

FY 2023/24 Preliminary Budget

Board of Directors Meeting March 23, 2023



Budget Overview in Total



- Preliminary FY 2023/24 Budget: \$56.4 million
- Final FY 2022/23 Budget: \$51.2 million
- Gross budget increase of \$5.3 million

FY 2023/24 Preliminary Budget Summary



<i>FY 2023/24 BUDGET SUMMARY</i>			
	FY 2022/23	FY 2023/24	Increase
	Budget	Budget	(Decrease)
CCWA Operating Expenses	\$ 11,170,177	\$ 12,342,414	\$ 1,160,160
DWR Fixed and Variable Costs	39,002,504	42,174,350	3,171,846
Capital Improvement & Non Capital Projects	1,674,254	2,602,215	927,961
Warren Act Charges	764,882	275,673	(489,209)
Subtotal	52,611,817	57,394,652	4,770,758
CCWA Credits	(1,480,800)	(971,784)	509,016
TOTAL :	\$ 51,131,017	\$ 56,422,868	\$ 5,279,774

\$5.3 M.
increase in
budget costs

FY 2023/24 Preliminary Total Payments by Project Participant



Two-Year Total Combined Fixed and Variable Payments History by Project Participant

Project Participant	Total Payments FY 2022/23	Total Payments FY 2023/24	Change FY 2022/23 to FY 2023/24
Guadalupe	\$ 527,811	\$ 718,848	\$ 191,037
Santa Maria	18,274,518	20,660,581	2,386,063
Golden State Water Co.	624,594	713,938	89,344
Vandenberg SFB	5,251,985	8,262,751	3,010,766
Buellton	696,847	808,728	111,881
Santa Ynez (Solvang)	2,320,692	2,143,283	(177,409)
Santa Ynez	1,103,715	891,879	(211,836)
Goleta	8,020,978	7,690,291	(330,687)
Morehart Land	324,514	315,833	(8,682)
La Cumbre	1,400,269	1,589,951	189,681
Raytheon	58,571	66,185	7,614
Santa Barbara	5,010,916	4,314,946	(695,969)
Montecito	3,772,031	4,255,067	483,036
Carpinteria	2,948,805	2,893,510	(55,295)
Shandon	11,631	15,727	4,096
Chorro Valley	395,114	516,928	121,814
Lopez	388,026	552,345	164,319
TOTAL:	\$51,131,018	\$ 56,410,791	\$ 5,279,774

Note: Total Payments for FY 2022/23 include \$787,136 in additional DWR fixed costs billed after the release of the 2023 SOC in July 2022 and a legal costs budget carryover from FY 2021/22 into FY 2022/23 of \$ 884,087.

FY 2023/24 Preliminary Total Payments by Project Participant



Two-Year Total Fixed Payments History by Project Participant

Project Participant	Total Payments FY 2022/23	Addtl DWR Fixed Payments FY 2022/23	Total Payments FY 2022/23	Total Payments FY 2023/24	Change FY 2022/23 to FY 2023/24
Guadalupe	\$ 511,780	\$ 11,165	\$ 522,945	\$ 682,192	\$ 159,248
Santa Maria	17,379,463	323,784	17,703,248	20,048,568	2,345,321
Golden State Water Co.	598,085	11,075	609,160	647,375	38,214
Vandenberg SFB	4,765,088	60,404	4,825,493	7,259,009	2,433,516
Buellton	655,006	11,390	666,396	786,062	119,666
Santa Ynez (Solvang)	1,899,359	46,195	1,945,554	2,028,945	83,391
Santa Ynez	779,220	913	780,133	573,534	(206,600)
Goleta	5,847,555	108,373	5,955,927	6,726,512	770,584
Morehart Land	255,191	3,202	258,393	271,655	13,261
La Cumbre	1,294,622	26,095	1,320,718	1,401,119	80,401
Raytheon	57,623	948	58,571	66,185	7,614
Santa Barbara	3,903,673	78,494	3,982,167	4,181,770	199,603
Montecito	3,603,889	63,209	3,667,098	4,121,891	454,793
Carpinteria	2,432,037	41,888	2,473,925	2,751,999	278,074
Shandon	11,631	-	11,631	15,727	4,096
Chorro Valley	209,003	-	209,003	276,138	67,135
Lopez	227,309	-	227,309	315,902	88,593
TOTAL:	\$ 44,430,534	\$ 787,136	\$ 45,217,671	\$ 52,154,583	\$ 6,936,912

\$6.9 M.
increase in
fixed costs

FY 2023/24 Preliminary Total Payments by Project Participant



Two-Year Total Variable Payments History by Project Participant

Project Participant	Total CCWA Payments FY 2022/23	Total DWR Payments FY 2022/23	Total Warren Act Payments FY 2023/24	Total variable Payments FY 2022/23	Total variable Payments FY 2023/24	Change FY 2022/23 to FY 2023/24
Guadalupe	\$ 1,540	\$ 3,325	\$ -	\$ 4,866	\$ 36,655	\$ 31,789
Santa Maria	180,622	390,648	-	571,270	612,013	40,743
Golden State Water Co.	4,878	10,555	-	15,433	66,563	51,130
Vandenberg SFB	135,306	291,186	-	426,492	1,003,742	577,250
Buellton	9,628	20,823	-	30,451	22,667	(7,784)
Santa Ynez (Solvang)	118,746	256,393	-	375,139	114,339	(260,800)
Santa Ynez	240,701	82,880	-	323,582	318,346	(5,236)
Goleta	612,859	1,020,830	431,362	2,065,051	963,779	(1,101,272)
Morehart Land	21,235	29,940	14,946	66,121	44,178	(21,943)
La Cumbre	25,560	36,001	17,991	79,552	188,832	109,280
Raytheon	-	-	-	-	-	-
Santa Barbara	296,894	522,886	208,969	1,028,749	133,176	(895,572)
Montecito	-	104,933	-	104,933	133,176	28,243
Carpinteria	130,161	253,105	91,614	474,881	141,511	(333,370)
Shandon	-	-	-	-	-	-
Chorro Valley	186,111	-	-	186,111	240,789	54,678
Lopez	160,717	-	-	160,717	236,443	75,726
TOTAL:	\$ 2,124,961	\$ 3,023,505	\$ 764,882	\$ 5,913,347	\$ 4,256,209	\$ (1,657,138)

\$1.7 M.
decrease in
variable costs

Budget Credits



CCWA Credits:

- Member credits from under expended O&M costs from prior year + interest income credits on reserve funds

DWR SOC credits:

- Rate Management Credits
- Debt Service Reserve Fund Excess release
- Coastal Branch Bond cover refund
- WSRB Power Debt service refund (not inclusive of interest)
- Transportation Capital Prior year credit (over/under adjustment)
- Return of Bond Cover Charge
- Prior year credits (projected year end balances, interest allocations, Davis Dolwig refund, etc.)



Participant Payments

➤ Fixed Assessment

Fixed CCWA&DWR costs are billed annually and are due June 1st

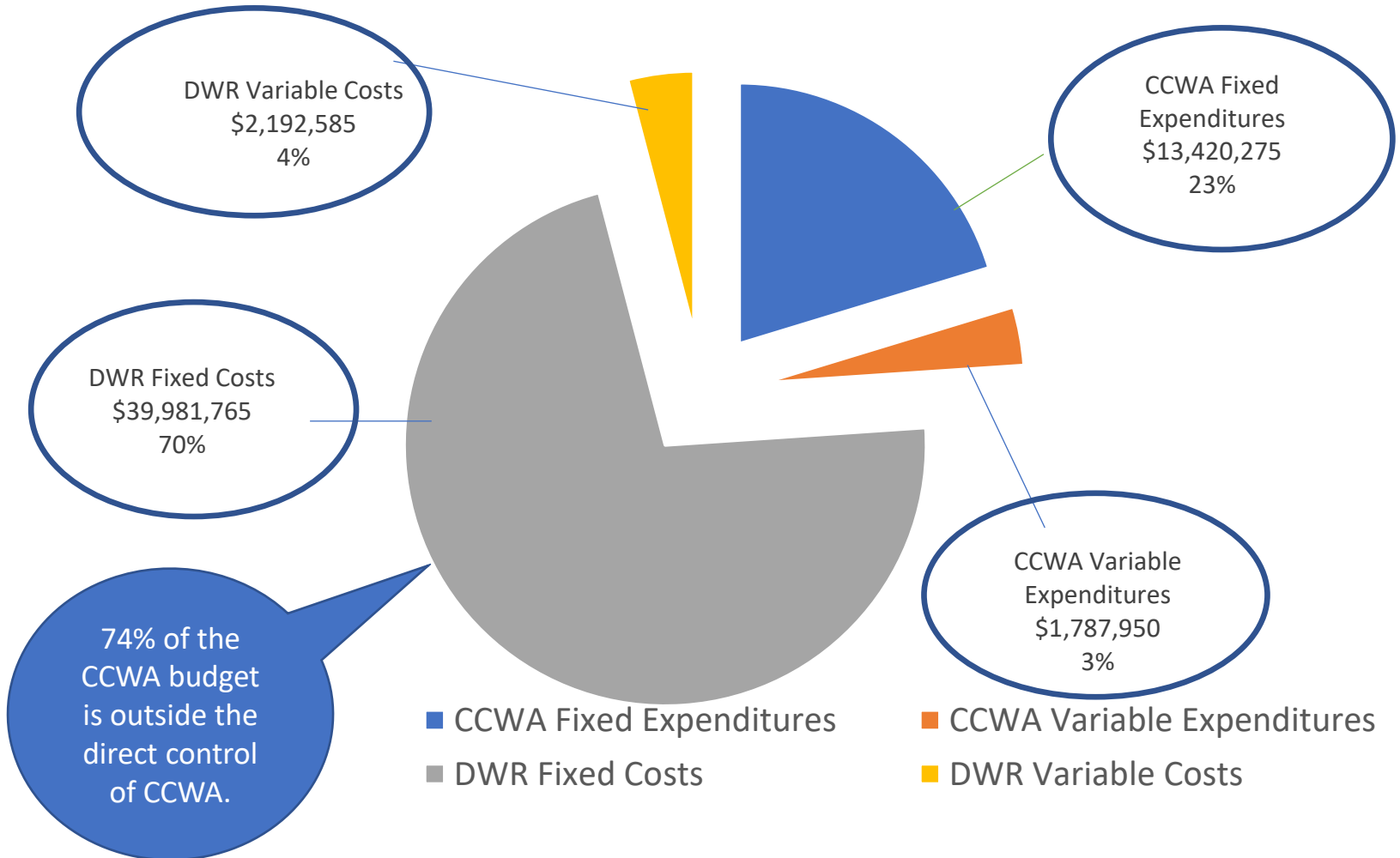
➤ Variable Assessment

Deposit collected quarterly with a true up in January and after Fiscal Year End close

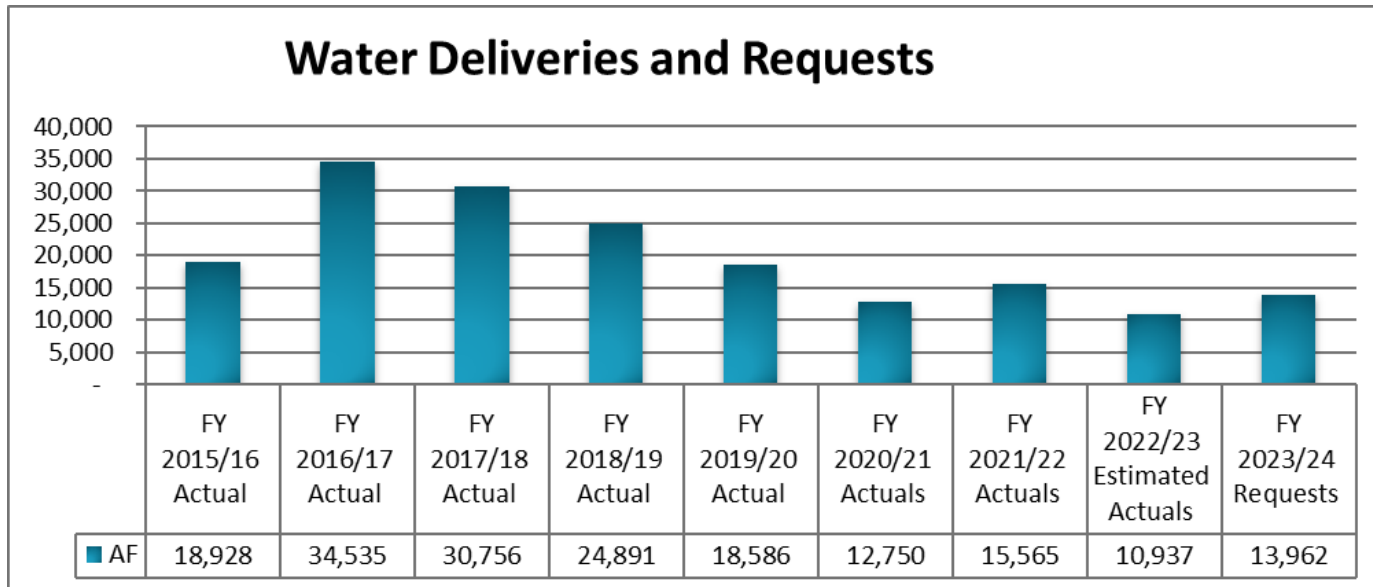
➤ Annual Reconciliation

Occurs at Fiscal Year End

FY 2023/24 Preliminary Budget Components



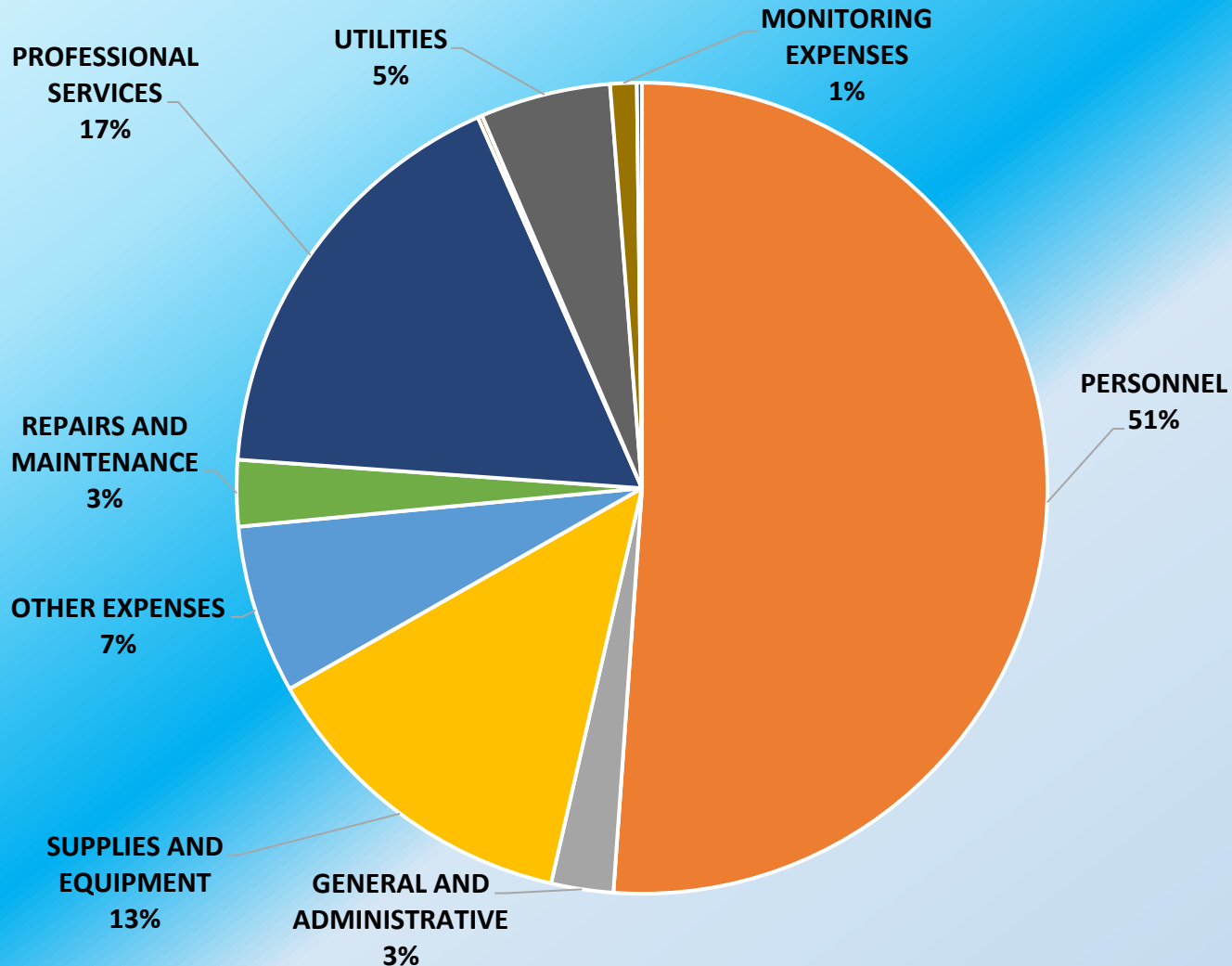
FY Water Deliveries



Requested water deliveries – Decrease of 1,021 AF

- FY 2023/24: 13,962 acre-feet
- FY 2022/23: 14,983 acre-feet

FY 2023/24 CCWA Operating Expense Components



CCWA Operating Expenses



- Preliminary FY 2023/24 Operating Expense Budget: \$12.3 million
- \$1.2 million increase over FY 2022/23 Budget

	Final FY 2022/23 Budget	Preliminary FY 2023/24 Budget	Increase	Percentage Change
Fixed O&M	\$ 9,045,216	\$ 10,542,387	\$ 1,497,171	16.55%
Variable O&M	2,124,961	1,787,950	(337,011)	-15.86%
Total:	\$11,170,177	\$ 12,330,337	\$ 1,160,160	10.39%

Personnel Expenses



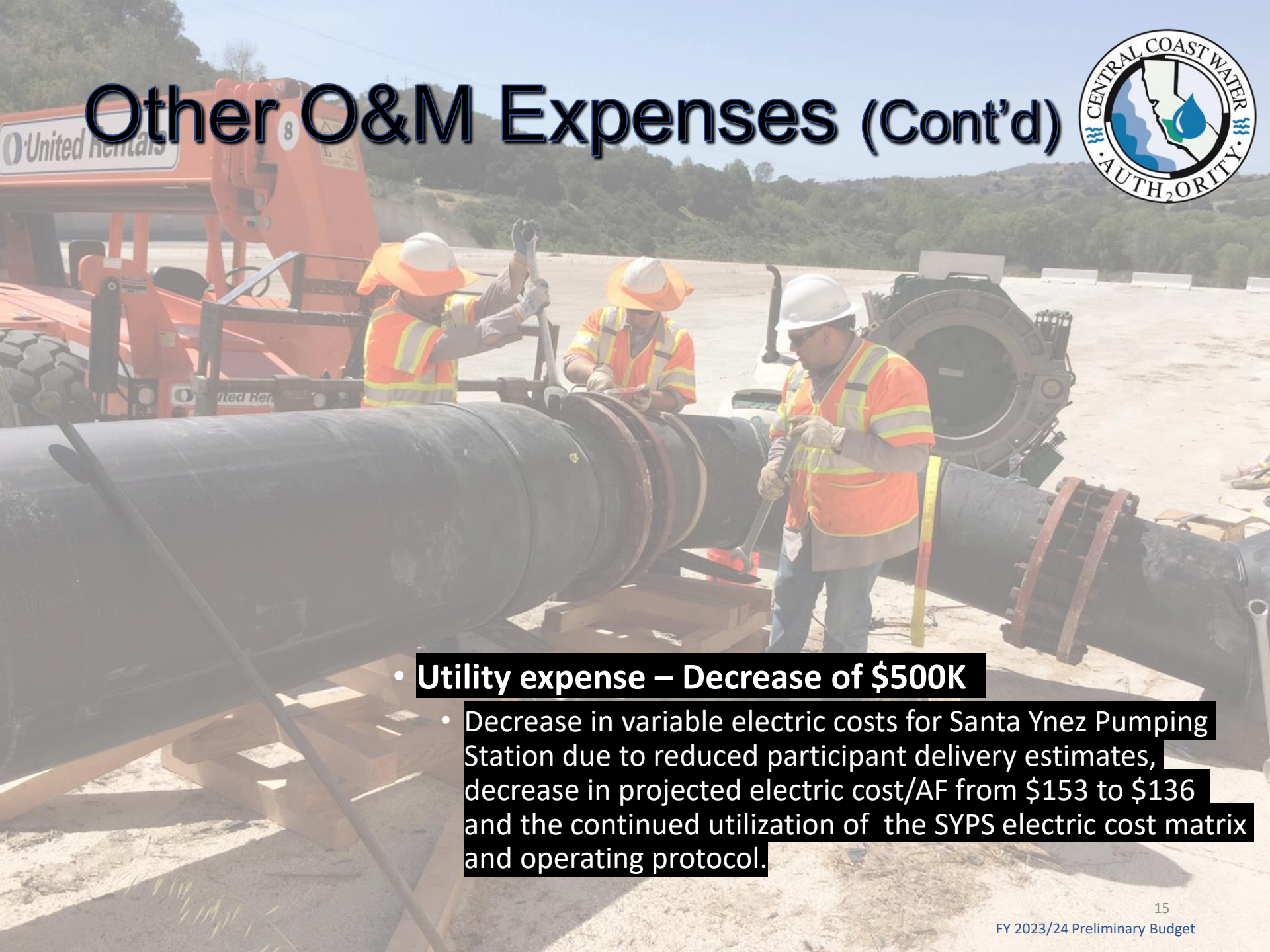
- **Regular wages - Increase of \$388K (11.34%)**
 - 1 Operating Manager (\$148K)*
 - 1 WTP Operator trainee(\$85K)*
- **Health, dental/vision plan, insurance - Increase of \$130K**
- **Retirement expenses - Increase of \$175K**

Other Expenses



- **Supplies and Equipment - Increase of \$195K**
 - WTP variable chemical costs per AF increased from \$72.85/AF to \$87.38/AF or 20% increase
- **Professional Services - Increase of \$600K**
 - \$516,000 increase – Legal costs
 - \$70,000 increase – Professional services
- **General and Administrative – Increase of \$14K**
 - \$11,500 increase – Employee training, including safety

Other O&M Expenses (Cont'd)



- **Utility expense – Decrease of \$500K**
 - Decrease in variable electric costs for Santa Ynez Pumping Station due to reduced participant delivery estimates, decrease in projected electric cost/AF from \$153 to \$136 and the continued utilization of the SYPS electric cost matrix and operating protocol.

Capital, Non-Capital Projects



WTP Flash
mix pump
install

Capital, Non-Capital Projects



Total project expenditures of \$2.6 million

- **Increase of \$928K over the prior year**
- **11 Capital Improvement and 10 Non-Capital projects, including:**
 - Office Building (WTP): \$714K
 - Repair of Corroded Risers of Air Vacuum/Air Release Valves-Phase 3 (SYI): \$426K
 - SYPP Surge Tank Pedestal Repair (SYII): \$368K
 - MIB Geosmin Analyzer (WTP): \$263K
 - New accounting software and new document management systems (ADM/WTP/DIST): \$88K
 - Serving and Expanding Portable Dosing Equipment (DIST): \$68K



Regional WTP Allocation

- FY 2023/24 regional WTP allocation charge:
 - Fixed: \$1,396,388 or *\$35.73/AF*
 - Variable: \$216K or *\$22.62/AF*
- Fixed and variable regional WTP allocation credit to the South Coast: \$1,396,388 or *\$123.30/AF*.

Exchange Agreement Modifications



- FY 2023/24 Santa Ynez Exchange Agreement Modifications based on **2,425** AF of exchange water:
 - Fixed: \$299K or *\$123.30/AF*
 - Variable: \$263K or *\$108.66/AF*

Warren Act/Trust Fund Charges



FY 2023/24 Warren Act and Trust Fund: \$275K

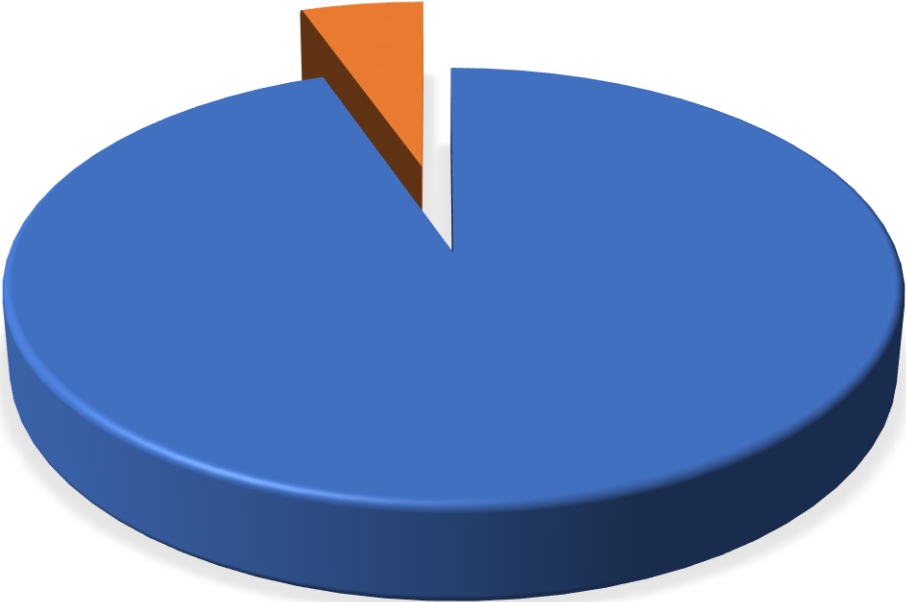
- 1,992 AF of water delivered into Cachuma Lake at \$138.39/AF
 - COMB: \$43/AF
 - USBR: \$95.39/AF

- Temporary Warren Act contract with USBR calls for a rate adjustment on October 1, 2022 and October 1, 2023
 - New contract rate not available yet
 - Temporary contract to expire September 30, 2024

DWR Fixed and Variable Charges



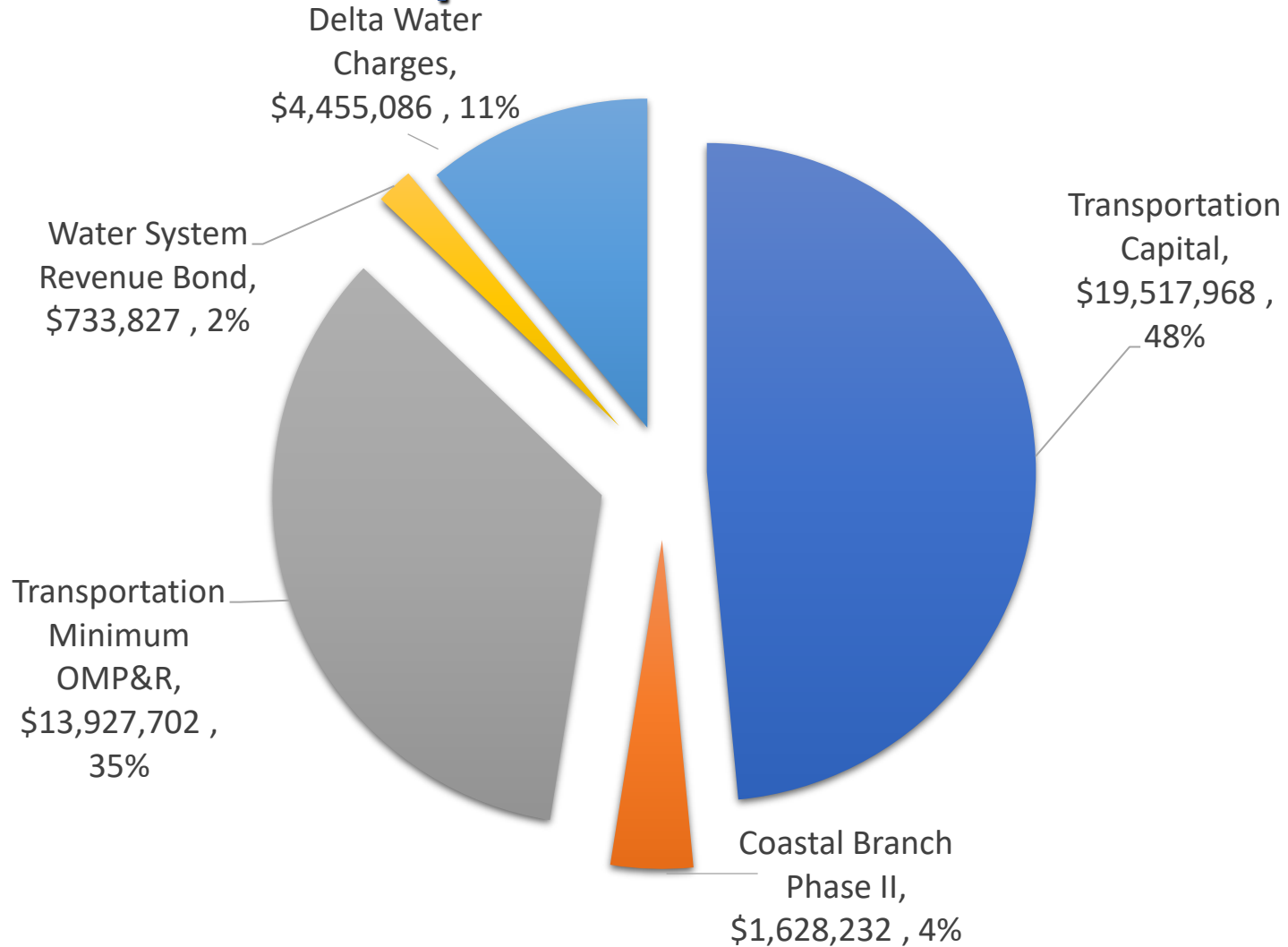
DWR Variable - \$2,192,585 - 5%



DWR Fixed - \$40,262,815 - 95%



FY 2023/24 DWR Fixed Charge Components



DWR Fixed Charges



Cost Component	FY 2021/22 Actual	FY 2022/23 Budget	FY 2022/23 Est. Actual ⁽¹⁾	FY 2023/24 Budget	FY 2022/23 Budget to FY 2023/24 Budget Increase (Decrease)
Transportation Capital	\$ 20,299,861	\$ 19,161,435	\$ 19,163,519	\$ 19,517,968	\$ 356,533
Coastal Branch Phase II	3,098,524	2,896,644	2,650,842	1,628,232	(1,268,412)
Transportation Minimum OMP&R	11,056,910	9,807,761	9,807,761	13,927,702	4,119,941
Water System Revenue Bond	605,552	291,787	280,192	733,827	442,040
Delta Water Charges	4,932,865	3,849,690	3,849,690	4,455,086	605,397
Subtotal Fixed DWR Charges	\$ 39,993,713	\$ 36,007,316	\$ 35,752,003	\$ 40,262,815	\$ 4,255,499

- Transportation Minimum: \$4M increase due to over/under adjustment from prior year true up
- Coastal Branch: \$1.3M decrease due to lower principal and interest payment
- Water System Revenue Bond Surcharge: \$0.4M increase
- Delta Water Charge: \$0.6M increase
- Transportation Capital: \$0.36M increase

DWR Variable Charges



DWR Variable Cost Comparison

Cost Component	FY 2021/22	FY 2022/23	FY 2022/23	FY 2023/24	FY 2022/23 Budget to FY 2023/24 Budget
	Actual	Budget	Est. Actual ⁽¹⁾	Budget	Increase (Decrease)
Off-Aqueduct Charges	18,845	22,430	22,432	39,304	16,874
Variable OMP&R	2,692,386	3,001,075	2,222,757	2,153,282	(847,794)
Subtotal Variable DWR Charges	\$ 2,711,231	\$ 3,023,505	\$ 2,245,189	\$ 2,192,585	\$ (830,920)

- FY 2023/24 DWR variable charges: \$2.2 million
 - \$0.8M decrease over prior year budget amount due to water delivery amounts decreasing from 10,913 AF to 9,570 AF
 - Budget based on a unit rate of \$225/AF



Variable cost per acre-foot

- Table A Water:
 - North County: \$360.38/AF
 - South Coast: \$526.07/AF
- Santa Ynez Exchange Water:
 - Santa Ynez ID#1: \$231.96/AF
 - South Coast Exchange Participants: \$229.11/AF

Reserve Funds as of January 31, 2023



- O&M Reserve Fund - \$2,022,477
- DWR Reserve Fund - \$5,888,414
- Rate Coverage Reserve Fund - \$9,601,020



Goals for FY 2023/24

- Negotiate a long-term Warren Act Contract with the Bureau of Reclamation
- Explore water banking opportunities
- Research/replace existing accounting and document management systems
- Succession Planning

Anticipated changes to the preliminary budget

- Rate Management Credits allocation to Contractors to increase from \$40M to \$48M
 - As part of the Contract Extension Amendment, CCWA share of credit is estimated to be an increase of \$0.5M.
- Warren Act rate/AF per current contract with USBR



QUESTIONS?



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