



Water News

Special Edition: Planning For Montecito Water Future ■ Summer 2006

Montecito's Complex Water Picture



Montecito's water planners recently completed a long-range forecast of District water supplies, costs, and revenue needs. Many factors were involved.

One is the growing requirement for ever-higher water quality, driving the need for elaborate and costly water treatment. Upgrades to Cater Treatment Plant and the covering of Ortega Reservoir are examples.

Another is the abundant rainfall itself—a blessing to landscapes, but causing a significant reduction in water usage by our customers, and a consequent drop in District revenues.

Add to this our own continuing investment in essential infrastructure upgrades—pipelines, pump stations, and fire hydrants—that must be completed and paid for.

Moreover, Montecito's water customers are gradually increasing their consumption year by year. Our planners are considering ways to assure that there will always be a reliable supply of water.

Two Wet Years... But What's Next?

The last two winters have brought an abundance of rain, breaking a period of low rainfall that caused us to begin seeking additional water supplies.

The swings in weather cycles from drought to flood are common in our area. Such changes are just one part of the complex water situation that your Water District is grappling with in its water planning. But there is much more to the story...



This special edition of Water News describes the District's work to develop a complete picture of our water and financial situation, and the ways we are ensuring reliable and cost-effective water solutions.

Major Cost Challenges

Our goal is to ensure that you, our customer, will always have high quality water to meet your needs, at any time and under all conditions.



Here are some of the challenges we are addressing in accomplishing that goal.



Ortega Reservoir Project

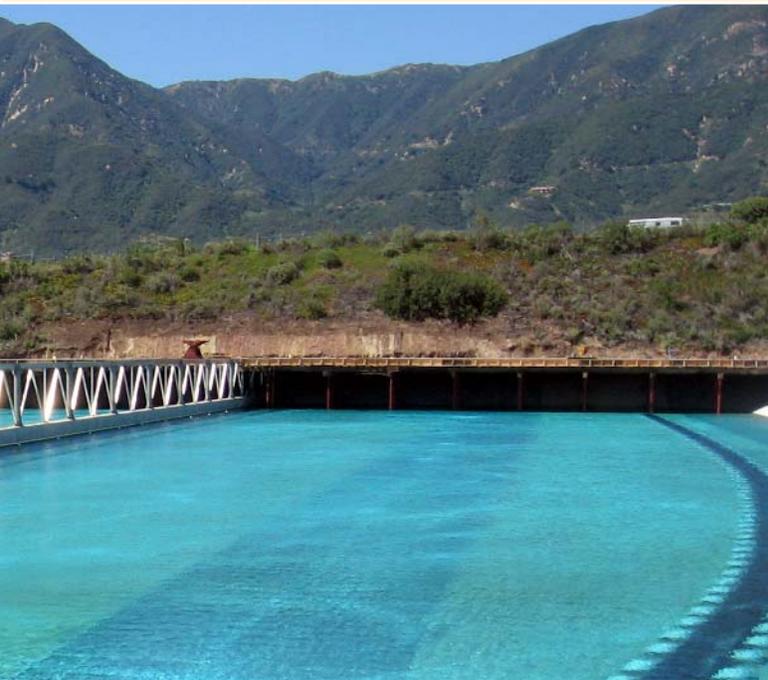
Investments For Quality Water

Our water quality is excellent and meets all current standards. But ever-tighter mandated quality requirements cause us to continue making major investments to protect and improve water quality. In the coming year alone, we will be required to invest about \$600,000 to pay for Cater Treatment Plant improvements, and over \$3.5 million to pay our share to cover Ortega Reservoir.



Cater Water Treatment Plant

Facing Water District

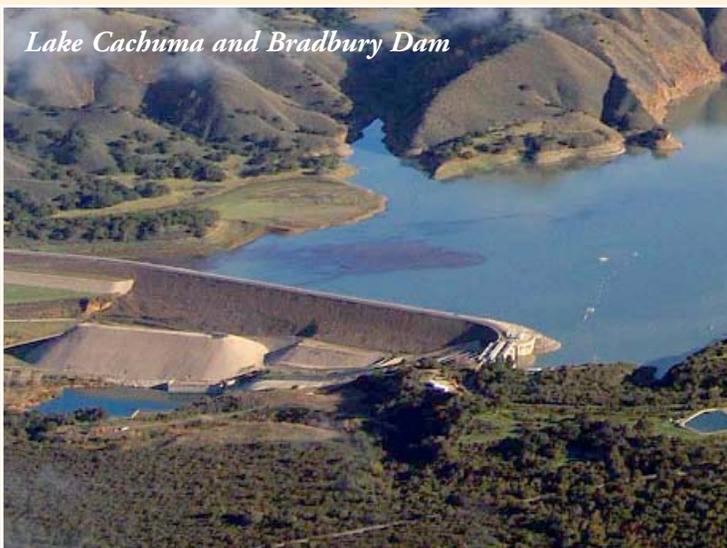


Upgrade of Aging Facilities

Montecito Water District must continue to repair, enlarge and when necessary replace aging portions of our pipelines, hydrants and pumping facilities. This year's investment alone adds up to \$2.5 million.

Water Supply Enhancements

The District's recent long-term water supply planning found that while there should be adequate supplies for the next decade or two, various factors—including our area's history of periodic droughts, and continued growth in water usage by Montecito customers—could lead to a water supply deficiency. The District has initiated planning to enhance future water supplies.



Operating Costs Rising

Inflation has resulted in higher fuel and energy costs in virtually all District categories. Other rising costs include a 12% increase in the maintenance of the District's facilities. Costs of the Cachuma Project, our major supply, have risen over 13%, and supplemental water supply variable costs are up 24%.



Keeping Costs Down

Our staff continually works to hold costs down. We use computerized monitoring and control of all key facilities, and we have cross-trained employees to do more with fewer people. Our engineering department has substantially reduced power costs.

Considering Reserve Fund

Alternating dry and wet years and other rising costs cause large swings in expenditures and revenues. Our planning has shown that we can better control rate increases if we develop a special reserve to help cushion swings in revenues. Our staff and Board are currently reviewing our long term financial outlook. We will provide more information about these issues in the coming months.



Be Water Wise:

Use Water More Efficiently, Maintain Beautiful Landscaping, Save Money and Help the Environment.

- Landscape With Low-Water-Use and Native Plants
- Adjust Sprinklers and Timers
- Purchase a High-Efficiency Washing Machine



Make An Appointment With Mike Clark, Our Water Efficiency Expert

An expert in Montecito landscaping, Mike is fluent in Spanish and can make suggestions about how you or your gardener can enhance your landscaping while using less water and lowering your water bill. Ask him about weather-based irrigation controllers.

For more information, please call 805/969-2271.



Recent Supreme Court Ruling on Rates

A recent State Supreme Court ruling may affect the process for setting rates as well as rate structures for various classes of customers statewide. District legal counsel is reviewing the ruling and we will provide information about its potential impact on Montecito Water District once our analysis is complete.

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