist San Luis Obispo County as needed in transferring Shandon entitlement and ensure the transfer does not detrimentally impact existing project participants. [6/03]

San Luis Obispo County retracted its transfer of Shandon entitlement after Morro Bay rejected certain conditions [4/03]. CCWA is currently exploring alternatives to assist San Luis Obispo County in making best use of its Table A Amount.

Coordinate pipeline and water treatment plant inspections with annual DWR shutdown for Coastal Branch Phase I maintenance. [11/03]

CCWA performed treatment plant and distribution pipeline inspections and maintenance (11/03). Three point seven miles of distribution pipeline were inspected in Reach 2 and preventive maintenance work at the plant including filter and

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channel cleaning and electrical equipment maintenance were completed.

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

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

Quarterly meetings are now held after CCWA Operating Committee meetings.

Consider San Luis Obispo County membership in CCWA if requested.

Timing dependent on SLO County request.

Conduct internal inspection of Reach 2 pipeline and Tank 5 [11/03]

A total of 3.7 miles of pipeline were inspected (11/03). The pipeline was in good condition, with no repairs required. The two tanks at Tank Site 5 and the one tank at Tank Site 7 were inspected by a diving contractor (12/03). The tanks were found to be in good condition, with some minor repairs required, including the installation of sacrificial anodes on the inlet and outlet pipes, sediment removal, and epoxy coating of corroded surfaces. These repairs will be completed in 2004.

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

Ongoing.

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

Assisted County in planting creek banks 5/03

Assist project participants in their efforts to reduce groundwater overdraft.

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

Implement 2002 SWP entitlement carry-over water sale program [1/03] and water transfers and sales as requested by project participants [ongoing]

None of the CCWA project participants wished to sell 2002 carry-over water. CCWA acquired 43 acre-feet of DWR

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Turnback Pool B water and 339
acre-feet of Article 21 water.

Postponed until 2004

Develop CCWA water transfer, sale and exchange policy with
assistance of Ad Hoc Water Transfer Committee [4/03]

Identify and implement mechanisms to offset shortages due to
drought.

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

New Goals for Calendar Year 2004

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

- Fill vacant Senior Chemist position. [3/04]
- Explore additional ways of utilizing the CCWA website to communicate
information to our project participants and the public including posting all
agendas and agenda material to the CCWA website. [2/04]
- Update the CCWA brochure and handout materials. [12/04]
- Review and update control system logic at each turnout and tank site. [12/04]
- Update CCWA as-built drawings to include system modifications. [12/04]
- Develop strategy for improving communications at Bradbury Dam and
Chorro Turnouts. [7/04]
- Develop long-term replacement plan for high-speed fiber optic
communications system. [12/04]
- Complete SCADA upgrade for distribution system. [10/04]
- Complete alternative coagulation strategies study. [5/04]
- Install protective coating on walls of the chemical containment areas of the
WTP. [10/04]
- Automate the WTP chlorine feed system (includes installation of a flow
meter on the filtered water effluent line and reprogramming of some
computer logic). [10/04]
- Line Sludge Pond A. [7/04]

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

- Review and update hazardous communications policy. [7/04]
- Obtain a 1601 permit for control and regulation of beavers and beaver dams at the Arroyo Grande mitigation site. [8/04]
- Continue revegetation monitoring program for DWR Reaches 1-6 and CCWA Schedules A, B and C. [Ongoing]
-

Cost effectively operate and maintain our facilities.

- 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. [12/04]
- Purchase investment and income allocation software program to track CCWA investments and allocate investment income to the CCWA project participants, utilizing unused funds in the FY 2003/04 budget for computer related expenditures. [2/04]
- In conjunction with O&M staff, streamline and coordinate CCWA's fixed assets listing between the accounting records and the maintenance records. [10/04]
- Prepare a study for the Finance Committee outlining issues associated with converting CCWA budget preparation to a biannual cycle. [10/04]
- Conduct internal inspection of Schedule A pipeline and make repairs and modifications to Tanks 5A, 5B and 7 that were identified in the 2003 inspection. [7/04]
- Complete filter rate increase study. [6/04]
- Participate in Cal/OSHA consultation inspection at WTP. [9/04]
- Develop and initiate mock disaster scenario drills for earthquake and terrorist threat. [12/04]

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

- Create in-house laboratory management system. [9/04]
- Develop a quality assurance program for laboratory analyses conducted by Water Plant Operations staff. [7/04]

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- Develop a schedule for the replacement of granular activated carbon media in water treatment plant filters. [4/04].

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 Transfers Committee and use as the basis to implement water transfers and sales as requested by project participants. [12/04]
- Investigate ground water banking and other opportunities to increase State water reliability. [12/04]

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 2004/05 is increasing by \$38,141, or 4.64% when compared to the FY 2003/04 Budget. The total FY 2004/05 budget is \$859,723 compared to the FY 2003/04 budget of \$821,582. The following items represent the major changes in the Administration Department budget.

Personnel Expenses Total personnel expenses are increasing by approximately \$28,000 due to the following:

- Administration Department FY 2004/05 salary pool allocation of \$14,400.
- Workers' compensation insurance cost increases of about \$1,900.
- PERS retirement expense increases of about \$5,700 attributed to a higher employer contribution rate for FY 2004/05.
- CCWA Board approved increases for the Executive Director and Deputy Director 457K deferred compensation accounts.

General and Administrative The general and administrative expenses budget is decreasing by about \$3,000 primarily due to a decrease in dues and membership expenses for the SWC and a slight decrease in travel expenses previously allocated for the SWC Board representative consultant.

Other Expenses Other expenses are increasing by about \$6,000 due to a slight increase in computer expenses (\$8,000) partially offset by a decrease in the appropriated contingency account.

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Non-Annual Recurring Expenses

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

FY 2004/05 Non-Annual Recurring Expenses

The FY 2004/05 Administration Department non-annual recurring expenses total \$5,000 for the future computer replacements.

The following table shows the allocation of the FY 2004/05 non-annual recurring expenses for the Administration Department.

**Administration Department
 FY 2004/05 Non-Annual Recurring Expenses**

Financing Participant	Entitlement	Percentage	FY 2004/05 Non-Annual Recurring Expenses
Guadalupe	550	1.41%	\$ 70
Santa Maria	16,200	41.46%	2,073
SCWC	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 2004/05 Budget

PERSONNEL COUNT SUMMARY					
Position Title	Number Auth. FY 2002/03	Number Auth. FY 2003/04	Number Requested FY 2004/05	Change Over FY 2002/03	Change Over FY 2003/04
Executive Director ⁽¹⁾	0.50	0.50	0.50	0	0
Deputy Director	1	1	1	0	0
Staff Engineer ⁽¹⁾	0.25	0.25	0.25	0	0
Accounting Technician	1	1	1	0	0
Secretary II	1	1.75	1.75	0.75	0
TOTAL:	3.75	4.50	4.50	0.75	0

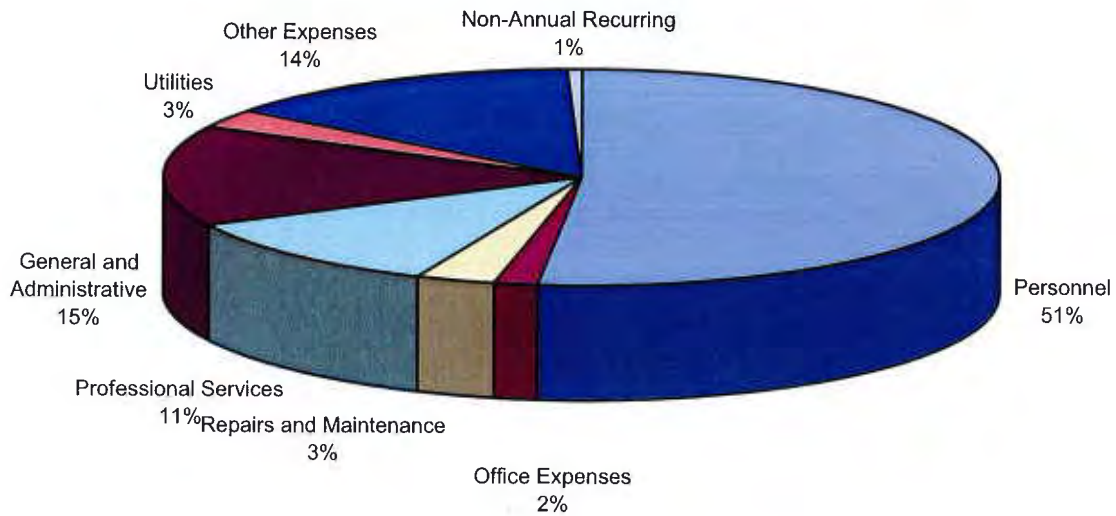
PERSONNEL WAGE SUMMARY				
Position Title	Position Classification	Minimum Monthly Salary	Maximum Monthly Salary	FY 2003/04 Current Salary
Executive Director ⁽¹⁾	N/A	N/A	N/A	\$ 61,371
Deputy Director	N/A	N/A	N/A	\$ 106,730
Staff Engineer ⁽¹⁾	25	\$ 6,967	\$ 8,499	\$ 22,500
Accounting Technician	12	\$ 3,555	\$ 4,337	\$ 44,825
Secretary II	9	\$ 3,036	\$ 3,704	\$ 64,799
FY 2003/04 Salary Pool				\$ 14,400
TOTAL:				\$ 314,624

(1) The Executive Director is allocated to Administration (50%), Water Treatment Plan (25%) and Distribution (25%).
 The Staff Engineer is allocated to Administration (25%), Water Treatment Plan (20%) and Distribution (55%).

Central Coast Water Authority
Administration Department Operating Expenses
 Fiscal Year 2004/05 Budget

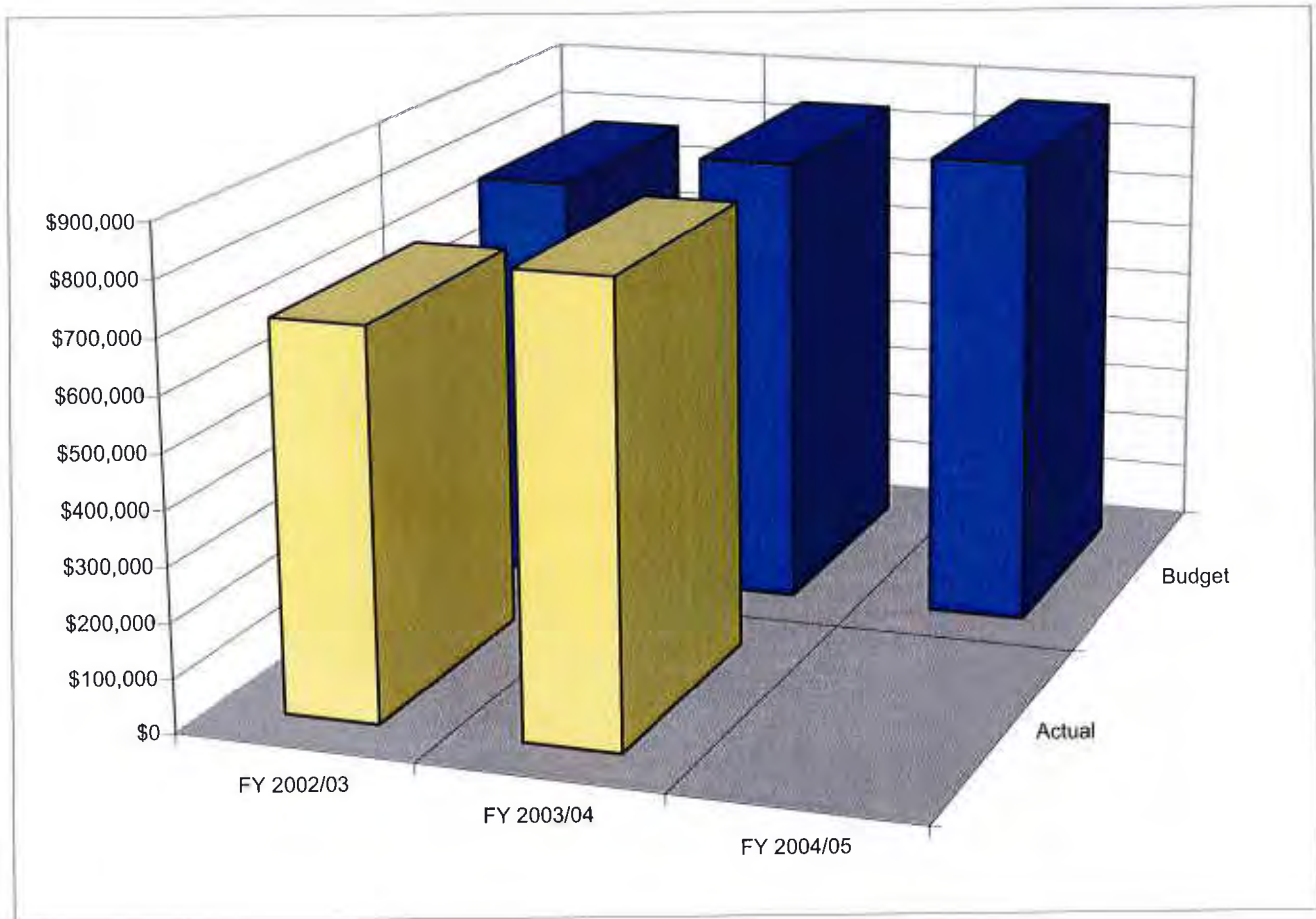
Item	FY 2004/05 Budget
Personnel	\$ 446,298
Office Expenses	15,500
Repairs and Maintenance	25,510
Professional Services	97,520
General and Administrative	129,313
Utilities	23,900
Other Expenses	121,682
Non-Annual Recurring	5,000
TOTAL:	\$ 864,723

FY 2004/05 Budget



Central Coast Water Authority
Administration Department Operating Expenses
 Fiscal Year 2004/05 Budget

Item	FY 2002/03	FY 2002/03	FY 2003/04	FY 2003/04	FY 2004/05
	Budget	Actual	Budget	Est. Actual	Budget
Personnel	\$ 340,851	\$ 339,200	\$ 418,052	\$ 412,657	\$ 446,298
Office Expenses	15,500	10,534	12,500	18,920	15,500
Supplies and Equipment	-	-	-	-	-
Repairs and Maintenance	23,840	25,465	25,510	25,139	25,510
Professional Services	126,452	131,865	95,520	96,388	97,520
General and Administration	103,992	85,507	132,506	130,656	129,313
Utilities	22,524	19,615	21,800	24,584	23,900
Other Expenses	122,253	83,092	115,694	105,108	121,682
Subtotal	\$ 755,412	\$ 695,278	\$ 821,582	\$ 813,452	\$ 859,723
Non-Annual Recurring	\$ 15,243	\$ 15,243	\$ 14,400	\$ 14,400	\$ 5,000
TOTAL:	\$ 770,655	\$ 710,521	\$ 835,982	\$ 827,852	\$ 864,723



Central Coast Water Authority
Administration Department Operating Expenses
 Fiscal Year 2004/05 Administration/O&M Budget

Account Number	Account Name	FY 2002/03		FY 2003/04		FY 2004/05		Change		Percent Change from FY 2003/04 Budget
		Budget	Actual	Budget	Estimated Actual	Budget	Budget	From FY 2003/04 Budget	FY 2003/04 Budget	
<u>PERSONNEL EXPENSES</u>										
5000.10	Full-Time Regular Wages	\$ 257,429	\$ 258,909	\$ 299,848	\$ 308,250	\$ 314,624		\$ 14,777	4.93%	
5000.20	Overtime	1,000	1,885	3,000	2,729	3,000		-	0.00%	
5000.40	Standby Pay	-	-	-	-	-		-	N/A	
5000.50	Shift Differential Pay	-	-	-	-	-		-	N/A	
5100.10	PERS Retirement	31,602	32,246	46,269	42,068	51,960		5,691	12.30%	
5100.15	Medicare Taxes	3,867	3,514	4,522	4,745	4,888		367	8.11%	
5100.20	Health Insurance	15,798	15,416	30,842	21,612	22,338		(8,503)	-27.57%	
5100.25	Workers' Compensation	1,839	4,034	2,217	4,825	4,096		1,879	84.75%	
5100.30	Vehicle Expenses	6,000	4,264	6,000	4,268	5,000		(1,000)	-16.67%	
5100.35	IRC 457-Employer Paid	8,250	9,637	9,000	9,000	19,500		10,500	116.67%	
5100.40	Cafeteria Plan Benefits	1,009	1,037	621	4,605	5,904		5,283	851.13%	
5100.45	Dental/Vision Plan	5,625	4,306	7,125	6,446	5,938		(1,188)	-16.67%	
5100.50	Long-Term Disability	1,326	1,532	1,405	1,703	1,751		347	24.69%	
5100.55	Life Insurance	855	952	954	1,108	1,048		94	9.89%	
5100.60	Employee Physicals	-	-	-	-	-		-	N/A	
5000.30	Temporary Services	5,000	803	5,000	-	5,000		-	0.00%	
5100.70	Employee Incentive Programs	1,000	665	1,000	1,299	1,000		-	0.00%	
5100.65	Employee Education Reimbursement	250	-	250	-	250		-	0.00%	
Total Personnel Expenses:		340,851	339,200	418,052	412,657	446,298		28,246	6.76%	

Central Coast Water Authority
Administration Department Operating Expenses
 Fiscal Year 2004/05 Administration/O&M Budget

Account Number	Account Name	FY 2002/03 Budget	FY 2002/03 Actual	FY 2003/04 Budget	FY 2003/04 Estimated Actual	FY 2004/05 Budget	Change From FY 2003/04 Budget	Percent Change from FY 2003/04 Budget
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OFFICE EXPENSES

5200.20	Office Supplies	12,000	6,555	9,000	15,117	12,000	3,000	33.33%
5200.30	Miscellaneous Office Expenses	3,500	3,979	3,500	3,802	3,500	-	0.00%
Total Office Expenses:		15,500	10,534	12,500	18,920	15,500	3,000	24.00%

SUPPLIES AND EQUIPMENT

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

MONITORING EXPENSES

5600.10	Lab Supplies	-	-	-	-	-	-	N/A
5600.20	Lab Tools and Equipment	-	-	-	-	-	-	N/A
5600.30	Lab Testing	-	-	-	-	-	-	N/A
Total Monitoring Expenses:		-	-	-	-	-	-	-

Central Coast Water Authority
Administration Department Operating Expenses
 Fiscal Year 2004/05 Administration/O&M Budget

Account Number	Account Name	FY 2002/03	FY 2002/03	FY 2003/04	FY 2003/04	FY 2004/05	Change	Percent Change from FY 2003/04 Budget
		Budget	Actual	Budget	Estimated Actual	Budget	From FY 2003/04 Budget	
<u>REPAIRS AND MAINTENANCE</u>								
5700.10	Equipment Repairs and Maintenance	4,960	5,218	4,150	3,086	4,150	-	0.00%
5700.20	Vehicle Repairs and Maintenance	-	-	-	-	-	-	N/A
5700.30	Building Maintenance	15,680	18,079	18,360	19,253	18,360	-	0.00%
5700.40	Landscape Maintenance	3,200	2,169	3,000	2,799	3,000	-	0.00%
	Total Repairs and Maintenance:	23,840	25,465	25,510	25,139	25,510	-	0.00%
<u>PROFESSIONAL SERVICES</u>								
5400.10	Professional Services	34,120	37,296	19,120	29,406	21,120	2,000	10.46%
5400.20	Legal Services	50,000	70,057	50,000	40,982	50,000	-	0.00%
5400.30	Engineering Services	10,000	-	-	-	-	-	N/A
5400.40	Permits	-	-	-	-	-	-	N/A
5400.50	Non-Contractual Services	3,400	4,550	3,400	3,000	3,400	-	0.00%
5400.60	Accounting Services	28,932	19,962	23,000	23,000	23,000	-	0.00%
	Total Professional Services:	126,452	131,865	95,520	96,388	97,520	2,000	2.09%
<u>GENERAL AND ADMINISTRATIVE</u>								
5300.10	Meeting and Travel	27,500	24,686	22,500	20,011	20,500	(2,000)	-8.89%
5300.20	Mileage Reimbursement	200	1,025	1,000	624	750	(250)	-25.00%
5300.30	Dues and Memberships	60,022	47,106	94,386	94,386	92,443	(1,943)	-2.06%
5300.40	Publications	4,620	3,155	4,470	5,183	4,470	-	0.00%
5300.50	Training	3,000	366	1,500	1,500	1,500	-	0.00%
5300.60	Advertising	750	1,658	750	-	750	-	0.00%
5300.70	Printing and Binding	4,000	3,164	4,000	5,495	5,000	1,000	25.00%
5300.80	Postage	3,900	4,347	3,900	3,457	3,900	-	0.00%
	Total General and Administrative:	103,992	85,507	132,506	130,656	129,313	(3,193)	-2.41%

Central Coast Water Authority
Administration Department Operating Expenses
 Fiscal Year 2004/05 Administration/O&M Budget

Account Number	Account Name	FY 2002/03		FY 2003/04		FY 2004/05		Change From FY 2003/04 Budget	Percent Change from FY 2003/04 Budget
		Budget	Actual	Budget	Estimated Actual	Budget	Budget		
UTILITIES									
5800.20	Natural Gas	600	317	600	138	600	-	-	0.00%
5800.30	Electric-Fixed	4,200	4,526	5,100	7,774	7,200	2,100	2,100	41.18%
5800.35	Electric-Variable	-	-	-	-	-	-	-	N/A
5800.40	Water	1,500	908	1,200	840	1,200	-	-	0.00%
5800.50	Telephone	14,424	11,982	12,800	13,848	12,800	-	-	0.00%
5800.60	Waste Disposal	1,800	1,882	2,100	1,984	2,100	-	-	0.00%
Total Utilities:		22,524	19,615	21,800	24,584	23,900	2,100	2,100	9.63%

OTHER EXPENSES									
5900.10	Insurance	18,131	14,190	13,969	13,969	15,349	1,380	1,380	9.88%
5900.30	Non-Capitalized Projects	-	-	-	-	-	-	-	N/A
5900.40	Equipment Rental	9,326	8,538	8,876	8,439	8,876	-	-	0.00%
5900.50	Non-Capitalized Equipment	15,000	5,102	10,000	9,987	10,000	-	-	0.00%
5900.60	Computer Expenses	61,372	55,261	62,810	72,712	70,600	7,790	7,790	12.40%
5900.70	Appropriated Contingency	18,425	-	20,039	-	16,857	(3,181)	(3,181)	-15.88%
Total Other Expenses:		122,253	83,092	115,694	105,108	121,682	5,988	5,988	5.18%
TOTAL OPERATING EXPENSES		\$ 755,412	\$ 695,278	\$ 821,582	\$ 813,452	\$ 859,723	\$ 38,141	\$ 38,141	4.64%

**CENTRAL COAST WATER AUTHORITY
ADMINISTRATION FY 2004/05 BUDGET**

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

Description: Funds for the Administration Department
regular employees. Includes \$14,400 for the FY 2004/05
salary pool.

FY 04/05 Requested Budget	314,624
FY 03/04 Estimated Actual	308,250
Increase (Decrease)	6,375

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

Description: Overtime expenses for non-exempt
Administration employees.

FY 04/05 Requested Budget	3,000
FY 03/04 Estimated Actual	2,729
Increase (Decrease)	271

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

Description: Funds for temporary employee services.

FY 04/05 Requested Budget	5,000
FY 03/04 Estimated Actual	-
Increase (Decrease)	5,000

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

Description: Funds for the employer and employee
portion of PERS retirement system contributions.
Based on a 16.515% contribution rate for FY 2004/05.

FY 04/05 Requested Budget	51,960
FY 03/04 Estimated Actual	42,068
Increase (Decrease)	9,893

**CENTRAL COAST WATER AUTHORITY
ADMINISTRATION FY 2004/05 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 04/05 Requested Budget	4,888
FY 03/04 Estimated Actual	4,745
Increase (Decrease)	143

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

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

FY 04/05 Requested Budget	22,338
FY 03/04 Estimated Actual	21,612
Increase (Decrease)	727

Family: \$11,812
Emp+1: \$10,199
Emp: \$4,338

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

Description: Funds for Workers' Compensation insurance for the WTP department. Based on an X-Mod rate of 84%. Includes an estimated 30% increase of the FY 2003/04 rates.

FY 04/05 Requested Budget	4,096
FY 03/04 Estimated Actual	4,825
Increase (Decrease)	(729)

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

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

FY 04/05 Requested Budget	5,000
FY 03/04 Estimated Actual	4,268
Increase (Decrease)	732

**CENTRAL COAST WATER AUTHORITY
ADMINISTRATION FY 2004/05 BUDGET**

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

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

FY 04/05 Requested Budget	19,500
FY 03/04 Estimated Actual	9,000
Increase (Decrease)	10,500

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 04/05 Requested Budget	5,904
FY 03/04 Estimated Actual	4,605
Increase (Decrease)	1,299

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

Description: Funds for the self-funded dental/vision plan. The plan provides \$2,500 per year per family for dental and vision expenses. Budgeted amount is \$1,250 per year per employee.

FY 04/05 Requested Budget	5,938
FY 03/04 Estimated Actual	6,446
Increase (Decrease)	(509)

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

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

FY 04/05 Requested Budget	1,751
FY 03/04 Estimated Actual	1,703
Increase (Decrease)	48

**CENTRAL COAST WATER AUTHORITY
ADMINISTRATION FY 2004/05 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 04/05 Requested Budget	1,048
FY 03/04 Estimated Actual	1,108
Increase (Decrease)	(60)

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

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

FY 04/05 Requested Budget	250
FY 03/04 Estimated Actual	-
Increase (Decrease)	250

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

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

FY 04/05 Requested Budget	1,000
FY 03/04 Estimated Actual	-
Increase (Decrease)	1,000

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

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

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

FY 04/05 Requested Budget	12,000
FY 03/04 Estimated Actual	15,117
Increase (Decrease)	(3,117)

**CENTRAL COAST WATER AUTHORITY
ADMINISTRATION FY 2004/05 BUDGET**

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

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

FY 04/05 Requested Budget	3,500
FY 03/04 Estimated Actual	3,802
Increase (Decrease)	(302)

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

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

FY 04/05 Requested Budget	20,500
FY 03/04 Estimated Actual	20,011
Increase (Decrease)	489

\$	2,500	ACWA Conferences
	15,000	SWC Meetings (\$1,250 per month)
	3,000	Other miscellaneous meetings
\$	20,500	TOTAL

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

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

FY 04/05 Requested Budget	750
FY 03/04 Estimated Actual	624
Increase (Decrease)	126

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

Description: Funds for professional dues.

\$	24,875	SWC Bay Delta Charges/Urban Account
\$	25,358	State Water Contractors Dues
\$	27,110	MWQI Charges for 2004 Calendar Year
\$	8,000	ACWA
\$	2,000	SWPCA JPA Allocation
\$	350	Water Education Foundation
\$	4,750	Employee Professional Dues and Misc.
\$	92,443	TOTAL

FY 04/05 Requested Budget	92,443
FY 03/04 Estimated Actual	94,386
Increase (Decrease)	(1,943)

**CENTRAL COAST WATER AUTHORITY
ADMINISTRATION FY 2004/05 BUDGET**

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

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

FY 04/05 Requested Budget	4,470
FY 03/04 Estimated Actual	5,183
Increase (Decrease)	(713)

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

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

FY 04/05 Requested Budget	1,500
FY 03/04 Estimated Actual	1,500
Increase (Decrease)	-

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

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

FY 04/05 Requested Budget	750
FY 03/04 Estimated Actual	-
Increase (Decrease)	750

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 04/05 Requested Budget	5,000
FY 03/04 Estimated Actual	5,495
Increase (Decrease)	(495)

**CENTRAL COAST WATER AUTHORITY
ADMINISTRATION FY 2004/05 BUDGET**

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

Description: Funds for all postal and mail expenses.

		\$	3,000	Postage meter expenses (\$250 per month)
FY 04/05 Requested Budget	3,900	\$	900	Overnight and shipping svcs (\$75 per month)
FY 03/04 Estimated Actual	3,457	\$	3,900	TOTAL
Increase (Decrease)	443			

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

Description: Funds for miscellaneous consultants and other services.

				Arbitrage/Rebate Calculations-1996 bonds:	\$	2,500
FY 04/05 Requested Budget	21,120			Administration office alarm system		1,620
FY 03/04 Estimated Actual	29,406			Bi-Annual Salary Survey		17,000
Increase (Decrease)	(8,286)			TOTAL:	\$	21,120

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

Description: Funds for CCWA legal services.

		\$	35,000	Hatch & Parent General Counsel
FY 04/05 Requested Budget	50,000	\$	15,000	Sheppard Mullin Personnel Counsel
FY 03/04 Estimated Actual	40,982	\$	50,000	TOTAL
Increase (Decrease)	9,018			

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

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

FY 04/05 Requested Budget	-
FY 03/04 Estimated Actual	-
Increase (Decrease)	-

**CENTRAL COAST WATER AUTHORITY
ADMINISTRATION FY 2004/05 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 04/05 Requested Budget	3,400
FY 03/04 Estimated Actual	3,000
Increase (Decrease)	400

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

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

Description: Funds for the annual audit of the FY 2003/04 Financial Statements and the State Water Contractors audit fees.

FY 04/05 Requested Budget	23,000
FY 03/04 Estimated Actual	23,000
Increase (Decrease)	-

\$	12,000	State Water Contractor audit fees
\$	11,000	Auditing FY 2003/04 financial statements
\$	23,000	TOTAL

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

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

FY 04/05 Requested Budget	4,150
FY 03/04 Estimated Actual	3,086
Increase (Decrease)	1,064

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

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

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

FY 04/05 Requested Budget	18,360
FY 03/04 Estimated Actual	19,253
Increase (Decrease)	(893)

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

**CENTRAL COAST WATER AUTHORITY
ADMINISTRATION FY 2004/05 BUDGET**

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

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

FY 04/05 Requested Budget	3,000
FY 03/04 Estimated Actual	2,799
Increase (Decrease)	201

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

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

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

FY 04/05 Requested Budget	600
FY 03/04 Estimated Actual	468
Increase (Decrease)	133

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

Description: Funds for electrical service to the Administration building (\$600 per month).

FY 04/05 Requested Budget	7,200
FY 03/04 Estimated Actual	7,774
Increase (Decrease)	(574)

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

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

FY 04/05 Requested Budget	1,200
FY 03/04 Estimated Actual	840
Increase (Decrease)	360

**CENTRAL COAST WATER AUTHORITY
ADMINISTRATION FY 2004/05 BUDGET**

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

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

FY 04/05 Requested Budget	12,800	\$	4,500	Long distance (\$375 per month)
FY 03/04 Estimated Actual	13,848	\$	6,900	Local long distance (\$575 per month)
Increase (Decrease)	(1,048)	\$	1,400	Cell phone airtime (\$140 per month)
		\$	12,800	TOTAL

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

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

FY 04/05 Requested Budget	2,100			
FY 03/04 Estimated Actual	1,984			
Increase (Decrease)	116			

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

Description: Funds for insurance related expenses.

FY 04/05 Requested Budget	15,349	\$	1,215	Property and auto insurance based on allocation provided by JPIA
FY 03/04 Estimated Actual	13,969	\$	10,134	General Liability and E&O apportioned by payroll percentages.
Increase (Decrease)	1,380	\$	4,000	Employee fidelity bond
		\$	15,349	TOTAL

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

Description: Funds for rental of equipment.

FY 04/05 Requested Budget	8,876	\$	3,600	Postage meter (\$300 per month)
FY 03/04 Estimated Actual	8,439	\$	4,776	Copier lease (\$398 per month)
Increase (Decrease)	437	\$	500	Other
		\$	8,876	TOTAL

**CENTRAL COAST WATER AUTHORITY
ADMINISTRATION FY 2004/05 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 \$2,500 in cost with an estimated useful life under 5 years.

FY 04/05 Requested Budget	10,000
FY 03/04 Estimated Actual	9,987
Increase (Decrease)	13

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

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

FY 04/05 Requested Budget	70,600
FY 03/04 Estimated Actual	72,712
Increase (Decrease)	(2,112)

\$	1,600	Silicon Beach (Internet \$400 quarterly)
\$	21,000	Annual service agreements
\$	48,000	Compuvision and other computer expenses
\$	70,600	TOTAL

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

Description: 2.0% of operating expenses

FY 04/05 Requested Budget	16,857
FY 03/04 Estimated Actual	-
Increase (Decrease)	16,857



Polonio Pass Water Treatment Plant facilities showing dual media filters, chemical storage tanks, chlorine storage, and equalization tank.

Water Treatment Plant Department

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

Highlights

Department Information

- Number of employees 13.70
- Polonio Pass Water Treatment Plant design capacity 43 million gallons per day
- FY 2004/05 requested water deliveries 40,012 acre-feet

Budget Information

- Total FY 2004/05 O&M Budget \$2,427,958
- Non-Annual Recurring Expense deposits \$ 13,916
- **Total WTP FY 2004/05 Budgeted Expenses \$2,441,874**

- O&M Budget increase over FY 2003/04 \$ 220,737

- Fixed O&M Expenses \$1,874,958
- Variable O&M Expenses \$ 553,000

- FY 2004/05 budgeted chemical cost \$15.00 per acre-foot

Significant Accomplishments During FY 2003/04

- Water Treatment Plant access road repairs completed.
- Taste and odor monitoring program established.
-

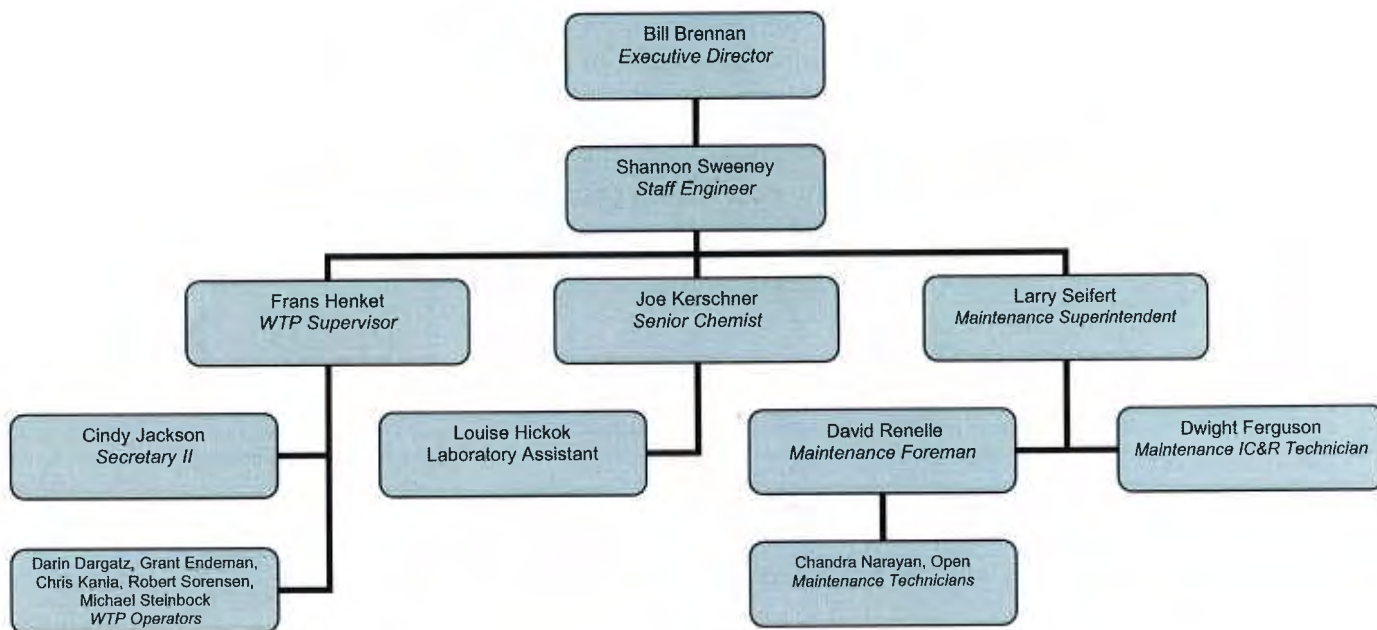
Significant Goals for FY 2004/05

- Additional position proposed of Maintenance Foreman.
- Complete filter rate increase study.
- Line Sludge Pond A.

Central Coast Water Authority
Water Treatment Plant Department
 Fiscal Year 2004/05 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 Control Specialist is responsible for plant maintenance and supervises the Maintenance/IC&R Technician and two (2) Maintenance Technicians. Together with available operations staff, they keep the treatment plant in full operation.

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

Central Coast Water Authority
Water Treatment Plant Department
 Fiscal Year 2004/05 Budget

In FY 2004/05, staff recommend the creation of a WTP Maintenance Foreman position. Increased responsibilities associated with creation of the Maintenance Superintendent position will reduce day-to-day supervision and "wrench time" at the water treatment plant. The creation of a Maintenance Foreman position will provide onsite maintenance supervision and return working maintenance staff to three positions. Plant maintenance staff will also more effectively offer Distribution maintenance assistance along the northern reaches of the pipeline.

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 2003 accomplishments, performance indicators ("Service Efforts and Accomplishments") and 2004 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.

2003 ACCOMPLISHMENTS

Goal

Status

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

Meet project participants' delivery needs as requested. [Ongoing]	Ongoing.
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<i>Cost effectively operate and maintain our facilities.</i>

Investigate and install laboratory management system [9/03]	CCWA resources have been focused on developing an in-house laboratory management system. The development is well underway, and is expected to be ready for implementation by 4/04.
---	--

Review preventative maintenance program data collection and report functions and evaluate alternative software programs [8/03]	Completed 9/03
--	----------------

Identify and pursue all possible cost saving and quality enhancing opportunities with initial taste and odor control, communications, electricity, overtime requirements and revegetation and erosion control [ongoing]	Total identified savings of \$114,700.
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Complete water treatment plant access road repairs [6/03]	Completed 10/03
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Central Coast Water Authority
Water Treatment Plant Department
Fiscal Year 2004/05 Budget

Institute cost effective recommendations from vulnerability assessment [12/03]

CCWA staff have identified an improved lock and key system that will improve security, key tracking, and lock integrity. This new lock system will be installed at the treatment plant by 4/04.

Evaluate the use of alternative coagulation strategies to improve water treatment plant performance. [8/03]

One-year study to be completed 3/04. Initial data suggests that CCWA's current coagulation strategy is best

Complete filter rate increase study [6/03]

Phase 1 and 2 of study completed (4/03, 9/03). Phase 2 test filter study was successful, and the treatment plant began operating the test filter at high flow (12/03). These tests are expected to be completed by 6/04.

Ensure our water supply meets or exceeds health and safety standards

Develop strategies to meet the requirements of new water quality regulations such as the Filter Backwash Recycling Rule and the Stage Two Disinfection/Disinfection Byproducts Rules [12/03]

Filter Backwash Recycling Rule compliance data submitted to DHS 12/03.

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

Instituted taste and odor monitoring program.

Central Coast Water Authority
Water Treatment Plant Department
Fiscal Year 2004/05 Budget

Develop a schedule for the replacement of granular activated carbon media in water treatment plant filters [8/03].

Taste and odor monitoring program data indicated that the granular activated carbon (GAC) continues to remove about 50%-60% of taste and odor causing compounds. Total organic carbon (TOC) removal improved significantly after the GAC replacement in September 2002, but dropped back to pre-replacement removal rates within three months of replacement. Therefore, GAC replacement is not warranted for controlling taste and odor, and that the filters should not be relied upon for long-term TOC removal. A revised replacement schedule will be proposed for the FY 04/05 Budget

Develop a taste and odor monitoring and control strategy [8/03]

Completed 6/03

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

Ongoing.

NEW GOALS FOR CALENDAR YEAR 2004

Operations and Maintenance

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

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

Cost effectively operate and maintain our facilities.

- Complete filter rate increase study. [6/04]
- Complete alternative coagulation strategies study. [5/04]
- Automate the WTP chlorine feed system (includes installation of a flow meter on the filtered water effluent line and reprogramming of some computer logic). [10/04]
- Line Sludge Pond A. [7/04]
- Install protective coating on walls of the chemical containment areas of the WTP. [10/04]

Central Coast Water Authority
Water Treatment Plant Department
 Fiscal Year 2004/05 Budget

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

- Develop a quality assurance program for laboratory analyses conducted by Water Plant Operations staff. [7/04]
- Develop a schedule for the replacement of granular activated carbon media in water treatment plant filters. [4/04].

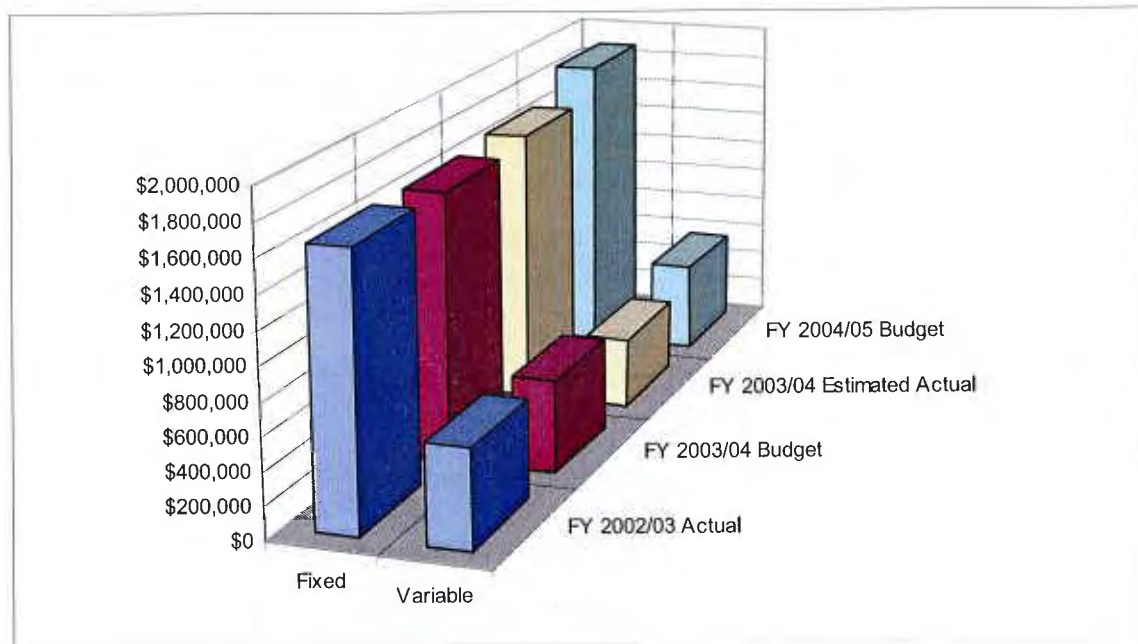
WATER TREATMENT PLANT DEPARTMENT OPERATING EXPENSE OVERVIEW

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

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

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

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



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

Central Coast Water Authority
Water Treatment Plant Department
Fiscal Year 2004/05 Budget

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.

Fiscal Year 2004/05 Operating Expense Budget

The FY 2004/05 water treatment plant operating expense budget is \$2,427,958, which is \$220,737 higher than the previous year's budget of \$2,207,221, a 10.00% increase.

The personnel expense section of the Water Treatment Plant budget represents approximately 53% of the budget. Supplies and equipment comprise 23% 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 128 shows the allocation of the various components of the water treatment plant operating expense budget.

Personnel Expenses Total personnel expenses are increasing by about \$185,000 when compared to the FY 2003/04 budget for the following reasons.

- An increase in full-time regular wages for the FY 2004/05 salary pool allocation of \$32,301.
- Proposed new position of Maintenance Foreman with an estimated total salary and benefits cost of \$86,947 (\$57,750 salary and \$29,197 benefits).
- PERS cost increase of about \$22,500 for an increase in the contribution rate to 16.515%.
- Health insurance expense increase of approximately \$25,000 due to actual premium increases effective January 1, 2004 and a projected 20% increase for effective January 1, 2005.
- Increase in workers' compensation insurance of about \$33,000 based on an experience modification factor of 84% and a projected cost increase of 30% effective July 1, 2004.

Utility Expenses Utility expenses are increasing by about \$16,000 attributed to an increase in electrical costs.

Other Expenses Other expenses are increasing by approximately \$19,000 due to slight increases in insurance expenses, non-capitalized projects and equipment rental. These increases were partially offset by a decrease in computer expenses and non-capitalized equipment.

Central Coast Water Authority
Water Treatment Plant Fixed and Variable Cost Per Acre-Foot
 FY 2004/05 Budget

Project Participant	FY 2004/05 Requested Deliveries	<u>Variable WTP Cost Per Acre-Foot</u>				Net WTP Variable Costs	WTP Variable Cost Per AF
		WTP Variable	WTP Variable Retreatment	WTP Variable Exchange Adjustments			
Shandon	-	\$ -	\$ -	\$ -	\$ -	\$ -	
Chorro Valley	2,465	34,068	-	-	-	34,068	\$ 13.82
Lopez	1,861	25,723	-	-	-	25,723	\$ 13.82
Guadalupe	605	8,362	1,626	-	-	9,987	\$ 16.51
Santa Maria	16,651	230,130	44,240	-	-	274,370	\$ 16.48
Southern California Water Co.	550	7,601	1,484	-	-	9,085	\$ 16.52
VAFB	6,050	83,616	16,215	-	-	99,831	\$ 16.50
Buellton	636	8,790	1,708	-	-	10,498	\$ 16.51
Santa Ynez (Solvang)	1,500	20,731	4,027	-	-	24,758	\$ 16.51
Santa Ynez ⁽¹⁾	2,830	9,675	6,875	29,438	-	45,987	\$ 16.25
Goleta ⁽²⁾	4,183	68,413	(46,421)	(10,598)	-	11,394	\$ 2.72
Morehart Land	139	1,921	(1,544)	-	-	377	\$ 2.71
La Cumbre	1,100	15,203	(12,253)	-	-	2,950	\$ 2.68
Raytheon	55	760	(612)	-	-	148	\$ 2.69
Santa Barbara ⁽²⁾	(0)	7,062	2	(7,065)	-	(0)	\$ 2.13
Montecito ⁽²⁾	1,089	22,113	(11,959)	(7,065)	-	3,089	\$ 2.84
Carpinteria ⁽²⁾	298	8,831	(3,387)	(4,710)	-	734	\$ 2.46
TOTAL:	40,012	\$ 553,000	\$ 0	\$ -	\$ -	\$ 553,000	\$ 13.82

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

(2) Net of Santa Ynez Exchange deliveries.

Project Participant	<u>Fixed WTP Cost Per Acre-Foot</u>						WTP Fixed Cost Per AF
	Table A Amount	WTP Fixed	WTP Fixed and Capital Retreatment	Exchange Fixed and Capital Adjustments	Total Fixed WTP Costs		
Shandon	100	\$ 4,073	\$ -	\$ -	\$ 4,073	\$ 40.73	
Chorro Valley	2,338	95,218	-	-	95,218	\$ 40.73	
Lopez	2,392	97,417	-	-	97,417	\$ 40.73	
Guadalupe	550	22,399	18,889	-	41,288	\$ 75.07	
Santa Maria	16,200	659,766	556,360	-	1,216,126	\$ 75.07	
Southern California Water Co.	500	20,363	17,172	-	37,535	\$ 75.07	
VAFB	5,500	223,995	188,888	-	412,882	\$ 75.07	
Buellton	578	23,540	19,850	-	43,390	\$ 75.07	
Santa Ynez (Solvang)	1,500	61,089	51,515	-	112,604	\$ 75.07	
Santa Ynez ⁽³⁾	2,630	107,110	90,323	246,682	444,115	\$ 168.86	
Goleta	4,500	183,268	(302,960)	(88,805)	(208,497)	\$ (46.33)	
Morehart Land	200	8,145	(16,231)	-	(8,085)	\$ (40.43)	
La Cumbre	1,000	40,726	(81,153)	-	(40,427)	\$ (40.43)	
Raytheon	50	2,036	(4,058)	-	(2,021)	\$ (40.43)	
Santa Barbara	3,000	122,179	(201,973)	(59,204)	(138,998)	\$ (46.33)	
Montecito	3,000	122,179	(201,973)	(59,204)	(138,998)	\$ (46.33)	
Carpinteria	2,000	81,453	(134,649)	(39,469)	(92,665)	\$ (46.33)	
TOTAL:	46,038	\$ 1,874,958	\$ (0)	\$ -	\$ 1,874,958	\$ 40.73	

(3) Santa Ynez Table A Amount includes requested exchange deliveries for FY 2004/05.

Central Coast Water Authority
Water Treatment Plant Department
 Fiscal Year 2004/05 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 2004/05 Non-Annual Recurring Expenses

The FY 2004/05 water treatment plant non-annual recurring expenses total \$13,916 and are comprised of the following expenses.

- \$8,916 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.

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

**Water Treatment Plant
 FY 2004/05 Non-Annual Recurring Expenses**

Project Participant	Entitlement	Percentage	FY 2004/05 Non-Annual Recurring Expenses
Shandon	100	0.23%	\$ 32
Chorro Valley	2,338	5.32%	741
Lopez	2,392	5.45%	758
Guadalupe	550	1.25%	174
Santa Maria	16,200	36.90%	5,134
So Cal Water Co.	500	1.14%	158
VAFB	5,500	12.53%	1,743
Buellton	578	1.32%	183
Santa Ynez (Solvang)	1,500	3.42%	475
Santa Ynez	500	1.14%	158
Goleta	4,500	10.25%	1,426
Morehart Land	200	0.46%	63
La Cumbre	1,000	2.28%	317
Raytheon (SBRC)	50	0.11%	16
Santa Barbara	3,000	6.83%	951
Montecito	3,000	6.83%	951
Carpinteria	2,000	4.55%	634
TOTAL:	43,908	100.00%	\$ 13,916

Central Coast Water Authority
Water Treatment Plant Department
 Fiscal Year 2004/05 Budget

FY 2004/05 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 2004/05. The estimated cost of this project is \$150,000 and will be funded with existing 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 since the last GAC replacement was completed, including both the variable regional water treatment plant and exchange agreement modifications.

CCWA has previously collected funds for GAC replacements through the NARES deposits, and therefore, no additional funds are required for the FY 2004/05 GAC replacement project.

The following table shows the allocation of the FY 2004/05 GAC replacement costs.

GAC Replacement Allocation

Project Participant	Total Deliveries Deliveries July 2002 to June 2004 (Est.)	Allocation of GAC Replacement on Delivery Basis	Regional WTP Allocation	Regional WTP Allocation Credit	Exchange Agreement Fixed Modifications	Net GAC Replacement Cost
Guadalupe	862	\$ 1,898	\$ 354			\$ 2,251
Santa Maria	26,802	59,000	11,301			70,301
SCWC	610	1,343	232			1,575
Vandenberg AFB	9,017	19,849	3,703			23,553
Buellton	1,162	2,558	486			3,044
Santa Ynez (Solvang)	2,302	5,067	896			5,963
Santa Ynez	1,929	4,246	2,933		11,555	18,734
Goleta	7,297	16,062	2,557	(11,495)	(4,500)	2,624
Morehart Land	65	143	17	(142)		17
La Cumbre	2,082	4,583	993	(4,557)		1,019
Raytheon (SBRC)	93	205	147	(1,069)		(717)
Santa Barbara	2,349	5,172	737	(2,385)	(2,773)	750
Montecito	3,368	7,415	1,171	(4,896)	(2,491)	1,200
Carpinteria	1,433	3,154	372	(1,355)	(1,791)	380
Shandon	-	-	-			-
Chorro Valley	4,822	10,616	-			10,616
Lopez	3,947	8,689	-			8,689
TOTAL:	68,140	\$ 150,000	\$ 25,899	\$ (25,899)	\$ -	\$ 150,000

Central Coast Water Authority
Water Treatment Plant Department
 Fiscal Year 2004/05 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 are 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 2004/05 Water Treatment Plant Non-Capitalized Projects.

<i>Non-Capitalized Projects-Reach Specific</i>		
Project Description	Financial Reach	Amount
Taste and Odor Control and and Monitoring Program	WTP	\$ 24,000
WTP Monofill Access Road Repairs	WTP	4,950
Repeater for Man-Down System	WTP	4,510
Project Total:		24,000
TOTAL:		\$ 33,460

Description: **WTP Monofill Access Road Repairs**

Department: WTP

Financial Reach: WTP

Project Type: Non-Capitalized Project

Expanded Description: Dirt road to monofill site is rutted and requires repairs

Estimated Charge \$4,500

Sales Tax \$

Contingency (5%) \$ 450

Total Cost: \$4,950

Operating Budget Impact: Road access is required to remove dried sludge from plant lagoons

Central Coast Water Authority
Water Treatment Plant Department
Fiscal Year 2004/05 Budget

Description: ***Repeater for Man-Down System***

Department: WTP

Financial Reach: WTP

Project Type: Non-Capitalized Project

Expanded Description: Repeater will fill in poor communications areas and complete man-down system.

Estimated Charge \$4,000
Sales Tax \$ 310
Contingency (5%) \$ 200

Total Cost: \$4,510

Operating Budget Impact: Personnel safety

Description: ***Taste and Odor Analysis***

Department: WTP

Financial Reach: WTP

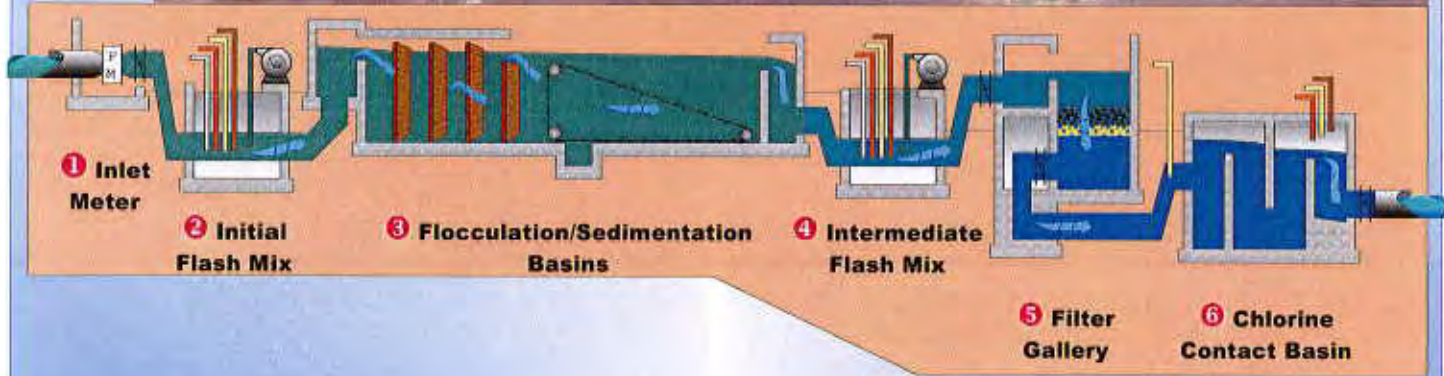
Project Type: Non Capitalized Project

Expanded Description: MIB and Geosmin analyses through contract laboratory

Estimated Charge \$24,000

Total Cost: \$24,000

Operating Budget Impact: MIB and Geosmin are predictors of taste and odor problems. The testing program provides data to recommend early treatment of specific problem areas in both DWR and CCWA systems.



Polonio Pass Water Treatment Plant

Central Coast Water Authority

Central Coast Water Authority
Personnel Services Summary
Water Treatment Plant Department
 Fiscal Year 2004/05 Budget

PERSONNEL COUNT SUMMARY					
Position Title	Number	Number	Number	Change	Change
	Auth. FY 2002/03	Auth. FY 2003/04	Requested FY 2004/05	Over FY 2002/03	Over FY 2003/04
Executive Director ⁽¹⁾	0.25	0.25	0.25	0	0
Operations Manager	0	0	0	0	0
Staff Engineer ⁽²⁾	0.20	0.20	0.20	0	0
WTP Supervisor	1	1	1	0	0
Maintenance Control Specialist ⁽³⁾	0.80	0.80	0.80	0	0
Maintenance Foreman	0	0	1	1	1
Regulatory Specialist ⁽⁴⁾	0.25	0.25	0.25	0	0
Laboratory Specialist	1	1	1	0	0
Maintenance Technician	2	2	2	0	0
Maintenance IC&R Technician	0.70	0.70	0.70	0	0
WTP Operators	5	5	5	0	0
Lab Technician	0	0.75	0.75	0.75	0
Secretary II	0.75	0.75	0.75	0	0
TOTAL:	11.95	12.7	13.70	1.75	1.00

PERSONNEL WAGE SUMMARY				
Position Title	Position Classification	Minimum	Maximum	FY 2003/04
		Monthly Salary	Monthly Salary	Current Salary
Executive Director ⁽¹⁾	N/A	N/A	N/A	\$ 30,685
Staff Engineer ⁽²⁾	25	\$ 6,967	\$ 8,499	\$ 18,000
WTP Supervisor	20	\$ 5,359	\$ 6,538	\$ 77,766
Maintenance Superintendent ⁽³⁾	20	\$ 5,359	\$ 6,538	\$ 56,192
Maintenance Foreman	16	\$ 4,344	\$ 5,300	\$ 57,750
Regulatory Specialist ⁽⁴⁾	17	\$ 4,579	\$ 5,586	\$ 15,375
Laboratory Specialist	17	\$ 4,579	\$ 5,586	\$ 65,000
Maintenance Technicians	14	\$ 3,911	\$ 4,771	\$ 95,889
Maintenance IC&R Technician	14	\$ 3,911	\$ 4,771	\$ 52,600
WTP Operators	14	\$ 3,911	\$ 4,771	\$ 274,959
Lab Technician	5	\$ 2,462	\$ 3,004	\$ 24,476
Secretary II	9	\$ 3,036	\$ 3,704	\$ 27,503
FY 2004/05 Salary Pool				\$ 32,301
TOTAL:				\$ 828,496

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

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

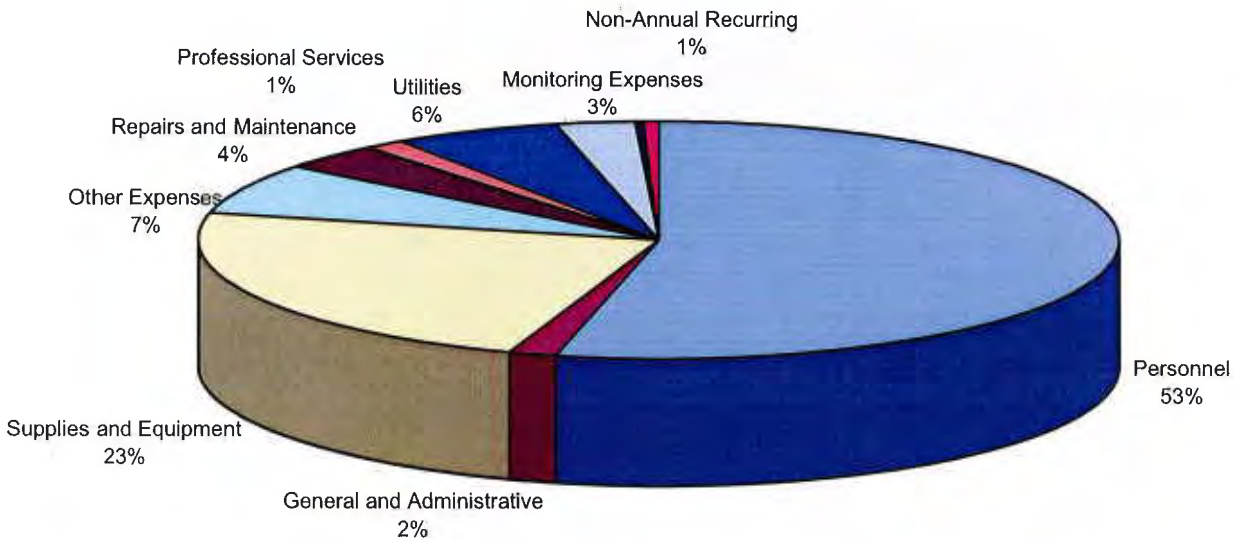
(3) The Maintenance Superintendent is allocated to Water Treatment Plant (80%) and Distribution (20%).

(4) The Regulatory Specialist is allocated to Water Treatment Plant (25%) and Distribution (75%).

Central Coast Water Authority
Water Treatment Plant Department Operating Expenses
 Fiscal Year 2004/05 Budget

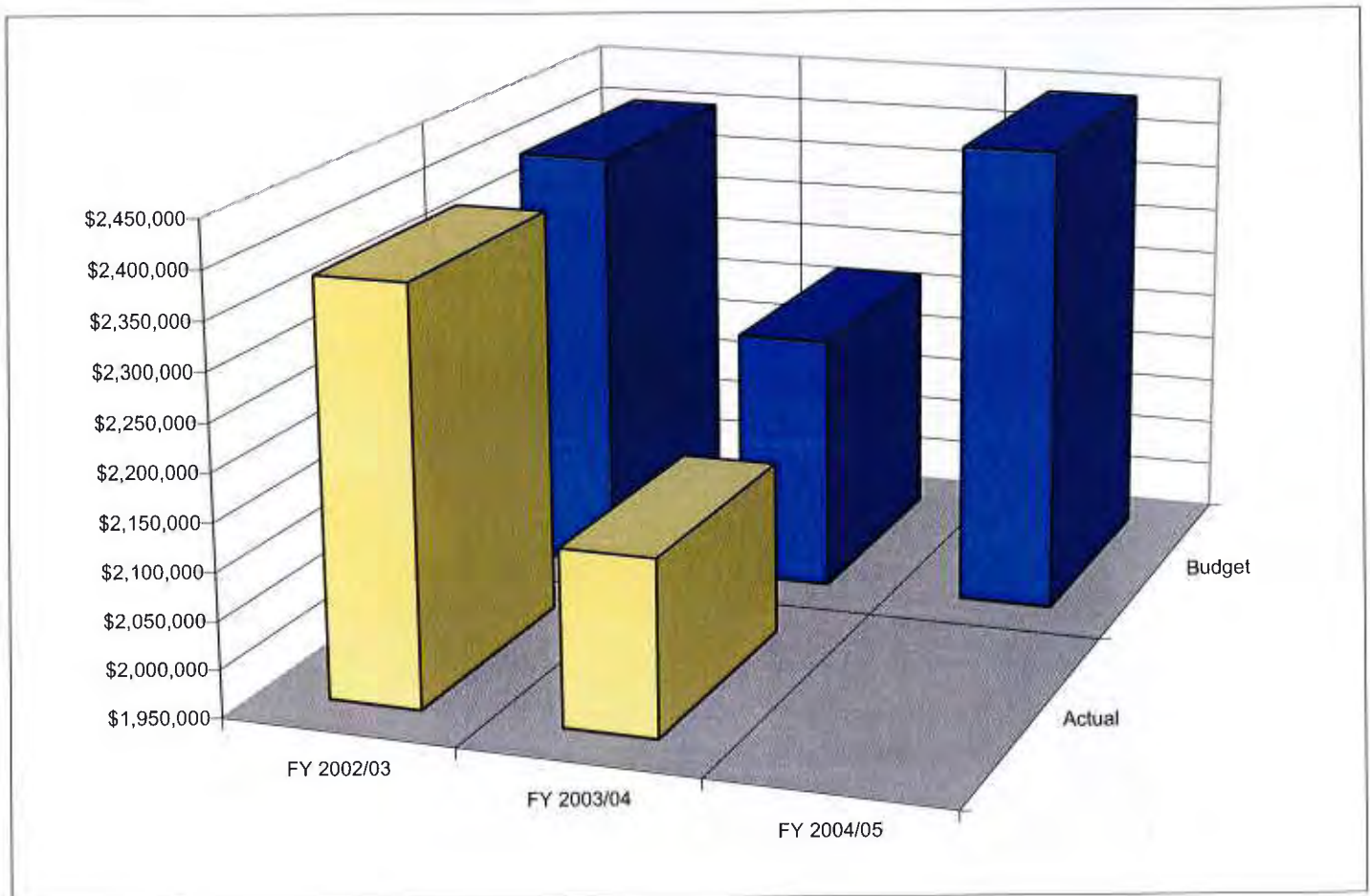
Item	FY 2003/04 Budget
Personnel	\$ 1,308,783
Office Expenses	4,800
Supplies and Equipment	564,209
Monitoring Expenses	71,000
Repairs and Maintenance	92,000
Professional Services	35,000
General and Administrative	43,500
Utilities	138,000
Other Expenses	170,666
Non-Annual Recurring	13,916
TOTAL:	\$ 2,441,874

FY 2004/05 Budget



Central Coast Water Authority
Water Treatment Plant Department Operating Expenses
 Fiscal Year 2004/05 Budget

Item	FY 2002/03 Budget	FY 2002/03 Actual	FY 2003/04 Budget	FY 2003/04 Estimated Actual	FY 2004/05 Budget
Personnel	\$ 1,033,405	\$ 1,077,977	\$ 1,123,272	\$ 1,176,407	\$ 1,308,783
Office Expenses	4,200	4,782	4,800	6,109	4,800
Supplies and Equipment	619,547	529,630	565,179	442,345	564,209
Monitoring Expenses	72,000	69,923	73,000	51,783	71,000
Repairs and Maintenance	85,200	97,810	92,200	86,680	92,000
Professional Services	57,500	181,259	40,000	21,230	35,000
General and Administrative	32,000	25,239	35,000	42,437	43,500
Utilities	119,150	122,884	122,250	165,039	138,000
Other Expenses	221,166	112,817	151,520	127,366	170,666
Subtotal	\$ 2,244,167	\$ 2,222,321	\$ 2,207,221	\$ 2,119,395	\$ 2,427,958
Non-Annual Recurring	\$ 159,426	\$ 159,426	\$ 12,633	\$ 12,633	\$ 13,916
TOTAL:	\$ 2,403,593	\$ 2,381,747	\$ 2,219,854	\$ 2,132,028	\$ 2,441,874



Central Coast Water Authority
Water Treatment Plant Department Operating Expenses
 Fiscal Year 2004/05 Administration/O&M Budget

Account Number	Account Name	FY 2002/03		FY 2003/04		FY 2003/04		FY 2004/05		Increase Over FY 2003/04		% Increase (Decrease) FY 2003/04 Budget
		Budget	Actual	Budget	Estimated Actual	Budget	Budget	Budget	Budget	Budget	Budget	
PERSONNEL EXPENSES												
5000.10	Full-Time Regular Wages	\$ 700,015	\$ 703,325	\$ 738,971	\$ 758,800	\$ 828,496	\$ 89,525	12.11%				
5000.20	Overtime	35,001	54,307	36,949	36,419	41,425	4,476	12.11%				
5000.40	Standby Pay	10,512	17,265	10,512	30,197	12,352	1,840	17.50%				
5000.50	Shift Differential Pay	11,500	11,443	11,500	10,806	11,500	-	0.00%				
5000.10	PERS Retirement	84,645	87,578	112,329	106,636	134,841	22,511	20.04%				
5100.15	Medicare Taxes	11,214	11,503	11,614	12,351	13,007	1,393	12.00%				
5100.20	Health Insurance	82,230	89,726	121,191	129,754	146,414	25,223	20.81%				
5100.25	Workers' Compensation	38,969	33,406	33,822	36,668	66,594	32,772	96.90%				
5100.30	Vehicle Expenses	-	-	-	-	-	-	N/A				
5100.35	IRC 457-Employer Paid	1,375	1,211	1,500	1,500	3,250	1,750	116.67%				
5100.40	Cafeteria Plan Benefits	12,608	9,924	9,367	9,198	17,585	8,218	87.74%				
5100.45	Dental/Vision Plan	16,800	21,986	19,800	14,712	17,750	(2,050)	-10.35%				
5100.50	Long-Term Disability	4,065	4,184	4,160	6,091	4,663	503	12.10%				
5100.55	Life Insurance	2,920	3,055	3,008	4,209	3,357	349	11.60%				
5100.60	Employee Physicals	1,650	590	1,650	1,852	1,950	300	18.18%				
5000.30	Temporary Services	16,500	26,771	3,500	13,897	2,000	(1,500)	-42.86%				
5100.70	Employee Incentive Programs	2,400	1,702	2,400	-	2,600	200	8.33%				
5100.65	Employee Education Reimbursement	1,000	-	1,000	3,318	1,000	-	0.00%				
Total Personnel Expenses:		1,033,405	1,077,977	1,123,272	1,176,407	1,308,783	185,511	16.52%				

Central Coast Water Authority
Water Treatment Plant Department Operating Expenses
 Fiscal Year 2004/05 Administration/O&M Budget

Account Number	Account Name	FY 2002/03 Budget	FY 2002/03 Actual	FY 2003/04 Budget	FY 2003/04 Estimated Actual	FY 2004/05 Budget	Increase Over FY 2003/04 Budget	% Increase (Decrease)
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OFFICE EXPENSES

5200.20	Office Supplies	2,400	3,434	3,000	3,643	3,000	-	0.00%
5200.30	Miscellaneous Office Expenses	1,800	1,348	1,800	2,466	1,800	-	0.00%
Total Office Expenses:		4,200	4,782	4,800	6,109	4,800	-	0.00%

SUPPLIES AND EQUIPMENT

5500.10	Uniform Expenses	9,425	5,781	6,709	5,209	6,709	-	0.00%
5500.15	Minor Tools and Equipment	8,000	3,425	4,000	3,609	4,000	-	0.00%
5500.20	Spare Parts	-	-	-	-	-	-	N/A
5500.25	Landscape Equipment and Supplies	1,000	935	1,000	389	1,000	-	0.00%
5500.30	Chemicals-Fixed	-	-	-	-	-	-	N/A
5500.31	Chemicals-Variable	573,122	496,218	530,470	395,916	527,000	(3,470)	-0.65%
5500.35	Maintenance Supplies/Hardware	15,000	12,337	10,000	20,814	10,000	-	0.00%
5500.40	Safety Supplies	3,000	1,398	3,000	6,567	3,500	500	16.67%
5500.45	Fuel and Lubricants	10,000	9,537	10,000	9,840	12,000	2,000	20.00%
5500.50	Seed/Erosion Control Supplies	-	-	-	-	-	-	N/A
5500.55	Backflow Prevention Supplies	-	-	-	-	-	-	N/A
Total Supplies and Equipment:		619,547	529,630	565,179	442,345	564,209	(970)	-0.17%

MONITORING EXPENSES

5600.10	Lab Supplies	35,000	31,632	35,000	28,745	35,000	-	0.00%
5600.20	Lab Tools and Equipment	12,000	6,654	10,000	5,312	8,000	(2,000)	-20.00%
5600.30	Lab Testing	25,000	31,636	28,000	17,726	28,000	-	0.00%
Total Monitoring Expenses:		72,000	69,923	73,000	51,783	71,000	(2,000)	-2.74%

Central Coast Water Authority
Water Treatment Plant Department Operating Expenses

Fiscal Year 2004/05 Administration/O&M Budget

Account Number	Account Name	FY 2002/03 Budget	FY 2002/03 Actual	FY 2003/04 Budget	FY 2003/04 Estimated Actual	FY 2004/05 Budget	Increase Over FY 2003/04 Budget	% Increase (Decrease)
REPAIRS AND MAINTENANCE								
5700.10	Equipment Repairs and Maintenance	70,000	81,537	70,000	67,572	70,000	-	0.00%
5700.20	Vehicle Repairs and Maintenance	4,000	2,550	4,000	1,812	3,000	(1,000)	-25.00%
5700.30	Building Maintenance	10,200	10,598	14,200	14,697	15,000	800	5.63%
5700.40	Landscape Maintenance	1,000	3,125	4,000	2,600	4,000	-	0.00%
Total Repairs and Maintenance:		85,200	97,810	92,200	86,680	92,000	(200)	-0.22%

PROFESSIONAL SERVICES

5400.10	Professional Services	14,000	121,507	12,000	4,873	12,000	-	0.00%
5400.20	Legal Services	-	23,561	-	-	-	-	N/A
5400.30	Engineering Services	10,000	12,749	10,000	3,523	5,000	(5,000)	-50.00%
5400.40	Permits	8,500	14,539	8,500	10,279	8,500	-	0.00%
5400.50	Non-Contractual Services	25,000	8,903	9,500	2,554	9,500	-	0.00%
5400.60	Accounting Services	-	-	-	-	-	-	N/A
Total Professional Services:		57,500	181,259	40,000	21,230	35,000	(5,000)	-12.50%

GENERAL AND ADMINISTRATIVE

5300.10	Meeting and Travel	6,500	10,414	10,000	12,199	10,000	-	0.00%
5300.20	Mileage Reimbursement	500	280	500	867	500	-	0.00%
5300.30	Dues and Memberships	10,000	2,765	10,000	17,869	15,000	5,000	50.00%
5300.40	Publications	1,500	1,114	1,000	246	1,000	-	0.00%
5300.50	Training	11,000	5,529	11,000	4,962	12,000	1,000	9.09%
5300.60	Advertising	500	2,334	500	1,536	1,000	500	100.00%
5300.70	Printing and Binding	-	-	-	-	-	-	N/A
5300.80	Postage	2,000	2,803	2,000	4,759	4,000	2,000	100.00%
Total General and Administrative:		32,000	25,239	35,000	42,437	43,500	8,500	24.29%

Central Coast Water Authority
Water Treatment Plant Department Operating Expenses
 Fiscal Year 2004/05 Administration/O&M Budget

Account Number	Account Name	FY 2002/03 Budget	FY 2002/03 Actual	FY 2003/04 Budget	FY 2003/04 Estimated Actual	FY 2004/05 Budget	Increase Over FY 2003/04 Budget	% Increase (Decrease)
UTILITIES								
5800.20	Natural Gas	2,400	2,189	4,000	801	4,000	-	0.00%
5800.30	Electric-Fixed	85,000	86,388	85,000	126,938	96,000	11,000	12.94%
5800.35	Electric-Variable	21,250	21,597	21,250	25,948	26,000	4,750	22.35%
5800.40	Water	-	-	-	-	-	-	N/A
5800.50	Telephone	8,000	10,604	9,500	9,048	9,500	-	0.00%
5800.60	Waste Disposal	2,500	2,107	2,500	2,304	2,500	-	0.00%
Total Utilities:		119,150	122,884	122,250	165,039	138,000	15,750	12.88%
OTHER EXPENSES								
5900.10	Insurance	66,620	52,098	52,091	52,091	58,599	6,508	12.49%
5900.30	Non-Capitalized Projects	54,810	17,516	24,150	24,150	33,460	9,310	38.55%
5900.40	Equipment Rental	12,000	23,540	12,000	28,198	15,000	3,000	25.00%
5900.50	Non-Capitalized Equipment	25,000	14,627	12,000	17,505	10,000	(2,000)	-16.67%
5900.60	Computer Expenses	8,000	5,035	8,000	5,422	6,000	(2,000)	-25.00%
5900.70	Appropriated Contingency	54,736	-	43,279	-	47,607	4,328	10.00%
Total Other Expenses:		221,166	112,817	151,520	127,366	170,666	19,146	12.64%
TOTAL OPERATING EXPENSES		\$ 2,244,167	\$ 2,222,321	\$ 2,207,221	\$ 2,119,395	\$ 2,427,958	\$ 220,737	10.00%

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2004/05 BUDGET**

ACCOUNT NUMBER: 5000.10

ACCOUNT TITLE: Full-Time Regular Salaries

Description: Funds for the WTP staff including one additional position of WTP Maintenance Foreman. Includes \$32,301 for the FY 2004/05 salary pool.

FY 04/05 Requested Budget	828,496
FY 03/04 Estimated Actual	758,800
Increase (Decrease)	69,696

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 04/05 Requested Budget	41,425
FY 03/04 Estimated Actual	36,419
Increase (Decrease)	5,006

ACCOUNT NUMBER: 5000.30

ACCOUNT TITLE: Temporary Services

Description: Temporary services for the Water Treatment Plant Department.

FY 04/05 Requested Budget	2,000
FY 03/04 Estimated Actual	13,897
Increase (Decrease)	(11,897)

\$	2,000	Maintenance support
\$	2,000	TOTAL

ACCOUNT NUMBER: 5000.40

ACCOUNT TITLE: Stand-by Pay

Description: Funds for stand-by pay for one employee assigned to stand-by duty on a 24-hour basis. Based on \$1.41 per hour (5% of average hourly rate) for 8,760 hours during the fiscal year.

FY 04/05 Requested Budget	12,352
FY 03/04 Estimated Actual	30,197
Increase (Decrease)	(17,846)

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2004/05 BUDGET**

ACCOUNT NUMBER: 5000.50

ACCOUNT TITLE: Shift Differential Pay

Description: Funds for shift employee pay.

FY 04/05 Requested Budget	11,500
FY 03/04 Estimated Actual	10,806
Increase (Decrease)	694

ACCOUNT NUMBER: 5100.10

ACCOUNT TITLE: PERS Retirement

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

Based on a 16.515% contribution rate for FY 2004/05.

FY 04/05 Requested Budget	134,841
FY 03/04 Estimated Actual	106,636
Increase (Decrease)	28,205

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 04/05 Requested Budget	13,007
FY 03/04 Estimated Actual	12,351
Increase (Decrease)	656

ACCOUNT NUMBER: 5100.20

ACCOUNT TITLE: Health Insurance

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

FY 04/05 Requested Budget	146,414
FY 03/04 Estimated Actual	129,754
Increase (Decrease)	16,660

Family: \$11,812
Emp+1: \$10,199
Emp: \$4,338

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2004/05 BUDGET**

ACCOUNT NUMBER: 5100.25

ACCOUNT TITLE: Workers' Compensation Insurance

Description: Funds for Workers' Compensation insurance for the WTP department. Based on an X-Mod rate of 84% and includes an estimated 30% increase over the FY 2003/04 rates.

FY 04/05 Requested Budget	66,594
FY 03/04 Estimated Actual	36,668
Increase (Decrease)	29,926

ACCOUNT NUMBER: 5100.35

ACCOUNT TITLE: Employer Paid Deferred Compensation

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

FY 04/05 Requested Budget	3,250
FY 03/04 Estimated Actual	1,500
Increase (Decrease)	1,750

ACCOUNT NUMBER: 5100.40

ACCOUNT TITLE: Cafeteria Plan Benefits

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

FY 04/05 Requested Budget	17,585
FY 03/04 Estimated Actual	9,198
Increase (Decrease)	8,387

ACCOUNT NUMBER: 5100.45

ACCOUNT TITLE: Dental/Vision Plan

Description: Funds for the self-funded dental/vision plan. The plan provides \$2,500 per year per family for dental and vision expenses. Budgeted amount is \$1,250 per year anticipating that the expenses will average this amount.

FY 04/05 Requested Budget	17,750
FY 03/04 Estimated Actual	14,712
Increase (Decrease)	3,038

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2004/05 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 04/05 Requested Budget	4,663
FY 03/04 Estimated Actual	6,091
Increase (Decrease)	(1,427)

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 04/05 Requested Budget	3,357
FY 03/04 Estimated Actual	4,209
Increase (Decrease)	(852)

ACCOUNT NUMBER: 5100.60

ACCOUNT TITLE: Employee Physicals

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

FY 04/05 Requested Budget	1,950
FY 03/04 Estimated Actual	1,852
Increase (Decrease)	98

\$ 1,950 13 employees @ \$150

ACCOUNT NUMBER: 5100.65

ACCOUNT TITLE: Employee Education Reimbursement

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

FY 04/05 Requested Budget	1,000
FY 03/04 Estimated Actual	3,318
Increase (Decrease)	(2,318)

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2004/05 BUDGET**

ACCOUNT NUMBER: 5100.70

ACCOUNT TITLE: Employee Incentive Programs

FY 04/05 Requested Budget	2,600
FY 03/04 Estimated Actual	-
Increase (Decrease)	2,600

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

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

ACCOUNT NUMBER: 5200.20

ACCOUNT TITLE: Office Supplies

FY 04/05 Requested Budget	3,000
FY 03/04 Estimated Actual	3,643
Increase (Decrease)	(643)

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

ACCOUNT NUMBER: 5200.30

ACCOUNT TITLE: Miscellaneous Office Expenses

FY 04/05 Requested Budget	1,800
FY 03/04 Estimated Actual	2,466
Increase (Decrease)	(666)

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

ACCOUNT NUMBER: 5300.10

ACCOUNT TITLE: Meeting and Travel

FY 04/05 Requested Budget	10,000
FY 03/04 Estimated Actual	12,199
Increase (Decrease)	(2,199)

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

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2004/05 BUDGET**

ACCOUNT NUMBER: 5300.20

ACCOUNT TITLE: Mileage Reimbursement

Description: Funds for reimbursement to employees
for mileage expenses.

FY 04/05 Requested Budget	500
FY 03/04 Estimated Actual	867
Increase (Decrease)	(367)

ACCOUNT NUMBER: 5300.30

ACCOUNT TITLE: Dues and Memberships

Description: Funds for professional dues.

FY 04/05 Requested Budget	15,000
FY 03/04 Estimated Actual	17,869
Increase (Decrease)	(2,869)

Includes AWWA Research Foundation dues of \$8,600

ACCOUNT NUMBER: 5300.40

ACCOUNT TITLE: Publications

Description: Funds for publications received by
the WTP.

FY 04/05 Requested Budget	1,000
FY 03/04 Estimated Actual	246
Increase (Decrease)	754

ACCOUNT NUMBER: 5300.50

ACCOUNT TITLE: Training

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

FY 04/05 Requested Budget	12,000
FY 03/04 Estimated Actual	4,962
Increase (Decrease)	7,038

\$ 12,000 \$1,000 per employee

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2004/05 BUDGET**

ACCOUNT NUMBER: 5300.60

ACCOUNT TITLE: Advertising

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

FY 04/05 Requested Budget	1,000
FY 03/04 Estimated Actual	1,536
Increase (Decrease)	(536)

ACCOUNT NUMBER: 5300.80

ACCOUNT TITLE: Postage

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

FY 04/05 Requested Budget	4,000
FY 03/04 Estimated Actual	4,759
Increase (Decrease)	(759)

ACCOUNT NUMBER: 5400.10

ACCOUNT TITLE: Professional Services

Description: Outside professional services including:

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

FY 04/05 Requested Budget	12,000
FY 03/04 Estimated Actual	4,873
Increase (Decrease)	7,127

ACCOUNT NUMBER: 5400.20

ACCOUNT TITLE: Legal Services

Description: Not funded for this fiscal year.

FY 04/05 Requested Budget	-
FY 03/04 Estimated Actual	-
Increase (Decrease)	-

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2004/05 BUDGET**

ACCOUNT NUMBER: 5400.30

ACCOUNT TITLE: Engineering Services

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

FY 04/05 Requested Budget	5,000
FY 03/04 Estimated Actual	3,523
Increase (Decrease)	1,477

ACCOUNT NUMBER: 5400.40

ACCOUNT TITLE: Permits

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

FY 04/05 Requested Budget	8,500
FY 03/04 Estimated Actual	10,279
Increase (Decrease)	(1,779)

ACCOUNT NUMBER: 5400.50

ACCOUNT TITLE: Non-Contractual Services

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

FY 04/05 Requested Budget	9,500
FY 03/04 Estimated Actual	2,554
Increase (Decrease)	6,946

ACCOUNT NUMBER: 5500.10

ACCOUNT TITLE: Uniform Expenses

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

FY 04/05 Requested Budget	6,709
FY 03/04 Estimated Actual	5,209
Increase (Decrease)	1,500

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

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2004/05 BUDGET**

ACCOUNT NUMBER: 5500.15

ACCOUNT TITLE: Minor Tools and Equipment

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

FY 04/05 Requested Budget	4,000
FY 03/04 Estimated Actual	3,609
Increase (Decrease)	391

ACCOUNT NUMBER: 5500.20

ACCOUNT TITLE: Spare Parts

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

FY 04/05 Requested Budget	-
FY 03/04 Estimated Actual	-
Increase (Decrease)	-

ACCOUNT NUMBER: 5500.25

ACCOUNT TITLE: Landscape Equipment and Supplies

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

FY 04/05 Requested Budget	1,000
FY 03/04 Estimated Actual	389
Increase (Decrease)	611

ACCOUNT NUMBER: 5500.31

ACCOUNT TITLE: Chemicals-Variable

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

FY 04/05 Requested Budget	527,000
FY 03/04 Estimated Actual	395,916
Increase (Decrease)	131,084

Based on \$15.00 per acre foot and 34,800 acre feet of requests in FY 2004/05 (75% of 2004 requests and 100% of 2005 requests) and \$5,000 for taste and odor reduction chemicals

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2004/05 BUDGET**

ACCOUNT NUMBER: 5500.35

ACCOUNT TITLE: Maintenance Supplies/Hardware

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

FY 04/05 Requested Budget	10,000
FY 03/04 Estimated Actual	20,814
Increase (Decrease)	(10,814)

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 04/05 Requested Budget	3,500
FY 03/04 Estimated Actual	6,567
Increase (Decrease)	(3,067)

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 04/05 Requested Budget	12,000
FY 03/04 Estimated Actual	9,840
Increase (Decrease)	2,160

ACCOUNT NUMBER: 5600.10

ACCOUNT TITLE: Laboratory Supplies

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

FY 04/05 Requested Budget	35,000
FY 03/04 Estimated Actual	28,745
Increase (Decrease)	6,255

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2004/05 BUDGET**

ACCOUNT NUMBER: 5600.20

ACCOUNT TITLE: Laboratory Tools and Equipment

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

FY 04/05 Requested Budget	8,000
FY 03/04 Estimated Actual	5,312
Increase (Decrease)	2,688

ACCOUNT NUMBER: 5600.30

ACCOUNT TITLE: Lab Testing

Description: Funds for outside lab services.

FY 04/05 Requested Budget	28,000
FY 03/04 Estimated Actual	17,726
Increase (Decrease)	10,274

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

ACCOUNT NUMBER: 5700.10

ACCOUNT TITLE: Equipment Repairs and Maintenance

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

FY 04/05 Requested Budget	70,000
FY 03/04 Estimated Actual	67,572
Increase (Decrease)	2,428

ACCOUNT NUMBER: 5700.20

ACCOUNT TITLE: Vehicle Repairs and Maintenance

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

FY 04/05 Requested Budget	3,000
FY 03/04 Estimated Actual	1,812
Increase (Decrease)	1,188

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2004/05 BUDGET**

ACCOUNT NUMBER: 5700.30

ACCOUNT TITLE: Building Maintenance

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

FY 04/05 Requested Budget	15,000
FY 03/04 Estimated Actual	14,697
Increase (Decrease)	303

\$	1,000	Miscellaneous repairs
	1,000	Site improvements
	11,000	Janitorial service
	2,000	HVAC
\$	15,000	TOTAL

ACCOUNT NUMBER: 5700.40

ACCOUNT TITLE: Landscape Maintenance

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

FY 04/05 Requested Budget	4,000
FY 03/04 Estimated Actual	2,600
Increase (Decrease)	1,400

ACCOUNT NUMBER: 5800.20

ACCOUNT TITLE: Natural Gas Service

Description: Funds for natural gas service to the WTP.

FY 04/05 Requested Budget	4,000
FY 03/04 Estimated Actual	801
Increase (Decrease)	3,199

ACCOUNT NUMBER: 5800.30

ACCOUNT TITLE: Electric Service-Fixed

Description: Funds for electrical service to the WTP.

FY 04/05 Requested Budget	96,000
FY 03/04 Estimated Actual	126,938
Increase (Decrease)	(30,938)

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2004/05 BUDGET**

ACCOUNT NUMBER: 5800.31

ACCOUNT TITLE: Electric Service-Variable

Description: Funds for electrical service to the WTP.

FY 04/05 Requested Budget	26,000
FY 03/04 Estimated Actual	25,948
Increase (Decrease)	52

ACCOUNT NUMBER: 5800.40

ACCOUNT TITLE: Water/Sewer

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

FY 04/05 Requested Budget	-
FY 03/04 Estimated Actual	-
Increase (Decrease)	-

ACCOUNT NUMBER: 5800.50

ACCOUNT TITLE: Telephone

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

FY 04/05 Requested Budget	9,500
FY 03/04 Estimated Actual	9,048
Increase (Decrease)	452

ACCOUNT NUMBER: 5800.60

ACCOUNT TITLE: Waste Disposal

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

FY 04/05 Requested Budget	2,500
FY 03/04 Estimated Actual	2,304
Increase (Decrease)	196

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2004/05 BUDGET**

ACCOUNT NUMBER: 5900.10

ACCOUNT TITLE: Insurance

Description: Funds for insurance coverage.

FY 04/05 Requested Budget	58,599
FY 03/04 Estimated Actual	52,091
Increase (Decrease)	6,508

\$	31,912	Property and auto coverage based on the apportionment provided by JPIA.
\$	26,687	General liability and E&O based on salary proportions.
\$	58,599	TOTAL

ACCOUNT NUMBER: 5900.30

ACCOUNT TITLE: Non-Capitalized Projects

Description: Funds for projects around the WTP which are not eligible for capitalization because the facilities are not owned by CCWA or do not meet the capitalization criteria.
See the detailed description of the WTP Non-Capitalized Projects in this section of the Budget.

FY 04/05 Requested Budget	33,460
FY 03/04 Estimated Actual	24,150
Increase (Decrease)	9,310

ACCOUNT NUMBER: 5900.40

ACCOUNT TITLE: Equipment Rental

Description: Funds for rental of equipment for the WTP.

FY 04/05 Requested Budget	15,000
FY 03/04 Estimated Actual	28,198
Increase (Decrease)	(13,198)

ACCOUNT NUMBER: 5900.50

ACCOUNT TITLE: Non-Capitalized Fixed Assets

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

FY 04/05 Requested Budget	10,000
FY 03/04 Estimated Actual	17,505
Increase (Decrease)	(7,505)

**CENTRAL COAST WATER AUTHORITY
WATER TREATMENT PLANT FY 2004/05 BUDGET**

ACCOUNT NUMBER: 5900.60

ACCOUNT TITLE: Computer Expenses

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

FY 04/05 Requested Budget	6,000
FY 03/04 Estimated Actual	5,422
Increase (Decrease)	578

ACCOUNT NUMBER: 5900.70

ACCOUNT TITLE: Appropriated Contingency

Description: 2.0% of requested budget.

FY 04/05 Requested Budget	47,607
FY 03/04 Estimated Actual	-
Increase (Decrease)	47,607



Reach 2 inspection, November 2003, CCWA staff regroups after assessment of the pipeline interior.

Distribution Department

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

Highlights

Department Information

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

Budget Information

- Total FY 2004/05 O&M Budget \$1,927,018
- Non-Annual Recurring Expense deposits \$ 26,009
- **Total Distribution Department FY 2004/05 Budgeted Expenses \$1,953,026**
- O&M Budget increase over FY 2003/04 \$ 108,853
- Fixed O&M expenses \$1,537,582
- Variable O&M expenses \$ 389,436
- FY 2004/05 budgeted electrical cost \$69 per acre-foot

Significant Accomplishments During FY 2003/04

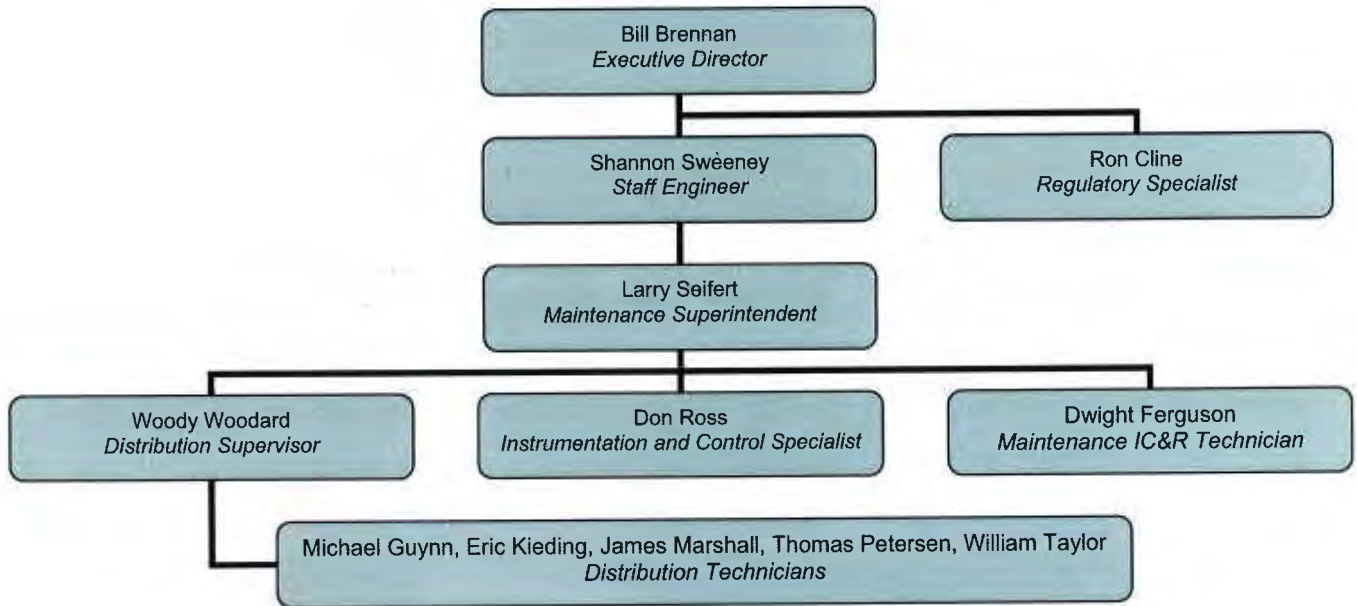
- Conducted an internal inspection of Reach 2 pipeline and Tank 5.

Significant Goals for FY 2004/05

- Conduct internal inspection of Schedule A pipeline and make repairs and modifications to Tanks 5A, 5B and 7 that were identified in the 2003 inspection.
- Develop strategy for improving communications at Bradbury Dam and Chorro Turnouts.

Central Coast Water Authority
Distribution Department
Fiscal Year 2004/05 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 and Instrumentation and Control Specialist and Technicians.

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



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

Central Coast Water Authority
Distribution Department
 Fiscal Year 2004/05 Budget

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

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

The following pages list the 2003 accomplishments, performance indicators ("Service Efforts and Accomplishments") and 2004 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.

2003 ACCOMPLISHMENTS

Goal

Status

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

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

Ongoing.

Conduct internal inspection of Reach 2 pipeline and Tank 5 [11/03]

A total of 3.7 miles of pipeline were inspected (11/03). The pipeline was in good condition, with no repairs required. The two tanks at Tank Site 5 and the one tank at Tank Site 7 were inspected by a diving contractor (12/03). The tanks were found to be in good condition, with some minor repairs required, including the installation of sacrificial anodes on the inlet and outlet pipes, sediment removal, and epoxy coating of corroded surfaces. These repairs will be completed in 2004.

Central Coast Water Authority
Distribution Department
Fiscal Year 2004/05 Budget

Cost effectively operate and maintain our facilities.

Review preventative maintenance program data collection and report functions and evaluate alternative software programs [8/03]	Completed 9/03
Identify and pursue all possible cost saving and quality enhancing opportunities with initial concentration on bulk chemicals [1/02], communications, electricity, overtime requirements and revegetation and erosion control. [Ongoing]	Total identified savings of \$114,700.
Complete update of instrumentation documentation to reflect installed configurations [12/03]	Communications drawings updates completed 6/03. A thorough review of control system logic at each facility is ongoing.
Update CCWA as-built drawings to reflect project start-up and subsequent modifications [12/03]	Most drawings at the WTP have been updated. This will become an ongoing project
Replace SCADA servers [7/03]	Servers replaced 5/03.

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

Identify and pursue approaches to maximize and maintain high water quality consistent with project participants' needs. [Ongoing]	Instituted taste and odor monitoring program.
Assist project participants in preparing to meet new federal and state water quality regulations.	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 [11/03]	CCWA performed treatment plant and distribution pipeline inspections and maintenance (11/03). Three point seven miles of distribution pipeline were inspected in Reach 2 and preventive maintenance work at the plant including filter and channel cleaning and electrical equipment maintenance were completed.
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Central Coast Water Authority
Distribution Department
Fiscal Year 2004/05 Budget

NEW GOALS FOR CALENDAR YEAR 2004

Operations and Maintenance

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

- Review and update control system logic at each turnout and tank site. [12/04]
- Complete SCADA upgrade for distribution system. [10/04]

Cost effectively operate and maintain our facilities

- Update CCWA as-built drawings to include system modifications. [12/04]
- Conduct internal inspection of Schedule A pipeline and make repairs and modifications to Tanks 5A, 5B and 7 that were identified in the 2003 inspection. [7/04]
- Develop strategy for improving communications at Bradbury Dam and Chorro Turnouts. [7/04]
- Develop long-term replacement plan for high-speed fiber optic communications system. [12/04]

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.

Central Coast Water Authority
Distribution Department
Fiscal Year 2004/05 Budget

The following is a list of the various financial reaches including the facilities and/or landmarks located in each reach.

DWR REACHES

- Reach 33B Tank 1 through the Chorro Valley turnout
- Reach 34 Chorro Valley turnout through the Lopez turnout
- Reach 35 Lopez turnout through the Guadalupe turnout
- Reach 36 Deleted
- Reach 37 Guadalupe turnout to Southern Pacific Railroad crossing near Casmalia
- Reach 38 Southern Pacific Railroad crossing near Casmalia through Tank 5

CCWA (Authority) REACHES

- Mission Hills Tank 5 to La Purisima Road
- Santa Ynez I La Purisima Road to the Santa Ynez Pumping Facility
- Santa Ynez II Santa Ynez Pumping Facility to Lake Cachuma

The table and map on page 164 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 2002/03 actual operating expenses for each reach. The financial reach allocation percentages are adjusted each year based on the year-end budget status report actual operating expenses from the preceding fiscal year. The following table provides the allocation percentages for the Distribution Department operating expenses.

Central Coast Water Authority
Distribution Department
 Fiscal Year 2004/05 Budget

<i>Distribution Department Financial Reach Allocation</i>			
Financial Reach	FY 2004/05 Allocation Percentage	FY 2003/04 Allocation Percentage	Increase (Decrease)
Reach 33B	22.83%	16.00%	6.83%
Reach 34	13.24%	9.67%	3.57%
Reach 35	8.21%	16.54%	-8.33%
Reach 37	4.85%	9.12%	-4.27%
Reach 38	4.75%	7.49%	-2.75%
Mission Hills II	10.31%	8.86%	1.46%
Santa Ynez I	16.21%	22.53%	-6.32%
Santa Ynez II	19.60%	9.79%	9.81%
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 2004/05 Operating Expense Budget

The Fiscal Year 2004/05 Distribution Department operating expense budget is \$1,927,018, which is \$108,853 higher than the previous year's budget of \$1,804,990 (net of Santa Ynez Exchange Agreement Modifications), an increase of 6.03%.

The personnel expense section of the Distribution Department budget represents approximately 50% of the budget. Utilities comprise 23%, with other expenses making up the balance of the budget. The chart on page 165 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 \$94,000 attributed to the following:

- Salary increases for FY 2004/05 of \$26,719.
- PERS cost increase of about \$10,000.
- Health insurance expense increase of approximately \$24,000 based on the actual increases effective January 1, 2004 and a 20% projected increase as of January 1, 2005.

Central Coast Water Authority
Distribution Department
 Fiscal Year 2004/05 Budget

- Workers' compensation insurance increase of approximately \$22,000 based on an experience modification factor of 84% and an estimated premium increase of 30%.

Professional Services Professional services are decreasing by approximately \$12,000 attributed to a decrease in funds for environmental services.

Other Expenses Other expenses are increasing by about \$34,000 primarily due to an increase in "Non-Capitalized Projects" of approximately \$37,000, (see the discussion beginning on page 158 regarding Non-Capitalized Projects).

Turnout Expenses Turnout expenses includes funds for utility expenses at each turnout, equipment repairs and maintenance and capital expenditures.

The following table shows the FY 2004/05 O&M budget for the various CCWA turnouts.

TURNOUT EXPENSES								
Turnout	Electric Expense	Equipment Repairs and Maintenance	Phone Expenses	Other Expenses	Subtotal Operating Expenses	Capital Improvements	TOTAL	
Guadalupe	\$ 1,000	\$ 1,000	\$ -	\$ 500	\$ 2,500	\$ -	\$ 2,500	
Santa Maria	700	1,500	-	500	2,700	-	2700	
Southern California Water Co.	-	2,500	-	500	3,000	-	3000	
Vandenberg Air Force Base	-	1,500	-	500	2,000	-	2000	
Buellton	500	2,000	-	500	3,000	-	3000	
Santa Ynez (Solvang)	400	1,000	-	500	1,900	-	1900	
Santa Ynez	-	1,000	-	500	1,500	-	1500	
Chorro Valley	-	1,500	5,000	500	7,000	-	7000	
Lopez	750	1,500	-	500	2,750	-	2750	
TOTAL:	\$ 3,350	\$ 13,500	\$ 5,000	\$ 4,500	\$ 26,350	\$ -	\$ 26,350	

Non-Annual Recurring Expenses

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

Central Coast Water Authority
Distribution Department
Fiscal Year 2004/05 Budget

FY 2004/05 Non-Annual Recurring Expenses

The FY 2004/05 Distribution Department non-annual recurring expenses total \$26,009 for the replacement of vehicles based on the Authority's ten-year vehicle replacement schedule (\$21,009) and future computer replacements (\$5,000).

The table on page 163 shows the allocation of the FY 2004/05 non-annual recurring expenses for the Distribution Department.

Non-Capitalized Projects

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

A brief description of each project follows.

Description:	Emergency Generator Connection at Tank 7
Department:	Distribution
Financial Reach:	Santa Ynez I
Project Type:	Non-Capitalized Project
Expanded Description:	Electrical switchover system and receiver for existing emergency generator
Estimated Charge	\$3,000
Sales Tax	\$ 232
Contingency (5%)	<u>\$ 150</u>
Total Cost:	\$3,382
Operating Budget Impact:	Connection will allow an emergency generator to provide power to Tank 7, SCADA communications and supplemental disinfection delivery systems.

Central Coast Water Authority
Distribution Department
Fiscal Year 2004/05 Budget

Description: Magnesium Anode Installation at Reach 5A1
Department: Distribution
Financial Reach: 34
Project Type: Non-Capitalized Project
Expanded Description: Installation of additional magnesium anodes to protect a section of pipeline that is currently shorting against its steel casing
Estimated Charge \$15,000
Sales Tax \$ 1,162
Contingency (5%) \$ 750
Total Cost: \$16,912
Operating Budget Impact: Current level of cathodic protection is insufficient in this area and could eventually lead to corrosion related leaks in the pipeline

Description: O'Donovan Road Repairs
Department: Distribution
Financial Reach: 33B
Project Type: Non-Capitalized Project
Expanded Description: Ruts and settling on CCWA ROW road require repairs
Estimated Charge \$8,000
Sales Tax \$ 620
Contingency (5%) \$ 400
Total Cost: \$9,020
Operating Budget Impact: Repairs are necessary for access to CCWA facilities

Central Coast Water Authority
Distribution Department
Fiscal Year 2004/05 Budget

Description: Consultant Services to Replace Premnet Fiber Optic Communications

Department: Distribution

Financial Reach: All Distribution Reaches

Project Type: Non-Capitalized Project

Expanded Description: Premnet high speed fiber optic communications are no longer supported by the manufacturer. Staff require assistance to research cost effective replacement applications.

Estimated Charge \$5 000
Sales Tax \$
Contingency (5%) \$ 250

Total Cost: \$5 250

Operating Budget Impact: This system will remain functional only until the current inventory of spare parts is depleted. A new system must be specified and purchased in FY 2005/06.

Description: Consultant Services for Factory Link Software Upgrade Project

Department: Distribution

Financial Reach: All Distribution Reaches

Project Type: Non-Capitalized Project

Expanded Description: Consultant services are necessary to assist staff in upgrading and enhancing the SCADA software system

Estimated Charge \$20,000
Sales Tax \$
Contingency (5%) \$ 1,000

Total Cost: \$21,000

Operating Budget Impact: CCWA upgraded to a new version of the SCADA software last year (older version no longer supported) and will complete the migration during this fiscal year

Central Coast Water Authority
Distribution Department
Fiscal Year 2004/05 Budget

Description: Process Logic Controller Upgrade at Tanks 2, 5, 7 and Chorro Turnout

Department: Distribution

Financial Reach: 33B, 34, 38 and SYI

Project Type: Non-Capitalized Project

Expanded Description: Replace obsolete Process Logic Controllers

Estimated Charge \$15,000
Sales Tax \$ 1,162
Contingency (5%) \$ 750

Total Cost: \$16,912

Operating Budget Impact: Existing controllers are obsolete and no longer supported by manufacturer.

Description: Bradbury and Chorro Communications Improvements

Department: Distribution

Financial Reach: 33B, SYII

Project Type: Non-Capitalized Project

Expanded Description: Replace leased line SCADA communications with radio modem system

Estimated Charge \$10,000
Sales Tax \$ 775
Contingency (5%) \$ 500

Total Cost: \$11,275

Operating Budget Impact: Radio modem communication system is significantly more reliable and will pay for itself in less than two years by no longer requiring leased phone lines.

Central Coast Water Authority
Distribution Department
 Fiscal Year 2004/05 Budget

Description: Tanks 5 and 7 Cleaning and Maintenance

Department: Distribution

Financial Reach: 38 and SYI

Project Type: Non-Capitalized Project

Expanded Description: Five year tank cleaning and maintenance

Estimated Charge \$24,000

Sales Tax \$

Contingency (5%) \$ 1,200

Total Cost: \$25,200

Operating Budget Impact: Tank cleaning removes accumulated sediment, lowering treated water turbidity. Maintenance includes replacement of cathodic protection and recoating exposed metallic surfaces.

The following table provides a summary of the Distribution Department Non-Capitalized Projects for FY 2004/05.

<i>Non-Capitalized Projects-Reach Specific</i>		
Project Description	Financial Reach	Amount
Emergency Generator Connection-Tank 7	SYI	\$ 3,382
Magnesium Anode Installation at Rch 5A1	34	16,912
O'Donovan Road Repairs	33B	9,020
Consultant Services to Replace Premnet Fiber Optic Communications	ALL	5,250
Consultant Services for Factory Link Software Upgrade Project	ALL	21,000
Process Logic Controller Upgrades at Tanks 2, 4, 7 and Chorro Turnout	33B, 34, 38, & SYI	16,912
Bradbury and Chorro Communications Improvements	33B & SYII	11,275
Tank 5 and 7 Cleaning and Maintenance	38 & SYI	25,200
TOTAL:		\$ 108,951

Central Coast Water Authority
Personnel Services Summary
Distribution Department
Fiscal Year 2004/05 Budget

PERSONNEL COUNT SUMMARY					
Position Title	Number	Number	Number	Change	Change
	Auth. FY 2002/03	Auth. FY 2003/04	Requested FY 2004/05	Over FY 2002/03	Over FY 2003/04
Executive Director ⁽¹⁾	0.25	0.25	0.25	0	0
Operations Manager	0	0	0	0	0
Staff Engineer ⁽²⁾	0.55	0.55	0.55	0	0
Regulatory Specialist ⁽³⁾	0.75	0.75	0.75	0	0
Distribution Supervisor	1	1	1	0	0
Instrumentation Technician	1	1	1	0	0
Maintenance Superintendent ⁽⁴⁾	0.2	0.2	0.20	0	0
Maintenance/IC&R Technician	0.30	0.30	0.30	0	0
Distribution Technician	5	5	5	0	0
TOTAL:	9.05	9.05	9.05	0	0

PERSONNEL WAGE SUMMARY				
Position Title	Position Classification	Minimum Monthly Salary	Maximum Monthly Salary	FY 2003/04 Current Salary
Executive Director ⁽¹⁾	N/A		N/A	\$ 30,685
Staff Engineer ⁽²⁾	25	\$ 6,967	\$ 8,499	\$ 49,500
Regulatory Specialist ⁽³⁾	17	\$ 4,579	\$ 5,586	\$ 46,125
Distribution Supervisor	18	\$ 4,826	\$ 5,887	\$ 68,000
Instrumentation Specialist	17	\$ 4,576	\$ 5,586	\$ 67,034
Maintenance Superintendent ⁽⁴⁾	20	\$ 5,359	\$ 6,538	\$ 14,048
Maintenance/IC&R Technician	14	\$ 3,911	\$ 4,771	\$ 17,176
Distribution Technicians	14	\$ 3,911	\$ 4,771	\$ 264,500
FY 2004/05 Salary Pool				\$ 26,719
TOTAL:				\$ 583,787

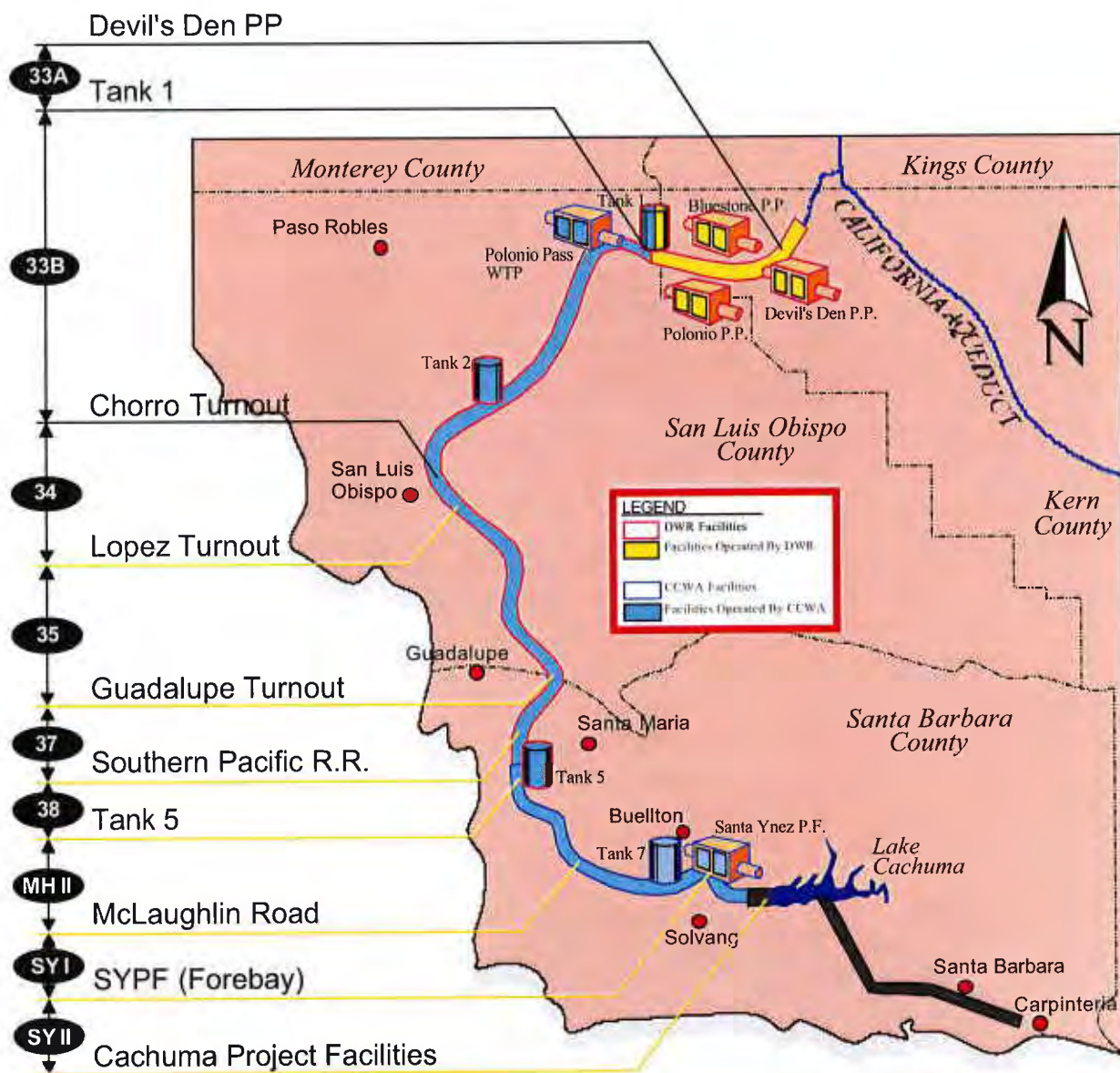
- (1) The Executive Director is allocated to Administration (50%), Water Treatment Plant (25%) and Distribution (25%).
(2) The Staff Engineer is allocated to Administration (25%), Water Treatment Plant (20%) and Distribution (55%).
(3) The Regulatory Specialist is allocated to Water Treatment Plant (25%)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

Central Coast Water Authority
Distribution Department Non-Annual Recurring Expenses
 Fiscal Year 2004/05 Budget

Project Participant	WEIGHTED TABLE A AMOUNTS										Total Table A All Reaches	Melded Percentage	FY 2004/05 Non-Annual Recurring Expenses
	Reach 33B Table A	Reach 34 Table A	Reach 35 Table A	Reach 37 Table A	Reach 38 Table A	Mission Hills II Table A	Santa Ynez I Table A	Santa Ynez II Table A	Table A	Table A			
Allocation Percentage	22.83%	13.24%	8.21%	4.85%	4.75%	10.31%	16.21%	19.60%	100.00%				
Shandon	123	-	-	-	-	-	-	-	-	-	123	0.05%	\$ 14
Chorro Valley	2,877	-	-	-	-	-	-	-	-	-	2,877	1.22%	316
Lopez	2,944	1,808	-	-	-	-	-	-	-	-	4,751	2.01%	522
Guadalupe	677	416	274	-	-	-	-	-	-	-	1,366	0.58%	150
Santa Maria	19,936	12,243	8,059	4,828	-	-	-	-	-	-	45,066	19.04%	4,952
SCWC	615	378	249	149	-	-	-	-	-	-	1,391	0.59%	153
VAFB	6,768	4,157	2,736	1,639	-	-	-	-	-	-	24,282	10.26%	2,668
Buellton	711	437	288	172	2,830	6,151	-	-	-	-	3,910	1.65%	430
Santa Ynez (Solvang)	1,846	1,134	746	447	772	1,678	1,359	-	-	-	10,148	4.29%	1,115
Santa Ynez	615	378	249	149	257	559	1,175	-	-	-	3,383	1.43%	372
Goleta	5,538	3,401	2,239	1,341	2,316	5,033	10,577	15,184	-	-	45,628	19.28%	5,013
Morehart Land	246	151	99	60	103	224	470	675	-	-	2,028	0.86%	223
La Cumbre	1,231	756	497	298	515	1,118	2,350	3,374	-	-	10,140	4.28%	1,114
Raytheon	62	38	25	15	26	56	118	169	-	-	507	0.21%	56
Santa Barbara	3,692	2,267	1,492	894	1,544	3,355	7,051	10,123	-	-	30,419	12.85%	3,342
Montecito	3,692	2,267	1,492	894	1,544	3,355	7,051	10,123	-	-	30,419	12.85%	3,342
Carpinteria	2,461	1,512	995	596	1,029	2,237	4,701	6,748	-	-	20,279	8.57%	2,228
TOTAL:	54,035	31,341	19,439	11,483	11,233	24,414	38,378	46,395	236,718	100.00%	\$ 26,009		

The Table A amounts for each financial reach is adjusted for the weighted allocation percentage. (i.e., actual FY 2002/03 operating expense percentages). Includes funding for vehicle replacements (\$21,009), computer replacements (\$5,000).

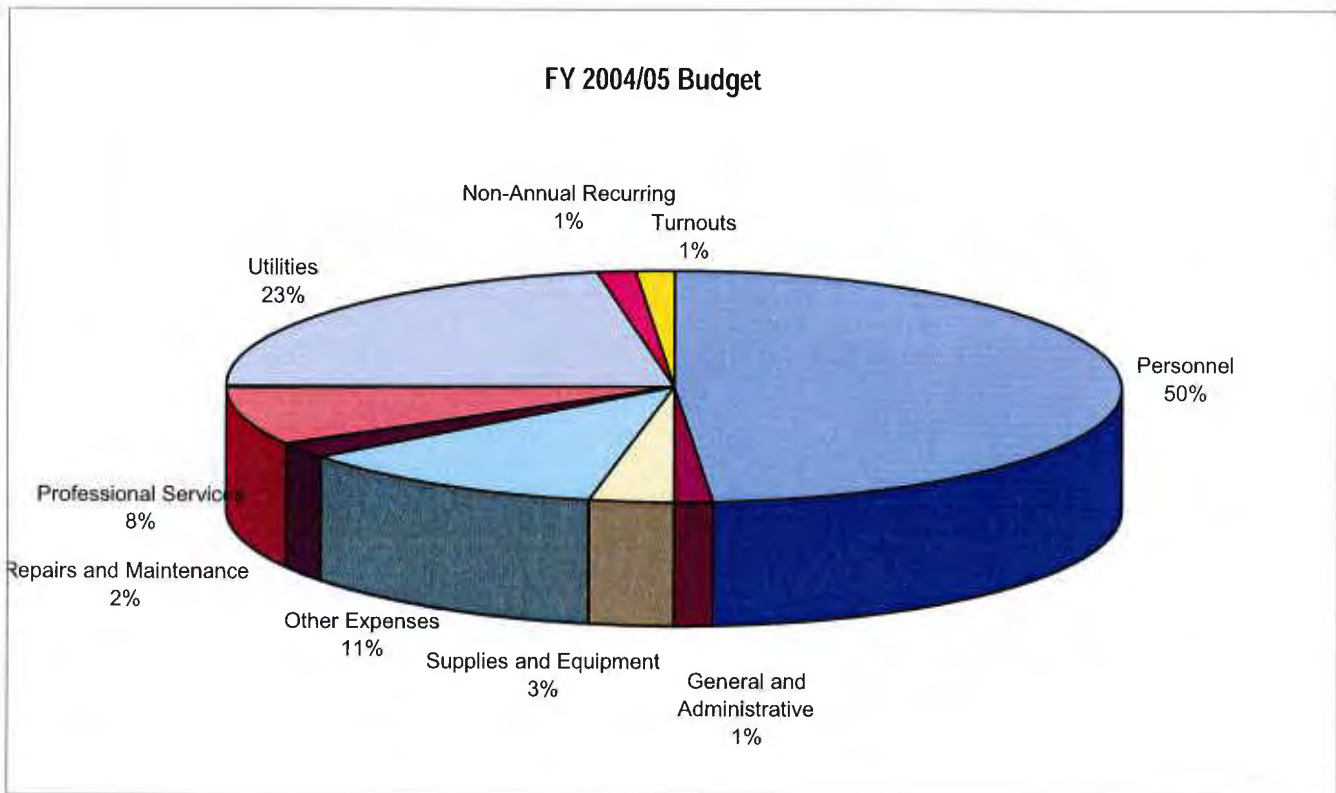
COASTAL BRANCH FINANCIAL REACHES



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

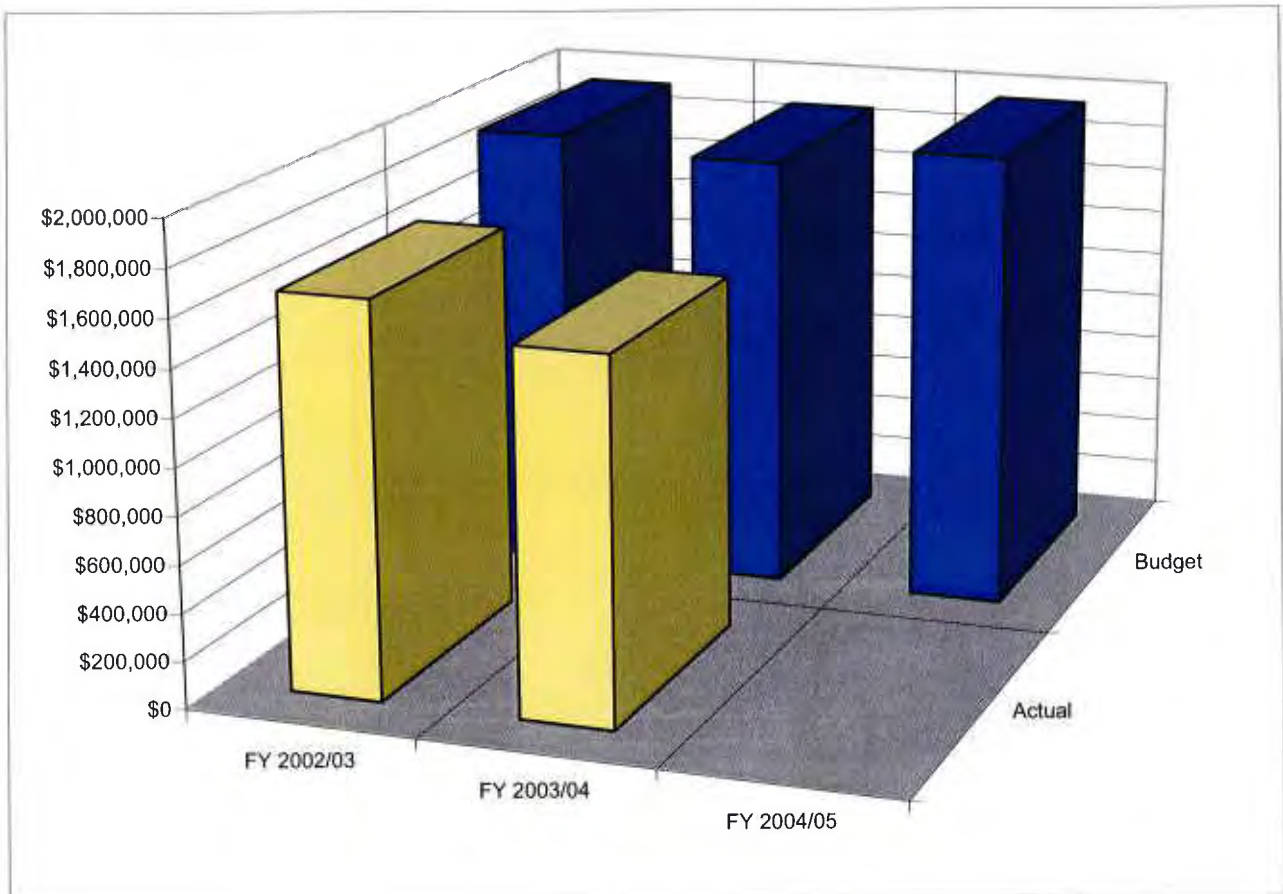
Central Coast Water Authority
Distribution Department Operating Expenses
 Fiscal Year 2004/05 Budget

Item	FY 2004/05 Budget
Personnel	\$ 952,052
Office Expenses	3,000
Supplies and Equipment	62,746
Monitoring Expenses	-
Repairs and Maintenance	46,148
Professional Services	155,800
General and Administrative	23,300
Utilities	437,576
Other Expenses	220,045
Non-Annual Recurring	26,009
Turnouts	26,350
TOTAL:	\$ 1,953,026



Central Coast Water Authority
Distribution Department Operating Expenses
 Fiscal Year 2004/05 Budget

Item	FY 2002/03	FY 2002/03	FY 2003/04	FY 2003/04	FY 2004/05
	Budget	Actual	Budget	Est. Actual	Budget
Personnel	\$ 783,480	\$ 668,915	\$ 857,945	\$ 783,936	\$ 952,052
Office Expenses	2,700	1,257	2,200	3,337	3,000
Supplies and Equipment	75,142	62,465	68,746	54,276	62,746
Monitoring Expenses	-	-	-	-	-
Repairs and Maintenance	61,148	54,291	48,548	41,220	46,148
Professional Services	194,600	206,848	167,650	184,375	155,800
General and Administrative	16,800	27,506	23,300	18,592	23,300
Utilities	447,051	412,302	437,714	181,124	437,576
Other Expenses	270,253	118,091	185,762	148,681	220,045
Turnouts	26,250	58,860	26,250	56,964	26,350
Subtotal	\$ 1,877,424	\$ 1,610,534	\$ 1,818,115	\$ 1,472,506	\$ 1,927,018
Non-Annual Recurring	\$ 48,292	\$ 48,292	\$ 50,301	\$ 50,301	\$ 26,009
TOTAL:	\$ 1,925,716	\$ 1,658,826	\$ 1,868,416	\$ 1,522,807	\$ 1,953,026



Central Coast Water Authority
Distribution Department Operating Expenses
 Fiscal Year 2004/05 Administration/O&M Budget

Account Number	Account Name	FY 2002/03	FY 2002/03	FY 2003/04	FY 2003/04	FY 2004/05	Change	Percent Change from FY 2003/04 Budget
		Budget	Actual	Budget	Estimated Actual	Budget	From FY 2003/04 Budget	
PERSONNEL EXPENSES								
5000.10	Full-Time Regular Wages	\$ 519,910	\$ 444,234	\$ 557,196	\$ 512,999	\$ 583,787	\$ 26,591	4.77%
5000.20	Overtime	37,996	44,666	39,860	49,305	41,189	1,330	3.34%
5000.40	Standby Pay	21,024	15,291	21,024	16,339	24,178	3,154	15.00%
5000.50	Shift Differential Pay	-	-	-	-	-	-	N/A
5100.10	PERS Retirement	61,298	55,056	82,718	69,989	92,571	9,852	11.91%
5100.15	Medicare Taxes	8,414	8,297	8,984	8,406	9,460	476	5.30%
5100.20	Health Insurance	73,245	58,110	89,191	79,732	113,354	24,164	27.09%
5100.25	Workers' Compensation	28,580	21,557	26,680	24,170	48,987	22,307	83.61%
5100.30	Vehicle Expenses	-	-	-	-	-	-	N/A
5100.35	IRC 457-Employer Paid	1,375	404	1,500	1,500	3,250	1,750	116.67%
5100.40	Cafeteria Plan Benefits	3,236	3,410	3,093	2,855	7,867	4,774	154.34%
5100.45	Dental/Vision Plan	13,575	7,616	13,575	7,802	12,563	(1,013)	-7.46%
5100.50	Long-Term Disability	3,046	2,583	3,270	3,351	3,419	149	4.57%
5100.55	Life Insurance	2,182	2,075	2,254	2,866	2,827	573	25.44%
5100.60	Employee Physicals	1,200	163	1,200	1,680	1,200	-	0.00%
5000.30	Temporary Services	6,000	3,245	5,000	713	5,000	-	0.00%
5100.70	Employee Incentive Programs	1,400	2,019	1,400	2,229	1,400	-	0.00%
5100.65	Employee Education Reimbursement	1,000	190	1,000	-	1,000	-	0.00%
Total Personnel Expenses:		783,480	668,915	857,945	783,936	952,052	94,107	10.97%

Central Coast Water Authority
Distribution Department Operating Expenses
 Fiscal Year 2004/05 Administration/O&M Budget

Account Number	Account Name	FY 2002/03	FY 2002/03	FY 2003/04	FY 2003/04	FY 2004/05	Change	Percent Change from FY 2003/04 Budget
		Budget	Actual	Budget	Estimated Actual	Budget	From FY 2003/04 Budget	
5200.20	Office Supplies	1,200	877	1,200	2,936	2,000	800	66.67%
5200.30	Miscellaneous Office Expenses	1,500	380	1,000	401	1,000	-	0.00%
Total Office Expenses:		2,700	1,257	2,200	3,337	3,000	800	36.36%

OFFICE EXPENSES

SUPPLIES AND EQUIPMENT

5500.10	Uniform Expenses	5,892	5,025	5,496	5,059	5,496	-	0.00%
5500.15	Minor Tools and Equipment	12,000	7,418	10,000	14,080	10,000	-	0.00%
5500.20	Spare Parts	-	-	-	-	-	-	N/A
5500.25	Landscape Equipment and Supplies	2,000	209	1,000	170	1,000	-	0.00%
5500.30	Chemicals-Fixed	-	-	-	-	-	-	N/A
5500.31	Chemicals-Variable	-	10,128	-	-	-	-	N/A
5500.35	Maintenance Supplies/Hardware	18,000	7,287	15,000	5,512	10,000	(5,000)	-33.33%
5500.40	Safety Supplies	5,000	2,110	5,000	1,809	3,500	(1,500)	-30.00%
5500.45	Fuel and Lubricants	23,250	23,110	23,250	26,110	25,250	2,000	8.60%
5500.50	Seed/Erosion Control Supplies	8,500	7,178	8,500	1,535	7,000	(1,500)	-17.65%
5500.55	Backflow Prevention Supplies	500	-	500	-	500	-	0.00%
Total Supplies and Equipment:		75,142	62,465	68,746	54,276	62,746	(6,000)	-8.73%

MONITORING EXPENSES

5600.10	Lab Supplies	-	-	-	-	-	-	N/A
5600.20	Lab Tools and Equipment	-	-	-	-	-	-	N/A
5600.30	Lab Testing	-	-	-	-	-	-	N/A
Total Monitoring Expenses:		-	-	-	-	-	-	N/A

Central Coast Water Authority
Distribution Department Operating Expenses
 Fiscal Year 2004/05 Administration/O&M Budget

Account Number	Account Name	FY 2002/03	FY 2002/03	FY 2003/04	FY 2003/04	FY 2004/05	Change		Percent Change from FY 2003/04 Budget
		Budget	Actual	Budget	Estimated Actual	Budget	From FY 2003/04 Budget	Budget	
<i>REPAIRS AND MAINTENANCE</i>									
5700.10	Equipment Repairs and Maintenance	45,000	33,818	32,400	22,737	30,000	(2,400)	(2,400)	-7.41%
5700.20	Vehicle Repairs and Maintenance	9,000	12,113	9,000	11,767	9,000	-	-	0.00%
5700.30	Building Maintenance	4,000	4,069	4,000	2,961	4,000	-	-	0.00%
5700.40	Landscape Maintenance	3,148	4,292	3,148	3,754	3,148	-	-	0.00%
Total Repairs and Maintenance:		61,148	54,291	48,548	41,220	46,148	(2,400)	(2,400)	-4.94%
<i>PROFESSIONAL SERVICES</i>									
5400.10	Professional Services	166,600	147,282	147,150	159,574	135,300	(11,850)	(11,850)	-8.05%
5400.20	Legal Services	-	24,968	-	6,546	-	-	-	N/A
5400.30	Engineering Services	16,000	24,125	16,000	17,524	16,000	-	-	0.00%
5400.40	Permits	1,500	2,155	2,000	32	2,000	-	-	0.00%
5400.50	Non-Contractual Services	10,500	8,318	2,500	700	2,500	-	-	0.00%
5400.60	Accounting Services	-	-	-	-	-	-	-	N/A
Total Professional Services:		194,600	206,848	167,650	184,375	155,800	(11,850)	(11,850)	-7.07%

Central Coast Water Authority
Distribution Department Operating Expenses
 Fiscal Year 2004/05 Administration/O&M Budget

Account Number	Account Name	FY 2002/03	FY 2002/03	FY 2003/04	FY 2003/04	FY 2004/05	Change	Percent Change from FY 2003/04 Budget
		Budget	Actual	Budget	Estimated Actual	Budget	From FY 2003/04 Budget	
GENERAL AND ADMINISTRATIVE								
5300.10	Meeting and Travel	5,000	15,998	12,000	10,810	12,000	-	0.00%
5300.20	Mileage Reimbursement	-	-	-	-	-	-	N/A
5300.30	Dues and Memberships	1,500	1,822	1,000	1,888	1,000	-	0.00%
5300.40	Publications	800	931	800	1,293	800	-	0.00%
5300.50	Training	8,000	8,548	8,000	4,119	8,000	-	0.00%
5300.60	Advertising	1,000	-	1,000	-	1,000	-	0.00%
5300.70	Printing and Binding	-	-	-	-	-	-	N/A
5300.80	Postage	500	207	500	482	500	-	0.00%
Total General and Administrative:		16,800	27,506	23,300	18,592	23,300	-	0.00%

UTILITIES								
5800.20	Natural Gas	400	312	400	157	400	-	0.00%
5800.30	Electric Fixed	26,700	73,681	30,540	7,286	30,540	-	0.00%
5800.35	Electric-Variable	398,751	323,201	389,574	158,334	389,436	(138)	-0.04%
5800.40	Water	1,200	1,312	1,200	1,742	1,200	-	0.00%
5800.50	Telephone	18,000	11,288	14,000	11,223	14,000	-	0.00%
5800.60	Waste Disposal	2,000	2,509	2,000	2,383	2,000	-	0.00%
Total Utilities:		447,051	412,302	437,714	181,124	437,576	(138)	-0.03%

Central Coast Water Authority
Distribution Department Operating Expenses
 Fiscal Year 2004/05 Administration/O&M Budget

Account Number	Account Name	FY 2002/03		FY 2003/04		FY 2003/04		FY 2004/05		Change		Percent Change from FY 2003/04 Budget
		Budget	Actual	Budget	Estimated Actual	Budget	From FY 2003/04 Budget	Budget	Budget	From FY 2003/04 Budget		
<u>OTHER EXPENSES</u>												
5900.10	Insurance	48,874	41,035	38,332	38,332	41,826	3,494	3,494	9.12%			
5900.30	Non-Capitalized Projects	144,228	33,078	72,295	72,295	108,951	36,656	36,656	50.70%			
5900.40	Equipment Rental	12,000	12,954	15,000	7,676	12,000	(3,000)	(3,000)	-20.00%			
5900.50	Non-Capitalized Equipment	10,000	18,995	10,000	11,277	10,000	-	-	0.00%			
5900.60	Computer Expenses	10,000	12,029	15,000	19,102	10,000	(5,000)	(5,000)	-33.33%			
5900.70	Appropriated Contingency	45,151	-	35,135	-	37,268	2,133	2,133	6.07%			
Total Other Expenses:		270,253	118,091	185,762	148,681	220,045	34,284	34,284	18.46%			
Turnouts		26,250	58,860	26,250	56,964	26,350	100	100	0.38%			
TOTAL OPERATING EXPENSES		\$ 1,864,299	\$ 1,581,104	\$ 1,804,990	\$ 1,444,024	\$ 1,927,018	108,853	108,853	6.03%			

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION DEPARTMENT FY 2004/05 BUDGET**

ACCOUNT NUMBER: 5000.10

ACCOUNT TITLE: Full-Time Regular Salaries

Description: Funds for the Distribution regular full-time employees. Includes \$26,698 for FY 2004/05 salary pool.

FY 04/05 Requested Budget	583,787
FY 03/04 Estimated Actual	512,999
Increase (Decrease)	70,788

ACCOUNT NUMBER: 5000.20

ACCOUNT TITLE: Overtime

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

FY 04/05 Requested Budget	41,189
FY 03/04 Estimated Actual	49,305
Increase (Decrease)	(8,115)

Overtime is set at 5.0% of salaries plus one hour per day to monitor SCADA system.

ACCOUNT NUMBER: 5000.30

ACCOUNT TITLE: Temporary Services

Description: Temporary services for the Distribution Department.

FY 04/05 Requested Budget	5,000
FY 03/04 Estimated Actual	713
Increase (Decrease)	4,288

\$	2,000	Right of way watering
\$	2,000	Right of way planting and maintenance
\$	1,000	Other
\$	5,000	TOTAL

ACCOUNT NUMBER: 5000.40

ACCOUNT TITLE: Standby Pay

Description: Funds for stand-by pay for one Distribution Technician and one Instrumentation and Control employee assigned to stand-by pay on a 24-hour basis. Based on \$1.38 per hour (5% of average hourly rate) for 17,520 hours (two employees) during the fiscal year.

FY 04/05 Requested Budget	24,178
FY 03/04 Estimated Actual	16,339
Increase (Decrease)	7,839

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION DEPARTMENT FY 2004/05 BUDGET**

ACCOUNT NUMBER: 5100.10

ACCOUNT TITLE: PERS Retirement

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

FY 04/05 Requested Budget	92,571
FY 03/04 Estimated Actual	69,989
Increase (Decrease)	22,582

Based on a 16.515% contribution rate for FY 2004/05 based on the 2% @ 55 formula.

ACCOUNT NUMBER: 5100.15

ACCOUNT TITLE: Medicare

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

FY 04/05 Requested Budget	9,460
FY 03/04 Estimated Actual	8,406
Increase (Decrease)	1,054

ACCOUNT NUMBER: 5100.20

ACCOUNT TITLE: Health Insurance

Description: Funds for the employer provided portion of medical insurance coverage for Distribution employees. Amount is based on the Cafeteria plan limits for each employee based on their dependent status as follows:

FY 04/05 Requested Budget	113,354
FY 03/04 Estimated Actual	79,732
Increase (Decrease)	33,622

Family: \$11,812
Emp+1: \$10,199
Emp: \$4,338

ACCOUNT NUMBER: 5100.25

ACCOUNT TITLE: Workers' Compensation Insurance

Description: Funds for Workers' Compensation insurance for the WTP department. Based on an X-Mod rate of 84% and includes an estimated 30% increase over the FY 2003/04 rates.

FY 04/05 Requested Budget	48,987
FY 03/04 Estimated Actual	24,170
Increase (Decrease)	24,817

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION DEPARTMENT FY 2004/05 BUDGET**

ACCOUNT NUMBER: 5100.35

ACCOUNT TITLE: Employer Paid Deferred Compensation

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

FY 04/05 Requested Budget	3,250
FY 03/04 Estimated Actual	1,500
Increase (Decrease)	1,750

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 04/05 Requested Budget	7,867
FY 03/04 Estimated Actual	2,855
Increase (Decrease)	5,012

ACCOUNT NUMBER: 5100.45

ACCOUNT TITLE: Dental/Vision Plan

Description: Funds for the self-funded dental/vision plan. The plan provides \$2,500 per year per family for dental and vision expenses. Budgeted amount is \$1,250 per year anticipating that the expenses will average this amount.

FY 04/05 Requested Budget	12,563
FY 03/04 Estimated Actual	7,802
Increase (Decrease)	4,760

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 04/05 Requested Budget	3,419
FY 03/04 Estimated Actual	3,351
Increase (Decrease)	68

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION DEPARTMENT FY 2004/05 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 employees annual salary to a maximum of \$100,000.

FY 04/05 Requested Budget	2,827
FY 03/04 Estimated Actual	2,866
Increase (Decrease)	(39)

ACCOUNT NUMBER: 5100.60

ACCOUNT TITLE: Employee Physicals

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

FY 04/05 Requested Budget	1,200
FY 03/04 Estimated Actual	1,680
Increase (Decrease)	(480)

\$ 1,200 - 8 employees @ \$150

ACCOUNT NUMBER: 5100.65

ACCOUNT TITLE: Employee Education Reimbursement

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

FY 04/05 Requested Budget	1,000
FY 03/04 Estimated Actual	-
Increase (Decrease)	1,000

ACCOUNT NUMBER: 5100.70

ACCOUNT TITLE: Employee Incentive Programs

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

FY 04/05 Requested Budget	1,400
FY 03/04 Estimated Actual	2,229
Increase (Decrease)	(829)

Safety Program	\$ 700
EAAP	\$ 700
TOTAL:	\$ 1,400

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION DEPARTMENT FY 2004/05 BUDGET**

ACCOUNT NUMBER: 5200.20

ACCOUNT TITLE: Office Supplies

Description: Funds for office supplies for the Distribution Department. Based on \$125 per month in office supply expenses.

FY 04/05 Requested Budget	2,000
FY 03/04 Estimated Actual	2,936
Increase (Decrease)	(936)

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 04/05 Requested Budget	1,000
FY 03/04 Estimated Actual	401
Increase (Decrease)	599

ACCOUNT NUMBER: 5300.10

ACCOUNT TITLE: Meeting and Travel

Description: Funds for Distribution Department employee meetings and travel expenses. Includes State Water Contractor travel for Executive Director and Staff Engineer as well as travel expenses for Reach 2 inspection and WTP winter maintenance.

FY 04/05 Requested Budget	12,000
FY 03/04 Estimated Actual	10,810
Increase (Decrease)	1,190

ACCOUNT NUMBER: 5300.20

ACCOUNT TITLE: Mileage Reimbursement

Description: Funds for reimbursement to employees for mileage expenses.

FY 04/05 Requested Budget	-
FY 03/04 Estimated Actual	-
Increase (Decrease)	-

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION DEPARTMENT FY 2004/05 BUDGET**

ACCOUNT NUMBER: 5300.30

ACCOUNT TITLE: Dues and Memberships

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

FY 04/05 Requested Budget	1,000
FY 03/04 Estimated Actual	1,888
Increase (Decrease)	(888)

ACCOUNT NUMBER: 5300.40

ACCOUNT TITLE: Publications

Description: Funds for publications received by the Distribution Department.

FY 04/05 Requested Budget	800
FY 03/04 Estimated Actual	1,293
Increase (Decrease)	(493)

ACCOUNT NUMBER: 5300.50

ACCOUNT TITLE: Training

Description: Funds for training Distribution Department staff. Does not include educational reimbursement.
\$ 8,000 - \$1,000 per employee

FY 04/05 Requested Budget	8,000
FY 03/04 Estimated Actual	4,119
Increase (Decrease)	3,881

ACCOUNT NUMBER: 5300.60

ACCOUNT TITLE: Advertising

Description: Funds for public relations materials for the Distribution Department including open position advertising.

FY 04/05 Requested Budget	1,000
FY 03/04 Estimated Actual	-
Increase (Decrease)	1,000

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION DEPARTMENT FY 2004/05 BUDGET**

ACCOUNT NUMBER: 5300.80

ACCOUNT TITLE: Postage

Description: Funds for all postal and mail expenses for the Distribution Department.

FY 04/05 Requested Budget	500
FY 03/04 Estimated Actual	482
Increase (Decrease)	18

ACCOUNT NUMBER: 5400.10

ACCOUNT TITLE: Professional Services

Description:

\$	90,000	Environmental Services
	25,250	Cathodic protection
	10,000	Miscellaneous (vault repairs, flow meter repairs, etc.)
	5,500	Aerial survey
	3,000	Aerial photos
	800	Oil analysis
	750	Fire extinguisher inspections
\$	135,300	TOTAL

FY 04/05 Requested Budget	135,300
FY 03/04 Estimated Actual	159,574
Increase (Decrease)	(24,274)

ACCOUNT NUMBER: 5400.20

ACCOUNT TITLE: Legal Services

Description: Not funded for current fiscal year.

FY 04/05 Requested Budget	-
FY 03/04 Estimated Actual	6,546
Increase (Decrease)	(6,546)

ACCOUNT NUMBER: 5400.30

ACCOUNT TITLE: Engineering Services

Description: Funds for all non-capitalized engineering services.

FY 04/05 Requested Budget	16,000
FY 03/04 Estimated Actual	17,524
Increase (Decrease)	(1,524)

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION DEPARTMENT FY 2004/05 BUDGET**

ACCOUNT NUMBER: 5400.40

ACCOUNT TITLE: Permits

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

FY 04/05 Requested Budget	2,000
FY 03/04 Estimated Actual	32
Increase (Decrease)	1,968

ACCOUNT NUMBER: 5400.50

ACCOUNT TITLE: Non-Contractual Services

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

FY 04/05 Requested Budget	2,500
FY 03/04 Estimated Actual	700
Increase (Decrease)	1,800

ACCOUNT NUMBER: 5500.10

ACCOUNT TITLE: Uniform Expenses

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

FY 04/05 Requested Budget	5,496
FY 03/04 Estimated Actual	5,059
Increase (Decrease)	437

\$	2,496	Uniform Service (\$208 month))
\$	1,200	Blue jean pants (\$150/year for 8 employees)
\$	1,400	Boots (\$175/year for 8 employees)
\$	400	Misc. uniform requirements (jackets, etc.)
\$	5,496	TOTAL

ACCOUNT NUMBER: 5500.15

ACCOUNT TITLE: Minor Tools and Equipment

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

FY 04/05 Requested Budget	10,000
FY 03/04 Estimated Actual	14,080
Increase (Decrease)	(4,080)

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION DEPARTMENT FY 2004/05 BUDGET**

ACCOUNT NUMBER: 5500.20

ACCOUNT TITLE: Spare Parts

Description: _____

FY 04/05 Requested Budget	-
FY 03/04 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 04/05 Requested Budget	1,000
FY 03/04 Estimated Actual	170
Increase (Decrease)	830

ACCOUNT NUMBER: 5500.30

ACCOUNT TITLE: Chemicals-Fixed

Description: Not funded for FY 2004/05.

FY 04/05 Requested Budget	-
FY 03/04 Estimated Actual	-
Increase (Decrease)	-

ACCOUNT NUMBER: 5500.35

ACCOUNT TITLE: Maintenance Supplies/Hardware

Description: Funds for the purchase of disposable tools, pipe and pipefittings, wood, steel and other metals, hardware, nuts and bolts, and other hardware materials. (Includes UPS and SCADA battery replacement and bridge repairs)

FY 04/05 Requested Budget	10,000
FY 03/04 Estimated Actual	5,512
Increase (Decrease)	4,488

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION DEPARTMENT FY 2004/05 BUDGET**

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 04/05 Requested Budget	3,500
FY 03/04 Estimated Actual	1,809
Increase (Decrease)	1,691

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 04/05 Requested Budget	25,250
FY 03/04 Estimated Actual	26,110
Increase (Decrease)	(860)

\$	22,000	Vehicles
\$	1,000	Emergency Generator Sets
\$	1,500	Lubricants
\$	750	Miscellaneous
\$	25,250	TOTAL

ACCOUNT NUMBER: 5500.50

ACCOUNT TITLE: Seed/Plants/Erosion Control Supplies

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

FY 04/05 Requested Budget	7,000
FY 03/04 Estimated Actual	1,535
Increase (Decrease)	5,465

\$	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 04/05 Requested Budget	500
FY 03/04 Estimated Actual	-
Increase (Decrease)	500

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION DEPARTMENT FY 2004/05 BUDGET**

ACCOUNT NUMBER: 5700.10

ACCOUNT TITLE: Equipment Repairs and Maintenance

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

FY 04/05 Requested Budget	30,000
FY 03/04 Estimated Actual	22,737
Increase (Decrease)	7,263

ACCOUNT NUMBER: 5700.20

ACCOUNT TITLE: Vehicle Repairs and Maintenance

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

FY 04/05 Requested Budget	9,000
FY 03/04 Estimated Actual	11,767
Increase (Decrease)	(2,767)

ACCOUNT NUMBER: 5700.30

ACCOUNT TITLE: Building Maintenance

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

FY 04/05 Requested Budget	4,000
FY 03/04 Estimated Actual	2,961
Increase (Decrease)	1,039

\$	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 04/05 Requested Budget	3,148
FY 03/04 Estimated Actual	3,754
Increase (Decrease)	(606)

\$	2,448	SYPF (\$204 month)
\$	700	SYPF spring mowing
\$	3,148	TOTAL

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION DEPARTMENT FY 2004/05 BUDGET**

ACCOUNT NUMBER: 5800.20

ACCOUNT TITLE: Natural Gas Service

Description: Funds for natural gas service for the
Distribution Department.

FY 04/05 Requested Budget	400
FY 03/04 Estimated Actual	157
Increase (Decrease)	243

ACCOUNT NUMBER: 5800.30

ACCOUNT TITLE: Electric Service-Fixed

Description: Funds for electrical service for the Distribution Dept.

FY 04/05 Requested Budget	30,540
FY 03/04 Estimated Actual	7,286
Increase (Decrease)	23,254

\$	7,800	Suite B & C	\$650 month
	1,200	2 Iso vaults	\$100 month
	5,040	2 Tanks	\$420 month
	2,220	11 Rectifiers	\$185 month
	3,000	EDV	\$250 month
	8,280	SYPF	\$690 month
	3,000	Turnouts	\$250 month
\$	30,540	TOTAL	

ACCOUNT NUMBER: 5800.31

ACCOUNT TITLE: Electric Service-Variable

Description: Funds for electrical service for the
Distribution Department.

FY 04/05 Requested Budget	389,436
FY 03/04 Estimated Actual	158,334
Increase (Decrease)	231,102

Acre feet pumped	5,644
Cost per acre foot	\$69
TOTAL	\$389,436

(Based on 75% of 2004 requests and 100% of 2005 requests)

ACCOUNT NUMBER: 5800.40

ACCOUNT TITLE: Water/Sewer

Description: Funds for water and sewer service to
the Distribution Department.

FY 04/05 Requested Budget	1,200
FY 03/04 Estimated Actual	1,742
Increase (Decrease)	(542)

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION DEPARTMENT FY 2004/05 BUDGET**

ACCOUNT NUMBER: 5800.50

ACCOUNT TITLE: Telephone

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

FY 04/05 Requested Budget	14,000
FY 03/04 Estimated Actual	11,223
Increase (Decrease)	2,777

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 04/05 Requested Budget	2,000
FY 03/04 Estimated Actual	2,383
Increase (Decrease)	(383)

\$	1,000	Trash service
	1,000	Hazardous waste removal
\$	2,000	TOTAL

ACCOUNT NUMBER: 5900.10

ACCOUNT TITLE: Insurance

Description: Funds for insurance coverage.

FY 04/05 Requested Budget	41,826
FY 03/04 Estimated Actual	38,332
Increase (Decrease)	3,494

\$	23,022	Property and Auto Insurance as apportioned by JPIA.
\$	18,805	General liability and E&O insurance pro rated by salary percentages.
\$	41,826	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 04/05 Requested Budget	108,951
FY 03/04 Estimated Actual	72,295
Increase (Decrease)	36,656

**CENTRAL COAST WATER AUTHORITY
DISTRIBUTION DEPARTMENT FY 2004/05 BUDGET**

ACCOUNT NUMBER: 5900.40

ACCOUNT TITLE: Equipment Rental

Description: Funds for rental of equipment for the
Distribution Department.

FY 04/05 Requested Budget	12,000
FY 03/04 Estimated Actual	7,676
Increase (Decrease)	4,324

ACCOUNT NUMBER: 5900.50

ACCOUNT TITLE: Non-Capitalized Fixed Assets

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

FY 04/05 Requested Budget	10,000
FY 03/04 Estimated Actual	11,277
Increase (Decrease)	(1,277)

ACCOUNT NUMBER: 5900.60

ACCOUNT TITLE: Computer Expenses

Description: Funds for computer expenses including
minor software purchases, minor equipment purchases and
service contracts.
Includes \$5,000 for one additional site license for Pro Works NXT
ladder logic software.

FY 04/05 Requested Budget	10,000
FY 03/04 Estimated Actual	19,102
Increase (Decrease)	(9,102)

ACCOUNT NUMBER: 5900.70

ACCOUNT TITLE: Appropriated Contingency

Description: 2.0% of requested budget.

FY 04/05 Requested Budget	37,268
FY 03/04 Estimated Actual	-
Increase (Decrease)	37,268



Maintenance Superintendent Larry Seifert, Plant Maintenance Technician David Renelle, and Distribution Technician Jim Marshall making repairs to an AVAR (Air Vacuum Air Release valve) near Santa Margarita – December 22, 2003.

Capital Improvements

The Capital Improvements Projects (CIP) section is a component of the non-operating expense section of the budget. The CIP budget includes expenses for fixed asset and equipment purchases as well as the accumulation of expenditures for construction projects undertaken by the Authority.

Highlights

Total FY 2004/05 CIP Budget \$ 309,252

- New Facilities and Equipment \$ 0
- Equipment Replacement and Repair \$ 309,252

CIP Funding Sources

- Total FY 2004/05 CIP Budget \$ 309,252
- Assessment Funded CIP \$ 0
- Non-Annual Recurring Expenses \$ 262,750
- Revenue Bond and Capital Deposits \$ 46,502

Central Coast Water Authority
Capital Improvements
 Fiscal Year 2004/05 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 2004/05 is \$309,252.

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 2004/05, there are no anticipated expenditures for capitalized new facilities and equipment.

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 2004/05 the ERR budget is \$309,252. The budgeted expenditures for ERR are listed below.

Equipment Replacement and Repair	
Crane Truck and two 4 wheel drive trucks	\$ 112,750
GAC Replacement-Three Filters	150,000
Miscellaneous Coating Projects at the WTP	11,550
Filter Hut Building Repairs	16,912
Filtered Water Flowmeter	18,040
TOTAL EQUIPMENT REPLACEMENT AND REPAIR	\$ 309,252

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 2004/05.

Central Coast Water Authority
Capital Improvements
 Fiscal Year 2004/05 Budget

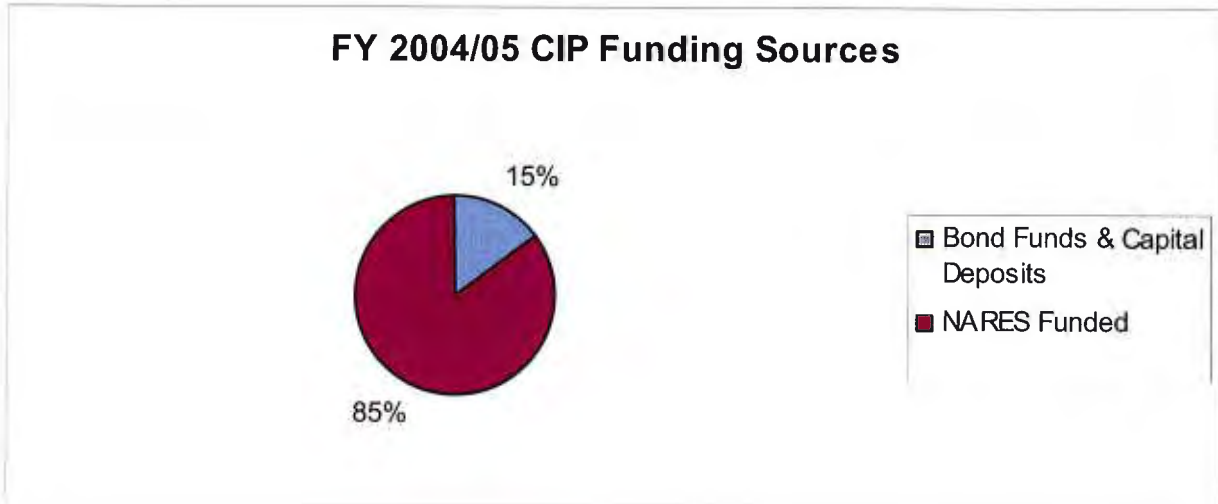
Funding of Capital Improvements Expenditures

The FY 2004/05 CIP expenditures are being funded from two funding sources –Non-Annual Recurring Expense Deposits (\$262,750) and Revenue Bond funds and Capital Deposits (\$46,502).

The following table shows the allocation of the FY 2004/05 capital improvements by department, financial reach, and funding source.

FY 2004/05 Capital Improvements					
Capital Improvements	Specific	Water Treatment			Total
	Financial Reach	Administration	Plant	Distribution	
<u>Non-Annual Recurring Expense Funded CIP</u>					
Crane truck and two 4 wheel drive trucks				112,750	112,750
GAC Replacement-Three Filters			150,000		150,000
Subtotal:		-	150,000	112,750	262,750
<u>Revenue Bond and Capital Deposit Funded CIP</u>					
Miscellaneous Coating Projects at WTP	WTP		11,550		11,550
Filter Hut Building Repairs	WTP		16,912		16,912
Filtered Water Flowmeter	WTP		18,040		18,040
Subtotal Revenue Bond and Capital Deposits:		-	46,502	-	46,502
TOTAL CIP		\$ -	\$ 196,502	\$ 112,750	\$ 309,252

The following graph shows the funding sources for the FY 2004/05 capital improvements.



Central Coast Water Authority
Capital Improvements
Fiscal Year 2004/05 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.

Description:	<i>Miscellaneous Coating Projects at the WTP</i>
Department:	WTP
Financial Reach:	WTP
Project Type:	Capital Project
Expanded Description:	Painting and coating of certain metallic surfaces to prevent corrosion.
Estimated Charge	\$ 11,000
Sales Tax	\$
Contingency (5%)	<u>\$ 550</u>
Total Cost:	\$ 11,550
Funding Source:	Revenue bond proceeds and capital deposits
Operating Budget Impact:	Corrosion protection will prevent mechanical equipment from premature replacement or failure.

Central Coast Water Authority
Capital Improvements
Fiscal Year 2004/05 Budget

Description: ***Filter Hut Building Repairs***

Department: WTP

Financial Reach: WTP

Project Type: Capital Project

Expanded Description: Filter hut has suffered water damage during recent rainfall events.

Estimated Charge \$ 15,000
Sales Tax \$ 1,162
Contingency (5%) \$ 750

Total Cost: \$ 16,912

Funding Source: Revenue bond proceeds and capital deposits.

Operating Budget Impact: Repairs must be made to protect WTP SCADA communications equipment.

Description: ***Filtered Water Flowmeter***

Department: WTP

Financial Reach: WTP

Project Type: Capital Project

Expanded Description: New meter will allow automated control of chlorine and ammonia dosages at the WTP.

Estimated Charge \$ 16,000
Sales Tax \$ 1,240
Contingency (5%) \$ 800

Total Cost: \$ 18,040

Funding Source: Revenue bond proceeds and capital deposits.

Operating Budget Impact: Automated chemical control will provide increased chemical dose accuracy, lower chemical costs and great system reliability.

Central Coast Water Authority
Capital Improvements
Fiscal Year 2004/05 Budget

Description: ***Vehicle Replacements***

Department: Distribution

Financial Reach: All Distribution Financial Reaches

Project Type: Capital Project

Expanded Description: Replacement of the crane truck and two four-wheel drive trucks.

Estimated Charge \$ 100,000
Sales Tax \$ 7,750
Contingency (5%) \$ 5,000

Total Cost: \$ 112,750

Funding Source: Non-Annual Recurring Expense Deposits.

Operating Budget Impact: Existing vehicles have exceeded their useful lives.

Description: ***Granular Activated Carbon (GAC) Replacement***

Department: WTP

Financial Reach: WTP

Project Type: Non-Capitalized Project

Expanded Description: Granular Activated Carbon replacement in three filters. See the cost allocation table on the following page.

Estimated Charge \$ 150,000
Sales Tax \$
Contingency (5%) \$ _____

Total Cost: \$ 150,000

Funding Source: Non-Annual Recurring Expense Deposits.

Operating Budget Impact: Partial replacement of GAC each year will decrease overall taste and odor problems and reduce total organic carbon, total thialomethanes, and haloacetic acids in treated water.

Central Coast Water Authority
Capital Improvements
 Fiscal Year 2004/05 Budget

The following table shows the allocation of the GAC at the Water Treatment Plant during FY 2004/05. Pursuant to the budget policy, GAC replacement costs are allocated to the project participants in proportion to the total water deliveries since the last GAC replacement, including the impacts of the Regional Water Treatment Plant Allocation and Exchange Agreement modifications.

GAC Replacement Allocation

Project Participant	Total Deliveries Deliveries July 2002 to June 2004 (Est.)	Allocation of GAC Replacement on Delivery Basis	Regional WTP Allocation	Regional WTP Allocation Credit	Exchange Agreement Fixed Modifications	Net GAC Replacement Cost
Guadalupe	862	\$ 1,898	\$ 354			\$ 2,251
Santa Maria	26,802	59,000	11,301			70,301
SCWC	610	1,343	232			1,575
Vandenberg AFB	9,017	19,849	3,703			23,553
Buellton	1,162	2,558	486			3,044
Santa Ynez (Solvang)	2,302	5,067	896			5,963
Santa Ynez	1,929	4,246	2,933		11,555	18,734
Goleta	7,297	16,062	2,557	(11,495)	(4,500)	2,624
Morehart Land	65	143	17	(142)		17
La Cumbre	2,082	4,583	993	(4,557)		1,019
Raytheon (SBRC)	93	205	147	(1,069)		(717)
Santa Barbara	2,349	5,172	737	(2,385)	(2,773)	750
Montecito	3,368	7,415	1,171	(4,896)	(2,491)	1,200
Carpinteria	1,433	3,154	372	(1,355)	(1,791)	380
Shandon	-	-	-			-
Chorro Valley	4,822	10,616	-			10,616
Lopez	3,947	8,689	-			8,689
TOTAL:	68,140	\$ 150,000	\$ 25,899	\$ (25,899)	\$ -	\$ 150,000



Clay/silt removal from Polonio Pass raw water tanks..

Debt Management

The Debt Management section of the FY 2004/05 Budget contains information on the Authority's outstanding revenue bonds including the Authority's authorization to issue debt, security for the bonds, bond coverage covenant, arbitrage rebate liability and the project participant debt payment schedule.

Highlights

1996 Revenue Bond Principal and Interest Due **\$ 11,798,638**

- FY 2004/05 Principal Payment \$ 4,135,000
- FY 2004/05 Interest Payments \$ 7,663,638

Bond Payment Funding Sources **\$ 11,803,138**

- Fixed Assessments from Project Participants \$ 11,053,669
- Guaranteed Investment Contract Interest \$ 697,904
- Debt Service Account Interest Income \$ 51,565

1996 Revenue Bond Information

- Principal Payment Date October 1st
- Interest Payment Dates October 1st and April 1st
- Outstanding Principal Balance (6-30-04) \$ 151,635,000
- True Interest Cost (TIC) 5.55%
- Restricted Arbitrage Rate 5.47%
- Arbitrage Rebate Liability (6-30-04) \$ 0

Central Coast Water Authority
Debt Management
Fiscal Year 2004/05 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 2004/05 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 (SLOFCWCD) has entered into a Master Water Treatment Agreement with the Authority pursuant to which SLOFCWCD 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, 2003, 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 2004/05 Budget

Construction Project Close Out and Final Reconciliation

On June 25, 1998, the Authority declared the construction project complete. In conjunction with declaring the project complete, a reconciliation of all construction expenditures and the corresponding allocation of costs to each financial reach was performed and the Project Closeout Report was prepared. Additionally, funds were retained from the construction fund and the local project fund based on estimates of future project expenditures to fully complete the remaining construction items.

Amended debt service amortization schedules were prepared for each financing participant based on the actual construction expenditures, financed local facilities and capitalized interest elections by the financing participants. The "1996 Revenue Bond Distribution Schedule, Series A" found on page 206 from the Project Closeout Report, provides a summary of the Series A principal and interest allocation to each financing participant.

A final reconciliation of total actual project expenditures will be prepared after all project funds are completely expended. Amended debt service amortization schedules will be prepared for each financing participant. These changes are estimated to result in minor adjustments to the debt service amortization schedules.

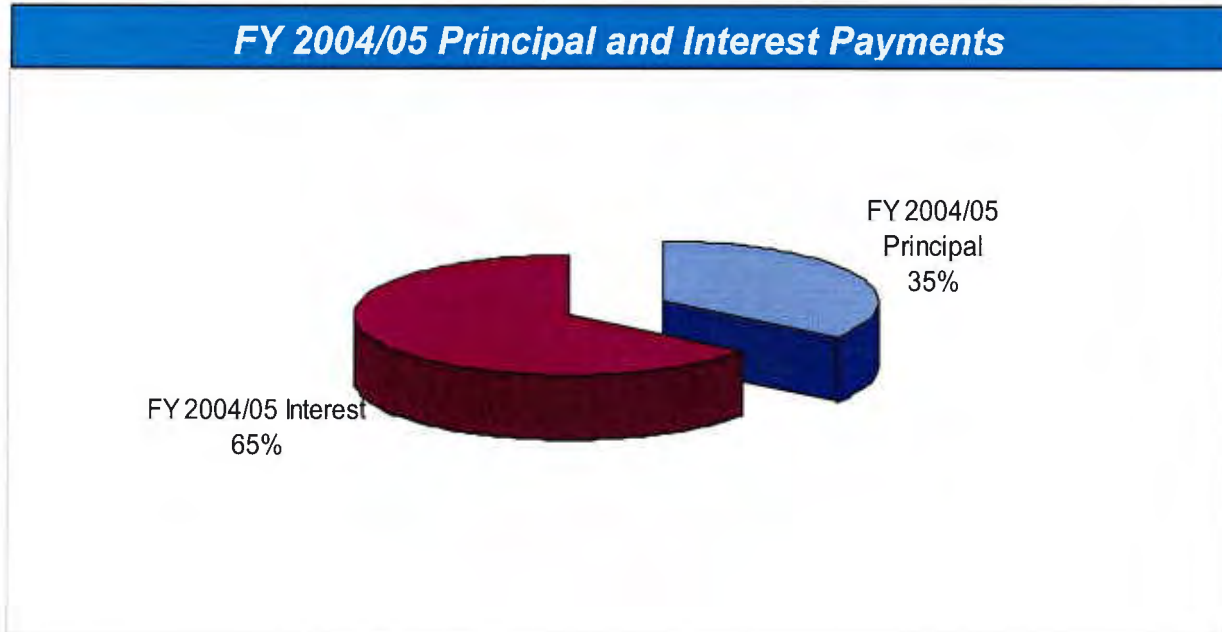
Fiscal Year 2004/05 Debt Service Budget

For FY 2004/05, total Series A principal payments is \$4,135,000 and total interest due is \$7,663,638, totaling \$11,798,638. Additionally, Bond Trustee fees in the amount of \$4,500 are included in the debt service assessment. These amounts are partially offset by the following:

- Reserve Fund Interest Income This is interest income on the collateralized guaranteed investment contract in the principal amount of \$12,758,750 at an interest rate of 5.47%, which exactly equals the restricted rate on the CCWA bonds. The guaranteed investment contract pays interest semi-annually on April 1st and October 1st, each in the amount of \$348,952. Total reserve fund interest income for FY 2004/05 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 \$51,565 earned during FY 2003/04.

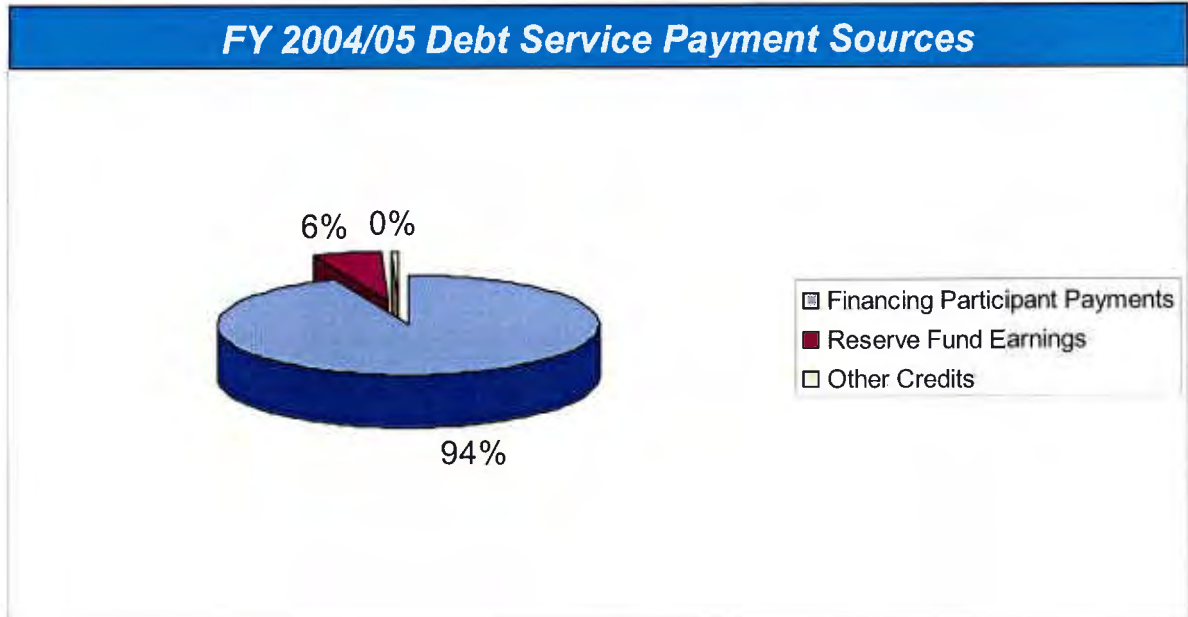
Central Coast Water Authority
Debt Management
Fiscal Year 2004/05 Budget

The following chart shows the total principal and interest payments for the 1996 revenue bonds for FY 2004/05.



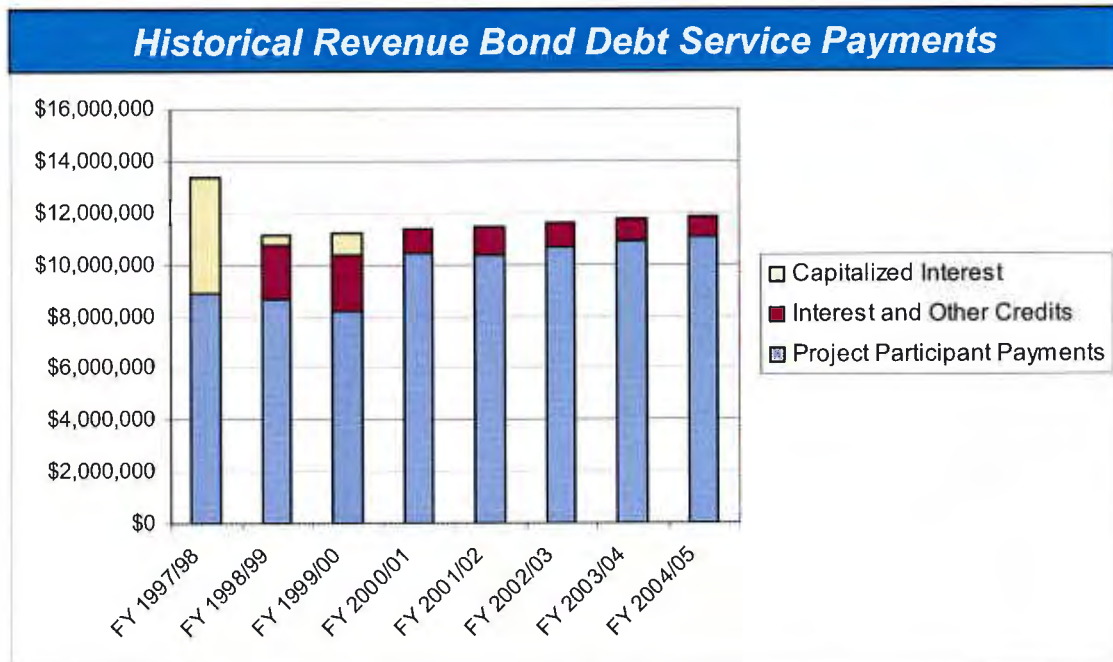
Central Coast Water Authority
Debt Management
 Fiscal Year 2004/05 Budget

The following chart shows the sources of cash for the FY 2004/05 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 2004/05 Budget

Financing Participant	FY 2004/05 Series A (10/1/04)		FY 2004/05 Series A (4/1/05)		Debt Service Account Interest Income (1)		Reserve Fund Interest Earnings (2)		FY 2004/05 Total Payments
	Principal Payment	Interest Payment	Interest Payment	Interest Payment	Trustee Expenses	6	7	8	
Avila Beach	\$ 5,910	\$ 4,812	\$ 4,635	\$ 4,635		\$ (70)	\$ (887)	\$ 14,406	
California Men's Colony	50,031	40,734	39,233	39,233	48	(589)	(7,506)	121,952	
County of SLO	53,291	43,388	41,789	41,789	52	(628)	(7,995)	129,898	
Cuesta College	25,017	20,369	19,618	19,618	24	(295)	(3,753)	60,981	
Morro Bay	310,986	253,197	243,868	243,868	301	(3,662)	(46,654)	758,036	
Oceano	43,289	35,245	33,946	33,946	42	(510)	(6,494)	105,519	
Pismo Beach	71,548	58,253	56,106	56,106	69	(843)	(10,734)	174,401	
Shandon	5,616	4,572	4,404	4,404	5	(66)	(842)	13,689	
Guadalupe	68,793	56,010	53,946	53,946	67	(810)	(10,320)	167,685	
Buellton	121,836	99,196	95,541	95,541	118	(1,355)	(18,278)	297,058	
Santa Ynez (Solvang)	109,927	287,061	283,763	283,763	312	(3,259)	(48,434)	629,371	
Santa Ynez	41,159	107,482	106,248	106,248	117	(1,220)	(18,135)	235,651	
Goleta	1,177,313	958,538	923,218	923,218	1,139	(13,099)	(176,620)	2,870,488	
Morehart Land	38,494	43,223	42,068	42,068	47	(525)	(7,340)	115,969	
La Cumbre	184,353	207,002	201,471	201,471	227	(2,557)	(35,150)	555,345	
Raytheon (SBRC)	11,329	9,223	8,884	8,884	11	(126)	(1,699)	27,621	
Santa Barbara	724,041	589,495	567,774	567,774	700	(8,050)	(108,620)	1,765,341	
Montecito	605,519	679,910	661,745	661,745	744	(8,396)	(115,453)	1,824,069	
Carpinteria	486,547	396,134	381,537	381,537	471	(5,505)	(72,991)	1,186,192	
TOTAL:	\$ 4,135,000	\$ 3,893,844	\$ 3,769,794	\$ 3,769,794	4,500	\$ (51,565)	\$ (697,904)	\$ 11,053,669	

Notes:

- (1) Represents interest on the financing participant debt service payments for FY 2003/04.
- (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	3,607,528
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>\$ 173,015,000</u>	<u>\$ 146,407,788</u>	<u>\$ 319,422,788</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
						FY 2004/05
10/1/2005	6.000%		4,515,000	3,769,794	142,985,000	
4/1/2006				3,634,344	142,985,000	11,919,138
10/1/2006	6.000%		4,915,000	3,634,344	138,070,000	
4/1/2007				3,486,894	138,070,000	12,036,238
10/1/2007	5.000%		5,775,000	3,486,894	132,295,000	
4/1/2008				3,342,519	132,295,000	12,604,413
10/1/2008	6.000%		6,065,000	3,342,519	126,230,000	
4/1/2009				3,160,569	126,230,000	12,568,088
10/1/2009	5.150%		6,425,000	3,160,569	119,805,000	
4/1/2010				2,995,125	119,805,000	12,580,694
10/1/2010	5.000%		6,760,000	2,995,125	113,045,000	
4/1/2011				2,826,125	113,045,000	12,581,250
10/1/2011	5.000%		7,095,000	2,826,125	105,950,000	
4/1/2012				2,648,750	105,950,000	12,569,875
10/1/2012	5.000%		7,455,000	2,648,750	98,495,000	
4/1/2013				2,462,375	98,495,000	12,566,125
10/1/2013	5.000%		7,830,000	2,462,375	90,665,000	
4/1/2014				2,266,625	90,665,000	12,559,000
10/1/2014	5.000%	8,225,000		2,266,625	82,440,000	
4/1/2015				2,061,000	82,440,000	12,552,625
10/1/2015	5.000%	8,630,000		2,061,000	73,810,000	
4/1/2016				1,845,250	73,810,000	12,536,250
10/1/2016	5.000%	9,065,000		1,845,250	64,745,000	
4/1/2017				1,618,625	64,745,000	12,528,875
10/1/2017	5.000%	9,515,000		1,618,625	55,230,000	
4/1/2018				1,380,750	55,230,000	12,514,375
10/1/2018	5.000%	9,995,000		1,380,750	45,235,000	
4/1/2019				1,130,875	45,235,000	12,506,625
10/1/2019	5.000%	10,495,000		1,130,875	34,740,000	
4/1/1920				868,500	34,740,000	12,494,375

Central Coast Water Authority
1996 Revenue Bond Debt Service Schedule
Series A

Debt Service Date	Interest Rate	Sinking Fund Payment	Serial Maturity	Interest Due	Principal Outstanding	Fiscal Yr Debt Service (Cash)
10/1/1920	5.000%	11,020,000		868,500	23,720,000	
4/1/1921				593,000	23,720,000	12,481,500
10/1/1921	5.000%	11,570,000		593,000	12,150,000	
4/1/1922				303,750	12,150,000	12,466,750
10/1/1922	5.000%	12,150,000		303,750	-	12,453,750
		90,665,000	82,350,000	146,407,788		319,422,788





300 hp pumps at Santa Ynez pumping facility.

Reserves and Cash Management

The Reserves and Cash Management section of the FY 2004/05 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 2004/05 Total Reserve Balances **\$ 9,933,998**

- O&M Reserve Fund \$ 2,000,000
- Rate Coverage Reserve Fund \$ 7,576,730
- Non-Annual Recurring Expenses (6-30-05) \$ 357,268

Non-Annual Recurring Expenses

- FY 2004/05 Beginning Balance \$ 578,557
- Additional Deposits for FY 2004/05 \$ 41,461
- FY 2004/05 Expenditures \$ 262,750

Central Coast Water Authority
Reserves and Cash Management
Fiscal Year 2004/05 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 2004/05 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 2004/05 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 Systems Company	50	0.13%	2,559
City of Santa Maria	16,200	41.46%	829,111
Santa Ynez RWCD, I.D. #1	2,000	5.12%	102,359
Southern California Water Company	500	1.28%	25,590
Vandenberg Air Force Base	5,500	14.07%	281,488
TOTAL	39,078	100.00%	2,000,000

Central Coast Water Authority
Reserves and Cash Management
 Fiscal Year 2004/05 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, 2004. Participation in the fund for FY 2004/05 is not yet known. Prior to June 30, 2004, each project participant will be notified of the allowable deposit in the Rate Coverage Reserve Fund for FY 2004/05.

FY 2003/04 Rate Coverage Reserve Fund

Project Participant	FY 2003/04 Deposit
City of Buellton	\$ 239,322
Carpinteria Valley Water District	755,808
City of Guadalupe	155,405
La Cumbre Mutual Water Company	346,529
Montecito Water District	963,726
City of Santa Maria	3,972,217
Santa Ynez, RWCD, I.D. #1 (Solvang)	537,049
Santa Ynez, RWCD, I.D. #1	387,151
County of San Luis Obispo (Shandon)	14,583
Avila Beach Community Services District	27,725
Oceano Community Services District	177,216
TOTAL:	\$ 7,576,730

Central Coast Water Authority
Reserves and Cash Management
 Fiscal Year 2004/05 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 2003/04 and FY 2004/05.

Non-Annual Recurring Expense Cash Deposits

Financing Participant	FY 2003/04 Beginning Balance	FY 2003/04 Interest Income	FY 2003/04 NARES Expenditures	FY 2004/05 Additional Deposits	FY 2004/05 NARES Expenditures	FY 2004/05 Ending Balance
Shandon	\$ 2,000	\$ 11	\$ (146)	\$ 35	\$ (59)	\$ 1,841
Chorro Valley	38,836	203	(3,419)	854	(11,986)	24,488
Lopez	29,613	151	(3,634)	1,129	(10,952)	16,307
Guadalupe	5,471	27	(991)	367	(2,902)	1,973
Santa Maria	161,714	811	(30,118)	11,348	(91,767)	51,987
SCWC	6,085	31	(930)	344	(2,237)	3,293
VAFB	64,486	328	(11,230)	4,786	(35,118)	23,253
Buellton	9,392	49	(1,375)	638	(4,907)	3,797
Santa Ynez (Solvang)	33,271	176	(3,567)	1,606	(10,797)	20,689
Santa Ynez	50,386	277	(1,189)	318	(20,346)	29,445
Goleta	86,422	455	(11,484)	6,560	(24,357)	57,597
Morehart Land Co.	3,893	21	(510)	291	(983)	2,711
La Cumbre	18,581	98	(2,552)	1,461	(5,849)	11,740
Raytheon Systems Co.	939	5	(128)	73	475	1,365
Santa Barbara	58,412	308	(7,656)	4,369	(15,239)	40,194
Montecito	58,310	307	(7,656)	4,370	(15,688)	39,643
Carpinteria	38,970	205	(5,104)	2,912	(10,039)	26,945
TOTAL:	\$ 666,781	\$ 3,463	\$ (91,687)	\$ 41,461	\$ (262,750)	\$ 357,268

Cash Management

All cash balances presented in this document exclude cash balances held as deposits for project participants. Additionally, the effect of other accounts receivables and payables have been added or subtracted from the cash balance to show the cash balances as if all receivables and payables had been received or paid.

It is the Authority's policy to refund unexpended operating assessments and investment income on the general fund after the close of each fiscal year. Therefore, the general fund balance, defined as total cash minus reserves, is projected to be zero. However, since the Authority receives assessment income in advance of the anticipated payment date, the actual cash balance will be positive.

Central Coast Water Authority
Reserves and Cash Management
Fiscal Year 2004/05 Budget

Cash Components

The Authority's cash balances are comprised of the following:

- **Operating Expense Assessments** Cash amounts collected from the project participants for operating expense assessments. These cash balances are held in the Authority demand deposit bank accounts and the California Local Agency Investment Fund.
- **Pass-Through Expenses** Cash amounts collected from the project participants for payment to the DWR and Warren Act charges paid to the U.S. Bureau of Reclamation. These balances are held in a custodial account and invested in accordance with the Authority's investment policy with maturities corresponding to the anticipated payment date on the expenses.
- **Debt Service Payments** Cash amounts collected from the financing participants for payment on the 1996 revenue bonds. These balances are held in a custodial account and invested in accordance with the Authority's investment policy with maturities corresponding to the debt service payment dates on the 1996 revenue bonds.
- **Construction Fund** Bond proceeds from the 1996 revenue bond issue used to construct the Authority facilities. These funds are held in trust by the Trustee on the bond issue and invested by the Authority's Treasurer in accordance with the bond indenture and the Authority Investment Policy.



Isolation valve fiber optic pipeline control panel at Vandenberg AFB.

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 2007/08. 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 2004/05 Budget

The four year financial plan is prepared in conjunction with the fiscal year budget and has four primary purposes as follows:

- Allocation of the CCWA fixed and variable O&M expenses to each of the project participants.
- Calculation and allocation of the Regional Water Treatment Plant Allocation (*see the Appendix for further information*).
- Calculation and allocation of the Santa Ynez Exchange Agreement modifications (*see the Appendix for further information*).
- Calculation of the four year pro forma State water cost projections for all project participants.

The following formulas show the method used in calculating the CCWA operating expense allocation by project participant.

CCWA Fixed Charges

Gross (unadjusted) CCWA operating expenses allocated on an entitlement basis within financial reach.

Plus: Regional WTP fixed allocation to all Santa Barbara County project participants.

Minus: Regional WTP fixed credit back to the Santa Barbara County South Coast project participants.

Plus: Santa Ynez Exchange Agreement capital modifications (South Coast project participants and Santa Ynez only).

Plus: Santa Ynez Exchange Agreement fixed O&M modifications (South Coast project participants and Santa Ynez only).

Equals: Net CCWA Fixed charges.

CCWA Variable O&M Charges

Gross (unadjusted) CCWA chemical and power costs allocated in proportion to deliveries within financial reach.

Plus: Gross (unadjusted) Warren Act and Trust Fund charges (South Coast project participants only).

Plus: Regional WTP Variable O&M Allocation (all Santa Barbara County project participants requesting State water).

Minus: Regional WTP Variable O&M credit back to the Santa Barbara County South Coast project participants requesting State water.

Plus: Santa Ynez Exchange Agreement WTP modifications (Santa Barbara County South Coast project participants and Santa Ynez only).

Minus: Santa Ynez Exchange Agreement Warren Act and Trust Fund modifications (Santa Barbara County South Coast project participants and Santa Ynez only).

Plus/Minus: Santa Ynez Exchange Agreement Santa Ynez Pumping Facility electrical cost modifications (Santa Barbara County South Coast project participants and Santa Ynez only).

Equals: Net CCWA Variable O&M Charges.

Central Coast Water Authority
Water Request Projections
 Four Year Financial Plan

Project Participant	Fiscal Year Water Deliveries (acre feet) <i>Excluding Exchange Deliveries</i>				Calendar Year Deliveries (acre feet) <i>Excluding Exchange Deliveries</i>				
	FY 2004/05	FY 2005/06	FY 2006/07	FY 2007/08	2004	2005	2006	2007	2008
Shandon									
Chorro Valley	2,465	5,821	5,821	5,821	2,450	2,450	2,450	2,450	2,450
Lopez	1,861	2,097	2,128	2,161	1,927	1,954	1,966	1,990	2,002
Guadalupe	605	605	605	605	605	605	605	605	605
Santa Maria	16,651	16,780	17,546	17,820	16,689	17,058	17,405	17,756	17,820
SCWC	550	550	550	550	550	550	550	550	550
VAFB	6,050	6,050	6,050	6,050	6,050	6,050	6,050	6,050	6,050
Buellton	636	636	636	636	578	578	578	578	578
Santa Ynez (Solvang)	1,500	1,500	1,500	1,500	1,000	1,500	1,500	1,500	1,500
Santa Ynez	700	700	700	700	700	700	700	700	700
Goleta	4,950	4,950	4,950	4,950	4,950	4,950	4,950	4,950	4,950
Morehart Land	139	159	175	187	100	115	130	150	170
La Cumbre	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Raytheon	55	55	55	55	55	55	55	55	55
Santa Barbara	511	613	613	613	1,030	1,030	1,030	1,030	1,030
Montecito	1,600	1,570	1,625	1,375	1,200	1,250	1,300	1,350	1,400
Carpinteria	639	740	840	940	600	600	600	600	600
TOTAL:	40,012	43,926	44,894	45,063	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 2004/05	40,012	-	40,012	
FY 2005/06	43,926	-	43,926	
FY 2006/07	44,894	-	44,894	
FY 2007/08	45,063	-	45,063	

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 2004/05	\$ 4,313,724	\$ 1,342,064	\$ (1,342,064)	\$ -	\$ -	\$ -	\$ 8,279,152	\$ 12,592,876	
FY 2005/06	4,484,334	1,307,320	(1,307,320)	-	-	-	11,338,334	15,822,668	
FY 2006/07	4,636,992	1,322,092	(1,322,092)	-	-	-	11,906,509	16,543,501	
FY 2007/08	4,794,658	1,337,306	(1,337,306)	-	-	-	11,870,184	16,664,842	

(1) Includes capital improvement projects and non-annual recurring expenses.

(2) Net of CCWA credits

CCWA Variable O&M Charges

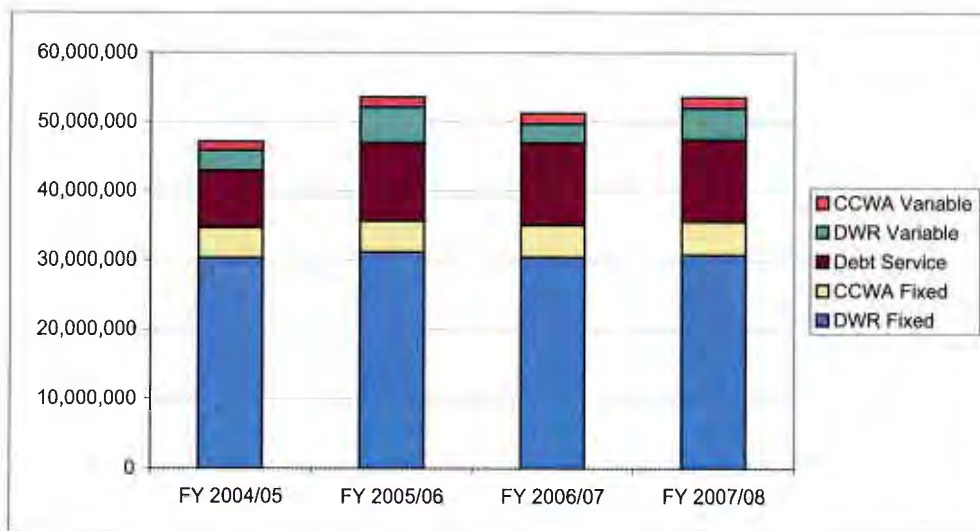
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	Regional WTP Modifications			Exchange Agreement Modifications			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2004/05	\$ 1,063,284	\$ 474,571	\$ 94,866	\$ (94,866)	\$ 0	\$ -	\$ (123,540)	\$ (120,848)	\$ 1,293,467
FY 2005/06	1,235,304	532,846	115,169	(115,169)	0	-	(148,190)	(169,648)	1,450,312
FY 2006/07	1,295,909	542,764	121,210	(121,210)	0	-	(148,190)	(174,098)	1,516,384
FY 2007/08	1,327,273	534,760	125,591	(125,591)	0	(0)	(135,531)	(168,029)	1,558,473

DWR Charges

Total State Water Charges

Fiscal Year	DWR Charges			CCWA			Debt Service		DWR		Total SWP Charges
	DWR Fixed Costs ⁽³⁾	DWR Variable Costs	Total DWR Costs	Fixed	Variable O&M		DWR Fixed	DWR Variable O&M			
FY 2004/05	\$ 30,342,053	\$ 2,883,433	\$ 33,225,486	\$ 4,313,724	\$ 1,293,467	\$ 8,279,152	\$ 30,342,053	\$ 2,883,433	\$ 47,111,828		
FY 2005/06	31,144,116	5,172,175	36,316,291	4,484,334	1,450,312	11,338,334	31,144,116	5,172,175	53,589,271		
FY 2006/07	30,415,780	2,766,222	33,182,002	4,636,992	1,516,384	11,906,509	30,415,780	2,766,222	51,241,887		
FY 2007/08	30,742,446	4,587,464	35,329,910	4,794,658	1,558,473	11,870,184	30,742,446	4,587,464	53,553,224		

(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 2004/05	35,686	-	35,686	
FY 2005/06	36,008	-	36,008	
FY 2006/07	36,945	-	36,945	
FY 2007/08	37,081	-	37,081	

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 2004/05	\$ 3,882,106	\$ 1,342,064	\$ (1,342,064)	\$ -	\$ -	\$ -	\$ 7,242,195	\$ 11,124,301	
FY 2005/06	4,222,475	1,307,320	(1,307,320)	-	-	-	9,955,437	14,177,912	
FY 2006/07	4,366,801	1,322,092	(1,322,092)	-	-	-	10,521,387	14,888,189	
FY 2007/08	4,515,872	1,337,306	(1,337,306)	0	-	-	10,489,442	15,005,314	

(1) Includes capital improvement projects and non-annual recurring expenses.

(2) Net of CCWA credits.

CCWA Variable O&M Charges

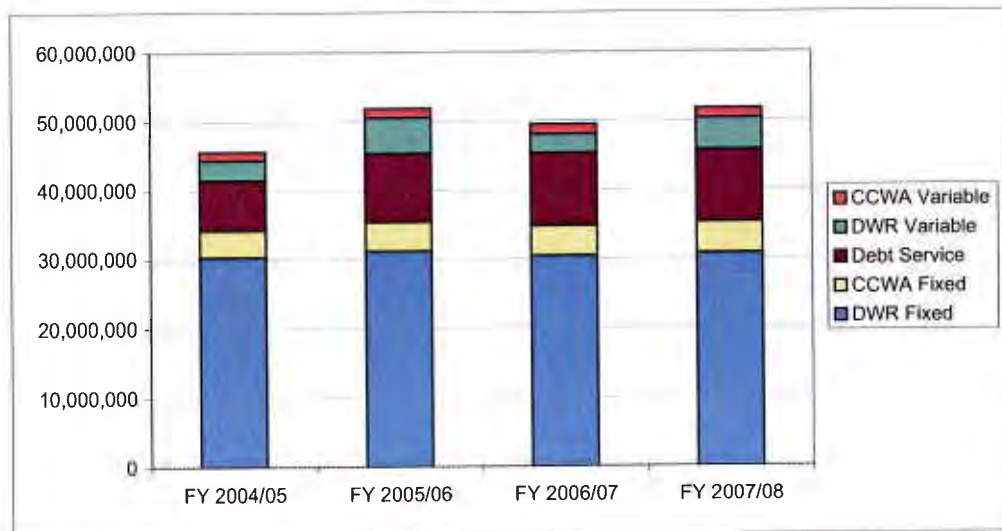
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	Regional WTP Modifications			Exchange Agreement Modifications			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2004/05	\$ 1,003,493	\$ 474,571	\$ 94,866	\$ (94,866)	\$ 0	\$ -	\$ (123,540)	\$ (120,848)	\$ 1,233,675
FY 2005/06	1,122,590	532,846	115,169	(115,169)	0	-	(148,190)	(169,648)	1,337,598
FY 2006/07	1,179,361	542,764	121,210	(121,210)	0	-	(148,190)	(174,098)	1,399,837
FY 2007/08	1,206,727	534,760	125,591	(125,591)	0	(0)	(135,531)	(168,029)	1,437,927

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 2004/05	\$ 30,342,053	\$ 2,883,433	\$ 33,225,486	\$ 3,882,106	\$ 1,233,675	\$ 7,242,195	\$ 30,342,053	\$ 2,883,433	\$ 45,583,462
FY 2005/06	31,144,116	5,172,175	36,316,291	4,222,475	1,337,598	9,955,437	31,144,116	5,172,175	51,831,801
FY 2006/07	30,415,780	2,766,222	33,182,002	4,366,801	1,399,837	10,521,387	30,415,780	2,766,222	49,470,027
FY 2007/08	30,742,446	4,587,464	35,329,910	4,515,872	1,437,927	10,489,442	30,742,446	4,587,464	51,773,151

(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 2004/05	-	-	-	
FY 2005/06	-	-	-	
FY 2006/07	-	-	-	
FY 2007/08	-	-	-	

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 2004/05	\$ 5,091							\$ 13,569	\$ 18,660
FY 2005/06	5,248							13,728	18,976
FY 2006/07	5,413							13,751	19,164
FY 2007/08	5,584							13,707	19,291

(1) Includes capital improvement projects and non-annual recurring expenses.

(2) Net of CCWA credits.

CCWA Variable O&M Charges

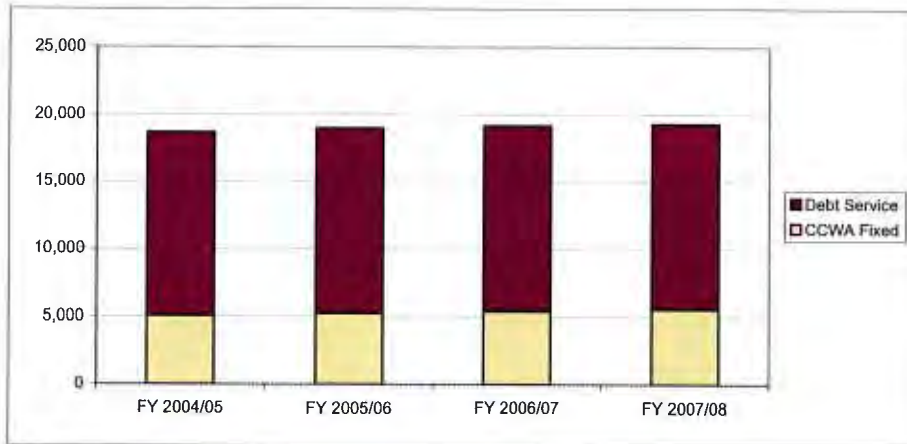
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	Regional WTP Modifications			Exchange Agreement Modifications			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2004/05	\$0								\$ -
FY 2005/06	-								-
FY 2006/07	-								-
FY 2007/08	-								-

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 2004/05			\$ -	\$ 5,091	\$ -	\$ 13,569	\$ -	\$ -	\$ 18,660
FY 2005/06			-	5,248	-	13,728	-	-	18,976
FY 2006/07			-	5,413	-	13,751	-	-	19,164
FY 2007/08			-	5,584	-	13,707	-	-	19,291

(2) Net of DWR account interest income.



Central Coast Water Authority
FY 2004/05 Four Year Financial Plan
 Project Participant Payment Summary

Shandon

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)
April 1, 2004	\$ -	0
June 1, 2004	\$ 18,660	n/a
July 1, 2004	\$ -	0
October 1, 2004	\$ -	0
January 1, 2005	\$ -	0
April 1, 2005	\$ -	0
June 1, 2005	\$ 18,976	n/a
July 1, 2005	\$ -	0
October 1, 2005	\$ -	0
January 1, 2006	\$ -	0
April 1, 2006	\$ -	0
June 1, 2006	\$ 19,164	n/a
July 1, 2006	\$ -	0
October 1, 2006	\$ -	0
January 1, 2007	\$ -	0
April 1, 2007	\$ -	0
June 1, 2007	\$ 19,291	n/a
July 1, 2007	\$ -	0
October 1, 2007	\$ -	0
January 1, 2008	\$ -	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 2004/05	2,465	-	2,465	
FY 2005/06	5,821	-	5,821	
FY 2006/07	5,821	-	5,821	
FY 2007/08	5,821	-	5,821	

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 2004/05	\$ 126,060							\$ 1,070,866	\$ 1,196,926
FY 2005/06	122,698							1,073,986	1,196,684
FY 2006/07	126,564							1,075,714	1,202,277
FY 2007/08	130,550							1,072,312	1,202,863

(1) Includes capital improvement projects and non-annual recurring expenses.

(2) Net of CCWA credits.

CCWA Variable O&M Charges

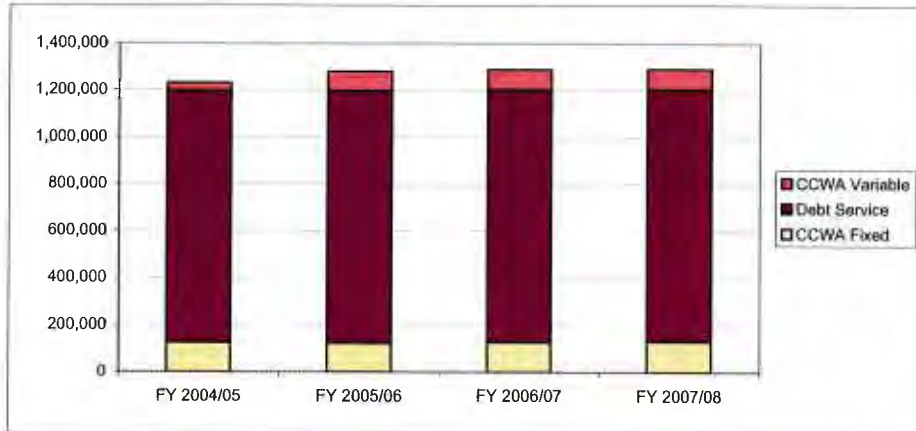
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2004/05	\$ 34,068								\$ 34,068
FY 2005/06	82,864								82,864
FY 2006/07	85,350								85,350
FY 2007/08	87,911								87,911

DWR Charges

Total State Water Charges

Fiscal Year	DWR Fixed Costs ⁽²⁾	DWR Variable Costs	Total DWR Costs	Total State Water Charges					Total SWP Charges
				CCWA Fixed	CCWA Variable O&M	Debt Service	DWR Fixed	DWR Variable O&M	
FY 2004/05			\$ -	\$ 126,060	\$ 34,068	\$ 1,070,866	\$ -	\$ -	\$ 1,230,995
FY 2005/06			-	122,698	82,864	1,073,986	-	-	1,279,548
FY 2006/07			-	126,564	85,350	1,075,714	-	-	1,287,627
FY 2007/08			-	130,550	87,911	1,072,312	-	-	1,290,774

(2) Net of DWR account interest income.



Central Coast Water Authority
FY 2004/05 Four Year Financial Plan
 Project Participant Payment Summary

Chorro Valley

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)
April 1, 2004	\$ 10,050	727
June 1, 2004	\$ 1,196,926	n/a
July 1, 2004	\$ 7,934	574
October 1, 2004	\$ 7,171	519
January 1, 2005	\$ 8,913	645
April 1, 2005	\$ 22,877	1,607
June 1, 2005	\$ 1,196,684	n/a
July 1, 2005	\$ 19,870	1,396
October 1, 2005	\$ 18,727	1,316
January 1, 2006	\$ 21,390	1,503
April 1, 2006	\$ 23,563	1,607
June 1, 2006	\$ 1,202,277	n/a
July 1, 2006	\$ 20,466	1,396
October 1, 2006	\$ 19,289	1,316
January 1, 2007	\$ 22,032	1,503
April 1, 2007	\$ 24,270	1,607
June 1, 2007	\$ 1,202,863	n/a
July 1, 2007	\$ 21,080	1,396
October 1, 2007	\$ 19,867	1,316
January 1, 2008	\$ 22,693	1,503

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 2004/05	1,861	-	1,861	
FY 2005/06	2,097	-	2,097	
FY 2006/07	2,128	-	2,128	
FY 2007/08	2,161	-	2,161	

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 2004/05	\$ 136,944						\$ 116,045	\$ 252,989	
FY 2005/06	133,913						295,183	429,096	
FY 2006/07	138,213						295,658	433,871	
FY 2007/08	142,651						294,723	437,374	

(1) Includes capital improvement projects and non-annual recurring expenses.
 (2) Net of CCWA credits.

CCWA Variable O&M Charges

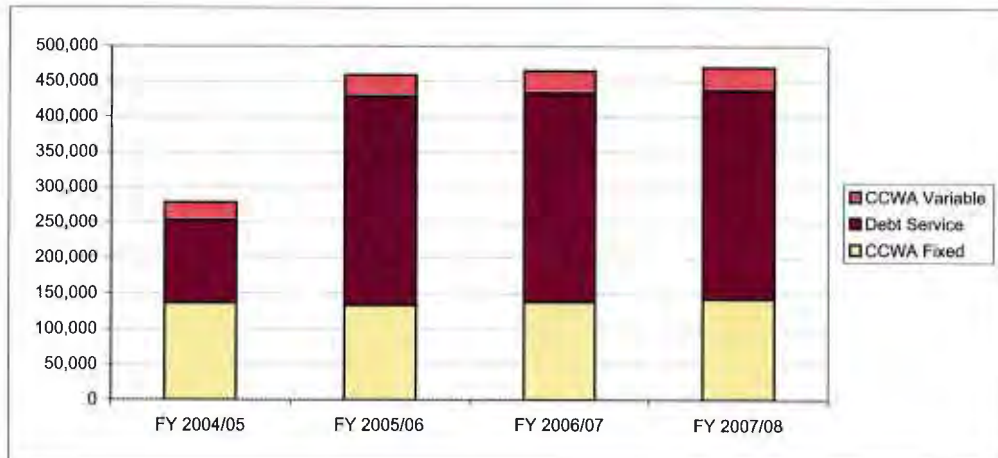
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	Regional WTP Modifications			Exchange Agreement Modifications			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2004/05	\$ 25,723							\$ 25,723	
FY 2005/06	29,849							29,849	
FY 2006/07	31,197							31,197	
FY 2007/08	32,635							32,635	

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 2004/05		-	-	\$ 136,944	\$ 25,723	\$ 116,045	\$ -	\$ -	\$ 278,711
FY 2005/06		-	-	133,913	29,849	295,183	-	-	458,945
FY 2006/07		-	-	138,213	31,197	295,658	-	-	465,068
FY 2007/08		-	-	142,651	32,635	294,723	-	-	470,009

(2) Net of DWR account interest income.



Central Coast Water Authority
FY 2004/05 Four Year Financial Plan
 Project Participant Payment Summary

Lopez

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)
April 1, 2004	\$ 8,420	609
June 1, 2004	\$ 252,989	n/a
July 1, 2004	\$ 5,875	425
October 1, 2004	\$ 4,401	318
January 1, 2005	\$ 7,026	508
April 1, 2005	\$ 9,775	687
June 1, 2005	\$ 429,096	n/a
July 1, 2005	\$ 6,747	474
October 1, 2005	\$ 5,088	357
January 1, 2006	\$ 8,239	579
April 1, 2006	\$ 10,227	697
June 1, 2006	\$ 433,871	n/a
July 1, 2006	\$ 7,081	483
October 1, 2006	\$ 5,300	361
January 1, 2007	\$ 8,590	586
April 1, 2007	\$ 10,656	706
June 1, 2007	\$ 437,374	n/a
July 1, 2007	\$ 7,409	491
October 1, 2007	\$ 5,559	368
January 1, 2008	\$ 9,011	597

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 2004/05	605	-	605	
FY 2005/06	605	-	605	
FY 2006/07	605	-	605	
FY 2007/08	605	-	605	

CCWA Fixed Charges

Fiscal Year	Fixed O&M Expenses ⁽¹⁾	Regional WTP Modifications			Exchange Agreement Modifications			Revenue Bond Debt Service ⁽²⁾	Fixed CCWA Charges
		Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	Capital Modifications	Fixed O&M Modifications	Total Exchange Modifications		
FY 2004/05	\$ 47,215	\$ 18,889	\$ -	\$ 18,889	\$ -	\$ -	\$ -	\$ 166,343	\$ 232,448
FY 2005/06	45,067	18,400	-	18,400	-	-	-	168,173	231,840
FY 2006/07	46,499	18,608	-	18,608	-	-	-	168,444	233,551
FY 2007/08	47,977	18,822	-	18,822	-	-	-	167,911	234,710

(1) Includes capital improvement projects and non-annual recurring expenses.
 (2) Net of CCWA credits.

CCWA Variable O&M Charges

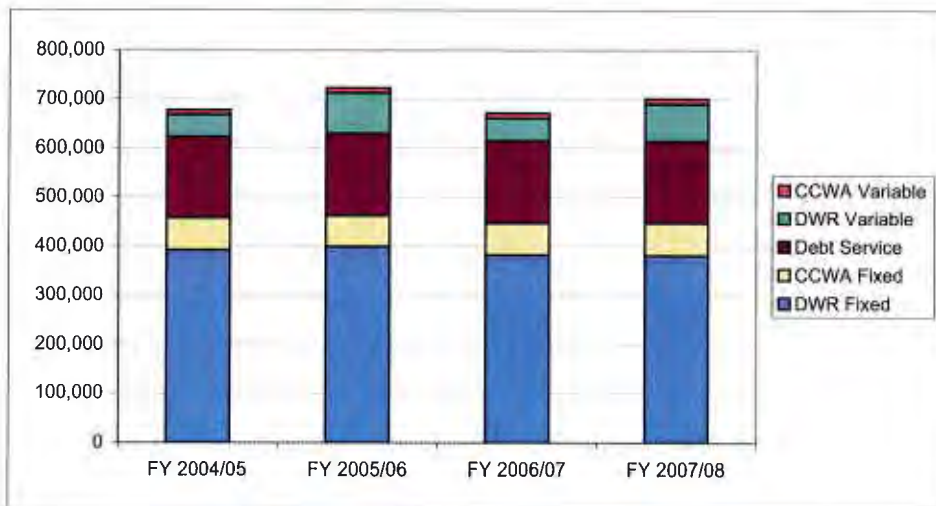
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	Regional WTP Modifications			Exchange Agreement Modifications			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2004/05	\$ 8,362	\$ -	\$ 1,626	\$ -	\$ 1,626	\$ -	\$ -	\$ -	\$ 9,987
FY 2005/06	8,612	-	1,961	-	1,961	-	-	-	10,574
FY 2006/07	8,871	-	1,998	-	1,998	-	-	-	10,869
FY 2007/08	9,137	-	2,050	-	2,050	-	-	-	11,187

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 2004/05	\$ 390,957	\$ 44,665	\$ 435,622	\$ 66,103	\$ 9,987	\$ 166,343	\$ 390,957	\$ 44,665	\$ 678,055
FY 2005/06	398,474	82,464	480,938	63,467	10,574	168,173	398,474	82,464	723,152
FY 2006/07	381,573	46,024	427,597	65,107	10,869	168,444	381,573	46,024	672,017
FY 2007/08	380,034	74,778	454,812	66,799	11,187	167,911	380,034	74,778	700,709

(3) Net of DWR account interest income.



Central Coast Water Authority
FY 2004/05 Four Year Financial Plan
 Project Participant Payment Summary

City of Guadalupe

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)
April 1, 2004	\$ 13,841	162
June 1, 2004	\$ 623,403	n/a
July 1, 2004	\$ 13,560	145
October 1, 2004	\$ 13,411	136
January 1, 2005	\$ 13,841	162
April 1, 2005	\$ 25,665	162
June 1, 2005	\$ 630,114	n/a
July 1, 2005	\$ 23,404	145
October 1, 2005	\$ 20,425	136
January 1, 2006	\$ 23,544	162
April 1, 2006	\$ 7,056	162
June 1, 2006	\$ 615,124	n/a
July 1, 2006	\$ 6,741	145
October 1, 2006	\$ 20,022	136
January 1, 2007	\$ 23,075	162
April 1, 2007	\$ 23,438	162
June 1, 2007	\$ 614,744	n/a
July 1, 2007	\$ 21,433	145
October 1, 2007	\$ 19,132	136
January 1, 2008	\$ 21,962	162

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 2004/05	16,651	-	16,651
FY 2005/06	16,780	-	16,780
FY 2006/07	17,546	-	17,546
FY 2007/08	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 2004/05	\$ 1,349,413	\$ 556,360	-	\$ 556,360	-	-	-	\$ (1,551,395)	\$ 354,378
FY 2005/06	1,357,509	541,957	-	541,957	-	-	-	-	1,899,466
FY 2006/07	1,400,941	548,080	-	548,080	-	-	-	-	1,949,021
FY 2007/08	1,445,757	554,388	-	554,388	-	-	-	-	2,000,145

(1) Includes capital improvement projects and non-annual recurring expenses.

CCWA Variable O&M Charges

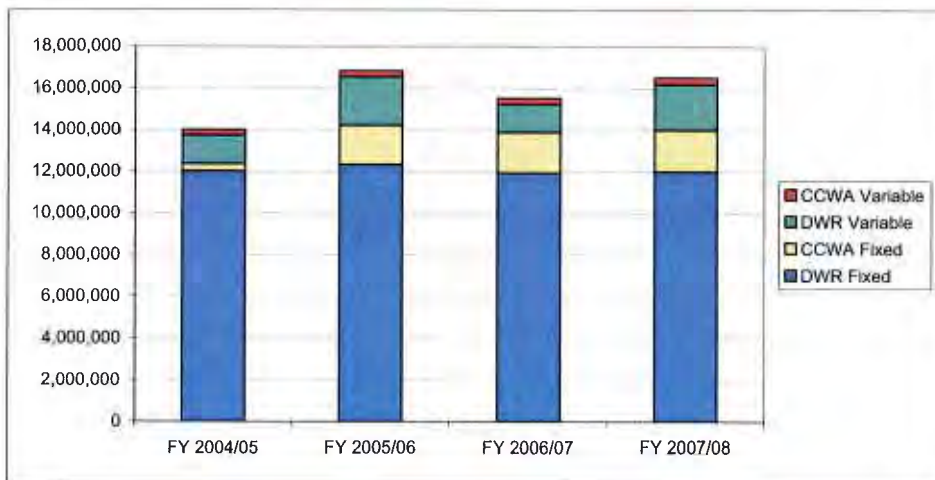
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2004/05	\$ 230,130	-	\$ 44,240	-	\$ 44,240	-	-	-	\$ 274,370
FY 2005/06	238,870	-	53,745	-	53,745	-	-	-	292,616
FY 2006/07	257,268	-	57,830	-	57,830	-	-	-	315,097
FY 2007/08	269,124	-	60,331	-	60,331	-	-	-	329,455

DWR Charges

Total State Water Charges

Fiscal Year	<u>DWR Charges</u>		Total DWR Costs	<u>CCWA</u>			<u>DWR</u>		Total SWP Charges
	Fixed Costs ⁽²⁾	Variable Costs		Fixed	Variable O&M	Credits	Fixed	Variable O&M	
FY 2004/05	\$ 12,011,955	\$ 1,352,669	\$ 13,364,624	\$ 1,905,773	\$ 274,370	\$ (1,551,395)	\$ 12,011,955	\$ 1,352,669	\$ 13,993,371
FY 2005/06	12,323,289	2,318,080	14,641,369	1,899,466	292,616	0	12,323,289	2,318,080	16,833,450
FY 2006/07	11,929,865	1,334,738	13,264,602	1,949,021	315,097	0	11,929,865	1,334,738	15,528,721
FY 2007/08	11,979,647	2,191,376	14,171,023	2,000,145	329,455	0	11,979,647	2,191,376	16,500,623

(2) Net of DWR account interest income.



Central Coast Water Authority
FY 2004/05 Four Year Financial Plan
 Project Participant Payment Summary

City of Santa Maria

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)
April 1, 2004	\$ 417,656	4,824
June 1, 2004	\$ 12,366,332	n/a
July 1, 2004	\$ 401,129	3,821
October 1, 2004	\$ 390,599	3,182
January 1, 2005	\$ 417,656	4,824
April 1, 2005	\$ 762,737	4,824
June 1, 2005	\$ 14,222,754	n/a
July 1, 2005	\$ 638,522	3,890
October 1, 2005	\$ 509,881	3,242
January 1, 2006	\$ 699,556	4,824
April 1, 2006	\$ 203,511	4,824
June 1, 2006	\$ 13,878,886	n/a
July 1, 2006	\$ 187,171	3,942
October 1, 2006	\$ 578,620	3,956
January 1, 2007	\$ 680,533	4,824
April 1, 2007	\$ 693,732	4,824
June 1, 2007	\$ 13,979,792	n/a
July 1, 2007	\$ 622,024	4,216
October 1, 2007	\$ 555,306	3,956
January 1, 2008	\$ 649,769	4,824

Central Coast Water Authority
Southern California Water Company
 Four Year Financial Plan Charges

Table A Including Drought Buffer				550
Fiscal Year	Requested Deliveries	Exchange Deliveries	Actual Deliveries	
FY 2004/05	550	-	550	
FY 2005/06	550	-	550	
FY 2006/07	550	-	550	
FY 2007/08	550	-	550	

CCWA Fixed Charges

Fiscal Year	Fixed O&M Expenses ⁽¹⁾	Regional WTP Modifications			Exchange Agreement Modifications			CCWA Credits	Fixed CCWA Charges
		Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	Capital Modifications	Fixed O&M Modifications	Total Exchange Modifications		
FY 2004/05	\$ 44,569	\$ 17,172	\$ -	\$ 17,172	\$ -	\$ -	\$ -	\$ (64)	\$ 61,667
FY 2005/06	41,898	16,727	-	16,727	-	-	-	-	58,625
FY 2006/07	43,239	16,916	-	16,916	-	-	-	-	60,155
FY 2007/08	44,622	17,111	-	17,111	-	-	-	-	61,733

(1) Includes capital improvement projects and non-annual recurring expenses.

CCWA Variable O&M Charges

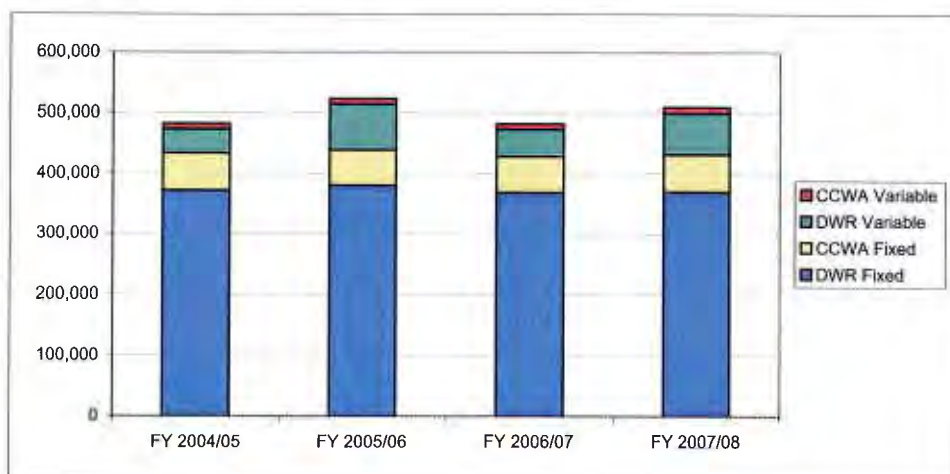
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	Regional WTP Modifications			Exchange Agreement Modifications			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2004/05	\$ 7,601	\$ -	\$ 1,484	\$ -	\$ 1,484	\$ -	\$ -	\$ -	\$ 9,085
FY 2005/06	7,829	-	1,794	-	1,794	-	-	-	9,623
FY 2006/07	8,064	-	1,820	-	1,820	-	-	-	9,884
FY 2007/08	8,306	-	1,868	-	1,868	-	-	-	10,174

DWR Charges

Total State Water Charges

Fiscal Year	DWR Fixed Costs ⁽²⁾	DWR Variable Costs	Total DWR Costs	CCWA		CCWA Credits	DWR Fixed	DWR Variable O&M	Total SWP Charges
				Fixed	Variable O&M				
FY 2004/05	\$ 371,723	\$ 39,414	\$ 411,138	\$ 61,731	\$ 9,085	\$ (64)	\$ 371,723	\$ 39,414	\$ 481,890
FY 2005/06	380,348	74,665	455,013	58,625	9,623	0	380,348	74,665	523,262
FY 2006/07	368,206	44,123	412,329	60,155	9,884	0	368,206	44,123	482,369
FY 2007/08	369,742	67,770	437,512	61,733	10,174	0	369,742	67,770	509,419

(2) Net of DWR account interest income.



Central Coast Water Authority
FY 2004/05 Four Year Financial Plan
 Project Participant Payment Summary

Southern California Water Company

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)
April 1, 2004	\$ 12,282	147
June 1, 2004	\$ 433,390	n/a
July 1, 2004	\$ 11,654	109
October 1, 2004	\$ 12,282	147
January 1, 2005	\$ 12,282	147
April 1, 2005	\$ 23,299	147
June 1, 2005	\$ 438,974	n/a
July 1, 2005	\$ 18,243	109
October 1, 2005	\$ 21,373	147
January 1, 2006	\$ 21,373	147
April 1, 2006	\$ 6,410	147
June 1, 2006	\$ 428,361	n/a
July 1, 2006	\$ 5,706	109
October 1, 2006	\$ 20,946	147
January 1, 2007	\$ 20,946	147
April 1, 2007	\$ 21,276	147
June 1, 2007	\$ 431,475	n/a
July 1, 2007	\$ 16,794	109
October 1, 2007	\$ 19,937	147
January 1, 2008	\$ 19,937	147

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 2004/05	6,050	-	6,050	
FY 2005/06	6,050	-	6,050	
FY 2006/07	6,050	-	6,050	
FY 2007/08	6,050	-	6,050	

CCWA Fixed Charges

Fiscal Year	Fixed O&M Expenses ⁽¹⁾	Regional WTP Modifications			Exchange Agreement Modifications			CCWA Credits	Fixed CCWA Charges
		Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	Capital Modifications	Fixed O&M Modifications	Total Exchange Modifications		
FY 2004/05	\$ 518,594	\$ 188,888	\$ -	\$ 188,888	\$ -	\$ -	\$ -	\$ -	\$ 707,482
FY 2005/06	548,434	183,998	-	183,998	-	-	-	-	732,432
FY 2006/07	566,845	186,077	-	186,077	-	-	-	-	752,922
FY 2007/08	585,853	188,218	-	188,218	-	-	-	-	774,071

(1) Includes capital improvement projects and non-annual recurring expenses.

CCWA Variable O&M Charges

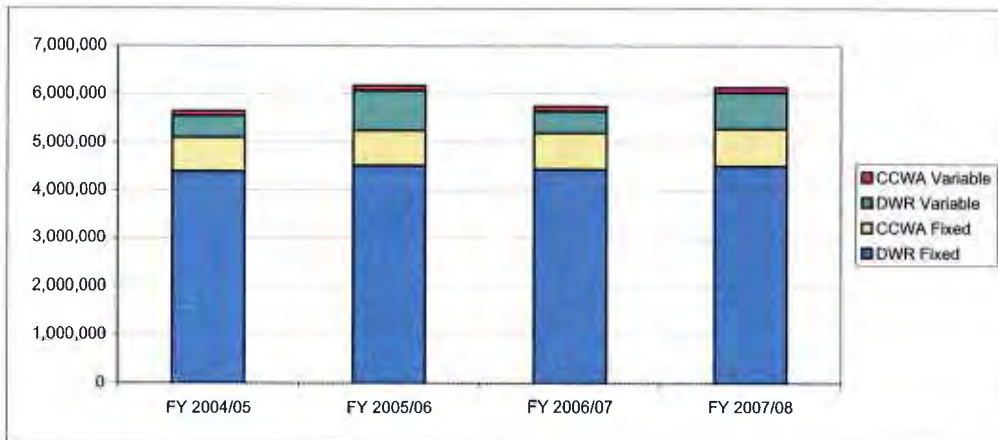
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	Regional WTP Modifications			Exchange Agreement Modifications			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2004/05	\$ 83,616	\$ -	\$ 16,215	\$ -	\$ 16,215	\$ -	\$ -	\$ -	\$ 99,831
FY 2005/06	86,124	-	19,539	-	19,539	-	-	-	105,663
FY 2006/07	88,708	-	19,960	-	19,960	-	-	-	108,668
FY 2007/08	91,369	-	20,473	-	20,473	-	-	-	111,842

DWR Charges

Total State Water Charges

Fiscal Year	DWR Charges			Total State Water Charges					
	DWR Fixed Costs ⁽²⁾	DWR Variable Costs	Total DWR Costs	CCWA Fixed	CCWA Variable O&M	CCWA Credits	DWR Fixed	DWR Variable O&M	Total SWP Charges
FY 2004/05	\$ 4,388,515	\$ 449,963	\$ 4,838,477	\$ 707,482	\$ 99,831	\$ -	\$ 4,388,515	\$ 449,963	\$ 5,645,790
FY 2005/06	4,510,297	826,578	5,336,875	732,432	105,663	0	4,510,297	826,578	6,174,969
FY 2006/07	4,434,841	445,607	4,880,448	752,922	108,668	0	4,434,841	445,607	5,742,037
FY 2007/08	4,504,694	749,128	5,253,822	774,071	111,842	0	4,504,694	749,128	6,139,735

(2) Net of DWR account interest income.



Central Coast Water Authority
FY 2004/05 Four Year Financial Plan
 Project Participant Payment Summary

Vandenberg Air Force Base

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)
April 1, 2004	\$ 139,321	1,626
June 1, 2004	\$ 5,095,997	n/a
July 1, 2004	\$ 138,760	1,592
October 1, 2004	\$ 132,391	1,206
January 1, 2005	\$ 139,321	1,626
April 1, 2005	\$ 257,431	1,626
June 1, 2005	\$ 5,242,728	n/a
July 1, 2005	\$ 252,908	1,592
October 1, 2005	\$ 185,767	1,206
January 1, 2006	\$ 236,135	1,626
April 1, 2006	\$ 70,661	1,626
June 1, 2006	\$ 5,187,763	n/a
July 1, 2006	\$ 70,031	1,592
October 1, 2006	\$ 182,134	1,206
January 1, 2007	\$ 231,448	1,626
April 1, 2007	\$ 235,081	1,626
June 1, 2007	\$ 5,278,765	n/a
July 1, 2007	\$ 231,071	1,592
October 1, 2007	\$ 174,556	1,206
January 1, 2008	\$ 220,263	1,626

Central Coast Water Authority
City of Buellton
 Four Year Financial Plan Charges

Table A Including Drought Buffer			
Fiscal Year	Requested Deliveries	Exchange Deliveries	Actual Deliveries
FY 2004/05	636	-	636
FY 2005/06	636	-	636
FY 2006/07	636	-	636
FY 2007/08	636	-	636

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 2004/05	\$ 66,338	\$ 19,850	\$ -	\$ 19,850	\$ -	\$ -	\$ -	\$ 295,027	\$ 381,215
FY 2005/06	70,284	19,336	-	19,336	-	-	-	297,843	387,464
FY 2006/07	72,748	19,555	-	19,555	-	-	-	298,323	390,625
FY 2007/08	75,293	19,780	-	19,780	-	-	-	297,379	392,452

(1) Includes capital improvement projects and non-annual recurring expenses.

(2) Net of CCWA credits.

CCWA Variable O&M Charges

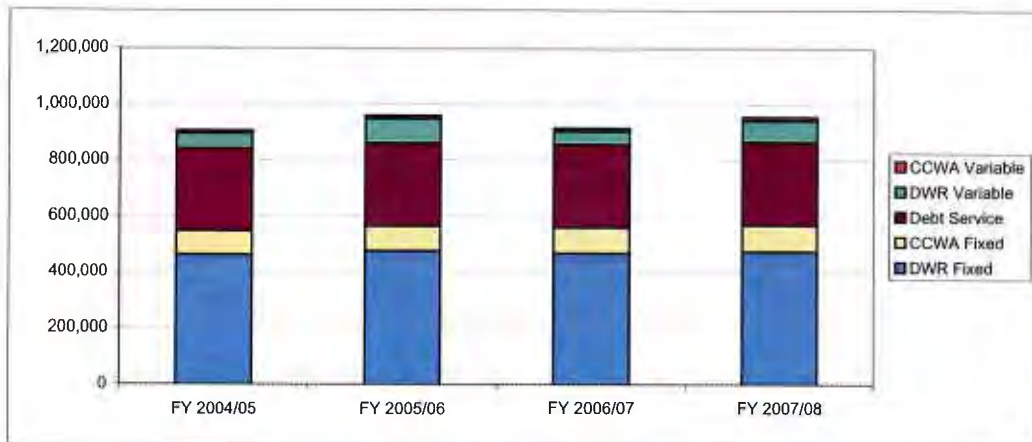
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	Regional WTP Modifications			Exchange Agreement Modifications			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2004/05	\$ 8,790	\$ -	\$ 1,708	\$ -	\$ 1,708	\$ -	\$ -	\$ -	\$ 10,498
FY 2005/06	9,054	-	2,061	-	2,061	-	-	-	11,115
FY 2006/07	9,325	-	2,100	-	2,100	-	-	-	11,426
FY 2007/08	9,605	-	2,155	-	2,155	-	-	-	11,760

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 2004/05	\$ 460,428	\$ 53,532	\$ 513,960	\$ 86,189	\$ 10,498	\$ 295,027	\$ 460,428	\$ 53,532	\$ 905,673	
FY 2005/06	473,996	86,680	560,676	89,620	11,115	297,843	473,996	86,680	959,255	
FY 2006/07	466,067	46,858	512,924	92,303	11,426	298,323	466,067	46,858	914,975	
FY 2007/08	473,408	77,044	550,452	95,073	11,760	297,379	473,408	77,044	954,664	

(3) Net of DWR account interest income.



Central Coast Water Authority
FY 2004/05 Four Year Financial Plan
 Project Participant Payment Summary

City of Buellton

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)
April 1, 2004	\$ 16,206	171
June 1, 2004	\$ 841,643	n/a
July 1, 2004	\$ 15,876	151
October 1, 2004	\$ 15,744	143
January 1, 2005	\$ 16,206	171
April 1, 2005	\$ 27,073	171
June 1, 2005	\$ 861,460	n/a
July 1, 2005	\$ 24,413	151
October 1, 2005	\$ 21,475	143
January 1, 2006	\$ 24,834	171
April 1, 2006	\$ 7,031	171
June 1, 2006	\$ 856,692	n/a
July 1, 2006	\$ 6,660	151
October 1, 2006	\$ 20,652	143
January 1, 2007	\$ 23,940	171
April 1, 2007	\$ 24,332	171
June 1, 2007	\$ 865,860	n/a
July 1, 2007	\$ 21,973	151
October 1, 2007	\$ 19,726	143
January 1, 2008	\$ 22,773	171

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 2004/05	1,500	-	1,500	
FY 2005/06	1,500	-	1,500	
FY 2006/07	1,500	-	1,500	
FY 2007/08	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 2004/05	\$ 166,223	\$ 51,515	\$ -	\$ 51,515	\$ -	\$ -	\$ -	\$ 624,785	\$ 842,523
FY 2005/06	182,397	50,181	-	50,181	-	-	-	631,911	864,489
FY 2006/07	188,792	50,748	-	50,748	-	-	-	951,568	1,191,108
FY 2007/08	195,397	51,332	-	51,332	-	-	-	948,588	1,195,318

(1) Includes capital improvement projects and non-annual recurring expenses.

(2) Net of CCWA credits.

CCWA Variable O&M Charges

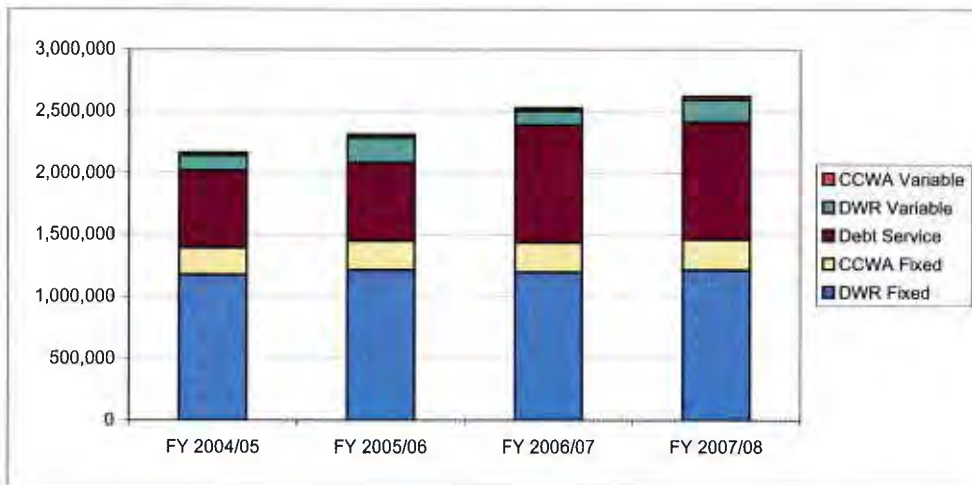
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	Regional WTP Modifications			Exchange Agreement Modifications			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2004/05	\$ 20,731	\$ -	\$ 4,027	\$ -	\$ 4,027	\$ -	\$ -	\$ -	\$ 24,758
FY 2005/06	21,353	-	4,858	-	4,858	-	-	-	26,211
FY 2006/07	21,994	-	4,951	-	4,951	-	-	-	26,945
FY 2007/08	22,654	-	5,080	-	5,080	-	-	-	27,733

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 2004/05	\$ 1,174,854	\$ 123,452	\$ 1,298,305	\$ 217,738	\$ 24,758	\$ 624,785	\$ 1,174,854	\$ 123,452	\$ 2,165,586
FY 2005/06	1,215,372	204,441	1,419,813	232,578	26,211	631,911	1,215,372	204,441	2,310,513
FY 2006/07	1,195,262	114,224	1,309,486	239,540	26,945	951,568	1,195,262	114,224	2,527,539
FY 2007/08	1,214,347	185,389	1,399,736	246,729	27,733	948,588	1,214,347	185,389	2,622,788

(3) Net of DWR account interest income.



Central Coast Water Authority
FY 2004/05 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, 2004	\$ 37,548	405
June 1, 2004	\$ 2,017,377	n/a
July 1, 2004	\$ 36,722	355
October 1, 2004	\$ 36,392	335
January 1, 2005	\$ 37,548	405
April 1, 2005	\$ 64,077	405
June 1, 2005	\$ 2,079,861	n/a
July 1, 2005	\$ 57,425	355
October 1, 2005	\$ 50,377	335
January 1, 2006	\$ 58,772	405
April 1, 2006	\$ 17,554	405
June 1, 2006	\$ 2,386,370	n/a
July 1, 2006	\$ 16,628	355
October 1, 2006	\$ 49,384	335
January 1, 2007	\$ 57,603	405
April 1, 2007	\$ 58,505	405
June 1, 2007	\$ 2,409,665	n/a
July 1, 2007	\$ 52,608	355
October 1, 2007	\$ 47,196	335
January 1, 2008	\$ 54,814	405

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 2004/05	700	2,130	2,830	
FY 2005/06	700	2,555	3,255	
FY 2006/07	700	2,555	3,255	
FY 2007/08	700	2,555	3,255	

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 2004/05	\$ 56,057	\$ 90,323	\$ -	\$ 90,323	\$ 155,051	\$ 91,630	\$ 246,682	\$ 232,420	\$ 625,481
FY 2005/06	60,799	102,202	-	102,202	185,989	112,377	298,366	236,602	697,969
FY 2006/07	62,931	103,357	-	103,357	185,989	115,748	301,737	356,289	824,314
FY 2007/08	65,132	104,547	-	104,547	185,989	119,220	305,209	355,173	830,062

(1) Includes capital improvement projects and non-annual recurring expenses.

(2) Net of CCWA credits

CCWA Variable O&M Charges

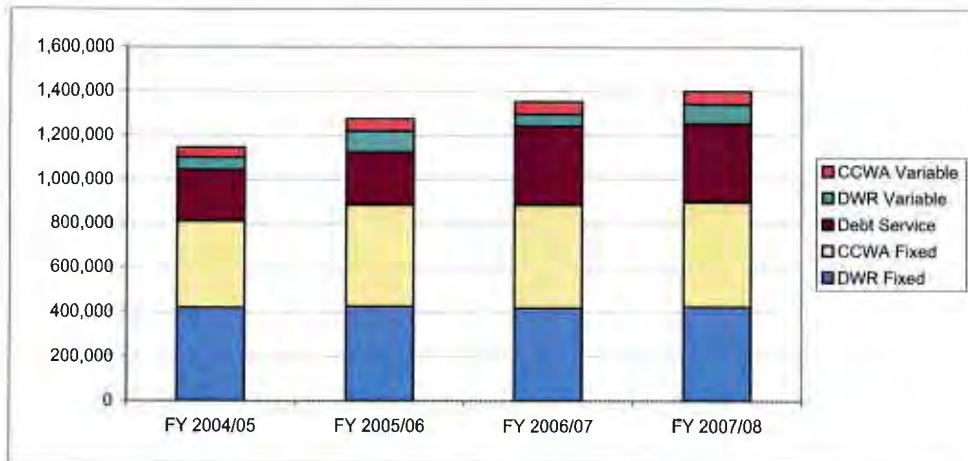
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	Regional WTP Modifications			Exchange Agreement Modifications			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2004/05	\$ 9,675	\$ -	\$ 6,875	\$ -	\$ 6,875	\$ 29,438	\$ -	\$ -	\$ 45,987
FY 2005/06	9,965	-	9,116	-	9,116	36,371	-	-	55,452
FY 2006/07	10,264	-	9,608	-	9,608	37,463	-	-	57,334
FY 2007/08	10,572	-	10,058	-	10,058	38,587	-	-	59,216

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 2004/05	\$ 418,206	\$ 55,934	\$ 474,140	\$ 393,061	\$ 45,987	\$ 232,420	\$ 418,206	\$ 55,934	\$ 1,145,609
FY 2005/06	424,736	95,502	520,238	461,367	55,452	236,602	424,736	95,502	1,273,660
FY 2006/07	417,408	52,579	469,987	468,025	57,334	356,289	417,408	52,579	1,351,635
FY 2007/08	423,724	86,582	510,305	474,888	59,216	355,173	423,724	86,582	1,399,583

(3) Net of DWR account interest income.



Central Coast Water Authority
FY 2004/05 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, 2004	\$ 37,806	186	1,466
June 1, 2004	\$ 1,043,687	n/a	n/a
July 1, 2004	\$ 18,712	176	291
October 1, 2004	\$ 17,347	152	207
January 1, 2005	\$ 28,056	186	866
April 1, 2005	\$ 57,276	186	1,821
June 1, 2005	\$ 1,122,705	n/a	n/a
July 1, 2005	\$ 31,248	176	361
October 1, 2005	\$ 23,860	152	207
January 1, 2006	\$ 38,570	186	866
April 1, 2006	\$ 36,871	186	1,821
June 1, 2006	\$ 1,241,721	n/a	n/a
July 1, 2006	\$ 11,148	176	361
October 1, 2006	\$ 23,453	152	207
January 1, 2007	\$ 38,442	186	866
April 1, 2007	\$ 56,638	186	1,821
June 1, 2007	\$ 1,253,785	n/a	n/a
July 1, 2007	\$ 29,082	176	361
October 1, 2007	\$ 22,509	152	207
January 1, 2008	\$ 37,569	186	866

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 2004/05	4,950	(767)	4,183
FY 2005/06	4,950	(920)	4,030
FY 2006/07	4,950	(920)	4,030
FY 2007/08	4,950	(920)	4,030

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 2004/05	\$ 588,187	\$ 128,210	\$ (431,170)	\$ (302,960)	\$ (55,819)	\$ (32,987)	\$ (88,805)	\$ 2,869,914	\$ 3,066,336
FY 2005/06	627,083	119,772	(418,085)	(298,313)	(66,956)	(40,456)	(107,412)	2,878,083	3,099,441
FY 2006/07	649,573	121,126	(422,810)	(301,684)	(66,956)	(41,669)	(108,625)	2,882,713	3,121,977
FY 2007/08	672,820	122,520	(427,675)	(305,156)	(66,956)	(42,919)	(109,875)	2,873,599	3,131,388

(1) Includes capital improvement projects and non-annual recurring expenses.

(2) Net of CCWA credits.

CCWA Variable O&M Charges

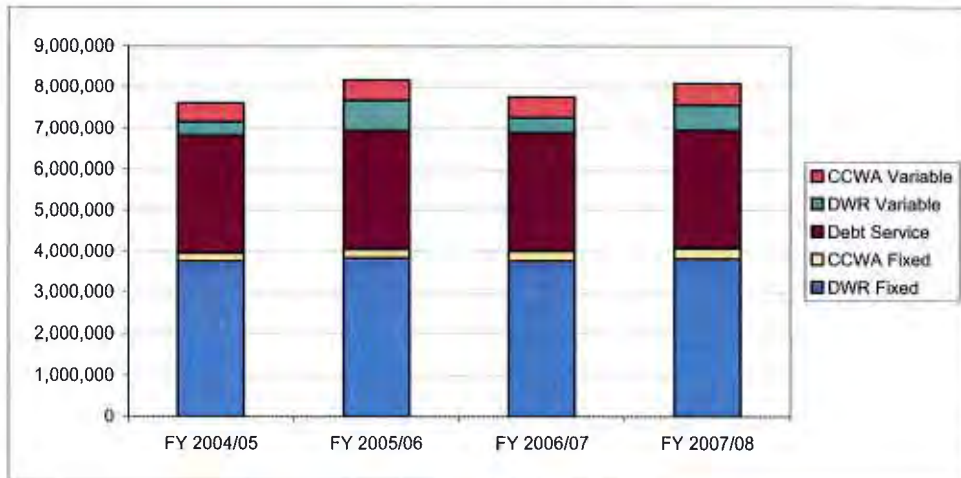
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	Regional WTP Modifications			Exchange Agreement Modifications			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2004/05	\$ 349,256	\$ 256,551	\$ 11,394	\$ (57,815)	\$ (46,421)	\$ (10,598)	\$ (44,474)	\$ (43,505)	\$ 460,809
FY 2005/06	399,137	287,100	13,409	(69,987)	(56,578)	(13,094)	(53,348)	(61,073)	502,143
FY 2006/07	409,873	287,100	13,587	(71,806)	(58,219)	(13,487)	(53,348)	(62,675)	509,244
FY 2007/08	430,699	287,100	13,894	(73,534)	(59,641)	(13,891)	(53,348)	(66,141)	524,778

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 2004/05	\$ 3,758,826	\$ 327,412	\$ 4,086,238	\$ 196,422	\$ 460,809	\$ 2,869,914	\$ 3,758,826	\$ 327,412	\$ 7,613,383
FY 2005/06	3,832,105	743,980	4,576,085	221,358	502,143	2,878,083	3,832,105	743,980	8,177,670
FY 2006/07	3,763,962	365,117	4,129,079	239,264	509,244	2,882,713	3,763,962	365,117	7,760,300
FY 2007/08	3,820,774	617,118	4,437,892	257,789	524,778	2,873,599	3,820,774	617,118	8,094,059

(3) Net of DWR account interest income. Includes DWR fixed costs for the Goleta additional 2500 AF.



Central Coast Water Authority
FY 2004/05 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, 2004	\$ 189,388	1,437	976
June 1, 2004	\$ 6,825,162	n/a	n/a
July 1, 2004	\$ 206,397	1,172	1,131
October 1, 2004	\$ 194,015	1,038	1,018
January 1, 2005	\$ 198,421	1,303	1,058
April 1, 2005	\$ 322,420	1,437	848
June 1, 2005	\$ 6,931,546	n/a	n/a
July 1, 2005	\$ 323,819	1,172	1,105
October 1, 2005	\$ 283,875	1,038	1,018
January 1, 2006	\$ 316,010	1,303	1,058
April 1, 2006	\$ 140,721	1,437	848
June 1, 2006	\$ 6,885,939	n/a	n/a
July 1, 2006	\$ 173,044	1,172	1,105
October 1, 2006	\$ 264,593	1,038	1,018
January 1, 2007	\$ 296,002	1,303	1,058
April 1, 2007	\$ 289,926	1,437	848
June 1, 2007	\$ 6,952,162	n/a	n/a
July 1, 2007	\$ 297,035	1,172	1,105
October 1, 2007	\$ 262,894	1,038	1,018
January 1, 2008	\$ 292,042	1,303	1,058

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 2004/05	139	-	139	
FY 2005/06	159	-	159	
FY 2006/07	175	-	175	
FY 2007/08	187	-	187	

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 2004/05	\$ 26,141	\$ 6,869	\$ (23,099)	\$ (16,231)	\$ -	\$ -	\$ -	\$ 107,838	\$ 117,547
FY 2005/06	27,870	6,691	(23,355)	(16,665)	-	-	-	128,057	139,263
FY 2006/07	28,870	6,766	(23,619)	(16,853)	-	-	-	133,467	145,484
FY 2007/08	29,903	6,844	(23,891)	(17,047)	-	-	-	133,105	145,961

(1) Includes capital improvement projects and non-annual recurring expenses.

(2) Net of CCWA credits.

CCWA Variable O&M Charges

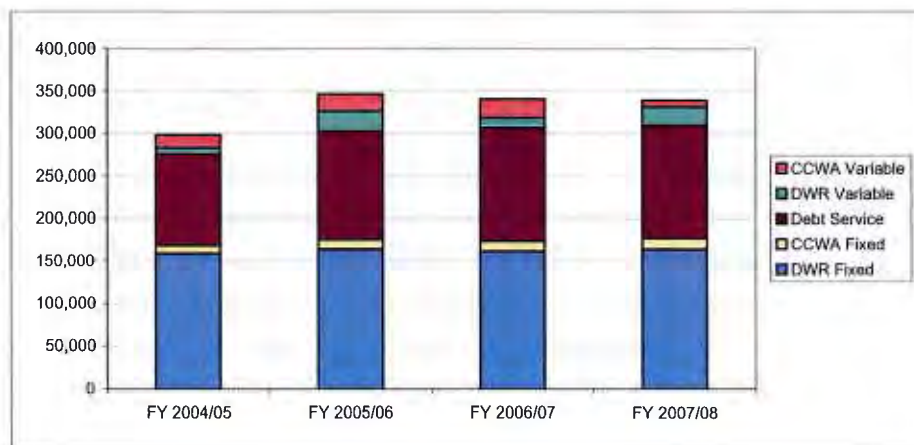
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	Regional WTP Modifications			Exchange Agreement Modifications			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2004/05	\$ 9,807	\$ 7,120	\$ 377	\$ (1,921)	\$ (1,544)	\$ -	\$ -	\$ -	\$ 15,383
FY 2005/06	12,821	9,222	521	(2,761)	(2,240)	-	-	-	19,803
FY 2006/07	14,490	10,150	577	(3,118)	(2,541)	-	-	-	22,099
FY 2007/08	-	10,846	632	(3,412)	(2,780)	-	-	-	8,066

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 2004/05	\$ 158,618	\$ 7,201	\$ 165,819	\$9,911	\$ 15,383	\$107,636	\$ 158,618	\$ 7,201	\$ 298,748
FY 2005/06	164,011	23,270	187,281	11,206	19,803	128,057	164,011	23,270	346,347
FY 2006/07	161,267	11,806	173,073	12,017	22,099	133,467	161,267	11,806	340,657
FY 2007/08	163,807	21,613	185,421	12,856	8,066	133,105	163,807	21,613	339,448

(3) Net of DWR account interest income.



Central Coast Water Authority
FY 2004/05 Four Year Financial Plan
 Project Participant Payment Summary

Morehart Land Company

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)
April 1, 2004	\$ 5,563	34
June 1, 2004	\$ 276,165	n/a
July 1, 2004	\$ 5,231	31
October 1, 2004	\$ 5,674	35
January 1, 2005	\$ 6,116	39
April 1, 2005	\$ 10,860	39
June 1, 2005	\$ 303,274	n/a
July 1, 2005	\$ 10,380	37
October 1, 2005	\$ 10,349	39
January 1, 2006	\$ 11,484	44
April 1, 2006	\$ 6,840	48
June 1, 2006	\$ 306,751	n/a
July 1, 2006	\$ 5,698	39
October 1, 2006	\$ 10,006	41
January 1, 2007	\$ 11,361	47
April 1, 2007	\$ 8,385	52
June 1, 2007	\$ 309,768	n/a
July 1, 2007	\$ 6,674	40
October 1, 2007	\$ 6,843	44
January 1, 2008	\$ 7,778	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 2004/05	1,100	-	1,100	
FY 2005/06	1,100	-	1,100	
FY 2006/07	1,100	-	1,100	
FY 2007/08	1,100	-	1,100	

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 2004/05	\$ 130,712	\$ 34,343	\$ (115,496)	\$ (81,153)	\$ -	\$ -	\$ -	\$ (453,440)	\$ (403,881)
FY 2005/06	139,352	33,454	(116,777)	(83,323)	-	-	-	613,282	669,311
FY 2006/07	144,350	33,832	(118,097)	(84,264)	-	-	-	639,191	699,276
FY 2007/08	149,516	34,221	(119,456)	(85,234)	-	-	-	637,455	701,737

(1) Includes capital improvement projects and non-annual recurring expenses.

(2) Net of CCWA credits.

CCWA Variable O&M Charges

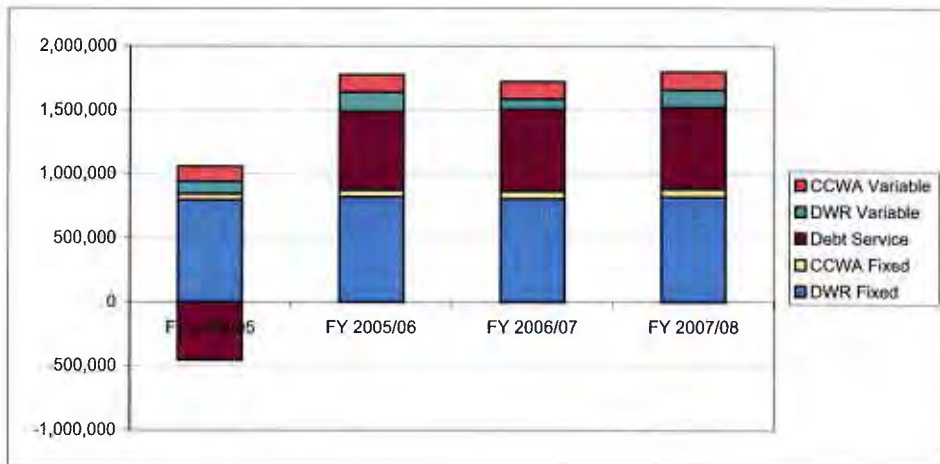
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	Regional WTP Modifications			Exchange Agreement Modifications			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2004/05	\$ 77,612	\$ 55,274	\$ 2,950	\$ (15,203)	\$ (12,253)	\$ -	\$ -	\$ -	\$ 120,633
FY 2005/06	88,697	63,800	3,554	(19,102)	(15,548)	-	-	-	136,949
FY 2006/07	91,083	63,800	3,631	(19,599)	(15,968)	-	-	-	138,915
FY 2007/08	95,711	63,800	3,724	(20,070)	(16,347)	-	-	-	143,164

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 2004/05	\$ 796,630	\$ 93,635	\$ 890,266	\$49,559	\$ 120,633	\$ (453,440)	\$ 796,630	\$ 93,635	\$ 607,018	
FY 2005/06	820,054	150,325	970,379	56,029	136,949	613,282	820,054	150,325	1,776,638	
FY 2006/07	806,335	80,732	887,066	60,085	138,915	639,191	806,335	80,732	1,725,258	
FY 2007/08	819,035	136,232	955,267	64,281	143,164	637,455	819,035	136,232	1,800,168	

(3) Net of DWR account interest income.



Central Coast Water Authority
FY 2004/05 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, 2004	\$ 55,651	294
June 1, 2004	\$ 392,749	n/a
July 1, 2004	\$ 55,651	294
October 1, 2004	\$ 47,316	218
January 1, 2005	\$ 55,651	294
April 1, 2005	\$ 78,056	294
June 1, 2005	\$ 1,489,365	n/a
July 1, 2005	\$ 78,056	294
October 1, 2005	\$ 56,957	218
January 1, 2006	\$ 74,205	294
April 1, 2006	\$ 44,665	294
June 1, 2006	\$ 1,505,611	n/a
July 1, 2006	\$ 44,665	294
October 1, 2006	\$ 56,581	218
January 1, 2007	\$ 73,737	294
April 1, 2007	\$ 75,378	294
June 1, 2007	\$ 1,520,772	n/a
July 1, 2007	\$ 75,378	294
October 1, 2007	\$ 55,941	218
January 1, 2008	\$ 72,699	294

Central Coast Water Authority
Raytheon Systems Company
 Four Year Financial Plan Charges

Fiscal Year	Requested Deliveries	Exchange Deliveries	Actual Deliveries
FY 2004/05	55	-	55
FY 2005/06	55	-	55
FY 2006/07	55	-	55
FY 2007/08	55	-	55

CCWA Fixed Charges

Fiscal Year	Fixed O&M Expenses ⁽¹⁾	Regional WTP Modifications			Exchange Agreement Modifications			Revenue Bond Debt Service ⁽²⁾	Fixed CCWA Charges
		Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	Capital Modifications	Fixed O&M Modifications	Total Exchange Modifications		
FY 2004/05	\$ 6,536	\$ 1,717	\$ (5,775)	\$ (4,058)	\$ -	\$ -	\$ -	\$ 26,935	\$ 29,413
FY 2005/06	6,968	1,673	(5,839)	(4,166)	-	-	-	27,694	30,495
FY 2006/07	7,217	1,692	(5,905)	(4,213)	-	-	-	27,739	30,743
FY 2007/08	7,476	1,711	(5,973)	(4,262)	-	-	-	27,651	30,865

(1) Includes capital improvement projects and non-annual recurring expenses.

(2) Net of CCWA credits.

CCWA Variable O&M Charges

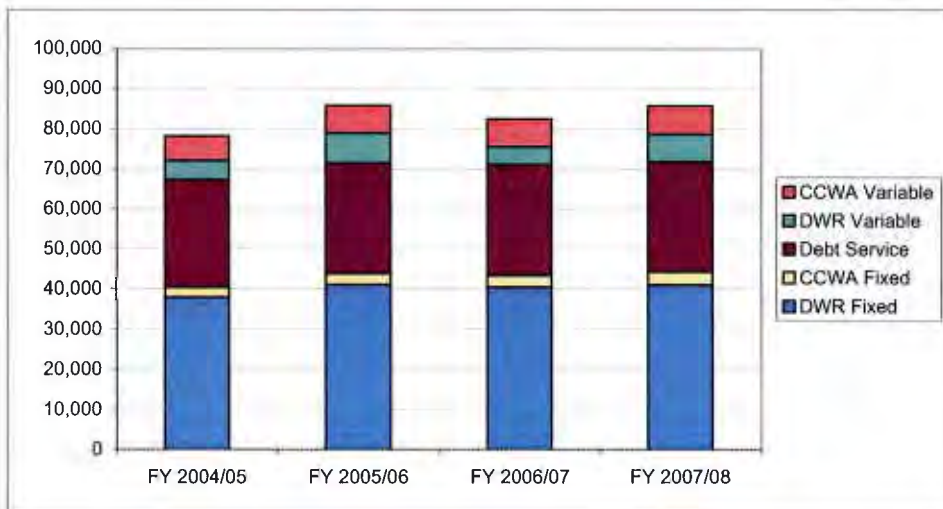
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	Regional WTP Modifications			Exchange Agreement Modifications			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2004/05	\$ 3,881	\$ 2,828	\$ 148	\$ (760)	\$ (612)	\$ -	\$ -	\$ -	\$ 6,096
FY 2005/06	4,435	3,190	179	(955)	(776)	-	-	-	6,849
FY 2006/07	4,554	3,190	182	(980)	(798)	-	-	-	6,946
FY 2007/08	4,786	3,190	187	(1,004)	(817)	-	-	-	7,159

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 2004/05	\$ 37,872	\$ 4,810	\$ 42,682	\$ 2,478	\$ 6,096	\$ 26,935	\$ 37,872	\$ 4,810	\$ 78,191
FY 2005/06	41,003	7,459	48,461	2,801	6,849	27,694	41,003	7,459	85,806
FY 2006/07	40,317	4,472	44,788	3,004	6,946	27,739	40,317	4,472	82,477
FY 2007/08	40,952	6,771	47,723	3,214	7,159	27,651	40,952	6,771	85,747

(3) Net of DWR account interest income.



Central Coast Water Authority
FY 2004/05 Four Year Financial Plan
 Project Participant Payment Summary

Raytheon Systems Company

Payment Due Date	Payment Amount	Requested SWP Delivery (acre-feet)
April 1, 2004	\$ 2,865	15
June 1, 2004	\$ 67,285	n/a
July 1, 2004	\$ 2,311	10
October 1, 2004	\$ 2,865	15
January 1, 2005	\$ 2,865	15
April 1, 2005	\$ 3,975	15
June 1, 2005	\$ 71,498	n/a
July 1, 2005	\$ 2,775	10
October 1, 2005	\$ 3,779	15
January 1, 2006	\$ 3,779	15
April 1, 2006	\$ 2,271	15
June 1, 2006	\$ 71,060	n/a
July 1, 2006	\$ 1,637	10
October 1, 2006	\$ 3,755	15
January 1, 2007	\$ 3,755	15
April 1, 2007	\$ 3,838	15
June 1, 2007	\$ 71,817	n/a
July 1, 2007	\$ 2,690	10
October 1, 2007	\$ 3,701	15
January 1, 2008	\$ 3,701	15

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 2004/05	511	(511)	(0)	
FY 2005/06	613	(613)	(0)	
FY 2006/07	613	(613)	(0)	
FY 2007/08	613	(613)	(0)	

CCWA Fixed Charges

Fiscal Year	Fixed O&M Expenses ⁽¹⁾	Regional WTP Modifications			Exchange Agreement Modifications			Revenue Bond Debt Service ⁽²⁾	Fixed CCWA Charges
		Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	Capital Modifications	Fixed O&M Modifications	Total Exchange Modifications		
FY 2004/05	\$ 392,120	\$ 85,473	\$ (287,447)	\$ (201,973)	\$ (37,212)	\$ (21,991)	\$ (59,204)	\$ 1,764,958	\$ 1,895,902
FY 2005/06	418,055	79,848	(278,724)	(198,875)	(44,637)	(26,970)	(71,608)	1,770,005	1,917,578
FY 2006/07	433,049	80,751	(281,873)	(201,122)	(44,637)	(27,780)	(72,417)	1,772,853	1,932,362
FY 2007/08	448,547	81,680	(285,117)	(203,437)	(44,637)	(28,613)	(73,250)	1,767,248	1,939,107

(1) Includes capital improvement projects and non-annual recurring expenses.

(2) Net of CCWA credits.

CCWA Variable O&M Charges

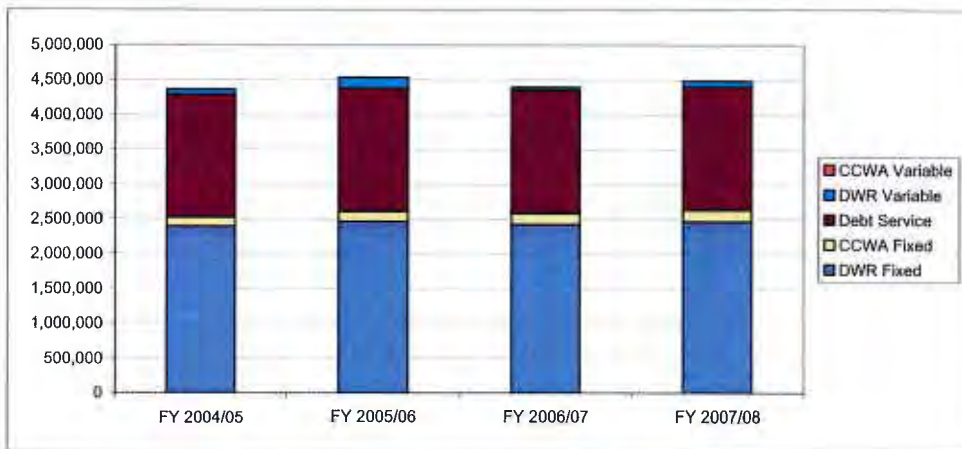
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	Regional WTP Modifications			Exchange Agreement Modifications			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2004/05	\$36,055	\$ 29,635	\$ (0)	\$ 3	\$ 2	\$ (7,065)	\$ (29,650)	\$ (29,003)	\$ (26)
FY 2005/06	49,428	35,554	(2)	3	2	(8,729)	(35,566)	(40,715)	(26)
FY 2006/07	50,758	35,554	(1)	4	2	(8,991)	(35,566)	(41,784)	(26)
FY 2007/08	53,337	35,554	(1)	4	2	(9,261)	(35,566)	(44,094)	(27)

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 2004/05	\$ 2,390,053	\$ 79,736	\$ 2,469,789	\$130,945	\$ (26)	\$ 1,764,958	\$ 2,390,053	\$ 79,736	\$ 4,365,666
FY 2005/06	2,460,162	158,293	2,618,454	147,572	(25.80)	1,770,005	2,460,162	158,292.55	4,536,006
FY 2006/07	2,419,004	43,688	2,462,692	159,509	(26.03)	1,772,853	2,419,004	43,687.75	4,395,028
FY 2007/08	2,457,106	92,863	2,549,969	171,860	(26.66)	1,767,248	2,457,106	92,862.77	4,489,049

(3) Net of DWR account interest income.



Central Coast Water Authority
FY 2004/05 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, 2004	\$ 19,908	307	(0)
June 1, 2004	\$ 4,285,957	n/a	n/a
July 1, 2004	\$ 19,986	28	0
October 1, 2004	\$ 19,908	13	(0)
January 1, 2005	\$ 19,908	163	(0)
April 1, 2005	\$ 67,931	393	1
June 1, 2005	\$ 4,377,739	n/a	n/a
July 1, 2005	\$ 27,473	44	(0)
October 1, 2005	\$ 23,747	13	(0)
January 1, 2006	\$ 39,115	163	(0)
April 1, 2006	\$ 6,785	393	1
June 1, 2006	\$ 4,351,366	n/a	n/a
July 1, 2006	\$ 6,457	44	(0)
October 1, 2006	\$ 7,751	13	(0)
January 1, 2007	\$ 22,669	163	(0)
April 1, 2007	\$ 47,541	393	1
June 1, 2007	\$ 4,396,213	n/a	n/a
July 1, 2007	\$ 12,698	44	(0)
October 1, 2007	\$ 9,523	13	(0)
January 1, 2008	\$ 23,074	163	(0)

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 2004/05	1,600	(511)	1,089
FY 2005/06	1,570	(613)	957
FY 2006/07	1,625	(613)	1,012
FY 2007/08	1,375	(613)	762

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 2004/05	\$ 392,121	\$ 85,473	\$ (287,447)	\$ (201,973)	\$ (37,212)	\$ (21,991)	\$ (59,204)	\$ 1,815,800	\$ 1,946,744
FY 2005/06	418,055	79,848	(278,724)	(198,875)	(44,637)	(26,970)	(71,608)	2,014,364	2,161,936
FY 2006/07	433,049	80,751	(281,873)	(201,122)	(44,637)	(27,780)	(72,417)	2,099,466	2,258,975
FY 2007/08	448,547	81,680	(285,117)	(203,437)	(44,637)	(28,613)	(73,250)	2,093,763	2,265,623

(1) Includes capital improvement projects and non-annual recurring expenses.

(2) Net of CCWA credits.

CCWA Variable O&M Charges

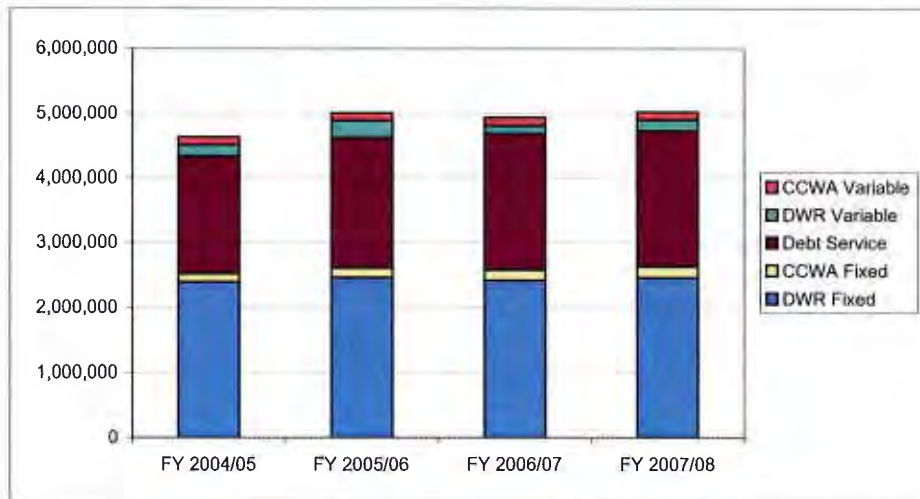
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	Regional WTP Modifications			Exchange Agreement Modifications			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2004/05	\$ 112,891	\$ 87,940	\$ 3,089	\$ (15,048)	\$ (11,959)	\$ (7,065)	\$ (29,650)	\$ (29,003)	\$ 123,153
FY 2005/06	126,595	91,060	3,429	(16,615)	(13,187)	(8,729)	(35,566)	(40,715)	119,458
FY 2006/07	134,554	94,250	3,616	(18,027)	(14,412)	(8,991)	(35,566)	(41,784)	128,052
FY 2007/08	119,639	79,750	3,459	(17,882)	(14,423)	(9,261)	(22,907)	(28,399)	124,399

DWR Charges

Total State Water Charges

Fiscal Year	DWR Fixed Costs ⁽³⁾	DWR Variable Costs	Total DWR Costs	Total State Water Charges					
				CCWA Fixed	CCWA Variable O&M	Debt Service	DWR Fixed	DWR Variable O&M	Total SWP Charges
FY 2004/05	\$ 2,389,887	\$ 171,616	\$ 2,561,503	\$130,944	\$ 123,153	\$ 1,815,800	\$ 2,389,887	\$ 171,616	\$ 4,631,400
FY 2005/06	2,460,162	259,396	2,719,558	147,572	119,458	2,014,364	2,460,162	259,396	5,000,952
FY 2006/07	2,419,004	124,385	2,543,389	159,509	128,052	2,099,466	2,419,004	124,385	4,930,416
FY 2007/08	2,457,106	171,035	2,628,141	171,860	124,399	2,093,763	2,457,106	171,035	5,018,162

(3) Net of DWR account interest income.



Central Coast Water Authority
FY 2004/05 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, 2004	\$ 52,269	390	83
June 1, 2004	\$ 4,336,631	n/a	n/a
July 1, 2004	\$ 71,453	280	252
October 1, 2004	\$ 75,344	300	287
January 1, 2005	\$ 95,703	630	467
April 1, 2005	\$ 73,217	415	23
June 1, 2005	\$ 4,622,098	n/a	n/a
July 1, 2005	\$ 78,201	255	211
October 1, 2005	\$ 88,985	300	287
January 1, 2006	\$ 138,450	600	437
April 1, 2006	\$ 14,908	445	53
June 1, 2006	\$ 4,677,979	n/a	n/a
July 1, 2006	\$ 34,796	255	211
October 1, 2006	\$ 76,391	310	297
January 1, 2007	\$ 126,341	615	452
April 1, 2007	\$ 66,246	400	128
June 1, 2007	\$ 4,722,729	n/a	n/a
July 1, 2007	\$ 70,181	265	265
October 1, 2007	\$ 75,370	300	300
January 1, 2008	\$ 83,637	410	287

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 2004/05	639	(341)	298	
FY 2005/06	740	(409)	331	
FY 2006/07	840	(409)	431	
FY 2007/08	940	(409)	531	

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 2004/05	\$ 261,413	\$ 56,982	\$ (191,631)	\$ (134,649)	\$ (24,808)	\$ (14,661)	\$ (39,469)	\$ 1,179,753	\$ 1,267,048
FY 2005/06	278,703	53,232	(185,816)	(132,584)	(29,758)	(17,980)	(47,738)	1,189,422	1,287,804
FY 2006/07	288,899	53,834	(187,915)	(134,082)	(29,758)	(18,520)	(48,278)	1,191,336	1,297,675
FY 2007/08	299,031	54,453	(190,078)	(135,625)	(29,758)	(19,075)	(48,833)	1,187,569	1,302,142

(1) Includes capital improvement projects and non-annual recurring expenses.

(2) Net of CCWA charges.

CCWA Variable O&M Charges

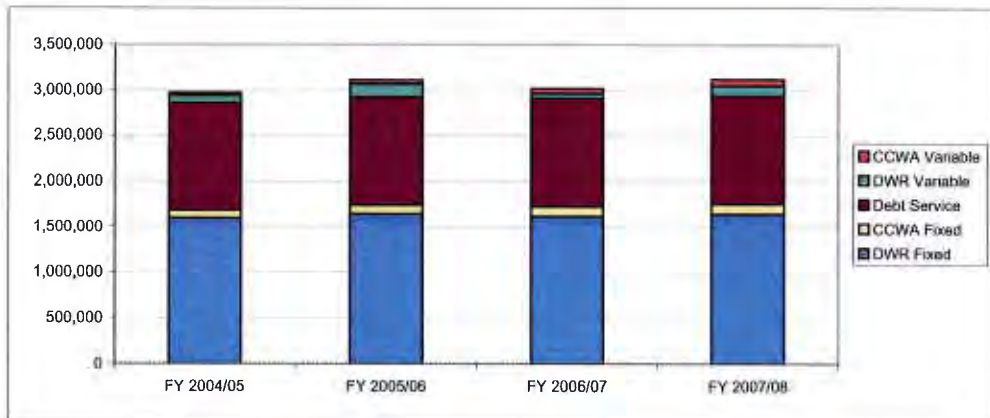
Fiscal Year	Variable O&M Expenses	Warren Act and Trust Fund Payments	<u>Regional WTP Modifications</u>			<u>Exchange Agreement Modifications</u>			Variable CCWA O&M Charges
			Regional WTP Allocation	Regional WTP Credit Back	Total Regional WTP	WTP Modifications	Warren Act Modifications	SYPF Modifications	
FY 2004/05	\$ 45,086	\$ 35,223	\$ 734	\$ (4,121)	\$ (3,387)	\$ (4,710)	\$ (19,766)	\$ (19,336)	\$ 33,110
FY 2005/06	59,669	42,920	1,004	(5,752)	(4,748)	(5,819)	(23,710)	(27,144)	41,168
FY 2006/07	69,554	48,720	1,352	(7,683)	(6,330)	(5,994)	(23,710)	(27,856)	54,384
FY 2007/08	81,789	54,520	1,883	(9,692)	(8,009)	(6,174)	(23,710)	(29,396)	69,020

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 2004/05	\$ 1,593,530	\$ 79,393	\$ 1,672,923	\$ 87,296	\$ 33,110	\$ 1,179,753	\$ 1,593,530	\$ 79,393	\$ 2,973,082
FY 2005/06	1,640,108	141,043	1,781,151	98,381	41,168	1,189,422	1,640,108	141,043	3,110,122
FY 2006/07	1,612,670	51,870	1,664,540	106,340	54,384	1,191,336	1,612,670	51,870	3,016,599
FY 2007/08	1,638,071	109,765	1,747,835	114,573	69,020	1,187,569	1,638,071	109,765	3,118,997

(3) Net of DWR account interest income.



Central Coast Water Authority
FY 2004/05 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, 2004	\$ 33,750	330	125
June 1, 2004	\$ 2,860,578	n/a	n/a
July 1, 2004	\$ 20,026	20	2
October 1, 2004	\$ 20,537	15	6
January 1, 2005	\$ 38,191	274	165
April 1, 2005	\$ 73,828	381	119
June 1, 2005	\$ 2,927,912	n/a	n/a
July 1, 2005	\$ 18,477	30	0
October 1, 2005	\$ 17,268	15	6
January 1, 2006	\$ 72,638	314	205
April 1, 2006	\$ 26,603	441	179
June 1, 2006	\$ 2,910,345	n/a	n/a
July 1, 2006	\$ 3,794	30	0
October 1, 2006	\$ 6,000	15	6
January 1, 2007	\$ 69,858	354	245
April 1, 2007	\$ 85,933	501	239
June 1, 2007	\$ 2,940,213	n/a	n/a
July 1, 2007	\$ 8,037	30	0
October 1, 2007	\$ 7,162	15	6
January 1, 2008	\$ 77,652	394	285





CCWA staff removing vault lid during Reach 2 inspection, November 2003.

Appendix

The Appendix to the FY 2004/05 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 2004/05 Budget

Form of government	Joint Powers Authority
Date of organization	August 1, 1991
Number of full-time equivalent positions	27.25
Polonio Pass Water Treatment Plant design capacity	43 million gallons per day
Authority pipeline (in miles)	42.5
Coastal Branch pipeline (in miles)	100.6
State water Table A amount	(acre-feet per year)
CCWA contract Table A amount	39,078
CCWA drought buffer	3,908
Goleta Water District additional Table A	<u>2,500</u>
TOTAL	45,486
FY 2004/05 Santa Barbara County estimated deliveries	35,523 acre-feet
San Luis Obispo State water Table A	4,830 acre-feet
FY 2004/05 estimated San Luis Obispo estimated deliveries	4,398 acre-feet
Amount of treated water storage in tanks	23.7 million gallons
Number of turnouts	10
Number of project participants	
Santa Barbara County	13
San Luis Obispo County	<u>11</u>
TOTAL	24
Estimated total population served by State water	
Santa Barbara County	340,000
San Luis Obispo County	<u>41,000</u>
TOTAL	381,000

CENTRAL COAST WATER AUTHORITY
STATEMENT OF INVESTMENT POLICY

I. PURPOSE:

This statement is intended to provide guidelines for the prudent investment of the Authority's cash balances, and outline the policies for maximizing the efficiency of the Authority's cash management system. The ultimate goal is to enhance the economic status of the Authority while protecting its assets.

II. SCOPE

It is intended that this policy cover all funds and investment activities under the direct authority of the Authority Board of Directors.

III. OBJECTIVES

- A. Safety. Safety of principal is the foremost objective of the Authority. Each investment transaction shall seek to first ensure that capital losses are avoided, whether they be from securities defaults or erosion of market value.
- B. Liquidity. An adequate percentage of the portfolio should be maintained in liquid short-term securities which can be converted to cash if necessary to meet cash requirements.
- C. Yield. Yield shall become a consideration only after the basic requirements of safety and liquidity have been met.

- D. Market-Average Rate of Return. The investment portfolio shall be designed to attain a market-average rate of return throughout budgetary and economic cycles, taking into account the Authority's risk constraints, the cash flow characteristics of the portfolio, and State and local laws, ordinances or resolutions that restrict investments.
- E. Diversification. The investment portfolio will be diversified to avoid incurring unreasonable and avoidable risks regarding specific security types or individual financial institutions.
- F. Prudence (Civil Code #2261). The standard of prudence to be used by investment officials shall be the "prudent investor" per Government Code section 53600.3 which states: "care, skill, prudence and diligence under the circumstances then prevailing, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency". This "Prudent Investor Standard" shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided that deviations from expectation are reported in a timely fashion, and appropriate action is taken to control adverse developments.
- G. Public Trust. All participants in the investment process shall act as custodians of the public trust. Investment officials shall recognize that the investment portfolio is subject to public review and evaluation. The overall program shall be designed and managed with a degree of professionalism that is worthy of the public trust. In a diversified portfolio it must be recognized that occasional measured losses are inevitable, and must be considered within the context of the overall portfolio's investment return, provided that adequate diversification has been implemented.

IV. DELEGATION OF AUTHORITY:

A. Investment Officer. Management responsibility for the investment program is hereby delegated to the Treasurer, who shall establish written procedures for the operation of the investment program, consistent with this policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Treasurer. The Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

B. Investment Oversight Committee. The Authority Finance Committee shall serve as the Investment Oversight Committee. The purpose of the Committee is to: (1) review the investment practices used by the Investment Officer for compliance with the investment policy and written procedures, (2) analysis of the quarterly Treasurer's report for adherence to established guidelines, and (3) advise Authority Board of Directors of any deviations from guidelines or any practices which are deemed to be imprudent for a public agency.

V. INTERNAL CONTROLS:

The Investment Officer shall establish a system of internal controls which shall be documented in writing. The internal controls shall be reviewed with the independent auditor. The controls shall be designed to prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent action by employees and officers of the Authority.

VI. REPORTING:

The Investment Officer shall submit monthly to the Board an investment report that summarizes all securities. For those securities with a maturity of more than 12 months, the type of investment, institution, date of maturity, investment amount, market value, and yield will also be provided. The Investment Officer shall also provide, on a quarterly basis, a statement of compliance of the portfolio with the Statement of Investment Policy and a statement of the Authority's ability to meet the expenditure requirements for the next six months.

VII. APPROVED INSTRUMENTS:

The Authority shall be governed by the California Government Code, Sections 53600 et seq. Where this policy specifies a percentage limitation for a particular category of investment, that percentage is applicable only at the date of purchase. Within the context of these limitations, the following investments are authorized, provided, however, that where there is no limitation on the term of the investment, no investment shall be made in any security which, at the time of the investment, has a term remaining to maturity in excess of 5 years, unless specifically exempted in Section X of this Investment Policy or the Board has granted express authority to make that investment no less than 3 months prior to the investment:

- (a) United States notes, bonds, bills, or certificates of indebtedness, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest.
- (b) Obligations issued by government sponsored corporations such as the Federal Farm Credit Bank System (FFCB), the Federal Home Loan Bank Board (FHLB), and the Federal National Mortgage Association (FNMA).

- (c) Commercial paper of prime quality of the highest ranking or of the highest letter and numerical rating as provided by Moody's Investors Service, Inc. or Standard and Poor's Corporation. Eligible paper is further limited to issuing corporations that are organized and operating within the United States and having total assets in excess of five hundred million dollars and have a rating of A-1+ by Standard & Poor's Corporation and P-1 by Moody's Investors Service and which matures not more than 270 days after the date of purchase. Purchases of commercial paper may not exceed 25 percent of the Authority's surplus money invested.

Commercial paper investments with one company may not exceed one third (33 1/3%) of total commercial paper investments.

- (d) Time deposits. The Authority may invest in non-negotiable Certificates of Deposit at commercial banks and savings and loan associations that are collateralized in accordance with the California Government Code.
- (e) Local Agency Investment Fund. The Authority may invest in the Local Agency Investment Fund (LAIF) established by the State Treasurer up to the maximum permitted by State law.
- (f) Money market funds rated "AAAm" or AAAM-G" or better by Standard & Poor's Corporation.

VIII. DEPOSITORIES:

The Treasurer will establish selection criteria for pre-approval of institutions to do business with. To qualify for selection, an institution must have an office in California. A written listing of approved institutions will be maintained by the Investment Officer.

IX. BROKER/DEALERS:

To provide for the optimum yield in the investment of the Authority's funds, the Authority's investment procedures shall be designed to encourage competitive bidding on transactions from approved brokers/dealers. In order to be approved by the Authority, the dealer must be a primary dealer reporting to the New York Federal Reserve, unless a comprehensive credit and capitalization analysis reveals that the firm is adequately financed to conduct public business; the dealer must be experienced in institutional trading practices and familiar with the California Government Code as related to investments; and other criteria as may be established in the investment procedures.

X. MATURITY RESTRICTIONS:

In addition to the 5 year limitation on investments specified in this policy, the average maturity of the Authority's combined portfolio shall not exceed 2 years without prior approval of the Board (for a specified period). Reserve Fund investments are exempt from this restriction; however, reserve fund investment maturities shall be limited to or prior to final maturity of the Authority's Bond Financing.

XI. RISK TOLERANCE

The Authority recognizes that investment risks can result from issuer defaults, market price changes or various technical complications leading to temporary illiquidity. Portfolio diversification is employed as a way to control risk. The Investment Officer is expected to display prudence in the selection of securities as a way to minimize default risk. No individual investment transaction shall be undertaken which jeopardizes the total capital position of the overall portfolio. The Investment Officer shall periodically establish guidelines and strategies to control risks of default, market price changes and illiquidity. In addition to these general policy considerations, the following specific policies will be strictly observed.

XII. SAFEKEEPING AND CUSTODY:

To protect against potential fraud and embezzlement, the assets of the Authority shall be secured through third-party custody and safekeeping procedures. The Investment Officer shall be bonded to protect the public against possible embezzlement and malfeasance. Safekeeping procedures shall be reviewed annually by the independent auditor and any irregularities noted should be reported promptly to the Treasurer and the Board.

XIII. PERFORMANCE EVALUATION AND OPERATIONS AUDIT:

The monthly investment reports submitted to the Board shall contain sufficient information to permit an independent organization to evaluate the performance of the investment program.

XIV. ETHICS:

All persons authorized to place or approve investments shall report annually on Form 721 of the Fair Political Practices Commission all required economic interests for that year.

XV. UPDATE OF POLICY:

This investment policy shall be reviewed at least annually to ensure its consistency with the overall objectives of preservation of principal, liquidity, and return, and its relevance to current law and financial and economic trends.

Central Coast Water Authority
Glossary of Terms
Fiscal Year 2004/05 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 2004/05 Budget

C

Capital Improvements - Expenditures for items or projects which usually have an estimated useful life longer than five (5) years and will benefit the Authority for a long period of time.

Capitalized Interest - Funds provided from the proceeds of an issue to cover interest payments until revenue sources to repay the debt are available.

Carry-Over - The term used to denote amounts which were expected to be expended during one fiscal year on a contract or obligation but were not expended for various reasons. Amounts are "carried over" into the subsequent fiscal year.

Coastal Branch Phase II - A 102-mile long buried pipeline, and ancillary facilities, extending from Devils Den (Kern County) to Tank 5 on Vandenberg Air Force Base (Santa Barbara County).

Coverage - The margin of safety for payment of debt service, reflecting the number of times by which earnings for a period of time exceed debt service payable in such a period.

D

Debt - An obligation resulting from the borrowing of money or from the purchase of goods and services. These include bonds and accounts payable.

Defeasance - To set aside sufficient money to retire outstanding debt when due. A full defeasance results in release from covenants and contractual obligations contained in the bond documents.

Deficiency - A general term indicating the amount by which anything falls short of some requirement of expectation.

Deficit - The excess of expenditures over revenues during an accounting period.

Delta Water Charge - A unit charge applied to each acre-foot of State water entitlement by DWR. The unit charge is applied to result in repayment of all outstanding reimbursable costs of the DWR Project Conservation Facilities, with appropriate interest, by the end of the State water contract repayment period (2035).

Department of Water Resources - The state agency responsible for financing, constructing and operating State Water Project facilities.

Depreciation - An element of cost resulting from the service of long-lived assets in an economic organization and represents the loss in asset value because of wear,

Central Coast Water Authority
Glossary of Terms
Fiscal Year 2004/05 Budget

deterioration, obsolesce or action of the physical elements. In this budget, no specific depreciation schedule or funding of depreciated assets is provided.

Drought Buffer - A portion of the Authority's State water entitlement (3,908 AF) which is being utilized to firm up the reliability of each Santa Barbara County project participant's Water Supply Agreement entitlement allocation.

E

Enterprise Fund - A fund established to account for the financing of self-supporting enterprises, such as a utility fund, which render services primarily to the public.

Entity - The basic unit upon which accounting and/or financial reporting activities focus.

Expenditures - A decrease in net financial resources.

F

Financing Participant - An Authority or San Luis Obispo County project participant that participated in the 1992 CCWA Revenue Bond and 1996 CCWA Refunding Revenue Bond issues.

Financial Reaches - Segments of the CCWA and DWR pipeline from or through which project participants receive water.

Fiscal Year - A twelve-month period of time to which the annual budget applies and, at the end of which a governmental unit determines its financial position and the results of its operations.

Fixed Asset - Assets of a long-term character which are intended to continue to be held or used, such as land, buildings, improvements other than buildings, machinery and equipment.

Fixed O&M Costs - Operating and maintenance expenses charged to the project participants which do not vary with the amount of water delivered to the project participant.

Fixed Project Costs - Capital costs, including Debt Service, reserves for the payment of debt service and other payments under the bond resolution which do not vary with the amount of water delivered to the project participant.

G

General Fund - The Authority's cash balance net of reserve balances.

Central Coast Water Authority
Glossary of Terms
Fiscal Year 2004/05 Budget

J

Joint Powers Authority - A public authority created by a joint exercise of powers agreement between any two or more governmental agencies. The authority may be given power to perform any function which all parties to the agreement are empowered to perform and which will be of benefit to all parties.

L

Line Item - Expenditure classifications established to account for and budget the appropriations approved.

Water Treatment and Local Facilities Agreements - Agreements, dated as of March 1, 1992, by and between San Luis Obispo County Flood Control and Water Conservation District and various San Luis Obispo County project participants.

M

Maintenance - The upkeep of physical properties in condition for use or occupancy. Examples are the inspection of equipment to detect defects and the making of repairs.

Master Water Treatment Agreement - Agreement, dated as of March 1, 1992, by and between the Authority and San Luis Obispo County Flood Control and Water Conservation District.

Modified Accrual Basis - The accrual basis of accounting adapted to the governmental fund type. Revenues are recognized when they become both "measurable" and "available to finance expenditures of the current period." Expenditures are recognized when the liability is incurred.

Monterey Agreement - The agreement which formed the basis for the Monterey amendments to the State Water Contract that includes, amount other provisions, the addition of Articles 51 through 56.

MOU Trust Fund - A trust fund established under a memorandum of understanding (July 6, 1995 effective date) by and between the Authority, Cachuma Project Authority (i.e., Cachuma Operations and Maintenance Board) and the United States of America, acting through the Bureau of Reclamation. The trust fund is funded by \$43/AF payments to the Cachuma Operations and Maintenance Board for State water wheeled through Cachuma Project facilities.

Municipal - In its broadest sense, an adjective which denotes the state and all subordinate units of government.

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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 elections 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, 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.

- The construction right of way and access roads were selected by CCWA staff, engineers, cultural experts and biologists to avoid sensitive resources wherever possible and, where avoidance was infeasible, to minimize environmental damage. Routes were field verified before construction to confirm they were the least environmentally impacting and most feasible routes. Access routes generally followed existing roads and the pipeline corridor to reduce new scarring.
- The right of way was narrowed where feasible to avoid environmental damage.
- The construction plans depicted sensitive areas to be avoided and mapped trees or habitat to be removed. Contractors received a pre-agreed bonus for saving vegetation marked for removal. It was a three-way "win-win" – contractors worked hard to earn the bonus; CCWA saved hefty revegetation costs; the natural environment was preserved and protected.
- The construction specifications required a "double lift" during pipeline trenching, whereby contractors would first remove topsoil, then remove subsoil and keep them separated during construction (topsoil with its valuable native seed bank was protected from wind and rain). The topsoil and subsoil were then restored in the proper order. This enhanced revegetation by using the natural seed bank and nutrients.
- Native seed and native plants grown from seed gathered from the local area were used for revegetation to preserve local genetic integrity and to avoid importing foreign stock that might carry pests and disease.
- CCWA required environmental training for all personnel entering the project site.
- Independent environmental monitors, with authority to halt construction to protect environmental resources, ensured that ground activities complied with the protective measures integrated into the plans and specifications. Monitors marked exclusion zones with bright tape to protect sensitive resources and scouted for previously unknown cultural sites, directing construction away from discovered sites so CCWA's cultural experts could study the sites, report them to the state and federal agencies and then mitigate.

- Biological surveys conducted shortly before construction located sensitive resources and identified the "before" condition of the habitat so post-construction restoration could be completed accurately, and the site restored to its pre-project condition.
- On-site pipe sections were "capped" at the ends to prevent wildlife from crawling inside. Monitors also checked the trench routinely to remove trapped animals.
- Upon completion of construction in each area, CCWA installed erosion controls such as water bars, straw bales and silt fencing to reduce erosion during the rainy season. Sites were monitored closely and erosion control devices repaired and replaced as needed. Revegetated areas are monitored regularly and monitoring will continue for five years.

CCWA's commitment to environmental protection resulted in a project which was virtually undetectable to the public just one year after completion because revegetation was so successful. In addition, CCWA's project management resulted in saving 323 oak trees (90% of those located in or near the pipeline right of way), rescuing 101 animals, preserving and curating 61 cultural artifacts and replanting from seed or seedling 450 oaks, 240 willows, and 60 acres of other native vegetation. Moreover, far fewer acres of sensitive habitat were impacted by the project, compared to the pre-construction impact estimates, thereby resulting in significantly lower mitigation efforts after completion. As a result, the costs of environmental mitigation were lower than expected, disruptive project delays were avoided and CCWA enjoys a good working relationship with the regulatory agencies.

Certain state-of-the-art engineering and construction techniques used on the project were necessary more for environmental than technical reasons. CCWA utilized microtunnel technology to cross under San Antonio Creek (Vandenberg Air Force Base) and the Santa Ynez River and the State utilized directional drilling technology to cross San Juan Creek in San Luis Obispo to avoid impacts to certain endangered species and sensitive habitat. In addition CCWA utilized "jack and bore" technology to install the pipeline under existing oak groves adjacent to Vandenberg Village (Santa Barbara County) and the City of San Luis Obispo, as well as for more traditional purposes such as railroad and freeway crossings.

When the CCWA Board of Directors approved construction of the 42-mile CCWA pipeline, it included a number of conditions. One condition was to require each of the CCWA project participants to commit that its SWP water entitlement will be used first to offset its proportionate share of groundwater overdraft and then to improve water quality for its consumers. (Any remaining water would be used for future growth consonant with community general plans.) Thus, SWP water is providing the "ultimate" environmental benefit by reducing groundwater overdraft in a number of areas throughout the county.

Water Supply Reliability

The availability of SWP water supplies varies with hydrologic cycles and overall SWP demand. During wet years the SWP is able to deliver sufficient water to meet most or all SWP delivery requests. During extended dry year conditions, the SWP can deliver only a portion of requested deliveries.

In June 1993 CCWA retained an additional 3,908 acre-foot "drought buffer" entitlement to partially firm up the reliability of the 39,078 acre-feet of SWP entitlement for which CCWA (Santa Barbara County) project participants contracted. During those years that availability of SWP water exceeds project participants' demand, project participants can store drought buffer water (and unused WSA entitlement allocations) either directly into a groundwater basin or on an in-lieu basis (i.e., by taking delivery of the drought buffer and reducing groundwater pumping by an equal amount). During dry years when availability of SWP water is less than CCWA project participants' demand, stored drought buffer water (and stored entitlement water) can be used to augment SWP deliveries. On a long-term average basis, this results in the equivalent of 80% delivery of full annual entitlement (i.e., the 39,078 acre feet) year in and year out.

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.

has since been utilized during certain dry years when additional water is needed by SWP contractors. The water bank also is only for one-year sales of water.

- Term water purchases and sales of SWP entitlement by CCWA project participants in accordance with the CCWA Water Transfer Procedures adopted in March 1996. The procedures typically cover multi-year temporary and permanent sales of SWP entitlement.

Possible future actions that would further enhance SWP entitlement reliability include (1) the State building additional SWP facilities, (2) the State (and federal government) implementing water supply and reliability enhancements resulting from the CALFED process and (3) CCWA instituting a new or participating in an existing groundwater banking program on behalf of its project participants.

The Future

The most significant current challenge to CCWA project participants is financial. Consequently, CCWA continues to strive to ensure the cost effectiveness of both its and the State's operations. With time, the affordability of State water will improve due to the fixed nature of the majority of SWP costs.

As each project participant's demand for State water approaches its entitlement allocation, supply reliability will become CCWA's most significant challenge. The magnitude of this challenge is increased by the fact that demand by other urban State water contractors is also increasing with time. Methods of enhancing the reliability of CCWA's SWP entitlement were previously discussed in the section entitled "Water Supply Reliability."

CCWA staff currently monitor water quality parameters at the Polonio Pass Water Treatment Plant and at each turnout and tank site along the pipeline. As a wholesaler and service provider, CCWA monitors all parameters requested by its project participants, as well as those mandated by state and federal regulators. New water quality analyses currently being conducted by CCWA but not yet regulated include Giardia, Cryptosporidium, total organic carbon (along with its uv-254 surrogate) and haloacetic acids.

CCWA will continually strive to secure maximum performance from the Polonio Pass Water Treatment Plant as state and federal regulations are added and permissible contaminant levels change. The plant's ability to utilize enhanced coagulation, the granular activated carbon filter beds and the post-filtration chlorine contactor will play an important role in meeting the next generation of regulations. The treatment plant can also accommodate the addition of a settled water ozone contactor or other new treatment processes should they ever become necessary.

Environmental protection has been built into every level of CCWA operations. The CCWA O&M manual requires using special balloon-tired vehicles in sensitive areas, utilizing portable dechloramination units whenever potable water is released from the pipeline, having environmental specialists review any earth disturbing activities, restoring and revegetating all disturbed sites, maintaining erosion control along the right of way and conducting aerial surveys when land-based vehicles are inappropriate for use.

The future issues noted above illustrate the continued viability of the vision first expressed in 1993 when the CCWA Board of Directors adopted its Mission Statement and Objectives (Figure 3). CCWA has built both the organization and infrastructure that will support this vision well into the future.

July 1998

Figure 1 – State Water Project Facilities



**Figure 2 – State Water Project Contracting Agencies
(and year of initial water delivery)**

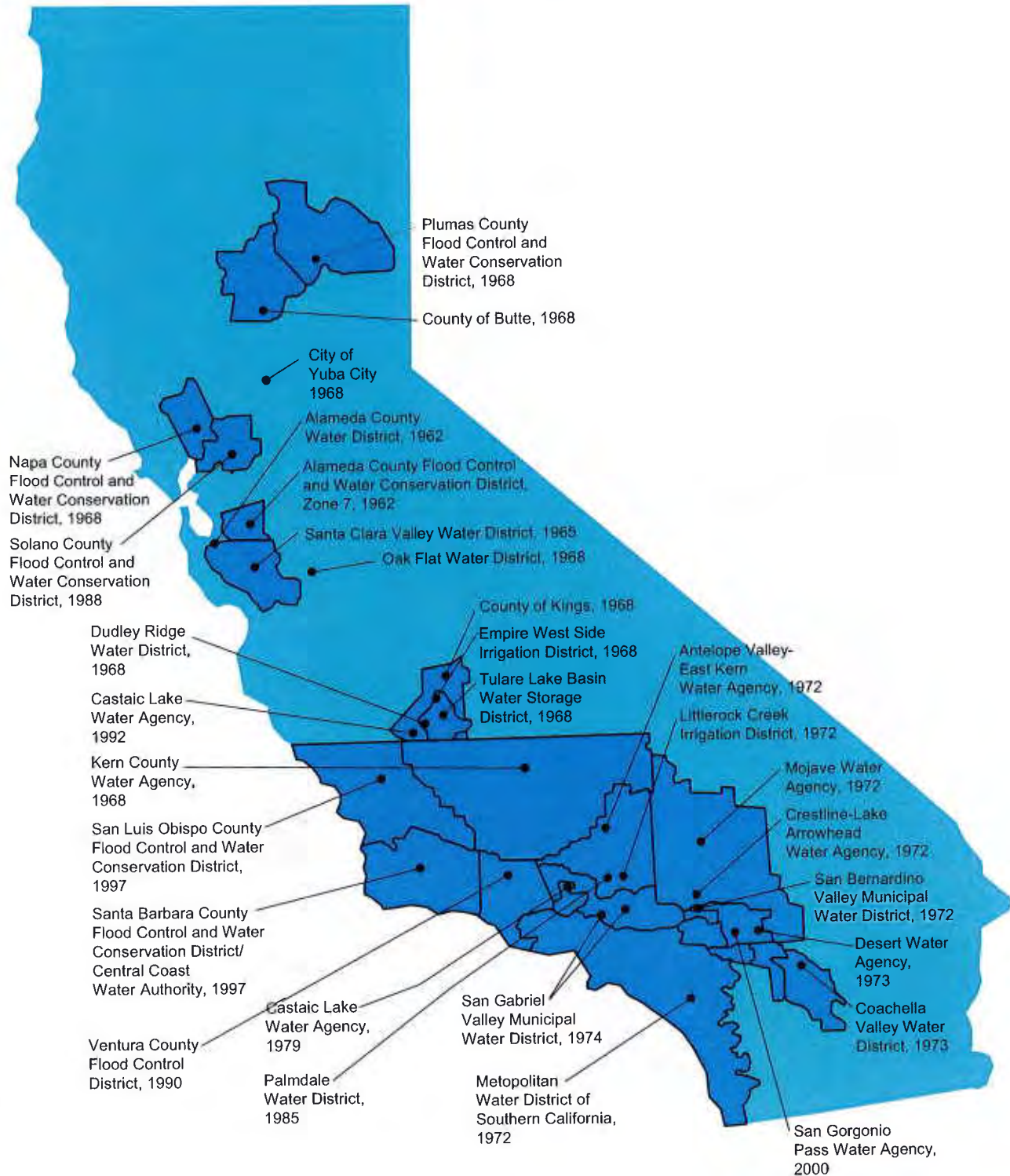


Table 1

COASTAL BRANCH PHASE II PROJECT DATA *

Tank Sites*	1	1	2	5	7
	raw water	treated water	treated water	treated water	treated water
# of tanks	3	2	2	2	1
total capacity (million gallons)	24.2	9.8	6.4	5	2.5

* Tank sites 3, 4 and 6 were eliminated during design of the facilities.

Polonio Pass Water Treatment Plant	43 million gallon per day capacity (disinfection process uses combination of chlorine and ammonia - chloramination)
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Pipeline		
Location (from/to)	Pipeline Diameter (inches)	Distance (miles)
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/Purísima Road	39	13.3
Purísima Road/Santa Ynez Pumping Facility	36	21.2
Santa Ynez P.F./Lake Cachuma	30	8.0
Total Pipeline >>>		143.1

Pump Plants	Flow Rate (cfs)	Horsepower (each pump)	# of Pumps	Lift (ft)
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

Location	Agencies Served
Chorro Valley (SLO County)	California Mens Colony, Cuesta College, County of SLO Operations Center, City of Morro Bay
Lopez (SLO County)	Océano CSD, City of Pismo Beach, San Miguelito Mutual Water Company, Avila Beach CSD, San Luis Coastal Unified School District, Avila Valley Mutual Water Company
Guadalupe	Guadalupe
Santa Maria	Santa Maria
Southern California Water Company (Orcutt)	California Cities Water Company
Vandenberg AFB	VAFB
Buellton	Buellton
Solvang	Solvang
Santa Ynez	Santa Ynez
Lake Cachuma*	Goleta WD, City of Santa Barbara, Montecito WD, Carpinteria Valley WD, Morehart Land Company, Santa Barbara Research Center, La Cumbre Mutual Water Co.

* Water discharged to Lake Cachuma is dechlorinated and then retreated on the South Coast.