

## **RESOLUTION NO. 2264**

### **RESOLUTION OF THE BOARD OF DIRECTORS OF THE MONTECITO WATER DISTRICT ADOPTING A BUDGET FOR FISCAL YEAR 2024**

**WHEREAS**, the Montecito Water District (“District”) is a County Water District organized and existing under and by virtue of Water Code §§30000 – 33901; and

**WHEREAS**, the District manages water resources to deliver a safe and reliable supply of high-quality water to over 4,630 residential, commercial, institutional, agricultural and non-potable customers in the Montecito and Summerland communities; and

**WHEREAS**, the District prepares and adopts an annual budget that provides a financial plan to assist with the implementation of the District’s necessary programs, projects and work plan for the fiscal year; and

**WHEREAS**, District management prepared a budget for Fiscal Year 2024 that estimates expenses required for funding operations, maintenance, capital improvements, debt service, prudent reserve requirements, and other expenses of the District; and the revenues from all sources to fund those expenses; and

**WHEREAS**, District management has determined that the activities proposed in the Fiscal Year 2024 budget are consistent with the June 2020 *Financial Plan* and *Cost of Service Study* but also acknowledges that extraordinary financial market conditions and other factors have negatively impacted the costs of certain District initiatives, including undertaking capital improvement projects and obtaining desalinated water supplies. Despite cost increases, District Management proposes a balanced budget for Fiscal Year 2024, which if implemented will ensure that the District’s revenue will be sufficient to fund all of the District’s planned expenses for the budgeted period; and

**WHEREAS**, the proposed Fiscal Year 2024 budget has been reviewed and considered by the Finance Committee, and by the Board of Directors at a Board workshop held on May 23, 2024, and feedback received at those public meetings has been incorporated into the budget; and

**WHEREAS**, it has been determined to be in the best interest of the District to adopt the Fiscal Year 2024 budget for the continued sound financial operation of the District;

**NOW THEREFORE BE IT RESOLVED** by the Board of Directors of Montecito Water District as follows:

1. The certain documents referred to as the “Montecito Water District Fiscal Year 2024 Budget” and all schedules, exhibits, and policies contained therein, which are incorporated herein by this reference and included as Attachment A, are hereby adopted as the annual budget of the District for the fiscal year beginning on July 1, 2023, and ending June 30, 2024.

2. That the amounts stated in the proposed budget shall become and thereafter be assigned to the departments, activities, and purposes stated therein and said monies are hereby authorized to be expended for the purposes and objects specific in said budget, subject to applicable California law, and the authority granted in Resolution 2144, a resolution covering the authority of officers to execute contracts and instruments.

**PASSED AND ADOPTED** by the Board of Directors of the Montecito Water District this 27<sup>th</sup> day of June 2023 by the following roll call vote:


AYES: Coates, Goebel, Hayman, Plough, Wicks

NOES:

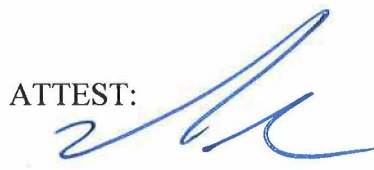
ABSENT:

ABSTAIN:

APPROVED:

  
Tobe Plough, President

ATTEST:



Nicholas Turner, Secretary

**ATTACHMENT “A”  
TO  
RESOLUTION NO. 2264  
FISCAL YEAR 2024  
BUDGET**



# FISCAL YEAR 2024



## ANNUAL BUDGET

Adopted  
June 27, 2023

[www.montecitowater.com](http://www.montecitowater.com) | 805.969.2271

## MISSION STATEMENT

The mission of Montecito Water District is to provide an adequate and reliable supply of high-quality water to the residents of Montecito and Summerland, at the most reasonable cost.



In carrying out this mission, the District places particular emphasis on providing outstanding customer service, conducting its operations in an environmentally sensitive manner, and working cooperatively with other agencies.

# **MONTECITO WATER DISTRICT**

## **Board of Directors**

Tobe Plough, President  
Ken Coates, Vice President  
Brian Goebel  
Cori Hayman  
Floyd Wicks

*This budget was prepared under the direction of:*

## **General Manager/Board Secretary**

Nicholas Turner

## **Staff Contributors**

Olivia Rojas, Business Manager  
Adam Kanold, Assistant General Manager / Engineering Manager  
Chad Hurshman, Treatment and Production Superintendent  
Richie Romero, Distribution Superintendent  
Laura Camp, Public Information Officer  
Christina Perry, Administrative Assistant

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[montecitowater.com](http://montecitowater.com)



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**Montecito Water District  
California**

For the Fiscal Year Beginning

**July 01, 2022**

*Christopher P. Morill*

**Executive Director**

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The Distinguished Budget Presentation Award is granted by the Government Finance Officers Association of the United States and Canada (GFOA). 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 communications device. This award represents a significant achievement and reflects the commitment of Western's Board of Directors, management, and staff in meeting the highest principles of governmental budgeting.

# District Transparency Certificate of Excellence

September 2019 – September 2021

The Special District Leadership Foundation is proud to present this  
District Transparency Certificate of Excellence to

## Montecito Water District

In recognition of the district's completion of all transparency program requirements  
designed to promote transparency in their operations and governance  
to the public and other stakeholders.

  
David Aranda, SDLF Board President



  
Neil McCormick, SDLF Chief Executive Officer

---

The Transparency Certification program focuses on transparency to the public in the operations and governance of special districts. Applications are subject to rigorous review, and award recipients are approved by the Special District Leadership Foundation of the California Special Districts Association (CSDA), which was formed to promote good governance and best practices among California's special districts. In order to receive this award, a special district must fulfill numerous requirements to demonstrate transparency in three main subject areas: Basic Transparency; Website; and Outreach. In recognition of its efforts toward full transparency to its citizens and ratepayers, Montecito Water District was awarded the District Transparency Certificate of Excellence in 2019.



## GREEN BUSINESS CERTIFICATION **The Montecito Water District**

implemented practices to prevent pollution, reduce waste, conserve energy, save water, operate more sustainably and exceed regulatory requirements.

This business is hereby granted certification  
as a California Green Business on

**December 21st, 2022**

*Kori Nielsen*

*Kori Nielsen*

*Program Director*

EXPIRATION:

**December 21, 2026**

---

The California Green Business Network provides certification based on a combination of mandatory and voluntary measures. Checklists are used to evaluate business operations, determine sustainability measures already in place, and assist in implementing additional measures to earn certification. Green Business staff conduct site visits to assess, verify, and provide assistance in meeting the requirements in these main areas: Energy, Waste & Recycling, Pollution Prevention, Water Conservation, and Wastewater. Montecito Water District received certification as a Green Business in December, 2022. The District's strong work in community partnership and messaging for water conservation initiated eligibility for the Innovator status, which required completion of additional checklist requirements and assessments. "Innovator" is the highest level of certification, recognizing Community Leadership in addition to outstanding policies and practices.

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OF THE MONTECITO WATER DISTRICT  
ADOPTING A BUDGET FOR FISCAL YEAR 2024**

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AYES: Coates, Goebel, Hayman, Plough, Wicks

NOES:

ABSENT:

ABSTAIN:

APPROVED:

  
Tobe Plough, President

ATTEST:



Nicholas Turner, Secretary

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# BUDGET MESSAGE



*A century of service.*

## SECTION 1: BUDGET MESSAGE

### LETTER OF TRANSMITTAL

#### **To our Customers, Board of Directors, and Stakeholders of the Montecito Water District:**

We are pleased to present for your consideration the Fiscal Year 2024 (July 1, 2023, through June 30, 2024) Operating and Capital Improvement Budget for the Montecito Water District (District). Since January 2023, department heads, managers and Directors have collaborated on this budget. Together with the Directors, Staff have gone through an extensive review and analysis of the operational and capital improvement project needs that support the replacement and development of infrastructure and dependable water delivery.

The budget identifies and estimates financial revenues and expenditures including capital improvements and debt service. It is also a policy document that serves to guide management actions during the fiscal year in alignment with the Strategic Plan. The 2022 Strategic Plan defines the priorities and guides the development of the Fiscal Year (FY) 2024 budget. The budget provides focus on sound financial management, dependable service to customers, efficient operations, achievable goals and objectives and transparent reporting.

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#### BUDGET ASSUMPTIONS

Zero-based budgeting methodology was used in preparing the budget. Zero-based budgeting requires that all expenses be justified for each new period. Every department within the District partakes in an extensive review and analysis of the operational and capital improvement project needs during the proposed budget period.

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#### FISCAL YEAR 2022-2023 IN REVIEW

##### **Near Record Setting Wet Winter...**

After nearly a decade of ongoing drought, with some years being the driest on record, the 2022/23 winter brought much needed drought reprieve statewide including in Santa Barbara County. Beginning in late December 2022 and continuing through most of winter, repeated atmospheric rivers brought significant rain and snow across the State, reaching historic levels in many locations. As a result, the District's 3-year water supply outlook indicates adequate water to meet projected customer water demand through 2026 without water shortages and the need for imported water.

### **\$10M Grant and 0% Loan Application Submitted...**

The District completed the engineering design and environmental planning for a capital project involving the retrofit and/or replacement of eight existing water storage reservoirs. A funding application for \$10M in grant funding and a 0% loan was submitted to the Department of Water Resources as part of the Additional Supplemental Appropriation for Disaster Relief Act (ASADRA) program. Project funding approval is expected in late 2023. Once completed, the project will bring all eight reservoirs into full compliance with current seismic design codes and regulations.

### **Enhanced Recycled Water Feasibility Study Completion...**

The District completed the development of an *Enhanced Recycled Water Feasibility Study* in conjunction with Montecito Sanitary District (MSD). The study expands upon the District's 2018 Recycled Water Feasibility Study and further evaluates potable water reuse options including regional partnerships with neighboring agencies. The Study establishes the top ranked project as a regional Indirect Potable Reuse Project involving advanced purification of MSD's treated wastewater by MSD and its injection into the Carpinteria Groundwater Basin for short-term storage before use. Next steps involve groundwater modeling, environmental review and preliminary (30%) design, all subject to available funding.

### **Water Use Efficiency Plan Completed...**

Water Conservation remains a critical component of the District's water supplies. Water conserved is water available for future use, improving future water security. In December 2023, the District completed development of its first *Water Use Efficiency Plan*. This plan is a long-term plan targeting changing the way customers view water use, consistent with the State's goal of Making Conservation a Way of Life.

### **Homer LLC Option Agreement provides enhanced certainty...**

Prudent planning secured the District an option to purchase up to 2,000 acre-feet (AF) of water, or one half of its annual water supply needs, from Homer LLC for delivery in 2022 and/or 2023. This option agreement provided the District with additional water security through 2023 amidst recording setting drought conditions in 2022 when local water supplies availability was declining, and supplemental water acquisition was near impossible.

### **Distinguished Budgeting Award...**

The Government Finance Officers Association of the United States and Canada (GFOA) presented the District with a *Distinguished Budget Presentation Award* for its Annual Budget for FY2023 beginning July 1, 2022. This was the first year the District applied for and achieved this prestigious recognition. This award is presented to state and local governments that prepare budget

documents of the very highest quality and that reflect both the guidelines established by the National Advisory Council on State and Local Budgeting and the GFOA's best practices on budgeting. To earn recognition, budget documents must meet program criteria and excel as a policy document, financial plan, operations guide, and communication tool.

### **Certified Green Business...**

The Green Business Program of Santa Barbara County (GBPSBC), which is part of the California Green Business Program, a network of local programs operated by counties and cities throughout California, certified the District as a Green Business and Innovator in December 2022. The District's strong work in community partnership and messaging for water conservation made it eligible for the Innovator distinction. The Innovator level recognizes Community Leadership and cutting-edge policies and practices.

### **The District also:**

- Prepared a joint study with Montecito Sanitary District to evaluate the feasibility of Special District consolidation.
- Participated in the CCWA 2022 Supplemental Water Purchase Program.
- Achieved a clean financial audit prepared by Nigro & Nigro PC for FY2022.
- Completed over \$2.7M of Capital Improvement Projects, of which nearly \$0.7M involved the replacement of aging pipelines.
- Initiated repairs to water system infrastructure damaged by the extraordinary January 2023 storms, with repair costs covered by FEMA.

---

### **FISCAL YEAR 2024 PRIORITIES & CONSIDERATIONS**

The budget reflects the District's continuing commitment to reliably deliver water that meets the highest of standards, while striving to be a good steward of water resources, the environment and customer relationships. As stated in the District's Strategic Plan: "The intent as we embark on a new century in 2022 is to be well positioned to ensure a future of ongoing dependability and resilience."

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## CUSTOMER DEMAND & CONSERVATION

Customer water use (sales) is highly dependent on several factors including weather, conservation, and economic conditions. For example, in FY2023, about 200% of normal rainfall was received in Santa Barbara County, and water use dropped below budget by nearly 15%. In comparison, during FY2021 and FY2022, extreme drought conditions existed with approximately 48% and 63% of normal rainfall received and water use increased to nearly 25% and 15% over budget, respectively. Despite these swings in hydrologic conditions, customer water use remains relatively stable at between 3,750 acre-feet per year (AFY) and 4,300 AFY, which is about 30% less water used than pre-drought (2013) levels. The 5-year average billed consumption is 3,987 AF.



Sporadic hydrologic conditions have necessitated various declared water shortage emergency conditions in recent years. The District's April 2019 declared Stage 1 water shortage condition continued through June 2022, pursuant to Water Code §350 and the District's 2015 Urban Water Management Plan. Despite the District's favorable water supply outlook, in June 2022 the District adopted Ordinance 97 declaring a Stage 2 Water Shortage Emergency pursuant to a state mandate following the driest consecutive years on record statewide. On February 28, 2023, following an above normal wet winter with a significant improvement in water supply conditions, the Board adopted Ordinance 98 reducing the declared water shortage condition to Stage 1, pursuant to Water Code §350, Water Code §31026, and the District's 2020 Urban Water Management Plan. Ordinance 98 became effective on May 25, 2023, following the termination of State Water Resources Control Board Emergency Resolution 2022-0018, Regulation CCR, Title 23 §996. Although some water use restrictions under a Stage 1 water shortage condition are lifted, continued efficient water use remains a top priority to extend the longevity of the District's limited surface water supplies.

With the institution of the District's conservation campaign over the last decade, including the most recently the development and implementation of its first ever *Water Use Efficiency Plan* (December 2022), much of the water use behaviors and efficiencies have become permanent such as drought tolerant landscaping and reduced waste from water leaks resulting in a reduction in overall water use District-wide. Among other actions, the *Water Use Efficiency Plan* instituted a water conservation rebate program that rewards water saving actions such as landscape conversions and use of efficient household appliances. Additionally, the District's Advanced Metering Infrastructure Program provides customers with a tool to help monitor and manage water use on individual properties to achieve efficient water use and avoid water waste. The

May 2023 reduction in the District's declared water shortage conditions reflects the improved water supply condition and is not expected to result in a significant increase in overall water use.

---

## WATER SUPPLY OUTLOOK

After several years of extreme drought, with some being the driest on record, the FY2023 winter brought much needed drought reprieve statewide, including in Santa Barbara County. Beginning in late December and continuing through most of the winter, repeated atmospheric rivers brought significant rain and snow across the State. In many locations, rainfall and snowpack totals reached historic levels. Winter storms filled and spilled most reservoirs statewide including Jameson Lake, Lake Cachuma, and the State Water Project, resulting in maximum annual allocations from each source. According to the US Drought Monitor, the FY2023 winter brought over 70% of the State, including Santa Barbara County, out of drought conditions, despite starting Water Year 2022 with over 94% of the State under severe or worse drought conditions.

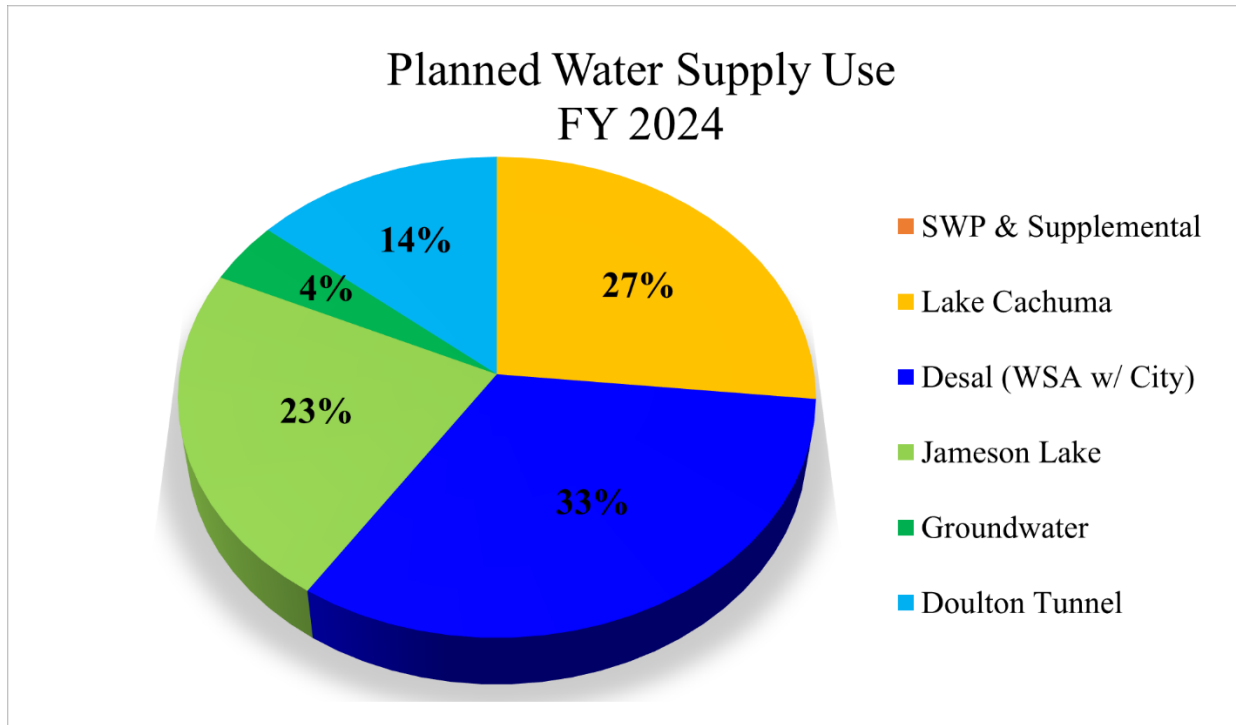
Despite the severe weather swings that continue to impact water supply availability across the State, the District remains well positioned to respond. Recent District action, such as the Water Supply Agreement (WSA) with the City of Santa Barbara for desalination, local groundwater management, and regional groundwater banking, have significantly improved long-term water supply reliability and the District's near-term water supply outlook as compared to prior years. The WSA delivers approximately one-third of the District's annual water supply needs irrespective of rainfall. Additionally, the District has 2,070 AF of water banked in Semitropic as of the end of FY2023 and is projected to have approximately one year's supply of 4,400 AF banked and available for future use by the end of 2023.

The District's 3-year water supply outlook indicates adequate water supply to meet projected customer demand through FY2026 with no anticipated water shortages and no need for imported water. Water production for FY2024 is projected to be approximately 4,300 acre-feet (AF), which is the 5-year average. Sources of water supplies used to meet customer demands in FY2024 are local, including the Water Supply Agreement with the City of Santa Barbara (desalination), Jameson Lake, Doulton Tunnel, and the Cachuma Project.

The District continuously evaluates water supply conditions and the need for additional demand-management measures to ensure water supply availability over a three-year planning period and beyond.

Figure 1-1 shows the distribution of planned water use by source for FY2024. Desalinated water is the greatest use at 33% of total supply followed by Lake Cachuma at 27% and Jameson Lake at 23%. It is notable that local water sources collectively account for 100% of planned water supply use in FY2024.

**Figure 1-1: Planned Water Supply Use**



Despite the improved condition and favorable water supply outlook, efficient water use remains necessary to extend the availability of the District's limited surface water supplies and to bolster long-term water supply reliability. Many of the District's ongoing water use efficiency related initiatives continue, including implementation of the Water Use Efficiency Plan with conservation rebates, monthly leak notifications, development of parcel water budgets, continued pursuit of additional rainfall independent supplies such as recycled water, and others.

## BUDGET IN BRIEF

The budget as presented is consistent with the District's 2020 2020 5-year Financial Plan and Water Cost of Service and Rate Study, prepared by Raftelis, but the District also acknowledges that extraordinary financial market conditions and other factors have negatively impacted the costs of certain District initiatives, including undertaking capital improvement projects and obtaining desalinated water supplies. Despite cost increases, the budget for Fiscal Year 2024 is balanced, and if implemented, it will ensure the District's revenue will be sufficient to fund all of the District's planned expenses for the budget period.

**Figure 1-2: Budget In Brief**

<b>BUDGET IN BRIEF</b>	<b>FY21-22 AUDITED</b>	<b>FY22-23 FORECAST</b>	<b>FY23-24 BUDGET</b>	<b>% OF TOTAL REVENUE</b>	<b>% CHANGE FROM FY22-23</b>
Water Sales	18,540,162	15,331,394	17,529,930	61%	14.3%
Other operating revenue	5,347,788	5,359,744	5,425,880	19%	1.2%
<b>OPERATING REVENUE</b>	<b>24,804,619</b>	<b>20,691,138</b>	<b>22,955,810</b>	<b>80%</b>	<b>11%</b>
Water Sources, Treatment & Distribution	(14,589,677)	(14,720,869)	(17,316,834)	-60%	17.6%
Other operating expenses	(4,803,789)	(4,263,559)	(5,017,421)	-17%	17.7%
<b>OPERATING EXPENSE</b>	<b>(19,393,466)</b>	<b>(18,984,428)</b>	<b>(22,334,255)</b>	<b>-77%</b>	<b>18%</b>
<b>NON-OPERATING INCOME/(LOSS)</b>	<b>(334,773)</b>	<b>(527,612)</b>	<b>(266,700)</b>	<b>-1%</b>	<b>-49%</b>
<b>DEPRECIATION (NON-CASH)</b>	<b>(1,214,748)</b>	<b>(1,254,121)</b>	<b>(1,820,533)</b>	<b>-6%</b>	<b>45%</b>
<b>NET SURPLUS/(DEFICIT)</b>	<b>3,861,632</b>	<b>(75,024)</b>	<b>(1,465,678)</b>	<b>-5%</b>	
<b>DEBT PRINCIPAL PAYMENTS</b>	<b>(1,165,000)</b>	<b>(1,215,000)</b>	<b>(1,260,000)</b>	<b>-4%</b>	<b>4%</b>
Capital Contributions	594,140	697,258	1,703,624	6%	144.3%
Capital Expenditure FEMA Reimbursements	134,166	-	3,683,400	13%	n/a
Capital Expenditures	(6,064,518)	(2,352,107)	(4,451,480)	-15%	89%
<b>NET CAPTIAL EXPENDITURES</b>	<b>(5,336,212)</b>	<b>(1,654,849)</b>	<b>935,544</b>	<b>3%</b>	<b>-157%</b>
<b>NET IMPACT AFTER DEBT &amp; CAPITAL</b>	<b>(2,639,580)</b>	<b>(2,944,873)</b>	<b>(1,790,134)</b>	<b>-6%</b>	
<b>REMOVE NON CASH/PRIOR PRD TRANSFERS</b>	<b>926,109</b>	<b>1,017,317</b>	<b>(231,153)</b>	<b>-1%</b>	<b>-123%</b>
<b>TOTAL IN/(OUT) FLOWS</b>	<b>(1,713,472)</b>	<b>(1,927,557)</b>	<b>(2,021,287)</b>	<b>-7%</b>	
<b>RESERVE TRANSFER IN/(OUT)</b>	<b>1,713,471</b>	<b>1,927,557</b>	<b>2,021,287</b>	<b>7%</b>	<b>5%</b>
<b>NET CASH IMPACT ON FUND BALANCE</b>	<b>(1)</b>	<b>0</b>	<b>0</b>	<b>0%</b>	
<b>TOTAL REVENUE BEFORE TRANSFERS-IN</b>	<b>26,166,351</b>	<b>21,735,369</b>	<b>28,834,514</b>		

## HIGHLIGHTS

- Water consumption rates were increased by 2.8% in accord with the District's 5-year Financial Plan and Water Cost of Service and Rate Study.
- Water consumption in FY2024 is projected to return to the 5-year average of 3,987 acre-feet, which is 14.3% greater than the prior fiscal year.
- Operating expenses are projected to be 19% greater than the prior year. Inflationary pressure on electricity, chemicals, fuel, and labor drives the increase.
- Debt service is consistent with the 2020 Bond schedule.
- Net Capital expenditures are projected to increase significantly over the prior year for several reasons including construction material and labor costs increases resulting from ongoing extraordinary inflation, and delays in material procurement increasing the quantity of carryover projects. Some of the increased capital expenditures are offset by reimbursements from prior fiscal year activity.
- Rate stabilization fund transfers help insulate from inflationary pressure.



## ABOUT THE DISTRICT



*A century of service.*

## SECTION 2: ABOUT THE DISTRICT

For over a century, the District has reliably delivered water that meets the highest of standards, while striving to be a good steward of water resources, the environment and customer relationships.

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### HISTORIC MILESTONES

The District was formed in 1921 to address the challenge of providing sufficient water to a growing community in a semi-arid region. Over the past century, the District's ability to achieve its mission has required relentless foresight and action. A myriad of variable factors including population, climate, environment, and regulations have prompted responsive and pro-active historic achievements.



The District's most noteworthy accomplishments include: the creation of Jameson Lake; participation in the Cachuma Project; and investment in the State Water Project.

While drought conditions reached unprecedented levels in the past decade, the District found itself in a vulnerable position and has since mobilized to maximize its current investments and introduce more local and reliable water supplies. Recent advancements include (1) Groundwater Banking to allow for the storing of excess water when available and saving it for use when needed most, (2) a 50-year Water Supply Agreement with the City of Santa Barbara to provide the security of desalination, (3) establishment of a GSA and the development of a GSP to ensure the long term health of the Montecito Groundwater Basin, and (4) an extensive infrastructure replacement program to improve resilience and increase the longevity of District assets.

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### FORM OF GOVERNMENT

Montecito Water District (District) is an Independent Special District. It is a local, nonprofit, government agency overseen by an elected Board of Directors. Since 1921, the District has reliably delivered safe drinking water supplies to the residents in the Montecito and Summerland communities. The District currently serves an estimated population of approximately 11,800, which excludes transient populations including college students and service industry professionals.

The District was incorporated on November 10, 1921, as Montecito County Water District under the provisions of Chapter 387, Statutes of 1913 of the State of California. The 1913 Act was

superseded by the present County Water District Act found in Division 12 of the State of California Water Code. Montecito County Water District changed its name to "Montecito Water District" in July 1979 pursuant to Section 31006 of the Water Code. The District was formed for the purposes of furnishing potable water within its service area. In 1995, the Summerland County Water District, contiguous with the Montecito Water District service boundary, merged with the Montecito Water District.

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## AUTHORITY

The District is a County Water District organized and existing under the laws of the State of California, including the County Water District Act found in Division 12 of the State of California Water Code (*Division 12 added by Stats. 1949, Ch. 274*).

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## MISSION STATEMENT

The mission of Montecito Water District is to provide an adequate and reliable supply of high-quality water to the residents of Montecito and Summerland at the most reasonable cost.

In carrying out this mission, the District places particular emphasis on providing outstanding customer service, conducting its operations in an environmentally sensitive manner, and working cooperatively with other agencies.

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## VISION STATEMENT

From the District's 2022 Strategic Plan: The District's vision is to ensure long term sustainability through further development of local water resources and to be recognized in the community for our transparency, integrity, and dedication in providing high-quality drinking water to our customers.

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## GOVERNANCE

The District is governed by a five-member Board of Directors (Board) elected by the registered voters of the District to four-year terms. The Board is responsible for setting District policy. Policies include water supply policy, financial planning, infrastructure investment, and adopting water rates. The Board participates in monthly Board and Committee meetings. All Board meetings are open to the public and conducted in accordance with the Ralph M. Brown Act. Schedules and agendas are available at the District office, on its web site and through the District's on-line calendar.

Public elections are held every two years and Directors serve four-year terms. Terms are staggered to ensure continuity. Terms begin and end in December of the applicable year. Board members also provide representation to affiliated agencies.

## BOARD OF DIRECTORS



### Tobe Plough, President

Term Expires: 12/2024

Committees Served:

Finance Committee

Strategic Planning Committee

Representative to Cachuma Conservation Release Board (CCRB)

Alternate Representative to Cachuma Operation and Maintenance Board



### Ken Coates, Vice President

Term Expires: 12/2026

Committees Served:

Strategic Planning Committee

Operations & Customer Relations Committee (Alternate)

Central Coast Water Authority (CCWA)

Alternate Representative to California Special Districts Association (SBCSDA)



### Brian Goebel, Director

Term Expires: 12/2026

Committees Served:

Strategic Planning Committee

Finance Committee (Alternate)

Alternate Representative to Cachuma Conservation and Release Board (CCRB)



### Cori Hayman, Director

Term Expires: 12/2026

Committees Served:

Finance Committee

Representative to Cachuma Operations and Maintenance Board (COMB)



### Floyd E. Wicks, Director

Term Expires: 12/2024

Committees Served:

Operations & Customer Relations Committee

Strategic Planning Committee (Alternate)

Representative to Association of California Water Agencies (ACWA-JPIA)

Representative to Central Coast Water Authority (CCWA)

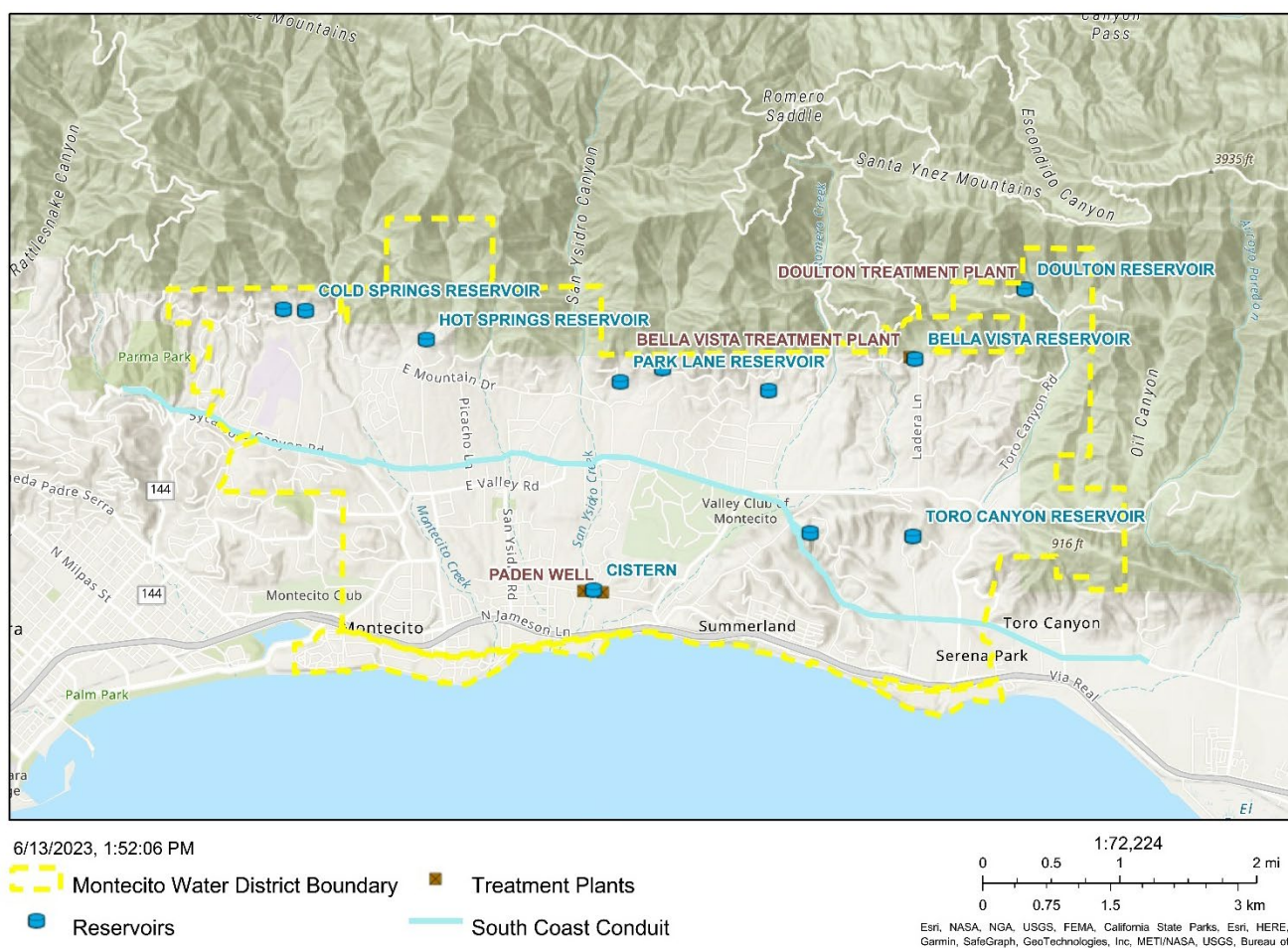
Representative to California Special Districts Association (SBCSDA)

## SERVICE AREA

The District is located in the southern coastal portion of Santa Barbara County and provides service to approximately 9,888 acres (15.5 square miles) bounded by the Santa Ynez Mountains coastal range and the Pacific Ocean to the north and south and the City of Santa Barbara and the Carpinteria Valley to the west and east.

The District serves the unincorporated communities of Montecito and Summerland, a small portion of the Carpinteria Valley on its eastern boundary, and a small portion of the City of Santa Barbara on its western boundary.

The map below shows the District's service area.

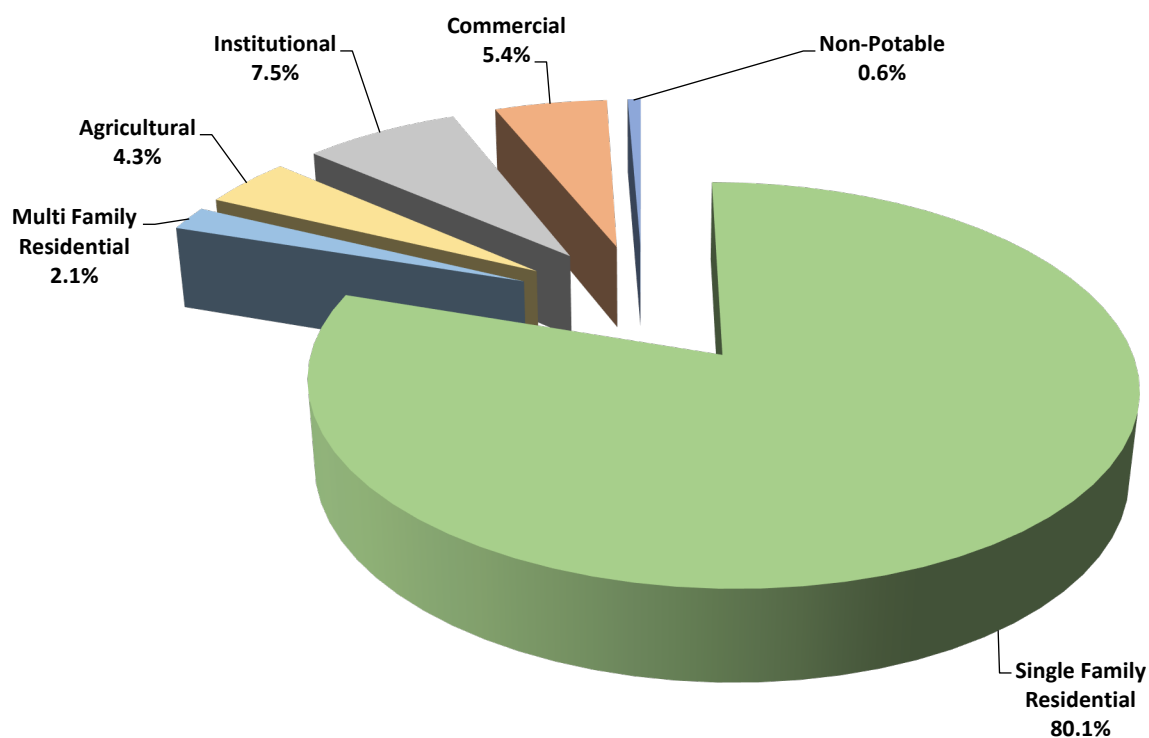


Approximately 4,638 residential, commercial, institutional, and agricultural service connections are served by the District. Based on number of service connection, about 92% of the service connections are low density residential housing, with commercial/institutional and agriculture making up approximately 6% and 1% respectively. Water consumption can vary depending on

annual rainfall and averages about 4,000 acre-feet per year. Water sales are based on the actual quantity of water delivered through a District issued water meter, measured in increments of one hundred cubic feet (HCF). 1 HCF = 748 gallons.

Figure 2-1 depicts average consumption by customer class with residential customers consuming about 80% of the total water supplied. Most of the water use in the community, estimated between 75% and 85%, is used outdoors for irrigation of landscapes.

**Figure 2-1: Average Consumption by Customer Class**



District terrain is relatively steep, varying in elevation from sea level to 1,800 feet in the coastal foothills in the northern part of the service area. The water system is primarily gravity-fed from a series of reservoirs with numerous pressure zones, controlled by pumps and pressure regulating stations, with water delivered directly from Jameson Lake, Doulton Tunnel, and groundwater wells., Cachuma Project, State Water Project, supplemental water and desalinated water from the City of Santa Barbara is delivered through turnouts along the Cachuma Project South Coast Conduit (SCC).

The local climate is generally characterized as Mediterranean coastal with mild, dry summers and cool winters. High temperatures average about 80 degrees while low temperatures rarely fall below 40 degrees. The area is semi-arid with average rainfall of approximately 18 inches per year, primarily occurring between November and March.



The major activities of the District encompass acquisition, treatment, and delivery of water from multiple sources including surface water from Jameson Lake, Cachuma Project, and State Water Project, groundwater from Doulton Tunnel and the Montecito Groundwater Basin and desalination from the City of Santa Barbara.

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## ORGANIZATIONAL STRUCTURE

Pursuant to the Water Code, Sections 30540, 30580 and 30581, management of the District is delegated to the General Manager, who reports directly to the Board. The General Counsel and District Auditors also report directly to the Board.

The General Manager oversees day-to-day operations. Four departments report to the General Manager: Water Treatment, Distribution, Engineering, and Business.

The Treatment Department is responsible for the operation and maintenance of groundwater wells and associated treatment facilities, pump stations, one surface water reservoir and dam, nine water storage reservoirs (or tanks), and two potable water treatment facilities.

The Distribution Department is responsible for the operation and maintenance of more than 114 miles of water distribution mains, isolation valves, pressure regulators and approximately 4,638 service connections.

The Engineering Department is responsible for planning, organizing, managing, and providing administrative direction and oversight for all functions and activities related to the District's water supply infrastructure.

The Business Department is responsible for the District's accounting, customer service, information systems, personnel functions, and financial reporting.

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### MANAGEMENT

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**Nick Turner**  
General Manager  
& Board Secretary



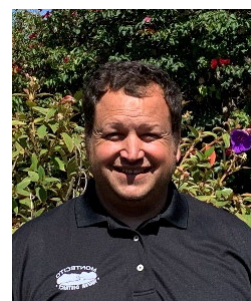
**Adam Kanold**  
Assistant General  
& Engineering  
Manager



**Olivia Rojas**  
Business Manager



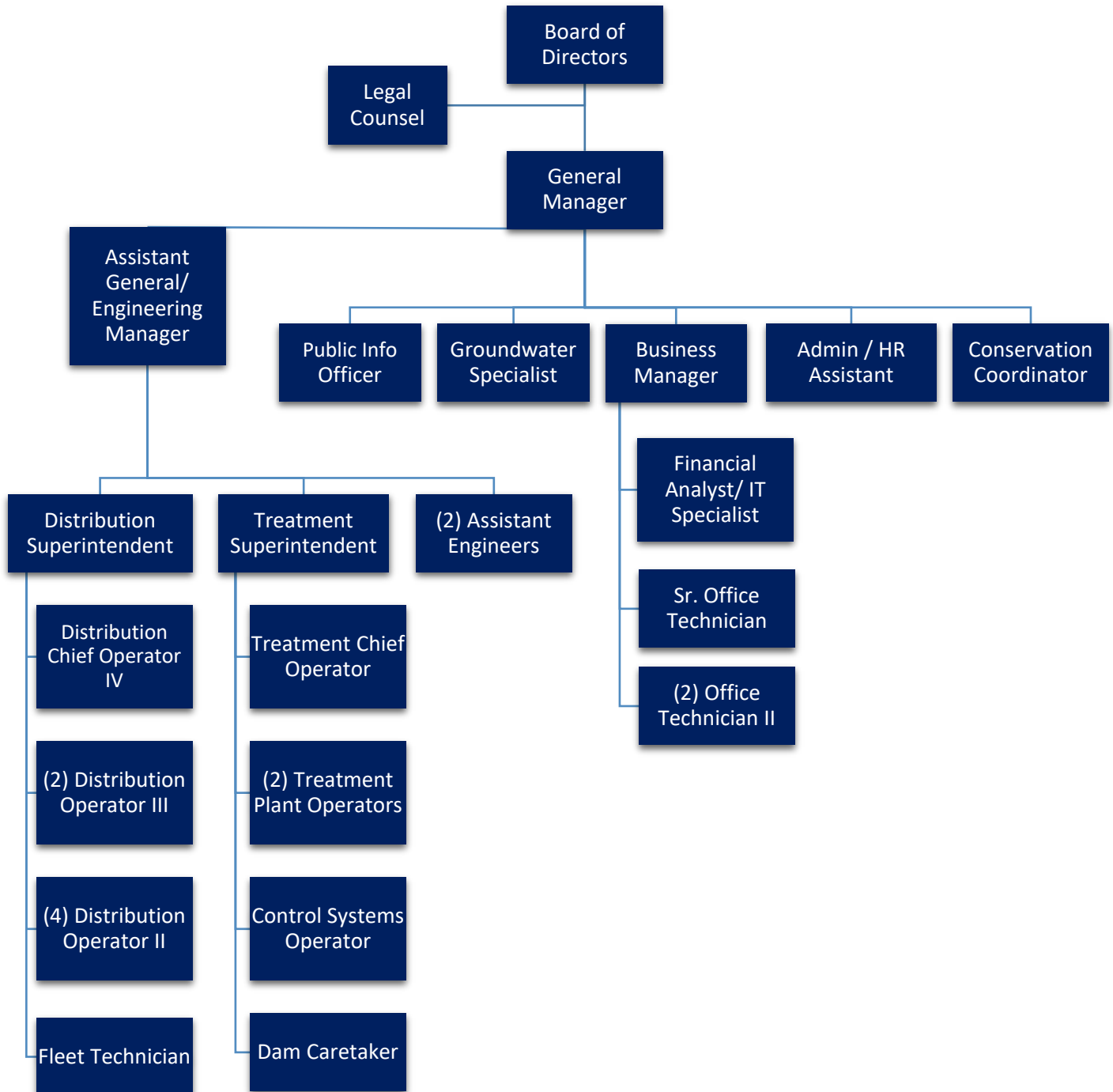
**Chad Hurshman**  
Treatment &  
Production  
Superintendent



**Richie Romero**  
Distribution  
Superintendent

Management oversees a staff of 28 full time employees, including engineers, certified water treatment and distribution system operators, water conservation experts, and communications, finance, and administrative staff. The Budget is prepared under the direction of General Manager and adopted by the Board of Directors.

## ORGANIZATIONAL CHART





# STRATEGIC & LONG-RANGE FINANCIAL PLANS



*A century of service.*

## SECTION 3: STRATEGIC & LONG-RANGE FINANCIAL PLANS

### PLANNING FOR THE FUTURE

The District maintains several long-range planning tools.

- 5-year Strategic Plan
- 5-year Water Cost of Service and Rate Study
- 5-year Urban Water Management Plan

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#### 2022 5-YEAR STRATEGIC PLAN

In March 2022, the District finalized its first **5-year Strategic Plan** outlining the actions it intends to take through 2027 to ensure it continues to achieve its mission and vision over the next century.

The plan identifies strategic goals and objectives to be pursued over the next 5 years in support of the District's mission to provide an adequate and reliable supply of high-quality water to the residents of Montecito and Summerland, at the most reasonable cost. Through numerous public workshops, priorities goals and specific initiatives were identified to address various anticipated future challenges including a projected water shortage, aging infrastructure/facilities and workforce, the need for employee development, impacts of water policy, efficient management of water supplies and implementing water reuse.



#### THE DISTRICT'S OBJECTIVES

The objectives of the District over the next 5 years are:

1. Bolster water supply reliability through additional diversification.
2. Enhance infrastructure dependability through enhanced replacement/ rehabilitation.
3. Achieve operational excellence through improved planning and investment in qualified personnel.
4. Be included in development of water policy at all levels to ensure representation of the community's unique needs by continued involvement with community organizations and joint agency ventures.

### **ACTIONS TAKEN IN FISCAL YEAR 2023**

1. Completion of the *2022 Water Use Efficiency Plan*, prepared by Maddaus Water Management dated December 2022
2. Completion of the *Enhanced Recycled Water Feasibility Study*, prepared by Carollo dated January 2023
3. Completion of an *Evaluation of Water Supply Reliability Options*, focusing on potential expansion of the regional groundwater banking operations, prepared by WestWater Research dated March 2023
4. Initiate the development of Special District Consolidation Study

### **ACTION PLAN FOR FISCAL YEAR 2024**

1. Continued advancement of the regional Indirect Potable Reuse project with Carpinteria as recommended in the *2022 Enhanced Recycled Water Feasibility Study*.
2. Continued implementation of the *2022 Water Use Efficiency Plan*, including expansion of the rebate program and onsite water use audits
3. Target the replacement of 2.7 miles of pipeline replacement pending availability of surplus revenue.
4. Completion of a Master Plan for the District's Office Property
5. Develop *Succession Plan*
6. Completion of the Special District Consolidation Study with determination as to next steps, if any.

## 2020 WATER COST OF SERVICE AND RATE STUDY & SUBSEQUENT UPDATES

The District engaged Raftelis, a local government and utilities consultant, in 2019 to complete a Water Cost of Service and Rate Study. The study consisted of reviewing the District's long-range financial plan, developing a cost-of-service analysis, and designing and calculating water rates for the study period.

The study encompasses a six-year financial planning period from Fiscal Year (FY) 2020 to FY2025 and five years of proposed rates for adoption beginning July 2020 and in July of every year thereafter. The proposed rates were adopted by the Board of Directors on June 25, 2020, and are provided in Figure 3-1.

**Figure 3-1: Water Rates (\$/HCF) Adopted June 2020**

		July 1, 2020	July 1, 2021	July 1, 2022	July 1, 2023	July 1, 2024
<b>Residential</b>						
	Tier 1: 9 HCF	\$6.56	\$6.75	\$6.94	\$7.14	\$7.34
	Tier 2: 10 - 35 HCF	\$11.14	\$11.46	\$11.79	\$12.13	\$12.47
	Tier 3: 36+ HCF	\$12.31	\$12.66	\$13.02	\$13.39	\$13.77
<b>Commercial</b>		\$9.63	\$9.90	\$10.18	\$10.47	\$10.77
<b>Institutional</b>		\$10.58	\$10.88	\$11.19	\$11.51	\$11.84
<b>Agriculture</b>		\$5.50	\$5.66	\$5.82	\$5.99	\$6.16
<b>Non-Potable</b>		\$1.80	\$1.86	\$1.92	\$1.98	\$2.04

Raftelis collaborated closely with the District's staff and Board of Directors to design and derive rates that meet the District's policy objectives.

The main objectives that informed the study include:

1. Adequately recovering all cost requirements to maintain the District's financial sufficiency;
2. Evaluating the financial impacts of, and incorporating the costs for, the District's Water Supply Agreement (WSA) with the City of Santa Barbara;
3. Minimizing rate impacts to customers while maintaining adequate reserves for all years of the study;

4. Fairly and equitably allocating costs between customer classes;
5. Developing a rate structure that is defensible, promotes the efficient use of water, and is easy for customers to understand;
6. Confirming that the proposed rates developed within the study are fair and equitable and compliant with Proposition 218.

In preparation for the rate adjustments, the District engages Raftelis annually to prepare an updated 5-year financial plan to ensure the approved rate increases remain necessary. Raftelis presented an updated financial plan to the Board of Directors at its meeting of May 23, 2023. The recommendations, which the Board of Directors supported, are as follows:

- Implement the adopted 2.8% rate increase for FY2024 as planned.
- Prepare a new Cost-of-Service analysis and rate study in FY2024, one year earlier than planned, to address a potential debt coverage concern in FY2025 and beyond.

Figure 3-2 provides excerpts from the May 23, 2023 presentation including financial plan assumptions, and a current to prior year comparison of revenues and expenses through FY2027.

Core Assumptions:

- 3,740 AF of water sales in FY2023, 4,000 AF in FY2024 and beyond
- New connection growth of 0.25% per year
- Inflationary escalation
- 

**Figure 3-2: Financial Plan Assumptions and Year Comparisons**

Cost Escalation Factors	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
General Cost Inflation	5.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Salary / COLA	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Salary / Employee Benefits	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Electricity	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Capital	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%

<b>Revenue Projections</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
<b>2022 Update</b>					
Water Sales	\$17,303,048	\$17,339,320	\$17,375,684	\$17,412,138	\$17,448,683
Service Charges	\$4,959,642	\$4,970,039	\$4,980,463	\$4,990,912	\$5,001,387
Total	\$22,262,690	\$22,309,360	\$22,356,146	\$22,403,050	\$22,450,070
<b>2023 Update</b>					
Water Sales	\$16,171,677	\$17,132,954	\$17,117,710	\$17,152,552	\$17,187,481
Service Charges	\$4,973,039	\$5,134,075	\$5,144,965	\$5,155,883	\$5,166,828
Total	\$21,144,716	\$22,267,030	\$22,262,675	\$22,308,435	\$22,354,309
<b>Difference (\$)</b>	<b>(\$1,117,974)</b>	<b>(\$42,330)</b>	<b>(\$93,471)</b>	<b>(\$94,615)</b>	<b>(\$95,762)</b>

<b>O&amp;M Expenses - 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
JPA Operating (External O&M)					
Cachuma	\$945,947	\$964,330	\$976,462	\$995,990	\$1,015,910
Cater Treatment	\$914,099	\$926,952	\$940,126	\$968,330	\$997,379
State Water	\$3,829,707	\$4,431,796	\$5,182,022	\$5,660,399	\$5,757,150
Desal	\$6,250,001	\$6,317,961	\$6,428,994	\$6,223,833	\$6,314,651
Montecito Water District (Internal O&M)	\$8,473,821	\$8,804,764	\$9,087,673	\$9,381,596	\$9,687,041
<b>Total - O&amp;M Expenses</b>	<b>\$20,413,575</b>	<b>\$21,445,802</b>	<b>\$22,615,277</b>	<b>\$23,230,148</b>	<b>\$23,772,131</b>

<b>O&amp;M Expenses - 2023</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
JPA Operating (External O&M)					
Cachuma	\$1,040,590	\$1,000,336	\$1,030,346	\$1,061,256	\$1,093,094
Cater Treatment	\$726,210	\$626,328	\$767,614	\$769,762	\$829,975
State Water	\$3,885,869	\$4,352,473	\$4,429,164	\$4,328,885	\$4,957,245
Desal	\$5,899,846	\$6,989,586	\$7,632,674	\$7,060,560	\$6,614,400
Montecito Water District (Internal O&M)	\$7,852,813	\$8,587,810	\$8,880,581	\$9,185,381	\$9,502,787
<b>Total - O&amp;M Expenses</b>	<b>\$19,405,328</b>	<b>\$21,556,533</b>	<b>\$22,740,379</b>	<b>\$22,405,845</b>	<b>\$22,997,502</b>

## 2020 URBAN WATER MANAGEMENT PLAN

The Urban Water Management Act (Act) became part of the California Water Code (CWC) with the passage of Assembly Bill 797 during the 1983-1984 regular session of the California Legislature. The CWC requires every urban water supplier providing water for municipal purposes either directly or indirectly to more than 3,000 customers or supplying more than 3,000 acre-feet of water annually (AFY) to adopt and submit an Urban Water Management Plan (UWMP) every five years to the California Department of Water Resources (DWR). The specific planning requirements are in the CWC Division 6, Part 2.6 Urban Water Management Planning.

Subsequent legislation has been passed that updates and provides for additional requirements for the UWMPs and water management. Senate Bill X7-7 Water Conservation, required the State to achieve a 20% reduction in urban per capita water use by December 31, 2020, known as 20x2020. Reporting of 20x2020 compliance is incorporated into the 2020 UWMP requirements. Senate Bill 606 and Assembly Bill 1668 establish a new framework for long-term improvements in urban water use efficiency and drought planning. Urban retail water suppliers are required to calculate an Urban Water Use Objective (UWUO), assess whether their actual water use met the

UWUO, and report the outcome and supporting information in their Annual Water Use Report to the Department of Water Resources (DWR) by January 1 of each year, starting in 2024.

The core requirements for the UWMP include a description of the water service area, a description of the existing and planned supply sources, estimates of past, present, and projected water use, 20x2020 analysis and target compliance, a description of water conservation Demand Management Measures (DMMs) already in place and planned, and other conservation measures, a 5-Year Drought Risk Assessment, and a Water Shortage Contingency Plan.

The District's 2020 UWMP demonstrated full compliance with the targeted 20% reduction in per-capita (per-person) urban water consumption in 2020. The Plan anticipates a reliable source of supply to meet expected demands under various circumstances for the foreseeable future. Under normal conditions, the District projects a need for approximately 5,000 acre-feet (AF) to meet expected demands in 2040. To meet this demand, the District has developed new reliable supplies, including a desalinated water purchase agreement with the City of Santa Barbara and a contract for long-term water storage at Semitropic Groundwater Banking and Exchange Program. These newly obtained supplies have made the District less reliant on imported water and rainfall-dependent sources of supply.



# WATER OPERATIONS



*A century of service.*

## SECTION 4: WATER OPERATIONS

### WATER SUPPLY PORTFOLIO

The District has a diverse water supply portfolio consisting of a variety of local, regional, and imported water supplies. Actual water availability varies from year to year based on weather conditions, environmental, hydrological, and regulatory constraints and is subject to hydraulic constraints. All water supplies are secured through collaborative agreements with Federal, State, and local partners or are owned by the District.

The District's foundational water resource management documents, which include the *Urban Water Management Plan* (UWMP) and the *Future Demand and Water Supply Options Analysis*, were last updated in 2021 and 2020, respectively. The GSP for the Montecito Groundwater Basin was adopted by the Montecito Groundwater Basin Groundwater Sustainability Agency on May 19, 2023.

State-mandated urban water use regulations are outlined in Senate Bill X7-7, and more recently in Senate Bill 606 and Assembly Bill 1668. Senate Bill X7-7 targeted a 20% reduction in urban water use by 2020, limiting the District's maximum annual urban water use to approximately 4,800 acre-feet (AF), which includes agricultural deliveries and unaccounted-for water. On June 22, 2021, the District adopted its 2020 UWMP, which demonstrated full compliance with Senate Bill X7-7. Senate Bill 606 and Assembly Bill 1668 establishes a new framework for long-term improvements in urban water use efficiency and drought planning. Urban retail water suppliers are required to calculate an Urban Water Use Objective (UWUO), assess whether their actual water use met the UWUO, and report the outcome and supporting information in their Annual Water Use Report to the Department of Water Resources (DWR) by January 1 of each year, starting in 2024. The UWUO is based on an aggregate estimate of efficient urban water use for the previous year based on the adopted urban water use efficiency standards and local service area characteristics for that year.

The District's FY2024 budget reflects an anticipated annual water production of approximately 4,300 AF, which equates to 3,987 AF in sales, consistent with the 5-year average water sales (2018-2022 CY). This projection is based on historical customer usage trends and increased water availability but is highly variable depending on customer water use behaviors and hydrologic conditions both regionally and statewide.

### DESALINATION

Pursuant to a long-term Water Supply Agreement (WSA) between the District and the City of Santa Barbara, the District receives 1,430 AF annually supported by the City's desalination facility.

The September 2020 agreement guarantees the District approximately 119 AF of water monthly for a term of 50 years irrespective of hydrologic conditions. Water deliveries began on January 1, 2022 and serve as the District's base supply. Deliveries are made through the District's various turnouts on the SCC. Approximately 35% of the District's annual water supply needs are met with this local reliable water supply.



## **JAMESON LAKE**

Jameson Lake is a District-owned surface water reservoir on the upper Santa Ynez River. Ownership and diversion rights were transferred from the City of Santa Barbara to the District in 1928 pursuant to the 1928 Juncal Dam Transfer Agreement. During normal conditions, annual diversions from Jameson Lake average about 1,500 AFY and are limited to a maximum of 2,000 AF because of the 1933 Gin Chow decision by the California Supreme Court.

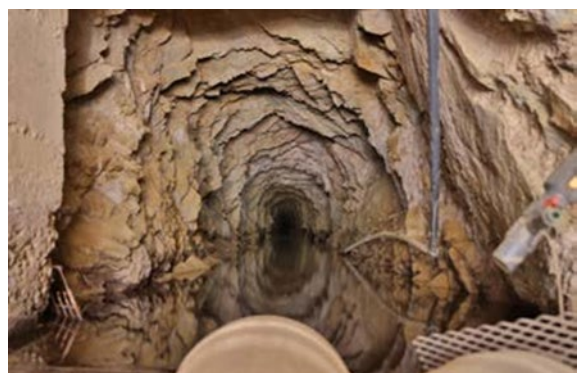


The current total storage capacity is approximately 4,848 AF, 70% of the original capacity of nearly 7,000 AF. Jameson Lake received significant inflows this past January, filling and spilling on January 9, 2023. As of June 2022, Jameson Lake remains at 100% of full storage capacity.

The Modified Operational Rule Curve for the reservoir, updated as part of the 2020 Future Water Demands & Water Supply Options Analysis, recommends maximum annual diversion based on the current lake level. Deliveries from Jameson Lake are expected to provide approximately 981 AF of water in FY2024.

## **DOULTON TUNNEL**

A 2.3-mile-long tunnel through the Santa Ynez Mountains connecting Jameson Lake and the District's service area, the Doulton Tunnel serves as a conduit for Jameson Lake deliveries and acts as a horizontal well collection tunnel for intrusion water or groundwater. This water is collected and conveyed, along with water delivered from Jameson Lake to the District for treatment.



Annual intrusion has historically varied widely depending on the hydrology and can range from above 1,000 AFY to the low hundreds. Due to 2022/23 wet winter, deliveries from Doulton Tunnel have increased and are projected to be approximately 600 AF for FY2024.

## **CACHUMA PROJECT**

The Cachuma Project (Lake Cachuma) has historically been used to meet approximately 40% of annual demand under normal conditions. In accordance with water supply agreements with United States Bureau of Reclamation (USBR), Santa Barbara County Water Agency (SBCWA) and the Cachuma



Member Units (CMUs), the District is entitled to 2,651 AF of Cachuma supplies annually under normal conditions. The USBR owns the Cachuma Project and is responsible for the operations of Bradbury Dam. The Cachuma Operation and Maintenance Board (COMB), a Joint Powers Authority of which the District is a member, is responsible for the operations and maintenance of the balance of the Cachuma Project facilities, including the Tecolote Tunnel, the South Coast Conduit (SCC), and regulating reservoirs and appurtenances. COMB delivers water to the CMUs on the south coast, including the District and maintains project infrastructure to ensure ongoing sustainability of the Cachuma Project.

Over the last decade, availability of water from the Cachuma Project has varied widely due to extreme weather swings, in some years providing a 0% allocation and other providing a 100% allocation. The Cachuma Project received historic inflows this past January and began spilling in early February 2023. As of June 2023, the Cachuma Project remains at 100% of full storage capacity. The United States Bureau of Reclamation (USBR) issued a 100% Cachuma Project allocation for Water Year 2023, which began October 1, 2022, equating to 2,651 AF. Due to the full lake level, the Water Year 2024 allocation is expected to be 100%. Cachuma Project supplies not used in the water year allocated become carryover water and are stored in the Lake until used. The District anticipates utilizing about 1,100 AF of Cachuma supplies in FY2024.

## **GROUNDWATER**

The Montecito Groundwater Basin is a locally controlled and reliable water source for the District. Since 2018, management of the Montecito Groundwater Basin is the responsibility of the Montecito Groundwater Basin Groundwater Sustainability Agency (GSA) in accordance with the 2014 Sustainable Groundwater Management Act (SGMA). The District formed the GSA in 2018 as a single agency GSA and was tasked with developing a Groundwater Sustainability Plan (GSP)

for the basin by 2024. The GSP for the Montecito Groundwater Basin was adopted by the Montecito Groundwater Basin Groundwater Sustainability Agency on May 19, 2023.

The District has twelve active groundwater wells, six potable and six non-potable. Diversions from the basin have historically ranged from 5% to 15% of the District's annual water supply depending on hydrologic conditions. The basin reached a historic low level in 2016 following four consecutive years of drought conditions, of which the basin has not fully recovered. Extraction from the basin in FY2024 are expected to be minimal to help promote basin recharge.

### **STATE WATER PROJECT (AND SUPPLEMENTAL WATER)**

The District participates in the State Water Project through the Central Coast Water Authority (CCWA), a Joint Powers Authority with responsibility for the ownership and operations of the treatment and distribution of SWP supplies in Santa Barbara and San Luis Obispo Counties. In accordance with water supply agreements between California Department of Water



Resources (DWR), Santa Barbara County Flood Control and Water Conservation District and the District, the District is entitled to 3,300 AF of SWP supplies annually under normal conditions. SWP water provides the District with a drought buffer which is used to offset reductions in local and regional surface water supplies. The availability of SWP water varies year-to-year based on hydrologic condition primarily in northern California. The District stores undelivered portions of its annual entitlement either in San Luis Reservoir, Cachuma Project or in Semitropic.

SWP and supplemental water deliveries are limited due to a capacity limitation in infrastructure used for delivery to the Cachuma Project. The District's annual deliveries utilizing these facilities vary depending of the delivery point at Cachuma Project up to a maximum of about 3,800 AF per year. Additional capacity may be available depending on other South Coast agencies' use of the pumping and transmission facilities.

The District projects no SWP deliveries to the Cachuma Project in FY2024 due to the increased availability of other surface water supplies including Cachuma and Jameson Lakes. All SWP supplies stored in San Luis Reservoir in CY2023 will be used to to satisfy the District's obligation under the Santa Ynez River/State Water Project Exchange Agreement (Exchange Agreement) dated February 1, 1993, or moved to Semitropic of groundwater banking.

When needed, the District purchases supplemental water through the Central Coast Water Authority's (CCWA) Supplemental Water Purchase Program. Between 2014 and 2022, the District purchased 17,806 AF of supplemental water. The district does not anticipate a need to acquire

supplemental water in FY2024. Additionally, while the District secured an option to purchase up to 2,000 AF of supplemental water from Homer LLC in CY 2022 and 2023, the District doesn't anticipate the need to exercise this option.

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## WATER SUPPLIES FACILITIES

The District's water supply treatment and distribution system is comprised of two water treatment plants, Bella Vista and Doulton, nine potable water reservoirs totaling 11.56 million gallons (MG), over 114 miles of pipeline, 12 active groundwater wells, and 9 pump stations. All District water is treated to meet all federal and state drinking water standards.

All water delivered from Lake Cachuma, whether SWP, supplemental, and/or Cachuma Project water, is treated at the City of Santa Barbara's regional Cater Water Treatment Plant and subsequently delivered to the District through nine turnouts on the SCC.

The District's Bella Vista Treatment plant is a 2.2 MG per day (6.7 AF per day) treatment facility that is used to treat water received from Jameson Lake and Doulton Tunnel. The Bella Vista Treatment Plant went into service in 1994 and provides up to 30% of the District's potable water supply during normal water supply conditions.



Doulton Treatment Plant, a secondary 0.15 MG per day (0.46 AF per day) treatment facility, is located at the top of Toro Canyon Road. The Doulton Treatment Plant also went into service in 1994 and treats the same water supply as Bella Vista Treatment Plant. This treatment plant is used to deliver treated water to a small, isolated portion of the District's service area located on upper Toro Canyon Road.

District groundwater production includes six potable groundwater wells capable of producing up to approximately 75 AF per month. Each potable groundwater well has well head treatment which includes disinfection and filtration of iron and manganese.

## **WATER OPERATIONS: COST OF SERVICE**

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### **DIRECT & INDIRECT COST OF SERVICE**

Due primarily to the extraordinary inflation over the last two years, planned FY2023 expenditures have increased above projection included in the *5-year Financial Plan and Water Cost of Service and Rate Study* (2020 Rate Study) prepared by Raftelis, dated May 7, 2020, and adopted by the Board of Directors on June 25, 2020. Planned operating expenditures are separated into three categories consisting of Water Supply Expenses, and MWD Direct and Indirect Expenses. Operating expenditures are described and shown below.

Water Supply Expenses, which include Joint Powers Authority (JPA) operating expenses (fixed and variable costs associated with COMB, CCRB, CATER, and CCWA), the WSA with the City of Santa Barbara and groundwater banking, account for about 60% of total District expenditures. Direct expenses, which include operations & maintenance expenses directly associated with providing water service to District customers, represent 19% of total expenditures and include costs related to management of District owned Jameson Lake, water treatment, testing, and distribution. Indirect expenses, which includes operations & maintenance expenses indirectly associated with providing water service to District customers, represent 22% of total expenditures, and include costs related to engineering services, finance, public information, fleet, administrative services, liability insurance, legal and others. Of Direct and Indirect expenses, personnel costs represent 20% of total expenditures, which consist of wages, benefits other post-employment benefits.

**Figure 4-1: FY2024 Planned Operating Expenses**

<b>FISCAL YEAR 2023-2024 BUDGET</b>	<b>FY 2021-2022 AUDITED</b>	<b>FY 2022-2023 FORECAST</b>	<b>FY 2023-2024 BUDGET</b>
<b>Operating Expenses</b>			
<b>Source of supply-water purchases</b>			
Cachuma Lake	(961,271)	(1,040,590)	(1,000,336)
Cater Water Treatment Plant	(1,594,229)	(726,210)	(561,100)
State Water Project (SWP)	(4,334,251)	(3,806,865)	(4,352,473)
WSA Water purchase (DESAL)	(2,641,954)	(5,478,854)	(6,989,586)
Supplemental Water Purchases	(1,595,833)	(79,004)	-
SEMITROPIC MNGM/MAINT/BANKING	(33,457)	(27,060)	(59,354)
<b>Total Source of supply-water purchases</b>	<b>(11,160,995)</b>	<b>(11,158,584)</b>	<b>(12,962,849)</b>
<b>MWD Direct expenses</b>			
Jameson Lake	(292,964)	(273,359)	(375,584)
Water treatment	(1,646,164)	(1,546,727)	(2,087,530)
Transmission and distribution	(1,489,554)	(1,742,199)	(1,890,871)
<b>Total MWD Direct expenses</b>	<b>(3,428,682)</b>	<b>(3,562,285)</b>	<b>(4,353,985)</b>
<b>Total Direct expenses</b>	<b>(14,589,677)</b>	<b>(14,720,869)</b>	<b>(17,316,834)</b>
<b>MWD Indirect expenses</b>			
Customer services	(464,671)	(390,171)	(372,801)
Conservation	(87,215)	(93,352)	(215,529)
Fleet	(266,516)	(272,844)	(296,220)
Engineering	(1,306,528)	(899,905)	(1,431,695)
Administration	(1,941,492)	(1,921,239)	(2,158,244)
Legal	(336,009)	(259,703)	(323,000)
Public Information	(198,745)	(174,364)	(219,932)
Extraordinary Expense	(202,613)	(251,040)	-
Budget Contingency	-	(941)	-
General & administrative	(4,339,118)	(3,873,388)	(4,644,620)
<b>Total Indirect expenses</b>	<b>(4,803,789)</b>	<b>(4,263,559)</b>	<b>(5,017,421)</b>

#### **JOINT POWERS AUTHORITIES (JPA)**

The District is a member of Joint Power Authorities (JPAs) for the purchase, management, treatment and delivery of water. These JPAs include the Cachuma Operations & Maintenance Board (COMB), Cachuma Conservation & Release Board (CCRB), Cater Treatment Plant (Cater), and Central Coast Water Authority (CCWA). Additionally, the JPA category of expenditures includes the Water Supply Agreement (WSA) with the City of Santa Barbara and groundwater banking with Semitropic. Budget items associated with JPAs are determined and controlled by the individual JPAs pursuant to agreements.

## **CACHUMA OPERATION AND MAINTENANCE BOARD (COMB)**

The Cachuma Operation and Maintenance Board (COMB) is a Joint Powers Agency formed in 1956 pursuant to an agreement with the United States Bureau of Reclamation (USBR). The agreement transferred to COMB the responsibility to operate, repair and maintain all Cachuma Project facilities, except Bradbury Dam, which the USBR continues to operate. COMB is responsible for diversion of water to the South Coast through the Tecolote Tunnel, and the operation and maintenance of the South Coast Conduit (SCC) pipeline, flow control valves, meters, and instrumentation at control stations, and turnouts along the SCC and at four regulating reservoirs. COMB's member agencies (Cachuma Member Units) include City of Santa Barbara, Goleta Water District, Montecito Water District, Carpinteria Valley Water District, and, formerly, Santa Ynez River Water Conservation District-Improvement District No. 1 (SYRWCD ID#1). COMB's Board of Directors is made up of elected representatives from each of its member agencies.



The District's percentage of participation for this JPA is 11.50%. This provides for the payment of the operation and maintenance of the Cachuma Project south coast facilities including the Tecolote Tunnel, the SCC water transmission facilities and the COMB managing office and maintenance facility. The budget also covers fish passage obligations in the Santa Ynez River and its tributaries located downstream of Bradbury dam at Lake Cachuma.

The JPA expense identified as USBR in the COMB budget is the District's proportionate share of costs stipulated in the September 12, 1949 agreement between the United States Department of the Interior, Bureau of Reclamation (USBR) and the Santa Barbara County Water Agency (the "SBCWA") for the Cachuma Project construction. The District entered into a separate agreement with the County to purchase water from the Cachuma Project. The agreement is to operate and maintain the Cachuma Project facilities at Lake Cachuma, including Bradbury Dam. The 1995 Cachuma Project contract with USBR expired in September 2020. USBR and COMB entered into a 3-year interim contract in September 2020 to allow additional time for the contract renewal process between USBR, the County and CMUs. It is anticipated that another 3-year interim contract extension will be enacted prior to the September 2023 contract expiration.

## **CACHUMA CONSERVATION RELEASE BOARD (CCRB)**

The Cachuma Conservation Release Board (CCRB) is a Joint Powers Agency formed in January 1973 between Montecito Water District (MWD), Carpinteria Valley Water District (CVWD), Goleta Water District (GWD), and the City of Santa Barbara (City). CCRB was established to jointly

represent the water agencies in protecting the Cachuma Project water rights and interests. In 2011, CVWD withdrew from CCRB, increasing the percentage of participation for the remaining member agencies. The District's current percentage of expenses for CCRB is 13.09%. CCRB's Board of Directors is made up of an elected representative from each of the three remaining member agencies.

The withdrawal of CVWD from CCRB in 2011 also caused a fundamental change in the organization's purpose to focus its activities on water rights advocacy and the Cachuma Project Biological Opinion (BO) Re-consultation and State Water Resources Control Board (SWRCB) Water Rights Orders. All extraneous CCRB programs, not having to do with water rights, including fish passage projects and related studies of the Santa Ynez River and its tributaries, were transferred to COMB.

CCRB does not have any contractual water rights. The actual Cachuma Project water rights are held by the USBR. The water rights orders issued by the SWRCB include provisions protecting the Santa Ynez River water interests and rights of certain Cachuma Lake downstream parties. In 1990 the SWRCB added additional provisions that now require the release of Cachuma Project water into the lower Santa Ynez River for fish restoration purposes. The Lower Santa Ynez River Fish Management Plan (FMP) is a comprehensive plan to provide fish passage and management strategies to protect, restore and create new habitat for the spawning and rearing of endangered steelhead.

Currently the National Marine Fisheries Service (NMFS) and USBR are in re-consultation over the Cachuma Project, and detailed studies and reports are being compiled to ascertain the status of fish passage and restoration activities funded by CCRB. Re-consultation is a process that results in the development of a Biological Opinion (BO). The new BO could adversely affect the Cachuma Project water supply by requiring more releases of water for fish passage purposes.

### **CENTRAL COAST WATER AUTHORITY (CCWA)**

On June 4, 1991, District voters approved participation in the California State Water Project (SWP) allowing the District to participate in the formation of the Central Coast Water Authority (CCWA). The CCWA was formed on August 1, 1991 as a JPA under Government Code Section 6500, Article 1, Chapter 5, Division 7, Title 1 providing for a total of 45,486 AF of SWP Table "A" and drought buffer water supplies to Santa Barbara County. The



actual right to the 45,486 AF of State Water is held by the Santa Barbara County Flood Control and Water Conservation District, which acquired the SWP supply in 1963.

CCWA, by way of a transfer agreement, is the agency responsible for managing the financing, construction, operation and maintenance of the SWP facilities necessary for the delivery of SWP water and other supplemental supplies to the eight participating agencies, which includes the Cities of Buellton, Guadalupe, Santa Barbara and Santa Maria; Carpinteria Valley Water District; Goleta Water District; Montecito Water District and the Santa Ynez River Water Conservation District Improvement District#1. SWP Table "A" water is water made available to SWP contractors on a calendar year basis as established by the California Department of Water Resources (DWR). Annual Table "A" allocations vary from year to year due to hydrologic and environmental conditions and have ranged from 5% to 100% allocation. According to DWR, the long-range reliability of the SWP, excluding any potential delta conveyance project is as low as 41%, but has averaged approximately 60% since deliveries to Santa Barbara County began in 1997.

The CCWA Board of Directors is made up of one representative from each participating entity. Votes on the Board are apportioned based on an allocated percentage of SWP Table "A" water under the governing rules and obligations of CCWA. The District has a voting percentage of 9.5% in CCWA.

CCWA water treatment and conveyance facilities include the 43 MGD Polonio Pass Water Treatment Plant, 143 miles of transmission pipelines, pump stations, five storage tanks, ten turnouts and the CCWA office and maintenance facility in Buellton, CA. CCWA has a staff of approximately 30 full time employees. The District's full SWP Table "A" allocation is 3,000 AF, including a 300 AF drought buffer. For the 2023 calendar year, DWR issued an SWP allocation of 100%, which for the District translates to 3,300 AF.



As of the beginning of FY2024, the District is responsible for paying one fixed capital cost components for its share of the construction loan costs for the pipeline and facilities built by the DWR. The District also pays a variable water treatment and delivery cost to DWR and CCWA for all State Water deliveries.

Each Santa Barbara County SWP contractor, including the District, has entered into a Water Supply Agreement in order to provide for the development, financing, construction, operation and maintenance of the CCWA Project. The purpose of the Water Supply Agreement is to assist

in carrying out the role of CCWA: (1) requiring CCWA to sell, and the SWP participants to buy, a specified amount of water from CCWA (take or pay); and (2) assigning the Santa Barbara County SWP contractors entitlement rights in the SWP to CCWA. Although the District does have an ongoing financial responsibility pursuant to the Water Supply Agreement between the District and CCWA, the District does not have an equity interest as defined by GASB Code Sec. J50.105.

Each Santa Barbara County SWP participant is required to pay to CCWA an amount equal to its proportionate share of the “fixed project cost component” and certain other proportionate costs established in the Water Supply Agreement. These costs include the Santa Barbara County SWP participant’s share of payments to the DWR under the State Water Supply Contract (including capital, operation, maintenance, power, and replacement costs of the DWR facilities) and all CCWA operating and administrative costs.

Each Santa Barbara County SWP participant is required to make payments under its Water Supply Agreement solely from the revenues of its water system. Each participant has agreed in its Water Supply Agreement to fix, prescribe, and collect rates and charges for its water system which will be at least sufficient to yield each fiscal year net revenues equal to 125% of the sum of (1) the payments required pursuant to the Water Supply Agreement, and (2) debt service on any existing participant obligation for which revenues are also pledged.

### **CATER TREATMENT PLANT**

All water delivered from Lake Cachuma, which includes Cachuma Project, SWP and supplemental water, is treated at the City of Santa Barbara’s Regional Cater Treatment Plant located at the northerly terminus of San Roque Road in the City of Santa Barbara. The District entered into a JPA with the City of Santa Barbara and CVWD on July 5, 1978, followed by contract amendments for payment of the capital cost and debt service for treatment plant construction and all future capital improvements needed to remain in compliance with state and federal water quality standards. It was decided by MWD, CVWD and the City that the construction of a regional water treatment facility would be the most efficient and cost-effective means to treat this water supply. Under the JPA, neither Montecito nor Carpinteria Valley Water Districts have any ownership in the Regional Cater Treatment facility.



The District signed a subsequent agreement with the City of Santa Barbara, effective November 1, 2003, for participation in a California Drinking Water State Revolving Fund loan contract totaling \$19.2 million to fund improvements required at the Cater Treatment facility. The

District's proportionate share is 19.7% or about \$3.5 million to be financed over 20 years. Interest is payable semi-annually at a rate of 2.5132% per annum. The District's share of the outstanding balance at June 30, 2020 is \$953,470. The District's payments for its share of the debt service are \$225,416 per year thru 2025. In December 2004, the Cater Water Treatment Plant project was completed and principal payments on the loan began on July 1, 2005.

The City entered into a \$20M Cater upgrade project, (Ozone Project) in 2011 to comply with regulations regarding post-treatment of total trihalomethanes levels which, at times, were at or in excess of the EPA Stage II disinfection byproducts rule maximum contaminant level. This project is financed by a 2.5% State Revolving Fund loan held by the City of Santa Barbara. The District and the City entered into a contribution agreement on June 28, 2011, where the District is invoiced by the City for its 24.63% share of costs. The District has no ownership in the Cater Ozone treatment facilities. Construction of the Ozone Project was completed in June 2013 with MWD's final cost obligation of \$4.3M. The District's payments for its share of debt service are \$276,738 per year thru July 2035.

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## WSA WATER PURCHASE

### WATER SUPPLY AGREEMENT WITH CITY OF SANTA BARBARA

In September 2020, the District and the City of Santa Barbara effectuated a 50-year Water Supply Agreement (WSA) whereby the City is obligated to supply, and the District is obligated to accept, 1,430 AF of water annually irrespective of hydrologic conditions. The WSA was pursued by the District because its current water supply sources are increasingly affected by changing regulations, environmental, and climatic challenges. The District's acquisition of this new reliable water source is supported by its *Future Water Demand and Water Supply Options 2020 Update* analysis prepared by Dr. Steve Bachman in May 2020 indicating moderate to extensive shortages experienced under certain anticipated future conditions. Despite the District having a diverse water supply portfolio, history has shown that its supplies are insufficient to meet customer needs during extended periods of below-normal rainfall and droughts, which are projected by experts to be of increased intensity, longer duration and more frequent in the future. This agreement provides the District with a new local water supply that is nearly 100% reliable and will help protect against ongoing and future droughts and climate change.



The water unit pricing is based on the financing and operational costs of the City's Charles E. Meyer Desalination Plant and, if expanded to 5,000 AFY capacity, the Conveyance Pipeline,

including additional payments in consideration of the City's past investments and risks. The estimated unit cost of water in accordance with the WSA is \$3,194 per AF based on the current production capacity of the Desalination Plant. Desalination Plant financing and operational costs are the basis for the water unit pricing because it is the water produced by the Desalination Plant that creates the surplus water supply enabling the City to enter into the agreement. As the Desalination Plant increases in capacity, the District will benefit from economies of scale. The City has indicated it currently has no plans to expand the Desalination Plant. Although the water pricing is based on the Desalination Plant costs, the District has no ownership rights in the Desalination Plant or other City water facilities and does not have control over its operations. The City is required to maintain the Desalination Plant's ability to produce water, which, at a minimum, means that the Desalination Plant will be able to promptly resume operation in event of a shut-down if resumption of operations is necessary to meet City's delivery obligation under the WSA.

Based on WSA cost projections for FY2024, the WSA unit price for water has increased by about 19% over FY2023. The year over year increase in the cost of desalinated is due to a combination of inflation and added costs. Inflation continues to be extraordinary impacting all costs, in particular electricity and chemicals by about 40%. Increased City staffing needs continue for managing the Desalination facility and its contract operator IDE Americas. Additionally, in Spring 2024, the existing contract for operation of the desalination facility between the City of Santa Barbara and IDE Americas will end and a renewal or a change in operations is required. Future operations could involve an extension of the existing contract with IDE Americas, a contract with new 3<sup>rd</sup> party operator, or City operation, all of which according to the City are anticipated to result in about a 16% increase in operations and maintenance, and administrative costs. The District is planning an audit of City of Santa Barbara finances in FY2024 to confirm appropriateness of these City planned expenses relating to the WSA.

## FUNDS & RESERVES



*A century of service.*

## SECTION 5: FUNDS & RESERVES

### FUND SUMMARY

The District manages three separate funds:

- 1) The District's day-to-day finance and accounting is managed using its **OPERATIONS FUND**. This method of reporting is used to account for operations that are financed and operated in a manner similar to a private business enterprise. The costs (including replacement of existing assets) of providing water and services to its customers on a continuing basis should be financed or recovered primarily through user charges, and the costs should be borne by the customers who are receiving the benefit of the assets. The enterprise fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The Enterprise Fund manages the day-to-day Water operations, carries debt to fund Capital Improvements and maintains Fixed Assets.
- 2) The District manages the **GROUNDWATER SUSTAINABILITY AGENCY (GSA) FUND**. The GSA has a separate directive and is a separate entity with, separate financial reporting, and a separate budget.
- 3) The **RATE STABILIZATION FUND** is composed of reserves such as: Restricted funds; Board Committed and Assigned funds; and any other Board designated reserves. The Rate Stabilization Funds helps mitigate the impact of inflationary pressure or water consumption cyclical peaks and valleys. Reserves designated for future fiscal year emergencies or capital expenditures fund the Rate Stabilization Fund after Board approval.

**Figure 5-1: Funds and Purpose, and a 3-year Fund Balance Summary.**

FUND NAME	FUND	TYPE	DESCRIPTION
Operations	01	Enterprise	The purpose of this fund is to track receipt of water revenues and expenditures for day-to-day operations. This includes customer billing, water purchases and funding in case of water-related operating emergencies and unforeseen circumstances.
Groundwater Sustainability Agency	02	Governmental	The purpose of this fund is to track day-to-day operations, grant funding and fund GSA related operating emergencies and unforeseen circumstances. The GSA is a separate agency with a Board and separate set of records.
Rate Stabilization Fund	03	Reserve	The purpose of this fund is to segregate reserves from the Operations Fund, mitigate the impact of cyclical financial peaks and valleys, and stabilize debt service coverage.

**Figure 5-2: 3-Year Fund Balance Summary**

FUND	FY 2022 ACTUAL		FY 2023 FORECAST		FY 2024 BUDGET	
	Begin Bal	End Bal	Begin Bal	End Bal	Begin Bal	End Bal
Operations	25,780,227	28,306,202	28,306,202	28,231,179	28,231,179	26,765,501
GSA Fund	-	421,536	421,536	422,690	422,690	424,462
Rate Stabilization Fund	8,000,000	10,400,000	10,400,000	8,472,443	8,472,443	8,000,000
Total	33,780,227	39,127,739	39,127,739	37,126,312	37,126,312	35,189,963

## RESERVES SUMMARY

Maintaining adequate reserve balances is important to the financial health of the District. In June 2017, the District adopted Resolution 2155 defining reserves to be held by the District. Since then, the District reserve policy has been updated annually. At its meeting of June 27, 2023, the Board of Directors adopted an updated Reserve Policy for FY2024, District Resolution No. 2261, reflecting modifications incorporated in the referenced 2020 Water Cost of Service and Rate Study and other District needs.

## RESTRICTED RESERVES

Restricted Reserves are reserves that have restrictions on their use imposed by an outside source such as creditors, grantors, contributors, laws, or regulations governing use. These funds are specifically governed by a written contract with the District or outlined within the debt covenants of a debt financing.

As of June 30, 2023, the District is projected to have a total \$20,633,073 in cash and investments in various financial institutions. Restricted Reserves totaling \$4,210,561, are held in trustee accounts to satisfy debt covenants, debt agreements, and other contractual requirements and are not available for use. The remaining \$16,422,512 is available for District operating, capital needs and unrestricted reserves.

**Figure 5-3: District Restricted Reserves as of July 1, 2023**

<b><u>RESTRICTED RESERVES</u></b>	<b><u>BALANCE</u></b>
	<b><u>(As of July 1, 2023)</u></b>
<u>CCWA Rate Coverage Reserve</u>	<u>\$1,495,258</u>
<u>WSA Debt Service Coverage Deposit</u>	<u>\$481,580</u>
<u>WSA Debt Service Reserve Deposit</u>	<u>\$740,892</u>
<u>Thomas Fire/Debris Flow CalOES/FEMA Reserve</u>	<u>\$1,492,831</u>
<b><u>TOTAL RESTRICTED RESERVES</u></b>	<b><u>\$4,210,561</u></b>

The following provides a description of the Restricted Reserves:

#### *CCWA Rate Coverage Reserve*

The CCWA Rate Coverage Reserve are reserve funds held by CCWA that approximate 25% of the annual charge by CCWA to the District for the fixed and variable charges from the SWP, in addition to the proportionate share of CCWA's administrative costs.

#### *WSA Debt Service Coverage Deposit and Reserve*

The WSA Debt Service Coverage Deposit and WSA Debt Service Reserve are reserve funds held by the City of Santa Barbara and represent an amount equal to the District's portion of City's debt service coverage deposit and reserve required pursuant to the City's State Revolving Fund loan for the desalination plant.

#### *Thomas Fire/Debris Flow Cal OES/FEMA Reserve*

A result of the settlement between the District and Southern California Edison in connection with damages caused by the 2017 Thomas Fire, a portion of the settlement (referred to as "holdback funds") was held in escrow until reconciliation of project funding was complete. The reconciliation determined \$1,492,830.71 is due back to California Office of Emergency Services (CalOES). These funds remain in reserve until CalOES requests they be returned.

### **UNRESTRICTED RESERVES**

Unrestricted Reserves are reserves that do not have external restrictions imposed on their use. The use of Unrestricted Funds is at the discretion of the Board. Unrestricted Funds may be designated for a specific purpose, determined by the Board. The Board may also redirect the use of these funds as needs change. Unrestricted Reserves are subdivided into "Committed", "Assigned" and "Unassigned" Funds. Committed Funds refer to the fund balance amounts that have constraints imposed by formal action of the Board. Once adopted, the limitation imposed remains in effect until an additional modifying action is taken. Assigned funds refer to fund balance amounts that are constrained by the Board's intent to be used for a specific purpose, but are neither restricted nor committed. Unassigned funds refer to fund balances that are not restricted, committed, or assigned. The District's Unrestricted Reserves are detailed in the District's Reserve Policy adopted via Resolution No. 2261 on June 27, 2023 and outlined below.

### **BOARD COMMITTED FUNDS**

As of July 1, 2023, the District's Board Committed Funds consist of a Rate Stabilization Fund. The Rate Stabilization Fund includes various cash reserves serving specific purpose as described

below. The Board desires a minimum Board Committed fund balance target, composed of the Reserve for Operations, Reserve for Emergencies, and Reserve for Unanticipated or Unplanned Capital Repair & Replacement of \$5,000,000. The Board Committed fund balances for FY2024 are shown in the Figure 5-4 below. These funds are legally accessible for use to fund operations and are held in various financial accounts.

**Figure 5-4: Board Committed Fund(s)**

<b><u>BOARD COMMITTED FUND(S)</u></b>	<b><u>BALANCE</u></b>
	<b><u>(As of July 1, 2023)</u></b>
<u>Rate Stabilization Fund</u>	
<u>Reserve for Operations</u>	<u>\$2,800,000</u>
<u>Reserve for Emergencies</u>	<u>\$500,000</u>
<u>Reserve for Unanticipated or Unplanned Capital Repair &amp; Replacement</u>	<u>\$500,000</u>
<u>SWP Prefunding Reserve</u>	<u>\$362,706*</u>
<u>WSA (Desal) Prefunding Reserve</u>	<u>\$3,821,605</u>
<b><u>TOTAL BOARD COMMITTED FUND(S)</u></b>	<b><u>\$7,984,311</u></b>

\* SWP Prefunding Reserve is funded monthly in the amount of \$362,706 and is fully funded each year on June 1. The fully funded amount for FY2024 is \$4,352,473.

The following provides a description of the Board Committed fund(s).

#### *Rate Stabilization Fund*

The Rate Stabilization Fund is comprised of cash reserves that can mitigate the impacts of operational, debt service and capital expenditure fluctuations year over year. Reserves can be transferred out of the rate stabilization fund and used to help meet debt service coverage requirements. Rate stabilization reserves can help smooth revenue variability and ensure adequate fiscal resources during such times that could otherwise require more significant rate spikes. All retained earnings from water rates not allocated to any other funds may be placed in the Rate Stabilization Fund. Funds appropriated to the Rate Stabilization Fund may be invested in the same manner as other District funds, and the earnings thereon shall be credited to the Unrestricted Fund balance.

Components of the Rate Stabilization Fund are as follows:

#### *Reserve for Operations*

The Reserve for Operations may be utilized to pay the cost of operating the District's system, including unanticipated costs associated with operations. This reserve is designated by the Board to maintain working capital for operations and to meet routine cash flow needs. The District shall endeavor to maintain in the "Reserve for Operations" an amount sufficient to pay for approximately 90 days of normal operations of the District. The District's 5-year financial plan and Water Cost of Service and Rate Study produced by Raftelis, dated May 7, 2020 suggests a Reserve for Operations Fund balance of \$3.4 million.

#### *Reserve for Emergencies*

The Reserve for Emergencies is established to provide protection for losses in the event of a hydrological, meteorological or man-made emergency in which District infrastructure is severely damaged. This reserve provides cash for gap funding to cover the time-period from the loss to the time of the insurance or other payout, as well as the deductible. This reserve may be invested with other District funds in an interest-bearing account.

#### *Reserve for Unanticipated or Unplanned Capital Repair & Replacement Fund*

The Reserve for Unanticipated or Unplanned Capital Repair & Replacement provides cash necessary to construct, procure or repair new and existing infrastructure that was not planned for at the time of the adoption of the budget. This would include costs associated with the transmission and distribution assets, buildings, pumping facilities, equipment, etc. This reserve may be invested with other District funds in an interest-bearing account.

#### *SWP Prefunding*

The State Water Project (SWP) Prefunding Reserve is used to fund the District's annual SWP fixed payment. The reserve is funded through current rates and funds the subsequent fiscal years SWP payment. The SWP payment is for the District proportionate share of Central Coast Water Authority's SWP fixed payments, which includes Department of Water Resources fixed payments. The District's SWP payment for FY2024, as budgeted is \$4,352,473, and the monthly SWP prefunding amount is \$362,706.

#### *WSA (Desal) Prefunding*

In September 2020, the District consummated a 50-year Water Supply Agreement (WSA) with the City for Santa Barbara, supported by the City's desalination facility. Water deliveries pursuant to the WSA began January 2022. The District's 2020 5-Year Financial

Plan and Water Cost of Service and Rate Study incorporated 3.5 year of WSA expenses (Jan 2022 through June 2025) spread over a 5-year period to help smooth water rates. This approach prefunded WSA expenses between July 1, 2020 and December 31, 2021. This prefunding is used monthly to supplement current rate revenue to fund monthly WSA payments. In June 2022, the Board allocated an additional \$1,200,000 to WSA Prefunding to cover increased costs. The WSA prefunding balance as of July 1, 2023, is \$3,821,605, and is reduced monthly by \$159,233.

## **BOARD ASSIGNED FUNDS**

Board Assigned Fund balances can vary over the fiscal year depending on their intended use. The Board Assigned fund(s), as of July 1, 2023 are described below.

### *WSA Pay-Go Capital*

The WSA Pay-Go Capital Reserve is to be used to fund pay-go capital expenses associated with the City of Santa Barbara's Desalination Plant, which is central to the District's participation in the Water Supply Agreement (WSA). Pay-Go Capital is capital improvements that are funded in full using cash reserves. As a condition of the WSA, the District must fund a portion of the costs of maintaining the City's Desalination Plant and associated infrastructure. This reserve is funded \$300,000 annually to a maximum total contribution of \$1.2M. As of July 1, 2023, the District has funded this reserve over 4 years to the maximum \$1,200,000. The WSA Pay-Go Capital Reserve is used monthly to fund Pay-Go Capital pursuant to the WSA and the reserve balance as of July 1, 2023, is \$655,109.

## **BOARD UNASSIGNED FUNDS**

The Board desires to allocate retained earnings not allocated to any other fund, i.e unassigned funds to the Rate Stabilization Fund and to maintain Board Unassigned Funds balance of \$0.



# BUDGET ASSUMPTIONS



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## SECTION 6: BUDGET ASSUMPTIONS

### BASIS OF BUDGET AND ACCOUNTING

The District utilizes fund accounting and the accrual basis for budgeting purposes, and for accounting and financial reporting. The accrual method recognizes revenues and expenses in the period in which they are earned and incurred. The accrual method conforms with Generally Accepted Accounting Principles (GAAP) as applied to enterprise funds. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principals.

### REVENUE ASSUMPTIONS

#### ANNUAL RATE INCREASE IMPLEMENTED

The annual water rate increase of 2.8%, becomes effective on July 1, 2023, and is consistent with Resolution No. 2200. On June 25, 2020, the Board of Directors adopted Resolution No. 2200 adopting water rates and charges based on the *2020 5-year Financial Plan and Water Cost of Service and Rate Study* prepared by Raftelis Financial Consultants, Inc., dated May 7, 2020. The study covers the period of FY2021 through FY2025 and plans an 2.8% annual increase in water rates.

**Figure 6-1: Water Usage Rates**

Water Usage Rates (\$/hcf <sup>2</sup> )						
Customer Classification	Monthly Tiers (hcf)	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Residential <sup>4</sup> (per DU <sup>1</sup> )						
Tier 1	9	\$6.56	\$6.75	\$6.94	\$7.14	\$7.34
Tier 2	35	\$11.14	\$11.46	\$11.79	\$12.13	\$12.47
Tier 3	35+	\$12.31	\$12.66	\$13.02	\$13.39	\$13.77
Commercial		\$9.63	\$9.90	\$10.18	\$10.47	\$10.77
Institutional		\$10.58	\$10.88	\$11.19	\$11.51	\$11.84
Agriculture <sup>3</sup>		\$5.50	\$5.66	\$5.82	\$5.99	\$6.16
Non-Potable		\$1.80	\$1.86	\$1.92	\$1.98	\$2.04

1. "DU" – dwelling unit
2. "hcf" – hundred cubic feet (1hcf = 748.05 gallons)
3. Agricultural customers are allocated 9 hcf per month at Tier 1 residential rates for each DU. Water use above 9 hcf multiplied by the number of DUs is then billed at the Agriculture rate shown above.
4. "Residential" customer classification includes Single Family and Multi Family Residential uses as defined in Ordinance 90.

## MONTHLY METER AND FIRE LINE CHARGES

Resolution No. 2200 also established Monthly Meter Charges and Private Fire Line Charges over the same period.

**Figure 6-2: Monthly Meter and Private Fire Charge(s)**

Monthly Meter Charge (\$/hcf)					
Meter Size	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
3/4-inch	\$46.86	\$48.18	\$49.53	\$50.92	\$52.35
1-inch	\$76.69	\$78.84	\$81.05	\$83.32	\$85.66
1 1/2-inch	\$135.04	\$138.83	\$142.72	\$146.72	\$150.83
2-inch	\$212.83	\$218.79	\$224.92	\$231.22	\$237.70
3-inch	\$731.49	\$751.98	\$773.04	\$794.69	\$816.95
4-inch	\$1,431.67	\$1,471.76	\$1,512.97	\$1,555.34	\$1,598.89
6-inch	\$3,246.97	\$3,337.89	\$3,431.36	\$3,527.44	\$3,626.21

Monthly Private Fire Charge (\$)					
Fire Line Size	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
2-inch	\$19.35	\$19.90	\$20.46	\$21.04	\$21.63
4-inch	\$91.89	\$94.47	\$97.12	\$99.84	\$102.64
6-inch	\$256.70	\$263.89	\$271.28	\$278.88	\$286.69
8-inch	\$540.96	\$556.11	\$571.69	\$587.70	\$604.16

Note: The monthly private fire charge applies to customers with dedicated fire lines serving their property and are based on fire line capacities.

## WATER CONSUMPTION IS ESTIMATED AT 3,987 ACRE FEET (AF) OR REVENUES OF \$17,529,930.

Estimates for FY2024 are based on 5-year averaged consumption beginning April 2018 and ending February 2023. This time-period has a combination of wet, dry, and average hydrologic years. The District's demand projections are periodically updated with the latest data, but inherently there is a high degree of uncertainty due to changes in the weather.

The FY2024 water sales projection is 14% greater the water sales forecast for FY2023, and 6% less than the actual water sales for FY2022.

Figure 6-3 shows projected consumption Acre Feet (AF) and projected Revenues by Customer classification. Tier 1 Residential consumption includes Agricultural dwelling consumption. Tiers 2 and 3 apply only to Residential.

**Figure 6-3: Projected Consumption By Customer Class For FY2024**

Customer Classification		FY2024 Unit Water Rates	FY2024 Projected Sales (AF)	FY2024 Revenue
<b>Residential</b>				
	Tier 1: 9 HCF	\$7.14	975	\$3,033,278
	Tier 2: 10 - 35 HCF	\$12.13	1,451	\$7,666,829
	Tier 3: 36+ HCF	\$13.39	617	\$3,601,393
<b>Commercial</b>		\$10.47	228	\$1,038,389
<b>Institutional</b>		\$11.51	267	\$1,340,412
<b>Agriculture</b>		\$5.99	290	\$763,108
<b>Non-Potable</b>		\$1.98	158	\$136,521
<b>Projected FY2024 Water Sales</b>			<b>3,987</b>	<b>\$17,579,930</b>

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## EXPENSE ASSUMPTIONS

- Water Operations Expenses are projected to increase by approximately 19%, primarily as a result of the District taking receipt of and paying for water deliveries in accordance with the Water Supply Agreement (2020 WSA) with the City of Santa Barbara, dated September 2, 2020.
- The 2020 WSA provides 1,430 acre-feet of reliable water annually for 50 years.
- The WSA prefunded reserve, which began in July 2020 and was fully funded December 31, 2021, with the estimated cost needed to fund 3.5 years of water deliveries, is spread over 5 years to smooth the impact on water rates in accordance with the 2020 Rate Study.
- Joint Powers Agreement (JPA) expenditures are projected to decrease by 18% because of less water deliveries projected through CCWA and CCWA debt payoff.
- Treatment and Distribution expenses are projected to increase 5% due to inflationary pressure.
- Most Indirect Expenses before the Cost-of-Living Adjustments (COLA) have remained consistent from previous years. Increases are expected in fuel and electricity, 40% and 15% respectively.
- A 3% Contingency line item is included in FY2023. The purpose of the contingency line item is to compensate for the uncertainty inherent in cost and time estimates.
- Total Indirect Expenses including the COLA are projected to be 16% greater than FY2021/2022 expenses.
- Capital equipment purchases are \$306,500 of which \$249,000 is for Vehicle replacements approved by the Board in FY2022. Delays are due to a global microchip shortage. An additional vehicle purchase is proposed for FY2023.
- Additionally, approximately \$4.5M of capital improvement projects are included in this year's proposed capital budget of which \$950,000 is approved but non-expended funds from FY2022.

## BUDGET CALENDAR

**Figure 6-4: Budget Calendar for FY2024**

DATE (S)	ACTIVITY
Last Week in January	Meet with Budget Staff, review current year spending, review budget preparation ordinance for necessary changes (if city has adopted a budget preparation ordinance), and finalize budget calendar.
First Week in February	Create and Distribute Department Budget Workbooks and Distribute Capital Projects/Equipment Forms to Departments.
Second Week in February	Review and Create Preliminary Personnel Budget/ Begin gathering Source data for JPAs
Third Week in February	Finance Committee and Finance Staff meet to review progress of current year budget and discuss issues and priorities for upcoming budget.
Fourth Week in February	Finance Committee and Finance Staff meet with Board to review progress of current year budget and discuss issues and priorities for upcoming budget.
First Week in March	CIP and Budget Requests submitted by Departments to Budgeting Staff..
First Week in March	Updated Budget worksheets are prepared and distributed to each Department. Worksheets are based on eight months of actual expenses. General increases (if any) are allocated by line item or on a Departmental basis.
Second Week in March	Proposed budgets are submitted from each Department to Finance Staff.
Third Week in March	Preliminary Budget is reviewed by Finance Committee
First Week in April	Revenue projections are made by Finance Staff and expenditure proposals finalized. Budget issues and choices are prepared for Board work sessions.
April 11	Kickoff Raftelis assessment of need for next rate increase
By April 13	Initial budget projections are made by Finance Staff and meetings held General Manager.
April 17	Operations Committee - Initial discussion on proposed CIP
April 18	Finance Committee - Discuss budget assumptions and prelim Draft Budget
Last Two Weeks in April	Manager's Budget Message and proposal submitted to Board
By April 30	Finalize Draft Budget
By May 5	Raftelis provides draft Updated Rate Analysis for Staff review
Mid May (dates TBD)	GSA Committee review of draft budget
May 15	Operations Committee - Review of final proposed CIP
May 16	Finance Committee - Review of Updated Rate Analysis and Draft Budget
May 23	Board Meeting - Budget Workshop (Review of Updated Rate Analysis and Draft Budget). RATE INCREASE CONFIRMED.
May 23-May 31	Public Notice of Rate Increase
June 28	GSA Board considers adoption of Budget Resolution adopting the GSA FY2024 Budget
June 28	MWD Board considers adoption of Budget Resolution adopting the MWD FY2024 Budget
Second Week in June	Final Budget review with Finance Committee
July 1st	Beginning of new Fiscal Year.
First Week in July	Publish Budget Ordinance and Post.

# BUDGET SUMMARY



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## SECTION 7: BUDGET SUMMARY

### OPERATING REVENUE

Water sales and monthly meter charges are 76% and 20% respectively of operating revenue. Rebates have been added with the adoption of the District's 2023 Water Use Efficiency Plan and are budgeted to reward water saving actions such as landscape conversions and use of efficient household appliances. Operating Revenue is 80% of Total Revenue.

**Figure 7-1: Fiscal Year 2023-2024 Budgeted Operating Revenue**

<b>FISCAL YEAR 2023-2024 BUDGET</b>	<b>FY 2021-2022 AUDITED</b>	<b>FY 2022-2023 FORECAST</b>	<b>FY 2023-2024 BUDGET</b>
<b>Operating Revenue</b>			
Water Sales - Customer Classes	18,491,217	15,309,843	17,579,930
Water Sales - Construction	48,945	68,470	50,000
Water Loss Adjustments	-	(15,256)	-
Rebates	-	(30,000)	(100,000)
Customer Credits	-	(1,663)	-
<b>Water Sales</b>	<b>18,540,162</b>	<b>15,331,394</b>	<b>17,529,930</b>
Monthly meter charges	4,628,284	4,705,879	4,799,996
Water availability charge	307,458	297,388	300,000
Other operating revenues	412,046	356,477	325,884
<b>Total Operating Revenue</b>	<b>23,887,949</b>	<b>20,691,138</b>	<b>22,955,810</b>

## DIRECT OPERATING EXPENSES

Source of supply water purchases and MWD Direct expenses are projected to increase 17.6% over the prior fiscal year due to inflationary pressure, such as increased cost of electricity and chemicals, and increased cost of Capital Improvements and obtaining desalinated water supplies. Total Direct Operating Expenses are 60% of Total Revenue.

**Figure 7-2: Fiscal Year 2023-2024 Direct Operating Expenses**

<b>FISCAL YEAR 2023-2024 BUDGET</b>	<b>FY 2021-2022 AUDITED</b>	<b>FY 2022-2023 FORECAST</b>	<b>FY 2023-2024 BUDGET</b>
<b>Operating Expenses</b>			
<b>Source of supply-water purchases</b>			
Cachuma Lake	(961,271)	(1,040,590)	(1,000,336)
Cater Water Treatment Plant	(1,594,229)	(726,210)	(561,100)
State Water Project (SWP)	(4,334,251)	(3,806,865)	(4,352,473)
WSA Water purchase (DESAL)	(2,641,954)	(5,478,854)	(6,989,586)
Supplemental Water Purchases	(1,595,833)	(79,004)	-
SEMITROPIC MNGM/MAINT/BANKING	(33,457)	(27,060)	(59,354)
<b>Total Source of supply-water purchases</b>	<b>(11,160,995)</b>	<b>(11,158,584)</b>	<b>(12,962,849)</b>
<b>MWD Direct expenses</b>			
Jameson Lake	(292,964)	(273,359)	(375,584)
Water treatment	(1,646,164)	(1,546,727)	(2,087,530)
Transmission and distribution	(1,489,554)	(1,742,199)	(1,890,871)
<b>Total MWD Direct expenses</b>	<b>(3,428,682)</b>	<b>(3,562,285)</b>	<b>(4,353,985)</b>
<b>Total Direct expenses</b>	<b>(14,589,677)</b>	<b>(14,720,869)</b>	<b>(17,316,834)</b>

## INDIRECT OPERATING EXPENSES

MWD indirect expenses are 17.6% greater than the prior year and 17% of Total Revenue.

Engineering increases 59% due to needed infrastructure maintenance and repairs and due to consultant rendered project feasibility studies.

Total operating surplus before depreciation is \$621,555 and is 2% of Total Revenue.

**Figure 7-3: Fiscal Year 2023-2024 Indirect Operating Expenses**

<b>FISCAL YEAR 2023-2024 BUDGET</b>	<b>FY 2021-2022 AUDITED</b>	<b>FY 2022-2023 FORECAST</b>	<b>FY 2023-2024 BUDGET</b>
<b>MWD Indirect expenses</b>			
Customer services	(464,671)	(390,171)	(372,801)
Conservation	(87,215)	(93,352)	(215,529)
Fleet	(266,516)	(272,844)	(296,220)
Engineering	(1,306,528)	(899,905)	(1,431,695)
Administration	(1,941,492)	(1,921,239)	(2,158,244)
Legal	(336,009)	(259,703)	(323,000)
Public Information	(198,745)	(174,364)	(219,932)
Extraordinary Expense	(202,613)	(251,040)	-
Budget Contingency	-	(941)	-
General & administrative	(4,339,118)	(3,873,388)	(4,644,620)
<b>Total Indirect expenses</b>	<b>(4,803,789)</b>	<b>(4,263,559)</b>	<b>(5,017,421)</b>
<b>Total Operating Expenses</b>	<b>(19,393,466)</b>	<b>(18,984,428)</b>	<b>(22,334,255)</b>
<b>Operating income before depreciation</b>	<b>4,494,483</b>	<b>1,706,710</b>	<b>621,555</b>
Depreciation Expense	(1,214,748)	(1,254,121)	(1,820,533)
<b>OPERATING SURPLUS / (DEFECIT)</b>	<b>3,279,735</b>	<b>452,589</b>	<b>(1,198,978)</b>

## NET NON-OPERATING ACTIVITY & NET POSITION

Net non-operating income/(loss) is 1% of Total Revenue.

There is a favorable \$3.9 million impact on Net Position before Debt and Capital due to FEMA prior fiscal year capital projects reimbursements.

**Figure 7-4: Fiscal Year 2023-2024 Net Non-Operating Activity & Net Position**

<b>FISCAL YEAR 2023-2024 BUDGET</b>	<b>FY 2021-2022 AUDITED</b>	<b>FY 2022-2023 FORECAST</b>	<b>FY 2023-2024 BUDGET</b>
<b>Non-operating revenues:</b>			
Rental Revenue	47,016	42,946	47,280
Investment earnings	14,130	93,956	360,000
Other non-operating revenues	572,280	210,071	84,400
<b>Total Non-operating revenues</b>	<b>633,426</b>	<b>346,973</b>	<b>491,680</b>
<b>Non-operating expenses:</b>			
Interest Expense - 2020A Bonds	(206,561)	(147,784)	(110,884)
Cater treatment plant obligations	(508,549)	(507,437)	(507,993)
218 Assessment	(235,925)	(219,364)	(139,503)
Joint-project cost commitments (COMB EPFP)	(17,164)	-	-
<b>Total Non-operating expenses:</b>	<b>(968,199)</b>	<b>(874,585)</b>	<b>(758,380)</b>
<b>Non-operating income (loss)</b>	<b>(334,773)</b>	<b>(527,612)</b>	<b>(266,700)</b>
<b>Net Position</b>			
<b>Change in net position before capital contributions</b>	<b>2,944,962</b>	<b>(75,024)</b>	<b>(1,465,678)</b>
<b>Capital Contributions</b>			
Capital cost recovery fees	455,018	576,198	241,820
Connection fees	139,122	121,060	73,520
Capital Grants & Reimbursements	-	-	1,388,284
<b>Total Capital Contributions</b>	<b>594,140</b>	<b>697,258</b>	<b>1,703,624</b>
<b>Change in net position before special items</b>	<b>3,539,102</b>	<b>622,234</b>	<b>237,946</b>
<b>Special Items</b>			
FEMA reimbursements	134,166	-	3,683,400
ACWA-JPIA Insurance reimbursement	916,670	-	-
<b>Total Special Items</b>	<b>1,050,836</b>	<b>-</b>	<b>3,683,400</b>
<b>Change in net position</b>	<b>4,589,938</b>	<b>622,234</b>	<b>3,921,346</b>
<b>Total Revenues</b>	<b>26,166,351</b>	<b>21,735,369</b>	<b>28,834,514</b>
<b>Total Expenditures</b>	<b>(21,576,413)</b>	<b>(21,113,134)</b>	<b>(24,913,168)</b>
<b>Surplus before Debt and Capital</b>	<b>4,589,938</b>	<b>622,234</b>	<b>3,921,346</b>
<b>Net Position-Beginning of year</b>	<b>52,430,646</b>	<b>57,020,584</b>	<b>57,642,818</b>
<b>Net Position-End of Year</b>	<b>57,020,584</b>	<b>57,642,818</b>	<b>61,564,164</b>

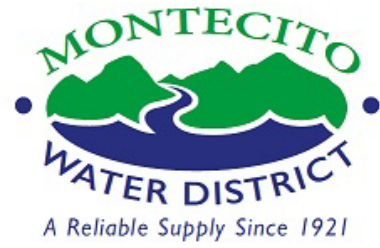
## DEBT SERVICE & CAPITAL EXPENDITURE

Debt service is on schedule per the 2020 Bond Schedule and is 4% of Total Revenue. Net Capital Expenditures include a \$1.8 million Rate Stabilization transfer-in for carry-forward from prior fiscal periods and are 3% of Total Revenue after FEMA reimbursements. The Cash Impact before Rate Stabilization transfers-in is unfavorable (\$2,021,287).

**Figure 7-5: Debt Service & Capital Expenditure**

<b>FISCAL YEAR 2023-2024 BUDGET</b>	<b>FY 2021-2022 AUDITED</b>	<b>FY 2022-2023 FORECAST</b>	<b>FY 2023-2024 BUDGET</b>
<b>Surplus before Debt and Capital</b>	<b>4,589,938</b>	<b>622,234</b>	<b>3,921,346</b>
<b>Net Position-Beginning of year</b>	52,430,646	57,020,584	57,642,818
<b>Net Position-End of Year</b>	57,020,584	57,642,818	61,564,164
<b>Debt Service</b>			
Principal: 2020 COP Refunding Bonds	(1,165,000)	(1,215,000)	(1,260,000)
<b>Total Debt Service</b>	<b>(1,165,000)</b>	<b>(1,215,000)</b>	<b>(1,260,000)</b>
<b>Net Capital expenditure carry over</b>			
Carry-over Transfers In			1,835,020
Equipment carryover	-	(179,530)	(301,500)
System projects carryover	(6,064,518)	(1,622,564)	(2,110,000)
<b>Total Net capital expenditure carry over</b>	<b>(6,064,518)</b>	<b>(1,802,094)</b>	<b>(576,480)</b>
<b>FY2023/24 capital expenditures</b>			
Equipment	-	-	(275,000)
Water Storage Purchases	-	-	-
System Projects	-	-	(765,000)
Extraordinary Projects	-	(550,013)	(2,835,000)
<b>Total 2023/24 capital expenditures</b>	<b>-</b>	<b>(550,013)</b>	<b>(3,875,000)</b>
<b>Net capital expenditures</b>	<b>(6,064,518)</b>	<b>(2,352,107)</b>	<b>(4,451,480)</b>
<b>Total OutFlows: Expenditures, Debt &amp; Capital Exp</b>	<b>(28,805,932)</b>	<b>(24,680,242)</b>	<b>(30,624,648)</b>
<b>Remove Non-cash activity</b>			
Bond Interest Amortization	(288,639)	(288,666)	(288,666)
Inventory Disbursements	-	51,861	72,000
Depreciation Expense	1,214,748	1,254,121	1,820,533
CIP TRANSFERS IN		-	(1,835,020)
<b>Total Non-cash activity</b>	<b>926,109</b>	<b>1,017,317</b>	<b>(231,153)</b>
<b>Total OutFlows less Non-Cash activity</b>	<b>(27,879,823)</b>	<b>(23,662,925)</b>	<b>(30,855,801)</b>
<b>Total Revenues</b>	<b>26,166,351</b>	<b>21,735,369</b>	<b>28,834,514</b>
<b>Cash Impact before Fund Transfers</b>	<b>(1,713,472)</b>	<b>(1,927,557)</b>	<b>(2,021,287)</b>
Transfers from Rate Stabilization Fund	1,713,471	3,117,312	4,191,982
Transfers to Rate Stabilization Fund		(1,189,755)	(2,170,695)
<b>MWD CASH IMPACT</b>	<b>-</b>	<b>-</b>	<b>-</b>

# WATER SALES & RELATED FEES AND CHARGES



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## SECTION 8: WATER SALES & RELATED FEES AND CHARGES

### FY2024 WATER RATES & MISCELLANEOUS FEES

Water Sales are projected to be approximately 61% of the District's total annual revenue and are billed according to each customers' metered usage. The District has distinct water rates for each customer class, which are updated periodically based on an updated financial plan and cost of service study. The current financial plan, cost of service study and associated water rates were developed and adopted by the Board of Directors in June 2020, with the latest rate increase scheduled to occur on July 1, 2023.

**Projected water sales for FY2024 are 3,987 AF (or approx. 4,300 AF total production).** The FY2024 water sales projections are 5% under FY2023 water sales forecast, and 10% over the water sales for FY2022. Projections of water sales for FY2024 were developed using a customer demand analysis of water use trends for the period of January 2018 through December 2022. The analysis considers 5-year average water use by customer by water use tier, where applicable. The January 2018 through December 2022 period encompasses wet, dry, and average conditions.

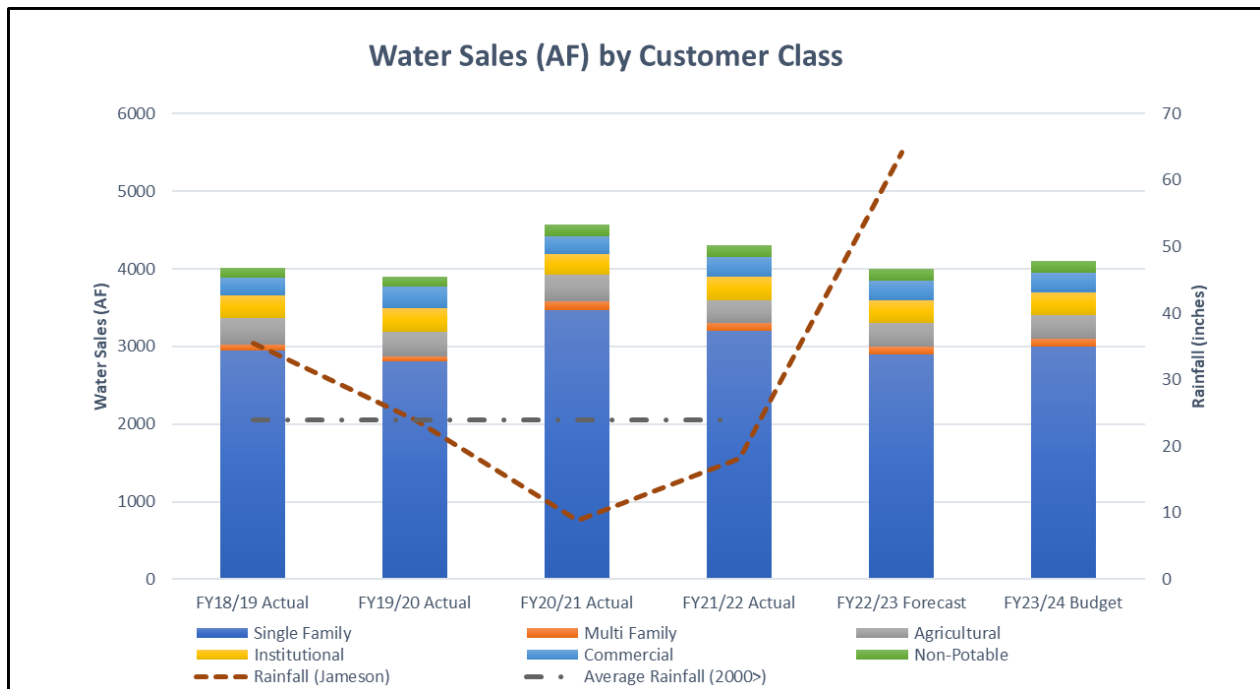
The demand analysis uses the latest available data concerning several key factors including recent water use trends, the weather, water rates, new connections, and conservation. Understanding these factors can help determine the projected change year over year in water use.

- *Weather Variability:* FY2023 ended with near record setting rainfall totals. This wet year followed several dry years, of which were the driest on recording for many areas statewide. As of July 1, 2023, over 70% of the State, including Santa Barbara County is out of drought conditions, according to the US Drought Monitor after having started Water Year 2022 with over 94% of the State under severe or worse drought conditions. Despite the wet winter, demands are expected to return to normal in early summer.
- *Conservation:* Although some mandated conservation actions have been lifted following the recent wet winter and the District's declared water shortage condition has been lowered to a Stage 1, some common sense conservation actions remain and efficient water use is essential. Enhanced water use efficiency remains a top priority to extend the longevity of the District's limited surface water supplies.

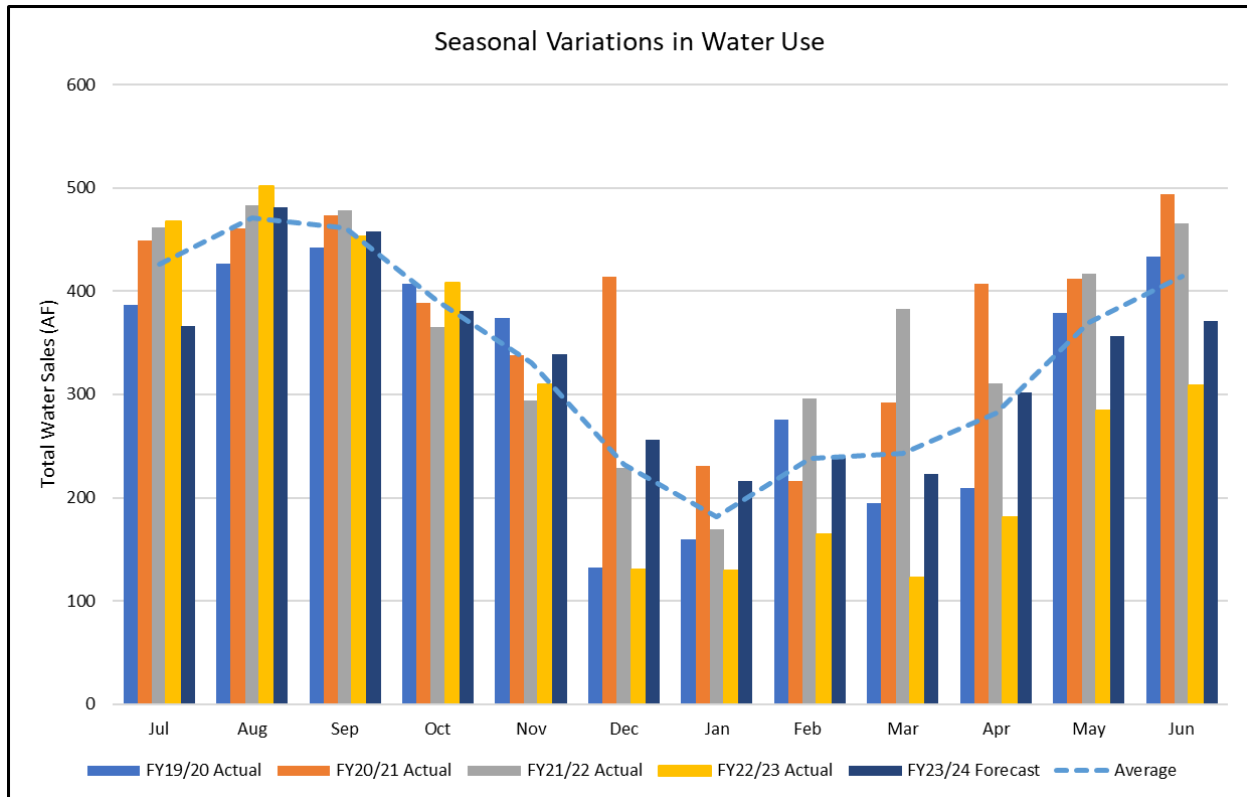
Water sales vary widely across customer classes and can significantly vary month to month depending upon weather conditions. Residential customers, which includes single- and multi-family residential customers make up approximately 92% of District's customer base and are responsible for about 80% of total water sales. Of this use, approximately 80% is used for irrigation of landscapes with the remaining being indoor use, such as: showering, toilet flushing,

clothes-washing, and dishwashing. As a result, water sales often increase significantly during warm and/or dry periods and decrease significantly during cooler and/or wet periods consistent with irrigation needs. Monthly water use can vary by about five times between summer and winter months. Additionally, water use in a particular month can vary by as much as four times depending upon rainfall conditions. This variability can make projecting customer water demand challenging.

**Figure 8-1: FY Comparison of Water Sales**



**Figure 8-2: FY Comparison of Seasonal Water Use Variations**



## MONTHLY METER CHARGE

All active water service connections pay a Monthly Meter Charge, irrespective of water use based on the size of the meter. Meter charges do not change month to month and help cover costs such as system capacity costs to meet peak demands, meter reading, meter servicing, billing, and other customer service functions. Based on the District's 2020 Rate Study and water use projections for FY2024, approximately 17% of total revenue will come from the fixed Monthly Meter Charge. Approximately 83% of District connections are  $\frac{3}{4}$  inch or 1-inch meters, which have the smallest capacities and are charged the lowest Monthly Meter Charges. The District offers water meters ranging from  $\frac{3}{4}$ -inch to 6-inch in size which are selected based on the customer's actual water needs.

In accordance with 2020 Rate Study adopted by the Board of Directors on June 25, 2020, the Monthly Meter Charges for FY2024 are shown in Figure 8-3.

**Figure 8-3: FY Comparison of Monthly Meter Charges**

Monthly Meter Charge (\$/hcf)					
Meter Size	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
3/4-inch	\$46.86	\$48.18	\$49.53	\$50.92	\$52.35
1-inch	\$76.69	\$78.84	\$81.05	\$83.32	\$85.66
1 1/2-inch	\$135.04	\$138.83	\$142.72	\$146.72	\$150.83
2-inch	\$212.83	\$218.79	\$224.92	\$231.22	\$237.70
3-inch	\$731.49	\$751.98	\$773.04	\$794.69	\$816.95
4-inch	\$1,431.67	\$1,471.76	\$1,512.97	\$1,555.34	\$1,598.89
6-inch	\$3,246.97	\$3,337.89	\$3,431.36	\$3,527.44	\$3,626.21

### **WATER AVAILABILITY CHARGE**

Subject to an annual public hearing and approval by the Board, the Budget includes the Water Availability Charge (WAC), assessed annually on the County of Santa Barbara tax roll, for the sole purpose of funding needed capital improvements. In general, the WAC is a \$30/acre charge for the first five acres or fraction of an acre levied on all properties within the District service area, including those properties not currently served by the District. The charge is used solely to pay the cost of replacing and enhancing the water distribution and treatment systems.

The District held the annual public hearing for the WAC at its regular Board meeting on June 27, 2023, and the charge was continued for FY2024 via Resolution 2253 and is expected to provide approximately \$300,000.

### **PRIVATE FIRE LINE CHARGE**

Private fire line revenue is anticipated to be \$272,880 based on the current number of private fire lines. The District has approximately 157 private fire lines.

The monthly private fire line charges for FY2023 are shown in Figure 8-4.

**Figure 8-4: FY Comparison of Monthly Private Fire Line Charges**

Monthly Private Fire Charge (\$)					
Fire Line Size	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
2-inch	\$19.35	\$19.90	\$20.46	\$21.04	\$21.63
4-inch	\$91.89	\$94.47	\$97.12	\$99.84	\$102.64
6-inch	\$256.70	\$263.89	\$271.28	\$278.88	\$286.69
8-inch	\$540.96	\$556.11	\$571.69	\$587.70	\$604.16

Note: The monthly private fire charge applies to customers with dedicated fire lines serving their property and are based on fire line capacities.

## LATE CHARGE

Pursuant to Resolution No. 2258, a late charge is applied to the past due amount of a monthly bill. The past due amount is assessed a late charge of 6% the first month late, followed by an additional 1.5% fee for each month late thereafter. It covers the District's actual costs of financing late payments from delinquent customers.

## CAPITAL COST RECOVERY AND CONNECTION FEE

The District has invested, and continues to invest, in significant public waterworks projects necessary to acquire, treat, and deliver a reliable supply of potable water to its customers. Individuals desiring to become District customers and receive potable water service are responsible for (1) funding a proportionate share of the District's facilities, referred to as a Capital Cost Recovery Fee and (2) the actual cost including direct labor, materials and equipment necessary for physically connecting to the District's water system, referred to as a Connection Fee. Capital Cost Recovery and Connection fees are one-time charges paid by individuals prior to receiving potable water service.

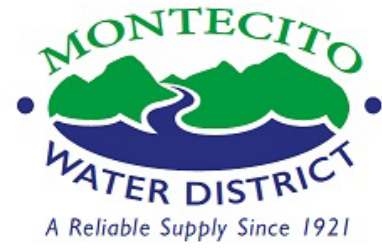
The Capital Cost Recovery and Connection Fees are adjusted annually at the beginning of each fiscal year and were last updated in June 2023 with adoption of Resolution No. 2260. The updated Capital Cost Recovery and Connection Fees become effective on July 1 each year.

The Capital Cost Recovery and Connection Fees for FY2024 are shown below. The FY2024 budget projects five new ¾-inch and five new 1-inch water services connections.

**Figure 8-5: FY2024 Capital Cost Recovery & Connection Fees**

Meter Size	Connection Fee	Capital Cost Recovery Fee
3/4"	\$8,620	\$22,963
1"	\$8,706	\$39,467
1.5"	\$10,384	\$71,759
2"	\$11,343	\$114,815
3"- 6"	*	**
* Conditions typically vary widely for larger size meters. Connection fee is determined on a case-by-case basis based on time & materials including (1) actual cost of direct labor and (2) actual cost of materials and equipment usage.		
** Contact the District for a determination of Capital Cost Recovery Fees for 3-inch and larger meters.		

# WATER SUPPLY DIRECT & INDIRECT EXPENDITURES



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## SECTION 9: WATER SUPPLY DIRECT & INDIRECT EXPENDITURES

### JPA OPERATING EXPENSE

The Joint Power Agencies (JPA) are each responsible for preparing their own fiscal year budgets which are then passed on to the participating JPA members.

For FY2022/2023, State Water Project expenses comprise nearly 31% of the District's total JPA operating expense and 26% of total District operating expense. The District's control of these costs is limited, as it is one of many agency participants with minority voting rights.

### CACHUMA OPERATION AND MAINTENANCE BOARD (COMB) \$616,436

This is the District's share of the COMB FY23/24 budget and is the District's 11.45% share of COMB operating costs. Costs include the management of the South Coast Conduit and fish passage projects. These amounts are based on the COMB budget adopted by the COMB Board on June 26, 2023.

### CACHUMA CONSERVATION AND RELEASE BOARD (CCRB) \$157,080

This is the District's share of the Cachuma Conservation and Release Board's (CCRB) FY2024 Budget. The CCRB budget is ratified annually the District's Board of Directors which occurred on June 1, 2023.

### US BUREAU OF RECLAMATION (USBR) \$226,820

This is the District's share of the U.S. Bureau of Reclamation's annual costs for the operation and maintenance of Bradbury dam and associated facilities. This budget is consistent with prior years. These amounts are based on the COMB budget approved by the COMB Board on May 23, 2023.

### CATER TREATMENT PLANT \$561,100

This amount includes Cater Treatment Plant operations and maintenance costs, the variable water treatment costs related to all water delivered from Lake Cachuma (\$756,048), as well as the City of Santa Barbara's anticipated Cater Treatment Plant capital projects (\$103,298). The operations and maintenance costs are shared with the City of Santa Barbara and the Carpinteria Valley Water District and are allocated as a percentage of water deliveries to each agency. The current amount is based on the City of Santa Barbara's FY2024 draft budget received in March 2023.

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CCWA/STATE WATER PROJECT: FIXED COST \$4,129,297

The District pays an annual fixed costs payment to the Central Coast Water Authority for its proportionate share of construction loan costs for the SWP facilities built by DWR and pipeline and facilities built by CCWA. The total DWR and CCWA fixed costs are budgeted based on estimates provided by CCWA in its approved FY2024 Budget. It should be noted that CCWA operates on a fiscal year schedule with the fixed payment due on or before June 1 of each year. The CCWA budget was adopted by the CCWA Board of Directors on May 25, 2023.

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CCWA/STATE WATER PROJECT: VARIABLE COST \$223,176

CCWA variable costs include the treatment and delivery of State Water into Lake Cachuma. This budget was adopted by the CCWA Board of Directors on May 25, 2023.

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2020 WSA W/ SANTA BARBARA (DESAL) \$6,989,586

This item includes the costs to take receipt of 1,430 AF of water annually from the City of Santa Barbara in accordance with the September 2, 2020, Water Supply Agreement. Water deliveries commenced on January 1, 2022.

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SUPPLEMENTAL WATER ACQUISITION \$0.00

This item includes the cost of taking receipt of supplemental water deliveries.

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MWD DIRECT EXPENSES

MWD Direct Expenses comprises about 64% (excluding depreciation) of the District's total operating expense. MWD operating expenses consist of costs attributed to delivering local water supplies owned by the District, operating and maintaining the water treatment facilities, the transmission and distribution system pipelines, pump stations and storage reservoirs and general and administrative costs necessary for District operations.

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JAMESON LAKE \$375,584

Jameson Lake Operations & Maintenance expenses includes one employee's labor (Dam Caretaker), supplies, contracting services, and Division of Safety of Dams (DSOD) Dam fees for the District's Jameson Lake, Juncal Dam and Doulton Tunnel facilities.

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TREATMENT \$2,087,530

Treatment Operations and Maintenance budget includes the costs to operate and maintain the District's Bella Vista and Doulton water treatment plants, and potable and non-potable wells. This item consists of labor, supplies, contracted services, training, and electricity.

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TRANSMISSION AND DISTRIBUTION	\$1,890,871
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The Transmission and Distribution Operations & Maintenance budget includes maintenance of the District's 114 miles of pipelines, approximately 4,630 service laterals and water meters, reservoirs, valves and fire hydrants. The budgeted amount includes an estimate of labor, supplies, contracted services, and training.

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INDIRECT EXPENSES	
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CUSTOMER SERVICE	\$372,801
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This budget item includes costs for outside contracting to read customer meters which will be transition to Automatic Meter Reading (AMI) around August 2023 with full implementation of the Smart Metering Program, bill printing service, and payroll for customer service personnel and customer utility billing.

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CONSERVATION	\$215,529
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This budget item includes costs for managing the District's Water Conservation Program.

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FLEET	\$296,220
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This item includes the costs to maintain and repair District equipment, including vehicles and heavy machinery such as backhoes and dump trucks. This includes labor for one employee (mechanic), materials and outside services to maintain the District's fleet.

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ENGINEERING	\$1,431,695
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The Engineering department plans, organizes, manages, and provides administrative direction and oversight for all functions and activities related to the District's water supply infrastructure. The Engineering department performs long-term and short-term project planning, environmental programs/planning and compliance, and design, construction, permitting, and construction management of facility improvements. The Engineering department also coordinates assigned activities with other District departments and outside agencies and provides administrative and technical support to the General Manager, Business Manager and Board of Directors. The Engineering department provides oversight on projects including several water main replacement projects, and the reservoir retrofit/replacement project.

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ADMINISTRATION (INCLUDING LEGAL)	\$2,481,244
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This item includes general and administrative costs necessary to keep the District functioning on a day-to-day basis.

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PUBLIC INFORMATION	\$219,932
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This item includes costs for public outreach events, website development, conservation efforts and legal services.

# DEBT SERVICE & DEBT SERVICE COVERAGE RATIO



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## SECTION 10: DEBT SERVICE & DEBT SERVICE COVERAGE RATIO

### REFUNDING REVENUE BONDS, SERIES 2020A

On September 9, 2020, the District refinanced 2010A Revenue Refunding bonds and a 2004 DWR Ortega Loan with Refunding Revenue Bonds, Series 2020A. The 2020A bonds were issued to provide an estimated net present value savings from cashflow of \$3,302,335 over the life of the bonds. The bond covenants require a 1.25 debt coverage ratio. Principal payments commenced FY2022 and continue through the life of the bonds ending during FY2030. The combination of the coupon rate of 4% for FY2021 through FY2026 and 5% for FY2027 through FY2030, borrowing costs and the investor yield is a true overall borrowing cost of 1.21%.

The Refunding Revenue Bonds, Series 2020A are rated “A-1” by Standard & Poor.

Figure 10-1 lists the principal and interest due to the bond holders per fiscal year:

**Figure 10-1: FY Bond Debt Service**

Bond Debt Service				
MONTECITO WATER DISTRICT				
REFUNDING REVENUE BONDS, SERIES 2020A				
Final Pricing				
	Dated Date	9/9/2020		
	Delivery Date	9/9/2020		
Period Ending	Principal	Coupon	Interest	Debt Service
6/30/2021	160,000	4.000%	160,222.23	320,222.23
6/30/2022	335,000	4.000%	501,900.00	836,900.00
6/30/2023	1,165,000	4.000%	471,900.00	1,636,900.00
6/30/2024	1,215,000	4.000%	424,300.00	1,639,300.00
6/30/2025	1,260,000	4.000%	374,800.00	1,634,800.00
6/30/2026	1,315,000	4.000%	323,300.00	1,638,300.00
6/30/2027	1,375,000	5.000%	262,625.00	1,637,625.00
6/30/2028	1,445,000	5.000%	192,125.00	1,637,125.00
6/30/2029	1,525,000	5.000%	117,875.00	1,642,875.00
6/30/2030	1,595,000	5.000%	39,875.00	1,634,875.00
	11,390,000		2,868,922.23	14,258,922.23

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#### DEBT SERVICE COVERAGE RATIO (DSCR)

The debt service coverage ratio is a measurement of the District's available cash flow to pay current debt obligations. It is equal to Net Operational Surplus/(Deficit) less interest payments and non-cash adjustments, such as depreciation, divided by Total Debt Service.

The District must maintain a debt service coverage ratio of 1.25 or above to meet debt service covenant requirements. The District's most recent ratio is 1.5 higher than the minimum 1.25.

The DSCR is a dynamic component which is updated throughout the year as economic conditions, cashflow and District debt service needs change.



# PERSONNEL BUDGET



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## SECTION 11: PERSONNEL BUDGET

### ADMINISTRATIVE STAFF & OPERATIONS

Providing high quality service depends on a partnership between an elected board of directors, and a skilled and dedicated personnel staff of managers, technicians, operators, and field crews with shared expertise in engineering, finance, water conservation, treatment, conservation, business management, technology, and communication. The purpose of this section is to summarize staff Total Compensation per department and delineate the number of Full-Time Equivalent (FTE) positions. Personnel expenses are embedded within the MWD Direct and Indirect Expenses. Total Compensation includes Wages, Overtime & Standby, Vacation, Sick, PTO, Employer Payroll Taxes, CalPERS Employer contributions and Annual Unfunded Liability, worker's compensation and benefits.

Salaries and wages, excepting the General Manager's, are governed by a Board-adopted salary matrix. The matrix is updated annually with a Board adopted cost-of-living adjustment (COLA). The FY2024 adopted COLA is 4.83% pursuant to Resolution 2257 (see Appendix A).

### PERSONNEL COST PER DEPARTMENT

**Figure 11-1: Department Personnel Costs**

	FTE	TEMP	MGRS & SUP	TOTAL COMPENSATION
JAMESON LAKE	1			119,916.25
ORTEGA	0.05			9,938.31
TREATMENT	4.95	1	1	1,278,911.59
DISTRIBUTION	6		1	1,401,070.67
CUSTOMER SERVICE	3			309,500.81
FLEET & EQUIPMENT	1			181,620.02
ENGINEERING	2		1	548,210.58
CONSERVATION	1			154,929.18
PUBLIC INFORMATION	1			139,832.26
ADMIN & GENERAL	3	1	2	918,881.74
<b>TOTAL</b>	<b>23</b>	<b>2</b>	<b>5</b>	<b>5,062,811.40</b>

### TREATMENT & PRODUCTION, ORTEGA & JAMESON LAKE

**\$1,408,766**

Treatment staff is based at the District's Bella Vista Treatment plant. Treatment and Production is headed by a Superintendent who oversees a Chief Operator, two Plant Operators, the Jameson Lake Dam Caretaker, and a Control Systems Operator. Treatment staff is responsible for

monitoring, treating, and testing the District's water sourced from divergent sources including Jameson Lake. The Lake Dam Caretaker resides at Jameson Lake year-round.

#### TRANSMISSION/DISTRIBUTION, FLEET & CUSTOMER SERVICE

\$1,892,192

Distribution, Fleet & Customer Service staff is housed at the main District administrative building and shop. Distribution staff reports to a Superintendent who oversees a Chief Operator IV, two Operator III, four Operator II and the Fleet Technician who is responsible for maintaining the District's fleet and equipment. Distribution staff is responsible for the repair and maintenance of the infrastructure necessary to have water at the ready for more than 4,600 service connections.

Customer Service staff has two dedicated Office Tech II and a rotating Distribution staff member. The two Office Tech II report to the Business Manager and are tasked with responding to customer inquiries either by dispatching Distribution, Conservation or Engineering staff or assisting with billing or other customer questions. Customer Service handles all revenue related billing and payments and maintains customer information.

#### ENGINEERING

\$548,211

The Engineering Department is overseen by the Assistant General/Engineering Manager (AGEM). The Treatment and Distribution Superintendents report to the AGEM as do two Engineering Assistants. The Engineering department is responsible for monitoring and complying with changing regulations and overseeing a variety of District facilities along with the CIP Budget. District facilities include:

- Jameson Lake & Juncal Dam
- Doulton Tunnel
- Two Surface Water Treatment Plants
- 9 Pump Stations
- 10 Reservoirs
- 12 Active Groundwater Wells
- 114 Miles of Water Distribution Pipe

The Engineering staff is also responsible for implementing and maintaining the District's new smart meter reading system set to go live July 2023.

## CONSERVATION & PUBLIC INFORMATION

\$294,761

There is one Water Conservation Specialist (WCS) and one Public Information Officer (PIO). Both report to the General Manager.

The Conservation Specialist assists with the District's Water Conservation Program, including the identification, evaluation, coordination, promotion, and implementation of Water Efficiency Measures with an emphasis on landscape irrigation efficiency and California-friendly horticulture/landscape design. The Specialist coordinates with other agencies; responds to public inquiries for landscape conversion and water efficiency practices, makes site visits and performs water conservation audits, analysis, and reporting.

The Public Information Officer is responsible for planning, coordinating, and participating, in a variety of communications, public information, marketing, community relations, and outreach activities and initiatives. The position is responsible communications, media, website content, and other related materials and collaborates with the Board of Directors, Committees, District management and staff, District constituencies and various media outlets. In support of the District's Emergency Response Plan and public notification responsibilities, this position serves as a critical resource and liaison, and assists to develop and disseminate accurate, accessible, and complete information in the event of an emergency or incident.

## ADMINISTRATION & BUSINESS/FINANCE

\$918,882

The General Manager serves as the District's Chief Executive Officer and receives policy direction from the Board of Directors. The position is responsible for enforcement of all District ordinances, policies, and procedures, the conduct of all financial activities and the efficient and economical performance of the District's operations. The General Manager exercises general direction and supervision to the entire District staff through subordinate levels of supervision.

The Business Manager and Assistant General/Engineering Manager report directly to the District's General Manager.

The Business Department is responsible for the financial planning and analysis, internal controls and auditing, cash and investments, budgeting, information technology, insurance, payroll, customer service, utility billing, and collecting revenue for water, procuring goods and services, human resources, and general office management functions.

Business department staff is directed by the Business Manager. Staff includes a Financial Analyst/IT Specialist, a Senior Office Tech responsible for accounts payable and payroll processing; two Office Tech II responsible for customer service, utility billing and accounts receivable; and a Human Resources/admin assistant.

MWD is governed by five publicly elected Directors referred to as the Board. Public elections are held every two years and Directors serve four-year terms.

Board members attend monthly Board meetings, serve on committees that meet monthly, and attend external committees and occasional special Board meetings.

Figure 11-2 details the composition of staff total compensation.

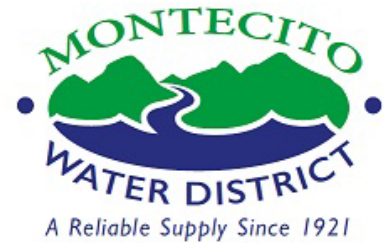
**Figure 11-2: Staff Total Compensation**

	FTE	TEMP	MGRS & SUP	WAGES	OT & STANDBY	VAC PTO & SICK	EMPLOYER TAXES	CALPERS ER CONT	CALPERS AUL	WORKER'S COMP	BENEFITS	TOTAL COMP
JAMESON LAKE	1			79,582	77	8,570	6,373	6,112	-	3,517	15,686	119,916
ORTEGA	0.05			5,262	-	870	421	656	1,715	250	764	9,938
TREATMENT	4.95	1	1	668,764	22,413	100,070	54,873	78,830	205,247	30,608	118,106	1,278,912
DISTRIBUTION	6		1	729,108	27,144	100,140	60,500	86,812	209,689	34,566	153,112	1,401,071
CUSTOMER SERVICE	3			210,581	3,742	16,853	17,146	16,173	-	1,940	43,067	309,501
FLEET & EQUIPMENT	1			92,397	1,799	11,727	7,536	11,522	30,115	846	25,678	181,620
ENGINEERING	2		1	357,890	4,304	40,281	28,975	27,486	-	15,977	73,298	548,211
CONSERVATION	1			99,031	-	5,991	7,922	7,606	-	4,372	30,008	154,929
PUBLIC INFORMATION	1			91,796	-	11,630	7,344	7,050	-	791	21,222	139,832
ADMIN & GENERAL	3	1	2	663,710	189	57,296	53,112	49,437	-	5,707	89,432	918,882
<b>TOTAL</b>	<b>23</b>	<b>2</b>	<b>5</b>	<b>2,998,119</b>	<b>59,667</b>	<b>353,428</b>	<b>244,202</b>	<b>291,682</b>	<b>446,766</b>	<b>98,573</b>	<b>570,374</b>	<b>5,062,811</b>

\*The number of temporary positions is subject to change



# CAPITAL IMPROVEMENT PROGRAM



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## SECTION 12: CAPITAL IMPROVEMENT PROGRAM

The District owns and operates over 114 miles of pipelines, 9 pump stations, 9 reservoirs, one concrete arch dam and reservoir, two treatment plants, one 2-mile-long tunnel, 12 groundwater wells, 34 vehicles, and various equipment. Each asset and their smaller components (in the case of Juncal Dam) must be replaced or repaired at the end of their useful life.



The District Capital Improvement Program (CIP) was created to ensure the reliable delivery of high-quality water to customers now and into the future. The 20-year CIP program prioritizes the repair or replacement of assets over a 20-year planning horizon using criteria such as age, criticality, and condition. The program is reviewed annually by District staff and revised when appropriate. Given limited annual resources that can be dedicated to infrastructure replacement and repairs, the program ensures annual budgets include projects with the greatest need. The cost of construction has increased significantly in recent years due to sharp increases in the cost of material, labor, and equipment. These costs are reflected in the FY2024 CIP.

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### CAPITAL EXPENDITURES IMPACT OPERATING BUDGET

The operating budget is not impacted directly by capital expenditures. Capital expenditures are payments made for goods and services that are recorded on the Statement of Net Position instead of the Revenue and Expense Statement. The cumulative amount paid for a given piece of equipment or constructed asset is divided by the estimated life of said item. The result is then recorded as depreciation over the asset's lifespan.

For example, a \$40,000 truck with a lifespan of 10 years is depreciated at the rate of  $(40,000/10)$  or \$4,000.00 per year.

Asset lives are governed by government code.

Fixed assets and equipment can include the necessary designs, planning and preparatory expenses to construct or purchase an item.

## EQUIPMENT

The FY2024 budget includes \$576,500 for large equipment capital expenditures. The budgeted equipment includes utility trucks to replace aging and high mileage vehicles used by District staff to perform critical daily operations. The current year budget includes one new large main break/service truck for \$230,000, one new boat at Jameson Lake for \$45,000, and five vehicles as carry-forward from FY2023 for \$301,500, delayed by the global microchip shortage.



## SYSTEM PROJECTS

The FY2024 budget includes \$4,451,480 for infrastructure improvements as shown in Figure 12-1. The total budget includes \$576,480 in net carry-forward projects from FY2023. Carry-forward projects were generally a result of pandemic related global shipping delays or permitting delays. The planned FY2024 projects include \$3,875,000 in replacement and repairs of critical District assets such as replacement of approximately one mile of 100-year-old pipelines, reservoir improvements, treatment plant improvements, Juncal Dam valve replacements, and generator replacements.

**Figure 12-1: FY2024 Budgeted Infrastructure Improvements**

<b>FISCAL YEAR 2023-2024 BUDGET</b>	<b>FY 2021-2022 AUDITED</b>	<b>FY 2022-2023 FORECAST</b>	<b>FY 2023-2024 BUDGET</b>
<b>Net Capital expenditure carry over</b>			
Carry-over Transfers In			1,835,020
Equipment carryover	-	(179,530)	(301,500)
System projects carryover	(6,064,518)	(1,622,564)	(2,110,000)
<b>Total Net capital expenditure carry over</b>	<b>(6,064,518)</b>	<b>(1,802,094)</b>	<b>(576,480)</b>
<b>FY2023/24 capital expenditures</b>			
Equipment	-	-	(275,000)
Water Storage Purchases	-	-	-
System Projects	-	-	(765,000)
Extraordinary Projects	-	(550,013)	(2,835,000)
<b>Total 2023/24 capital expenditures</b>	<b>-</b>	<b>(550,013)</b>	<b>(3,875,000)</b>
<b>Net capital expenditures</b>	<b>(6,064,518)</b>	<b>(2,352,107)</b>	<b>(4,451,480)</b>

The FY2024 budget includes several equipment and infrastructure projects from FY2023 that were not complete during FY2023. These projects are categorized as “carry-forward” in the

FY2024 CIP budget and are netted with \$1.8 million of carry-forward transfers-in. Capital Contributions of \$5.4 million are budgeted in other revenues for FY2024 and include reimbursements which are the result of both prior year and current year CIP activity.

Figure 12-2 lists Total Capital Improvement Funding for FY2024.

**Figure 12-2: FY2024 Total Capital Improvement Funding**

<b>CAPITAL IMPROVEMENT PROGRAM FUNDING</b>		
<b>Project Description</b>		<b>FY 2023/24</b>
<b>CARRYOVER</b>		
REIMB P79	P79 ENG US101 Segment 4C Crossing Construction Phase	467,500
FEMAA1	A1 ENG Alder Creek Flume (FEMA 6.25% match) (Approved 12/15/20)	55,000
REIMBP54	P54 ENG ASADRA Reservoir Replacement/Retrofit Project (Approved	920,784
REIMBF24	F24 FEMA JUNCAL PIPELINE REPAIR (from FY2023 expenses)	3,290,000
TRANSFER-IN	Prior period Rate Revenue Transfers in	1,835,020
<b>Sub-Total (Current-Year Dollars)</b>		<b>\$ 6,568,304</b>
<b>NEW CIP FY2024</b>		
FEMAF25	F25 FEMA HIGHLINE REPLACEMENT PROJECT	338,400
<b>Sub-Total (Current-Year Dollars)</b>		<b>\$ 338,400</b>
<b>Grand Total: Capital Expenditure Funding Sources</b>		<b>\$ 6,906,704</b>

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## CAPITAL PROJECTS CARRY-FORWARD

### PIPELINE REPLACEMENTS

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#### **BUENA VISTA WATER MAIN REPLACEMENT (\$550,000 – CARRY-FORWARD)**

This project will replace approximately 1,500 feet of existing 1924 6-inch cast iron water mains with new 8-inch ductile iron water main. The project also includes the replacement of all service lines with new copper service lines, one pressure regulator and several fire hydrants.

#### **MONTE CRISTO WATER MAIN REPLACEMENT PROJECT (\$400,000 – CARRY-FORWARD)**

This project will replace approximately 1,400 feet of 6-inch 1920s cast iron water main with 8-inch ductile iron water main. The project also includes replacement of six fire hydrants and 30 service lines. This project will replace an aging main with frequent main breaks and known hydraulic deficiencies.

#### **US101 SEGMENT 4C CROSSING CONSTRUCTION PHASE (\$850,000 – CARRY-FORWARD)**

This project includes construction of a 36-inch casing using jack and bore technology underneath the US101 and Union Pacific railroad for the installation of a new 8-inch pipe within the new

casing. The project is 55% reimbursable by the Santa Barbara Association of Governments (SBCAG).

## RESERVOIR SEISMIC RETROFITS

### **ASADRA RESERVOIR REPLACEMENT/RETROFIT PROJECT (\$60,000 – CARRY-FORWARD)**

The Additional Supplemental Appropriations for Disaster Relief Act (ASADRA) provides funding for water and wastewater resiliency projects in California communities impacted by the 2017/18 wildfires. This project will replace or retrofit eight District storage tanks (reservoirs) over the next several years. The work for FY2024 includes project management during the grant agreement and pre-construction preparation stage. Construction is expected in subsequent fiscal years.

## PUMPING/WELLS/VALVING/TREATMENT

### **ENNISBROOK 5 UPDATES (\$20,000 – CARRY-FORWARD)**

The Ennisbrook 5 well site is exposed to the elements and has not had any updates in many years. This project will install a new variable frequency drive (VFD), replace the existing chlorine storage cabinets, and install a new chlorine analyzer.

### **ENNISBROOK 2 BACKWASH RECYCLING SYSTEM (\$70,000 – CARRY-FORWARD)**

The groundwater well at Ennisbrook 2 currently discharges filter backwash water into the sanitary sewer, costing the District over \$10,000 annually in fixed sewer service charges plus variable charges which have been as high as \$5,000. This project will install backwash tanks, recycling pumps, and piping at the well site to allow the water to settle out solids, recycle the water into the filters, and avoid sanitary sewer discharges in the future.

## OTHER

### **BELLA VISTA STORAGE BUILDING (\$100,000 – CARRY-FORWARD)**

The project includes the permitting of a small storage building at the Bella Vista Treatment Plant to store treatment materials, equipment, and records. The scope of work for FY2024 is to design and permit the proposed structure.

### **ALDER CREEK FLUME (FEMA 6.25% MATCH) (\$60,000 – CARRY-FORWARD)**

The Alder Creek Flume Repair is an ongoing project using 94% FEMA funding to repair damaged portions of the Alder Creek Flume following the 2017 Thomas Fire and subsequent debris flow. The fiscal year budget includes completion of the permitting process with the United States Forest Service. Construction is expected in subsequent fiscal years.

Figure 12-3 lists Capital Improvement Carry-Forward expenditures for FY2024.

**Figure 12-3: FY2024 Capital Improvement Carry-Forward Expenditures**

<b>CAPITAL IMPROVEMENT PROGRAM - CARRY FORWARD</b>	
<b>Project Description</b>	<b>FY 2023/24</b>
<b>PIPELINE REPLACEMENTS</b>	
Buena Vista Drive (Buena Vista Reservoir to East Valley Road)	550,000
Monte Cristo & Channel Drive Water Main Replacements	400,000
US101 Crossing @ Sheffield Dr. (Caltrans HWY101 widening Project)	850,000
Fairway Road, Depot Road, Butterfly Lane, and High Road	-
Toro Canyon Road (300 Block to Toro Canyon Park Rd)	-
East Valley Road (Park Lane to Orchard)	-
Middle Road (Eleven Oaks Lane to Hot Springs), Oak Road, & Mesa Road	-
Other US101 crossings at Danielson - Open cut	-
Other US101 crossings (Miramar - open cut)	-
<b>RESERVOIR SEISMIC RETROFITS</b>	-
ASADRA Reservoir Replacement/Retrofit Project	60,000
<b>PUMPING/WELLS/VALVING/TREATMENT</b>	
Ennisbrook 5 Updates (VFD, storage, cl analyzer)	20,000
Ennisbrook 2 Backwash System	70,000
Juncal Dam Emergency Release Valve Modifications	-
<b>OTHERS</b>	
Bella Vista Storage Building	100,000
FEMA/CalOES Match - Thomas Incident (Alder Flume)	60,000
<b>LARGE EQUIPMENT/VEHICLES</b>	
Vehicle #151 Replacement	50,000
Vehicle #143 Replacement	65,000
Vehicle #177 Replacement	54,000
Vehicle #158 Replacement	65,000
Vehicle #144 Replacement	67,500
<b>Sub-Total (Current-Year Dollars)</b>	<b>\$ 2,411,500</b>

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## CAPITAL IMPROVEMENT PROGRAM FY2024 – NOT EXTRAORDINARY

### PIPELINE REPLACEMENTS

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#### **SMALL WATER MAINS REPLACEMENT (\$200,000 - CURRENT FY)**

This project will replace approximately 600 feet of small diameter (2-4 inch) galvanized water mains on La Vereda Road and Edgecliff Drive with new 6-inch ductile iron water mains. The galvanized mains are from the 1960s and break frequently due to corrosion and age.

### **LAS TUNAS WATER MAIN REPLACEMENT PROJECT (DESIGN & PROCUREMENT) (\$30,000 - CURRENT FY)**

The water main on Las Tunas is 100 years old and has experienced frequent main breaks in the last decade. The scope of work for this project in FY2024 is to design and purchase materials for the replacement of approximately 1800 feet of 1920s era 6-inch cast iron water main. Construction of the new 8-inch ductile iron water main is scheduled to occur in FY2025.

### **FREEHAVEN WATER MAIN REPLACEMENT PROJECT (DESIGN & PROCUREMENT) (\$30,000 - CURRENT FY)**

The water main on Freehaven is 60 years old and has experienced frequent main breaks in the last 5 years. The scope of work for this project in FY2024 is to design and purchase materials for the replacement of approximately 1700 feet of 1960s era 6-inch cast iron water main. Construction of the new 8-inch ductile iron water main is scheduled to occur in FY2025.

### **HIGHLINE WATER MAIN REPLACEMENT PRELIMINARY DESIGN REPORT (\$275,000 - CURRENT FY)**

The District “highline” is a 14-18-inch steel transmission main that conveys water between critical District facilities along the northern boundaries of the service area. The highline has been replaced in segments as needed over the last several decades, but the majority (about 5.5 miles) of the 7.5-mile pipeline is 1920s era pipelines scheduled for replacement in the coming years. Given the access and environmental constraints due to the presence of private property easements, steep terrain, and remote work areas, the scope of work for this project in FY2024 is to prepare a Preliminary Design Report that will provide a detailed assessment of the optimal replacement methods, costs, and strategies for the 5.5 miles of highline. The PDR will inform construction phasing and costs for subsequent fiscal years.

## **GENERATORS**

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### **BELLA VISTA BACKUP GENERATOR SITE WORK (\$60,000 - CURRENT FY)**

The District capital program has a ten-year generator replacement schedule. The Bella Vista Treatment Plant generator is the next generator on the list, and this project will prepare for eventual generator procurement by installing the concrete pad and electrical wiring at the site.

### **DOULTON BACKUP GENERATOR PROCUREMENT AND INSTALLATION (\$70,000 - CURRENT FY)**

The Doulton Treatment Plant backup Generator site work was completed in the prior fiscal year including the installation of a concrete pad and electrical wiring. The scope of work for FY2024 is to purchase and install the backup generator at the site, including commissioning and testing of the generator.

## OTHER

### DISTRICT WIDE FIRE HYDRANT IMPROVEMENTS (\$100,000 - CURRENT FY)

The District operates over 900 fire hydrants. A small number of remaining locations use aging dry barrel hydrants instead of newer wet barrel hydrants. This project will replace approximately 6 dry barrel hydrants, and the piping from the District main to the hydrant, in the areas of Coast Village Road and Lillie Avenue. The work will require trenching and paving and concrete sidewalk replacement in most areas.

Figure 12-4 details the \$1,040,000 in Capital Expenditures.

**Figure 12-4: FY2023-2024 Capital Improvement Expenditures**

CAPITAL IMPROVEMENT PROGRAM	
Project Description	FY 2023/24
<b>PIPELINE REPLACEMENTS</b>	
Small (2-4 inch) Main Replacements (various locations)	200,000
Las Tunas Water Main Replacement	30,000
Freehaven Water Main Replacement	30,000
Highline Transmission Main Design & Replacement	275,000
<b>PUMPING/WELLS/VALVING/TREATMENT</b>	
Ennisbrook 2 Valve Improvements	-
Bella Vista Treatment Plant Improvements	-
Doulton Treatment Plant Improvements	-
Well Pump & Motor Replacement	-
Pump Station - Pump and Motor Replacement	-
Cistern Pump and Piping Upgrades	-
<b>GENERATORS</b>	
Replace Bella Vista Generator	60,000
Replace Doulton Generator	70,000
Replace Ortega Pump Station Generator	-
Replace Romero Pump Station Generator	-
<b>OTHERS</b>	
Fire Hydrant Improvements	100,000
<b>LARGE EQUIPMENT/VEHICLES</b>	
Main Break Truck	230,000
Jameson Lake Boat Replacement	45,000
Backhoe Replacement (compliance)	-
Paving Roller (Bomag)	-
Vehicle Replacement (Transmission & Distribution Dept.)	-
Vehicle Replacement (Treatment Dept.)	-
<b>Sub-Total (Current-Year Dollars)</b>	<b>\$ 1,040,000</b>

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## CAPITAL IMPROVEMENT PROGRAM EXTRAORDINARY PROJECTS

### PIPELINE REPLACEMENTS

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#### FEMA/CALOES HIGHLINE REPAIR PROJECT

**(\$760,000 - CURRENT FY)**

This project will replace approximately 300 linear feet of damaged 14-inch steel water pipeline damaged during a January 2023 storm event with new 14-inch steel water pipeline. The project will re-bury the new pipeline along the same alignment as the original pipeline.

### OTHER

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#### FEMA/CALOES JUNCAL PIPELINE REPAIR

**(\$2,000,000 - CURRENT FY)**

This project will replace approximately 700 linear feet of 18-inch steel water pipeline damaged during a January 2023 storm event with new 18-inch steel water pipeline. The project will also include concrete supports for an aerial pipe crossing over the Fox Creek, and backfill and compaction of all pipeline where buried. The project requires work within waterways and therefore work will include temporary road crossings over the Santa Ynez River, and a temporary bypass through the project area of the Fox Creek.

#### RECYLED WATER PROJECT DESIGN

**(\$75,000 - CURRENT FY)**

The project involves performing modeling of the Carpinteria Groundwater Basin and other planning work in connection with the indirect potable reuse project recommended in the District's 2023 Enhanced Recycled Water Feasibility Study.

Figure 12-5 lists extraordinary capital projects for FY2024

**Figure 12-5: FY2024 Extraordinary Capital Projects**

CAPITAL IMPROVEMENT PROGRAM EXTRAORDINARY PROJECTS	
Project Description	FY 2023/24
<b>PIPELINE REPLACEMENTS</b>	
FEMA/CaIOES - Highline Replacement Project	760,000
<b>OTHERS</b>	
FEMA/CaIOES Match - Juncal Pipeline Project	2,000,000
Recycled Water Project Development	75,000
<b>Sub-Total (Current-Year Dollars)</b>	<b>\$ 2,835,000</b>
<b>Grand Total: Capital Improvement Program</b>	<b>\$ 6,286,500</b>
<b>Grand Total: Net Capital Improvement Expenditures after Funding Sources</b>	<b>\$ 620,204</b>

## NET IMPACT FROM CAPITAL EXPENDITURES FOR FY2024

➤ Total Capital Expenditures for FY2024	\$6,286,500
➤ Less: Total Capital Expenditure funding	\$6,906,704
➤ Net Capital Expenditures for FY2024	\$ 620,204

## LONG-TERM CAPITAL EXPENDITURE PLANNING

Figures 12-6 through 12-9 show the District's FY2023-24 through FY2026-27 Long-Range Capital Expenditure Plan subject to Board approval and adoption on a year-to-year basis.

**Figure 12-6: Long-Range Capital Improvement Program Funding**

CAPITAL IMPROVEMENT PROGRAM FUNDING					
Project Description		FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27
<b>CARRYOVER</b>					
REIMB P79	P79 ENG US101 Segment 4C Crossing Construction Phase	467,500			
FEMAA1	A1 ENG Alder Creek Flume (FEMA 6.25% match) (Approved 12/15/20)	55,000	1,880,000	23,500	23,500
REIMBP54	P54 ENG ASADRA Reservoir Replacement/Retrofit Project (Approved	920,784			
REIMBF24	F24 FEMA JUNCAL PIPELINE REPAIR (from FY2023 expenses)	3,290,000			
TRANSFER-IN	Prior period Rate Revenue Transfers in	1,835,020			
<b>Sub-Total (Current-Year Dollars)</b>		<b>\$ 6,568,304</b>	<b>\$ 1,880,000</b>	<b>\$ 23,500</b>	<b>\$ 23,500</b>
<b>NEW CIP FY2024</b>					
FEMAF25	F25 FEMA HIGHLINE REPLACEMENT PROJECT	338,400	2,575,600	-	-
<b>Sub-Total (Current-Year Dollars)</b>		<b>\$ 338,400</b>	<b>\$ 2,575,600</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Grand Total: Capital Expenditure Funding Sources</b>		<b>\$ 6,906,704</b>	<b>\$ 4,455,600</b>	<b>\$ 23,500</b>	<b>\$ 23,500</b>

**Figure 12-7: Capital Improvement Program Carry-Forward**

<b>CAPITAL IMPROVEMENT PROGRAM - CARRY FORWARD</b>				
<b>Project Description</b>	<b>FY 2023/24</b>	<b>FY 2024/25</b>	<b>FY 2025/26</b>	<b>FY 2026/27</b>
<b>PIPELINE REPLACEMENTS</b>				
Buena Vista Drive (Buena Vista Reservoir to East Valley Road)	550,000			
Monte Cristo & Channel Drive Water Main Replacements	400,000			
US101 Crossing @ Sheffield Dr. (Caltrans HWY101 widening Project)	850,000			
Fairway Road, Depot Road, Butterfly Lane, and High Road	-	700,000		
Toro Canyon Road (300 Block to Toro Canyon Park Rd)	-		2,200,000	
East Valley Road (Park Lane to Orchard)	-			2,300,000
Middle Road (Eleven Oaks Lane to Hot Springs), Oak Road, & Mesa Road	-			
Other US101 crossings at Danielson - Open cut	-	400,000		
Other US101 crossings (Miramar - open cut)	-	400,000		
<b>RESERVOIR SEISMIC RETROFITS</b>	-			
ASADRA Reservoir Replacement/Retrofit Project	60,000			
<b>PUMPING/WELLS/VALVING/TREATMENT</b>				
Ennisbrook 5 Updates (VFD, storage, cl analyzer)	20,000			
Ennisbrook 2 Backwash System	70,000			
Juncal Dam Emergency Release Valve Modifications	-	300,000	-	-
<b>OTHERS</b>				
Bella Vista Storage Building	100,000			
FEMA/CalOES Match - Thomas Incident (Alder Flume)	60,000	2,000,000	25,000	25,000
<b>LARGE EQUIPMENT/VEHICLES</b>				
Vehicle #151 Replacement	50,000			
Vehicle #143 Replacement	65,000			
Vehicle #177 Replacement	54,000			
Vehicle #158 Replacement	65,000			
Vehicle #144 Replacement	67,500			
<b>Sub-Total (Current-Year Dollars)</b>	<b>\$ 2,411,500</b>	<b>\$ 3,800,000</b>	<b>\$ 2,225,000</b>	<b>\$ 2,325,000</b>

**Figure 12-8: Capital Improvement Program FY2024**

<b>CAPITAL IMPROVEMENT PROGRAM</b>				
<b>Project Description</b>	<b>FY 2023/24</b>	<b>FY 2024/25</b>	<b>FY 2025/26</b>	<b>FY 2026/27</b>
<b>PIPELINE REPLACEMENTS</b>				
Small (2-4 inch) Main Replacements (various locations)	200,000		200,000	
Las Tunas Water Main Replacement	30,000	600,000		
Freehaven Water Main Replacement	30,000	600,000		
Highline Transmission Main Design & Replacement	275,000	1,437,500	1,437,500	1,437,500
<b>PUMPING/WELLS/VALVING/TREATMENT</b>				
Ennisbrook 2 Valve Improvements	-			
Bella Vista Treatment Plant Improvements	-	100,000		
Doulton Treatment Plant Improvements	-	50,000		
Well Pump & Motor Replacement	-	30,000	-	30,000
Pump Station - Pump and Motor Replacement	-	-	50,000	-
Cistern Pump and Piping Upgrades	-	100,000	400,000	
<b>GENERATORS</b>				
Replace Bella Vista Generator	60,000	120,000	-	-
Replace Doulton Generator	70,000	-	-	-
Replace Ortega Pump Station Generator	-	-	-	50,000
Replace Romero Pump Station Generator	-	50,000	150,000	
<b>OTHERS</b>				
Fire Hydrant Improvements	100,000			
<b>LARGE EQUIPMENT/VEHICLES</b>				
Main Break Truck	230,000	-	-	-
Jameson Lake Boat Replacement	45,000			
Backhoe Replacement (compliance)	-	250,000	-	-
Paving Roller (Bomag)	-	-	60,000	-
Vehicle Replacement (Transmission & Distribution Dept.)	-	150,000	70,000	70,000
Vehicle Replacement (Treatment Dept.)	-	-	70,000	70,000
<b>Sub-Total (Current-Year Dollars)</b>	<b>\$ 1,040,000</b>	<b>\$ 3,487,500</b>	<b>\$ 2,437,500</b>	<b>\$ 1,657,500</b>

**Figure 12-9: Capital Improvement Program Extraordinary Projects**

<b>CAPITAL IMPROVEMENT PROGRAM EXTRAORDINARY PROJECTS</b>				
<b>Project Description</b>	<b>FY 2023/24</b>	<b>FY 2024/25</b>	<b>FY 2025/26</b>	<b>FY 2026/27</b>
<b>PIPELINE REPLACEMENTS</b>				
FEMA/CalOES - Highline Replacement Project	760,000	2,740,000	-	
<b>OTHERS</b>				
FEMA/CalOES Match - Juncal Pipeline Project	2,000,000	-		
Recycled Water Project Development	75,000	-		
<b>Sub-Total (Current-Year Dollars)</b>	<b>\$ 2,835,000</b>	<b>\$ 2,740,000</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Grand Total: Capital Improvement Program</b>				
	<b>\$ 6,286,500</b>	<b>\$ 10,027,500</b>	<b>\$ 4,662,500</b>	<b>\$ 3,982,500</b>
<b>Grand Total: Net Capital Improvement Expenditures after Funding Sources</b>				
	<b>\$ 620,204</b>	<b>\$ (5,571,900)</b>	<b>\$ (4,639,000)</b>	<b>\$ (3,959,000)</b>

# FINANCIAL POLICIES



*A century of service.*

## SECTION 13: FINANCIAL POLICIES

All policies were adopted by the Board of Directors on June 27, 2023.

**CAPITALIZATION POLICY FOR FISCAL YEAR 2024**

**A. Purpose of the Policy**

The purpose of this policy is to establish guidelines in identifying, capitalizing, depreciating, and accounting for District fixed assets.

**B. General Definitions**

A fixed asset (a.k.a. capital asset) is defined under this Policy as an asset owned by the District that 1) is acquired for use in District operations, 2) possesses physical substance, and 3) is long-term in nature (i.e., useful life exceeds 2 years), and 4) is subject to depreciation.

**Specific Capital Asset Definitions**

Specific capital assets are defined as follows:

1. *Land* – The investment in real estate other than buildings and building improvements. This asset does not depreciate.
2. *Buildings* – Physical property of a permanent nature.
3. *Building Improvements* – Physical property of a permanent nature that is not a physical building, such as fences, retaining walls, asphalt paving, concrete paving, fences, sidewalks, tunnels and manholes.
4. *Equipment* – moveable property of a relatively permanent nature with a significant value. “Significant value” is defined as a cost of \$10,000 or more. “Relatively permanent” is defined as a useful life that exceeds two years.
5. *Vehicles* – must be relatively permanent and have a significant value.
6. *Infrastructure*– Construction on street, road, site improvements, and water storage and/or delivery projects of a permanent nature.
7. *Maintenance and Alterations* – Expenditures which neither materially add to the value of the property nor appreciably prolong its life, but merely keep it in an ordinary, efficient operating condition. Maintenance and Alteration costs are not capitalized.
8. *Capitalized Expenditures (Betterments)* – Expenditures which materially add to the value of the property or appreciably extend its life. This amount should be added to the current book value of the asset where the original cost of a component being improved can be specifically identified. If a component is being replaced, the cost of the old component should be disposed and the new cost capitalized. Capitalized expenditures are on occasion referred to as betterments.

9. *Controlled Equipment* – Items which by their value, nature, and variety of uses should be specifically accounted for and inventoried periodically. These items are not capitalized. Examples of such items include cameras, calculators, small office equipment, furniture, and small tools or construction equipment. As a general rule, these are items with an individual cost of less than \$10,000.

**C. Statement of the Policy**

It is the policy of the District that the following types of assets will be considered Fixed Assets of the District:

1. Land
2. Land improvements with a limited life, such as driveways, walks, fences, landscaping, and parking lots
3. Buildings
4. Building improvements, such as HVAC equipment, remodeling costs, and landscaping
5. Hydrants, PRV stations, valves, and similar facilities
6. Transmission & distribution pipelines
7. Treatment facilities
8. Storage facilities, such as reservoirs
9. Pumps and wells
10. Water meters
11. Machinery and equipment, such as generators, compressors, jackhammers, tools, trimmers, etc.
12. Fleet equipment, such as cars, trucks, trailers, and backhoes
13. Office equipment, such as furniture and fixtures
14. Computer systems, purchased software, and phones
15. Planning documents, system modeling reports, and other documents directly related to capital improvements

**D. Capitalization Thresholds**

Fixed assets eligible for capitalization must have an estimated life of at least two years. The following capitalization thresholds shall be followed, and such criteria shall be applied to individual assets and not to groups of individual assets.

1. Land – All acquisition costs
2. Office Equipment - \$10,000

3. Field Equipment - \$10,000
4. Infrastructure - \$10,000
5. Buildings & Building Improvements - \$10,000

**E. Valuation Of Fixed Assets**

The actual cost of acquiring capital assets is recorded on the financial statements. Therefore, assets are reported at historical cost in accordance with Generally Accepted Accounting Practices. The value assigned to fixed assets shall be determined as follows:

**1. Purchased Fixed Assets**

The capitalized value of purchased fixed assets shall be determined using the historical cost of the asset. Specific costs eligible for capitalization are identified under Section 3.3 below. If the historical cost of an asset is not available or cannot be reasonably determined, an estimated cost may be utilized based upon the best available information.

**2. Self-Constructed Fixed Assets**

Only self-constructed water system infrastructure assets intended to be used in District operations are eligible for capitalization. The capitalized value of such self-constructed assets shall be determined using only direct costs associated with the construction up until the time the asset is complete and the infrastructure is ready for its intended use.

**3. Donated Fixed Assets**

The capitalized value of donated assets shall be determined using the fair market value at the time of donation. If the fair market value of the asset is not available or cannot be reasonably determined, an estimated cost may be determined using the best available information. The value of donated intangible assets shall be accounted for separately from donated tangible fixed assets.

**F. Capitalizable Costs**

Costs eligible for capitalization under this policy are as follows:

**1. Land:**

- a. Purchase price or appraised value, whichever can be more readily determined;
- b. Closing costs, such as title fees, attorneys' fees, environmental assessments, appraisals, taxes and recording fees;
- c. Costs necessary to get the land ready for its intended use, such as grading, clearing, filling, draining, surveying, and demolition of existing structures;
- d. Assumptions of liens, encumbrances or mortgages;

**2. Purchased assets other than land:**

- a. Purchase price
- b. Sales tax
- c. Freight and handling charges
- d. Insurance costs while in transit
- e. Assembling and installation charges
- f. Professional fees of engineers, inspectors, attorneys, consultants, etc.
- g. Discounts or rebates shall be accounted for as a reduction to the purchase price
- h. Costs necessary to accommodate the equipment in its new location

**3. Self-constructed assets:**

- a. Direct labor costs (to include wages and benefits)
- b. Direct materials cost
- c. Professional fees of engineers, inspectors, attorneys, consultants, etc.
- d. Insurance premiums and related costs incurred during construction
- e. Costs necessary to get the site ready for its intended use, such as grading, clearing, filling, draining, surveying, and demolition of existing structures
- f. Fair market or appraised value at date of donation
- g. Installation costs
- h. Professional fees of engineers, inspectors, attorneys, consultants, etc.
- i. Other normal or necessary costs required to place the asset in its intended location
- j. Location and condition for use

**4. Donated fixed assets:**

- a. Fair market or appraised value at date of donation
- b. Installation costs
- c. Professional fees of engineers, inspectors, attorneys, consultants, etc.
- d. Other normal or necessary costs required to place the asset in its intended location and condition for use

**G. Capitalization of Costs Subsequent to Acquisition**

Additional costs incurred after a fixed asset is placed in use shall be accounted for as follows:

**1. Additions**

An “Addition” is defined as an expenditure that either significantly extends the useful life or productivity of the existing fixed asset or creates a new fixed asset. All Additions to existing fixed assets should be capitalized as long as the asset meets the criteria of Section F above.

## **2. Improvements and Replacements**

“Improvements and Replacements” are defined as expenditures that involve substituting a similar fixed asset, or portion thereof, for an existing one. All Improvements and Replacements to existing fixed assets should be capitalized as long as the asset meets the criteria of Section G above. If the existing asset’s book value is determinable, then the existing asset should be removed from the books at the time the replacement is recorded. If the existing asset is not separately identifiable, then the replacement should still be capitalized as the existing asset’s book value is assumed to be negligible.

## **3. Rearrangement or Reinstallation**

“Rearrangement or Reinstallation” costs are defined as expenditures that involve moving an existing asset to a new location or reinstalling a similar asset in place of an existing asset. All Rearrangement or Reinstallation costs should be expensed in the period incurred.

## **4. Repairs and Maintenance**

“Repairs and Maintenance” costs are defined as expenditures that involve maintaining the asset in good or ordinary repair. All Repairs and Maintenance costs should be expensed in the period incurred.

## **H. Depreciation of Fixed Assets**

Fixed assets shall be depreciated on a straight-line basis beginning the first day of the month following acquisition in accordance with the following schedule (Note, management may determine a useful life other than these listed below if a determination is made that the useful lives listed below are not appropriate for the asset):

### **LAND**

#### **Capitalization Threshold**

#### **All Acquisition Costs**

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Non-Depreciable

### **OFFICE EQUIPMENT**

<b>Capitalization Threshold</b>	<b>\$10,000</b>
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Computers	4 Years
Computer Software	3 Years
Phone & Telecommunications Equipment	4 Years
Office Furniture & Fixtures	7 Years
Network Servers	5 Years
Copy Machines	5 Years
Printers	5 Years

**FIELD EQUIPMENT**

<b>Capitalization Threshold</b>	<b>\$10,000</b>
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Vehicles	5 Years
Heavy equipment, Backhoes, Forklifts, etc.	10 Years
Machinery & Equipment	10 Years
Generators	10 Years

## **INFRASTRUCTURE**

<b>Capitalization Threshold</b>	<b>\$10,000</b>
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Transmission and Distribution Pipelines	60 Years
Reservoirs	60 Years
Pumps	25 Years
Pump Stations	25 Years
Wells	25 Years
Hydrants	30 Years
Valves	30 Years
Treatment Facilities	30 Years

## **BUILDINGS & BUILDING IMPROVEMENTS**

<b>Capitalization Threshold</b>	<b>\$10,000</b>
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Buildings	30 Years
Building Improvements	10 Years
Air Conditioners	15 Years
Plumbing Fixtures	15 Years
Shop Building	30 Years

**I. PHYSICAL INVENTORY**

A physical inventory of the following categories of fixed assets shall be performed annually:

1. Inventory items
2. Machinery and equipment
3. Fleet equipment
4. Office furniture and fixtures
5. Computer equipment, purchased software and telephones

The results of the physical inventory shall be reconciled with the District's asset inventory system.

**J. DISPOSAL OF FIXED ASSETS**

Fixed assets that have become obsolete or impaired or no longer of used to the District shall be disposed in accordance with District's Resolution 2259 *Fixed Asset Disposal Policy*.

## DEBT MANAGEMENT POLICY FOR THE FISCAL YEAR 2024

### **Purpose and Scope**

This Debt Management Policy (the "Debt Policy") establishes the parameters within which debt may be issued and administered by the Montecito Water District (the "District"). This Debt Policy shall also apply to the Montecito Water District Financing Corporation.

This Debt Policy is intended to comply with Government Code Section 8855(i), and shall govern debt undertaken by the District.

The District hereby recognizes that a fiscally prudent debt policy is required in order to:

- Maintain the District's sound financial position.
- Ensure the District has the flexibility to respond to: changes in future revenue levels; construction, maintenance and operating expenses; and the fluctuating cost of water supplies necessary to ensure effective accomplishment of the District's mission.
- Protect the District's credit-worthiness.
- Ensure that debt is structured in order to protect both current and future District customers.
- Ensure that the District's debt is consistent with its planning goals and objectives and the District's project or budget, as applicable.

### **Purposes for Which Debt May Be Issued**

1. Long-Term Debt. Long-term debt may be issued to finance the construction, acquisition, and improvement of facilities, equipment, land and property (including water supplies) to be owned and/or operated by the District.

1.1 Long-term debt financings are appropriate when the following conditions exist:

- When the action to be financed is necessary and useful to the District's purpose.
- When the action to be financed will provide benefit to District customers over multiple years.
- When total debt does not constitute an unreasonable burden to the District's customers.
- When the debt is used to refinance outstanding debt in order to produce debt service savings or to realize the benefits of a debt restructuring.

1.2 Long-term debt financings will not generally be considered appropriate for current operating expenses and annual routine maintenance expenses.

1.3 The District may use long-term debt financings subject to the following conditions:

- The project to be financed must be approved by the District Board of Directors after reserves and cash flow have been discussed before incurring long-term debt.
- The weighted average maturity of the debt (or the portion of the debt allocated to the project) will not exceed the average useful life of the project to be financed by more than 20%.
- The District estimates that sufficient revenues will be available to service the debt through its maturity.
- The District determines that the issuance of the debt will comply with applicable state and federal laws.

2. Short-term debt. Short-term debt may be issued to provide financing for the District's operational cash flows in order to maintain a steady and even cash flow balance and other purposes as permitted by California law. Short term debt may also be used to finance short-lived capital, or water acquisition projects, or to provide interim financing for long-lived projects.

### **Types of Debt**

The following types of debt are allowable under this Debt Policy:

- Bond or grant anticipation notes (BANs);
- Lease revenue bonds, certificates of participation (COPs) and lease-purchase transactions;
- Other revenue bonds and COPs;
- Installment purchase agreements as allowed by law;
- State Water Resources Control Board Loans and other government sponsored loans;
- Short-term notes authorized by the Water Code.

The District Board may from time to time find that other forms of debt would be beneficial to further its public purposes and may approve such debt through an action of the District Board without an amendment of this Debt Policy.

### **Relationship of Debt to Capital Improvements and Budget**

The District is committed to long-term planning. The District intends to issue debt for the purposes stated in this Debt Policy, and to implement policy decisions regarding capital improvements, and acquisitions of land and water, that are necessary and useful to the successful operation of the District.

The District shall strive to fund the upkeep and maintenance of its infrastructure and facilities due to normal wear and tear through the expenditure of available operating revenues,

including the collection of assessments from District customers. The District shall seek to avoid the use of debt to fund infrastructure and facilities improvements that are the result of normal wear and tear.

The District shall seek to issue debt in a timely manner to avoid having to make unplanned expenditures for capital improvements or equipment.

#### **Policy Goals Related to Planning Goals and Objectives**

The District is committed to long-term financial planning, maintaining appropriate reserve levels and employing prudent practices in governance, management and budget administration. The District intends to issue debt for the purposes stated in this Debt Policy and to implement policy decisions incorporated in the annual budget.

It is a policy goal of the District to utilize conservative financing methods and techniques so as to obtain the highest practical credit ratings and the lowest practical borrowing costs.

The District will comply with applicable state and federal law as it pertains to the maximum term of debt and the procedures for levying and imposing any related assessments, rates and charges.

The General Manager will periodically review existing District debt in order to identify refinancing opportunities. Refinancing will be considered by the Board if and when there is a net benefit of refinancing. Non-economic refinancing may be considered to achieve the District's goals relating to changes in covenants, call provisions, operational flexibility, tax status, or the District's debt service profile.

#### **State Reporting Requirements**

Pursuant to Government Code section 8855(k), the District will submit annual debt transparency reports for any debt for which has submitted a report of final sale on or after January 21, 2017 every year until the later date on which the debt is no longer outstanding and the proceeds have been fully spent. The District shall also comply with Government Code Section 5852.1 by disclosing specified good faith estimates in a public meeting prior to the authorization of the issuance of bonds.

#### **Internal Control Procedures**

When issuing debt, in addition to complying with the terms of this Debt Policy, the District shall comply with any other applicable laws and policies regarding initial bond disclosure, continuing disclosure, post-issuance compliance, and investment of bond proceeds.

Without limiting the foregoing, the District will periodically review the requirements of, and will remain in compliance with, the following:

- Any continuing disclosure undertakings entered into by the District in accordance with SEC Rule 15c2-12.

- Any federal tax compliance requirements, including, without limitation, arbitrage and rebate compliance.
- Investment policies as they relate to the use and investment of bond proceeds.

Proceeds of debt will be held either (a) by a third-party trustee or fiscal agent, which will disburse such proceeds to or upon the order of the District upon the submission of one or more written requisitions by the General Manager, or his or her written designee; or (b) by the District, to be held and accounted for in a separate fund, general account or project account, the expenditure of which will be carefully documented by the District.

On an as needed basis, the Finance Manager will be responsible for reviewing and updating and/or revising this Policy which shall be reviewed at a Board meeting and adopted by the Board of Directors.

## **FIXED ASSET DISPOSAL POLICY**

The primary purpose of this policy is to allow management staff to determine if Montecito Water District vehicles, large equipment and other personal property no longer meet the needs of daily, emergency and/or future operations. It is the policy of the Board of Directors of the District to dispose of Surplus Personal Property purchased with public funds in a manner that returns the value of that property for the benefit of rate payers in a way that is simple to administer. The disposal of surplus personal property shall be handled according to this policy.

### **1. Determination of Surplus Personal Property**

The term “Surplus Personal Property” shall mean any vehicles, large equipment and other personal property owned by the District that no longer has a business purpose but is still usable. The General Manager has the authority to deem property Surplus Personal Property.

### **2. Prohibited Director, Officer and Employee Transactions**

In accordance with Government Code Section 1090, all members of the District Board of Directors and District employees are prohibited from purchasing Surplus Personal Property.

### **3. Disposal of Vehicles, Large Equipment and other Surplus Personal Property**

- a. At least once each fiscal year, the District General Manager will prepare a list of District vehicles, equipment and other personal property that are deemed Surplus Personal Property based on age, mileage and cost effectiveness to keep the asset in service.
- b. District management staff will establish values and set minimum bid prices for each vehicle or item of large equipment to be sold by public auction. If staff, during the process of establishing value for a vehicle or piece of large equipment, determines that the particular vehicle or equipment has nominal or no value, or the costs of preparation for sale and sale are greater than the value of the vehicle or equipment, then the General Manager is authorized to dispose of the property.
- c. The General Manager may authorize the sale of Surplus Personal Property with an estimated value of \$10,000 or less. Surplus Personal Property with an estimated value greater than \$10,000 will be sold as surplus following authorization by the Board of Directors at a public meeting.
- d. Vehicles or large equipment are to be sold at public auction.

#### **4. Guidelines Concerning the Sale of Surplus Vehicles, Large Equipment, and Other Personal Equipment**

Prior to the sale of surplus vehicles or large equipment, the District General Manager will direct staff to assist in the following:

- a. Remove all District equipment from the vehicle or large equipment (radio, decals, etc.).
- b. Clean and if necessary, repair the vehicle or large equipment if it presents an immediate safety issue.
- c. Vehicles or large equipment will be sold at public auction.
- d. Establish vehicle or large equipment value using an appropriate, publicly available valuation tool such as trade in value. Staff will prepare a written report concerning the valuation of the item and retain appropriate documentation.
- e. Arrange for the delivery and consignment of the item and in consultation with the General Manager and auctioneer, determine an appropriate reserve or minimum price for the item.
- f. When the vehicle or large equipment is sold, the General Manager or his/her designee will sign the "pink slip", bill of sale and any other documents required to complete the sale.
- g. After the vehicle or large equipment is sold, the General Manager or his/her designee will complete paperwork as required by DMV to report the sale of the vehicle or large equipment, and return all completed forms and vehicle license plates to DMV.

All Surplus Personal Property offered for sale shall be "as is" and "where is", with no warranty, guarantee, or representation of any kind, expressed or implied, as to the condition, utility or usability or the property offered for sale.

For Surplus Personal Property not sold, the General Manager has the authority to donate such items to another government agency or any non-discriminatory, tax-exempt non-profit organization qualified under Internal Revenue Code section 501(c)(3).

#### **5. Revenue from Disposal of Surplus Personal Property**

Revenue from the sale or trade-in of Surplus Personal Property shall be returned to the District's operating reserves unless otherwise specified by the Board of Directors. All sales shall be paid to the District by certified check, money order, or in any other manner agreeable to, and authorized by, the General Manager. The General Manager is authorized to sign bills of sale and any other documents evidencing the transfer of title to such Surplus Personal Property by and on behalf of the District.

## INVESTMENT POLICY FOR FISCAL YEAR 2024

### 1. SCOPE

This investment policy applies to all financial assets of the Montecito Water District ("District"). These funds are accounted for in the Annual Financial Report and include reserves, and operational and savings accounts. Funds not included in the policy include deferred compensation funds.

### 2. PRUDENCE

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs; not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. The standard of prudence to be used by investment officials shall be the "prudent investor" standard (CGC §53600.3) and shall be applied in the context of managing an overall portfolio. The Board of Directors, Business Manager (chief fiscal officer of the District), and any other persons authorized to make investment decisions on behalf of the District are trustees and therefore fiduciaries subject to the "prudent investor" standard (CGC §53600.3). When investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing public funds, a trustee shall act with 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. Within the limitations of CGC §53600.3 and considering individual investments as part of an overall strategy, a trustee is authorized to acquire investments as authorized by law.

### 3. OBJECTIVES

As specified in CGC §53600.5, when investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the primary objectives, in priority order, of the investment activities of the District shall be: (1) **Safety:** Safety of principal is the foremost objective of the investment program. Investments of the District shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio; (2) **Liquidity:** The investment portfolio will remain sufficiently liquid to enable the District to meet all operating requirements which might be reasonably anticipated; and (3) **Return on Investments:** The investment portfolio shall be designed with the objective of attaining a market rate of return

throughout budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

**4. DELEGATION OF AUTHORITY**

Authority to manage the investment program is derived from CGC §§53600 -53610, et seq. Management responsibility for the investment program is hereby delegated to the Business Manager (chief fiscal officer of the District) pursuant to CGC §53607, who shall establish written procedures for the operation of the investment program consistent with this investment policy. Procedures should include references to: safekeeping, wire transfer agreements, collateral/depository agreements and banking services contracts, as appropriate. 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 Business Manager (chief fiscal officer of the District). The Business Manager (chief fiscal officer of the District) shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials. Under the provisions of California Government Code Section 53600.3, the Treasurer is a trustee and a fiduciary subject to the prudent investor standard.

**5. ETHICS AND CONFLICTS OF INTEREST**

All persons authorized to make investment decisions on behalf of the District shall refrain from personal business activity that could cause a conflict of interest which could impair their ability to make impartial investment decisions, and which would impair, impede, or interfere with the proper execution of this Investment Policy.

**6. AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS**

The Business Manager (chief fiscal officer of the District) will maintain a list of financial institutions, selected on the basis of creditworthiness, financial strength, experience and minimal capitalization authorized to provide investment services. In addition, a list will also be maintained of approved security brokers/dealers selected by creditworthiness who are authorized to provide investment and financial advisory services in the State of California. No public deposit shall be made except in a qualified public depository as established by state laws.

For brokers/dealers of government securities and other investments, the Business Manager (chief fiscal officer of the District) shall select only brokers/dealers who are licensed and in good standing with the California Department of Securities, the Securities and Exchange Commission, the National Association of Securities Dealers, or other applicable self-regulatory organizations.

Before engaging in investment transactions with a broker/dealer, the Business Manager (chief fiscal officer of the District) shall have received from said firm a signed Certification

Form. This form shall attest that the individual responsible for the District's account with that firm has reviewed the District's Investment Policy and that the firm understands the policy and intends to present investment recommendations and transactions to the District that are appropriate under the terms and conditions of the Investment Policy.

## **7. AUTHORIZED AND SUITABLE INVESTMENTS**

The District is empowered by CGC §53601 et seq. to invest in the following:

- A. Bonds issued by the District.
- B. United States Treasury notes, bonds, bills, or certificates of indebtedness.
- C. Registered state warrants or treasury notes or bonds issued by the State of California.
- D. Bonds, notes, warrants or other evidence of indebtedness of a local agency within the State of California.
- E. Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments.
- F. Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings association, or a federal association. Not more than 30% of surplus funds can be invested in certificates of deposit.
- G. Any other investment security not specifically set forth above, but which is authorized under the provisions of CGC §53601 and §5922.

*Prohibited Investments.* Under the provisions of CGC §53601.6, the District shall not invest any funds covered by this Investment Policy in inverse floaters, range notes, interest-only strips derived from mortgage pools or any investment that may result in a zero-interest accrual if held to maturity.

## **8. COLLATERALIZATION**

All certificates of deposit must be collateralized by U.S. Treasury obligations. Collateral must be held by a third-party trustee and valued on a monthly basis.

## **9. SAFEKEEPING AND CUSTODY**

All security transactions entered into by the District shall be conducted on delivery-versus-payment (DVP) basis. All securities purchased or acquired shall be delivered to the District by book entry, physical delivery or by third party custodial agreement as required by CGC §53601.

## **10. DIVERSIFICATION**

The District will diversify its investments by security type and institution. It is the policy of the District to diversify its investment portfolio. Assets shall be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer,

or a specific class of securities. Diversification strategies shall be determined and revised periodically. In establishing specific diversification strategies, the following general policies and constraints shall apply:

- A. Portfolio maturities are matched versus liabilities to avoid undue concentration in a specific maturity sector.
- B. Maturities selected shall provide for stability of income and liquidity.
- C. Disbursement and payroll dates shall be covered through maturing investments, marketable U.S. Treasury bills or other cash equivalent instruments such as money market mutual funds.

#### **11. REPORTING**

In accordance with CGC §53646(b) (1), the Business Manager (chief fiscal officer of the District) shall submit to each member of the Board of Directors a quarterly investment report. The report shall include a complete description of the portfolio, and the issuers, maturity dates, par values and the current market values of each component of the portfolio, including funds managed for District by third party contracted managers. The report will also include the source of the portfolio valuation. As specified in CGC §53646 (e), if all funds are placed in LAIF, FDIC-insured accounts and/or in a county investment pool, the foregoing report elements may be replaced by copies of the latest statements from such institutions. The report must also include a certification that (1) all investment actions executed since the last report have been made in full compliance with the Investment Policy, and (2) the District will meet its expenditure obligations for the next six months as required by CGC §53646 (b) (2) and (3), respectively. The Business Manager (chief fiscal officer of the District) shall maintain a complete and timely record of all investment transactions.

#### **12. ANNUAL INVESTMENT POLICY REVIEW**

This Investment Policy shall be reviewed on an annual basis, and modifications will be approved by the District Board of Directors.

## PROCUREMENT POLICY

**Introduction:** This procurement policy is established to ensure efficiency and effectiveness in procuring materials and services for the Montecito Water District. It establishes sound business practices and ensures the District receives the highest quality and best value for money expended. It provides that the District operate in a fair, open, transparent and non-discriminatory manner in the marketplace and requires conscious management of the risk inherent in all procurements. Finally, it requires everyone in the procurement process to operate at the highest ethical standard.

**Purchase Approval Authority:** Purchase approval authority for procurements made on behalf of the Montecito Water District shall be delegated in relation to the value of the procurement, the nature of the material or service procured and term of the agreement or contract.

**Materials and Services:** The General Manager is responsible for approving all purchases, and purchase orders, for services and supplies, including Fixed Assets, totaling less than \$100,000 (including installation, tax and shipping) except as otherwise noted herein.

The Board of Directors shall approve all purchases of services and supplies for non-budgeted items totaling \$25,000 or more, except that the General Manager may make emergency procurements of supplies and services in excess of \$25,000 without bids to protect the health, safety or property of private individuals and public entities. Prior to emergency procurement of supplies and services in excess of \$25,000 due to an emergency, the General Manager or his/her designee executing the contract or instrument must contact the District President, or Vice President, and obtain their assent prior to executing the instrument. In the event that the President or Vice President is unavailable, the General Manager or his/her designee must contact two other Board members, and obtain their unanimous assent. Subsequent to executing any contract or instrument for construction services, or the lease or purchase of materials, supplies and equipment due to an emergency, the Board must be notified as soon as possible of any emergency contract or instrument and must ratify the contract or instrument at the next regular Board meeting.

Budget items costing less than \$100,000 do not require additional Board approval if they have already been approved by the Board during the annual budget process.

**Property:** The Board of Directors shall approve all purchases of real property regardless of value.

**Professional Services:** The Board of Directors shall approve all budgeted professional services totaling \$100,000 or more and all non-budgeted professional services totaling \$25,000 or more. The General Manager shall approve budgeted professional services totaling \$100,000 or less and all non-budgeted professional services totaling \$25,000 or less.

**Long-term Agreements:** The Board of Directors shall approve all contracts and agreements with a term longer than 12 months, including those for legal services.

**Other Utilities:** No purchase order or bidding is required for other budgeted utility services such as gas or electric.

The General Manager may delegate authority for approving purchases as necessary in the absence of the General Manager to ensure efficiency and effectiveness of District Operations.

**Requirements for Advance Price Quotations:** Purchases made on behalf of the District should minimize cost to the extent practicable, but the final decision to award to a particular vendor must be carried out on the basis of obtaining best possible value for the District.

**Items with a value less than \$10,000:** A single purchase from one vendor with a value less than \$10,000 but greater than \$500 shall only be made with a purchase order that is approved by the General Manager or Business Manager prior to the order of order of services, materials or equipment. A single purchase from one vendor with a value \$500 does not require a purchase order. The quotations must be received in writing and become part of the purchase documentation.

**Items with a value greater than \$10,000:** A single purchase from one vendor with a value greater \$10,000 for a single line item or service shall be made after soliciting two or more written price quotations. The price quotations shall accompany a purchase order and become part of the purchase documentation.

**Sole Source procurements:** In exceptional circumstances, the requirement to obtain a purchase order and to secure a minimum of two bids may be waived. An example of such a circumstance could be an urgent need for an emergency main line repair beyond the capabilities of existing District staff. Procurement of proprietary materials, inventory and office supplies would require a purchase order, but not two bids.

When a purchase order is required, a copy of the purchase order is given to the vendor and the purchase order number is to be indicated on the invoice, together with a description of what the purchase is for.

A purchase order will not be required prior to a procurement in the event of an emergency as determined by the General Manager or his delegate. Post emergency, a purchase order shall be prepared and become part of the record.

**Split procurements:** Under no circumstances may a procurement be artificially split in order to change the approving authority or the procedures required in documenting the purchase price.

**Use of Contractors:** While not required to do so under the Water Code and/or Public Contract Code, District will use its best efforts to bid construction projects and award projects to the lowest responsible and responsive bidder where feasible as determined by the District in its sole discretion. No contractor or subcontractor may be awarded for public work on a public works project unless registered with the California Department of Industrial Relations (DIR) pursuant to Labor Code section 1725.5. Bidders and their subcontractors must provide an extract (pdf) with bid showing active registration. By registering with the DIR, the contractor will need to establish the following:

(A) Workers' Compensation coverage that meets the requirements of Division 4 (commencing with Section 3200) and includes sufficient coverage for any worker whom the contractor employs to perform work that is subject to prevailing wage requirements other than a contractor who is separately registered under this section. Coverage may be evidenced by a current and valid certificate of workers' compensation Insurance or certification of self-insurance required under Section 7125 of the Business and Professions Code.

(B) If applicable, the contractor is licensed in accordance with Chapter 9 (commencing with Section 7000) of the Business and Professions Code.

(C) The contractor does not have any delinquent liability to an employee or the state for any assessment of back wages or related damages, interest, fines, or penalties pursuant to any final judgment, order, or determination by a court or any federal, state, or local administrative agency, including a confirmed arbitration award. However, for purposes of this paragraph, the contractor shall not be disqualified for any judgment, order, or determination that is under appeal, provided that the contractor has secured the payment of any amount eventually found due through a bond or other appropriate means.

(D) The contractor is not currently debarred under Section 1777.1 or under any other federal or state law providing for the debarment of contractors from public works.

(E) The contractor has not bid on a public works contract, been listed in a bid proposal, or engaged in the performance of a contract for public works without being lawfully registered in accordance with this section, within the preceding 12 months or since the effective date of the requirements set forth in subdivision (e), whichever is earlier.

**Risk Transfer:** In order to minimize the potential liability exposure of the District, Contracts and Agreements with vendors for supplies and services shall include appropriate risk transfer clauses as recommended by the District's liability insurance provider. Contractors and suppliers must, at a minimum have adequate liability and workers compensation insurance. An order should not

be made effective with a contractor until the relevant insurance documents, including a performance bond as necessary, have been approved.

**Requirements for Emergency Contracting:** The General Manager will annually request bids for emergency contract services and recommend up to three contractors for Board approval. Once approved, the General Manager may contract with any of the approved contractors for emergency repair services throughout the given year.

**Internal Controls:** The General Manager shall establish a system of internal controls that provide an audit trail for all purchase and provide transparency in the procurement process including the following controls:

- more than one person to be involved in each transaction, end-to-end,
- provide for prior approval of purchases with a purchase order,
- require certification of receipt of the material, and
- result in reconciliation of the purchase order with the invoice and final payment.

**Procurement from Other Than Lowest Cost Vendor:** While it is the desire of the Board of Directors to purchase supplies and services at the least cost to the District, there may be instances when the award of a purchase to other than the lowest cost vendor produces greatest value and is in the best interests of the District. District Staff should strive to:

- maximize the value received,
- use sources which will be responsive to the needs and timelines of District,
- seek commonality in major equipment to minimize inventory and training costs.

**Procurement through Negotiation:** While competitive solicitation is the preferred procedure to be used to purchase supplies and services, negotiation by the General Manager or his designee with a single vendor may be beneficial in some instances. Circumstances that might indicate negotiation include situations where competition does not exist (i.e. only one vendor is interested in providing the product or service) or where special economies may exist outside the competitive process (i.e. as when a contractor is already mobilized for another purpose).

**Encouragement of Local Procurement:** In meeting the criteria outlined above, staff is encouraged to use local vendors in meeting the District's needs for supplies and services.

**Internet Procurements:** The above notwithstanding, the General Manager may authorize staff to make procurements through internet commerce in instances when such procurement results in minimizing the cost to the Montecito Water District or ensuring responsiveness to the needs and timelines of the District.

**Petty Cash:** A Petty Cash Fund of no more than \$200 shall be maintained in the Business Department under the control of the Business Manager for the purpose of providing ready cash for small expenditures such as parking fees, food items for employee relations and meetings.

Petty cash shall be disbursed in accordance with the District procedures for expense reimbursements.

**Code of Ethics:** In exercising procurement authority, it is essential that each individual maintain an unimpeachable standard of integrity and foster the highest possible standard of professional competence. Complying with both the letter and the spirit of the principles of ethical behavior is essential. In doing so, each individual must declare any personal interest that may impinge, or might reasonably be deemed by others to impinge, upon a person's impartiality in any procurement decision.

**Counsel Review:** Where practicable, all contracts for procurements are to be reviewed by District Counsel, and approved as to form prior to their execution. Approval as to form means that the contract for the procurement accurately embodies the agreement made between the parties concerning the duties that are the subject of the contract for procurement. Approval as to form can occur either through a signature on the Contract as to form, or transmittal of the approval of District counsel via mail or email.



## **STATEMENT OF RESERVE POLICY**

The mission of Montecito Water District is to provide an adequate and reliable supply of high-quality water to the residents of the Montecito and Summerland communities at the most reasonable cost. In addition to supplying high-quality water, the Board is also charged with responsibility for the construction, operation, maintenance, repair and replacement of facilities to transport and deliver that water to District customers, and for the collection and accumulation of revenues necessary to accomplish these purposes. The reserve amounts stated in this document reflect the projected activity as of July 1, 2023, for FY 2024 and will be updated annually or as appropriate.

### **POLICY STATEMENT**

A key element of prudent financial planning is to ensure that sufficient funding is available for current operating, capital, and debt service needs. Additionally, fiscal responsibility requires anticipating the likelihood of, and preparing for, unforeseen events. Montecito Water District (District) desires to identify, and provide a calculation methodology to maintain, an appropriate level of reserve funds to meet the necessary existing and future needs of the District. The District's Board of Directors realize the importance of reserves in providing reliable service to its customers, financing unanticipated capital projects, and funding responses to emergencies, should they arise. To this extent, the District will at all times strive to have sufficient funding available to meet its operating, unanticipated capital, emergency, and debt service obligations, as well as to avoid significant rate fluctuations due to changes in cash flow requirements.

The Board may designate specific reserve funds and maintain minimum reserve balances consistent with statutory obligations that it has determined to be in the best interest of the District. The Policy directives outlined in this document are intended to ensure that the District has sufficient funds to meet current and future needs. The Board reviews the types, as well as the amounts, of reserve funds annually. Determinations to continue existing reserve funds, or establish new reserve funds, are based on the following criteria:

- ◆ Purpose of the reserve.
- ◆ Availability and source of funds to continue, replenish or establish the reserve.
- ◆ Operating expenditure levels approved within the annual budget process.
- ◆ Future capital expenditure and debt service requirements of the District.
- ◆ Board approval of the reserve policy.

The District recognizes the importance of operating the District with a sound business plan in place that provides for unanticipated or emergency costs should they arise within a budgeted fiscal year.

It is the Board's intent through this Policy to describe how and why specific reserves are established and maintained by the District, and to provide the District's customers with assurance that reserve balances will be maintained at prudent and fiscally responsible levels.

## **DEFINITIONS**

This Policy describes the reserve funds to be maintained in connection with:

- I. **RESTRICTED FUNDS:** Restrictions on the use of these funds are imposed by an outside source such as creditors, grantors, contributors, laws, or regulations governing use. These funds are specifically governed by a written contract with the District or outlined within the debt covenants of a debt financing.
- II. **UNRESTRICTED FUNDS:** These funds have no externally imposed use restrictions. The use of Unrestricted Funds is at the discretion of the District's Board of Directors. Unrestricted Funds may be designated for a specific purpose, which would be determined by the Board. The Board also has the authority to redirect the use of these funds as the District's needs change.

The Unrestricted funds can further be subdivided into "Committed", "Assigned" and "Unassigned" funds. Committed funds refer to the fund balance amounts that have constraints imposed by formal action of the District's Board of Directors. Once adopted, the limitation imposed remains in effect until additional action is taken (the adoption of a new resolution) to remove or reverse the limitation. Assigned funds refer to fund balance amounts that are constrained by the Board's intent to be used for a specific purpose but are neither restricted nor committed. Unassigned funds refer to fund balances that are not restricted, committed, or assigned.

### **To summarize:**

- ♦ **Restricted Fund Balance Amounts** – Restrictions on the use of these funds are imposed by an outside source such as creditors, grantors, contributors, laws, or regulations governing use.
- ♦ **Board Committed Fund Balance Amounts** - Fund balance amounts that have constraints imposed by formal action of the District's Board of Directors.
- ♦ **Board Assigned Fund Balance Amounts** – Fund balance amounts that are constrained by the Board's intent to be used for a specific purpose.
- ♦ **Unassigned Fund Balance Amounts** – Fund balance that is not restricted, committed, nor assigned.

## **GENERAL PROVISIONS**

The District will maintain its operating and capital funds in designated accounts in a manner that ensures its financial soundness and provides transparency to its customers. The fund balances are considered the minimum necessary to maintain the District's fiscal strength and flexibility and adequately provide for:

- ◆ Compliance with applicable statutory requirements.
- ◆ Financing of unanticipated or unplanned capital projects.
- ◆ Cash flow requirements.
- ◆ Economic uncertainties and other financial hardships or downturns in the economy.
- ◆ Contingencies arising from hydrological, meteorological, or man-made changes or emergencies.

Through a variety of policy documents and plans, the Board of Directors has set forth a number of long-term goals for the District. The fundamental purpose of the District's policy documents and plans is to link what must be accomplished with the necessary resources to successfully do so. The Board will continually evaluate the implementation of these policy documents and plans to ascertain adequate reserve fund balances are meeting the goals outlined in this Policy.

The District has established and will maintain the reserve funds outlined in the following sections. A principal tenet of the District's Reserve Policy shall be the generation of interest income on accumulated cash balances. Unless otherwise stated in this Reserve Policy, interest derived from reserve balances will be considered unrestricted and unassigned in nature. Reserve balances will be reviewed by the Business Manager on a monthly basis, as well as annually during the budget review process, in order to determine how reserve fund balances, compare with the budgeted projections and how they measure against the goals outlined in this Policy. The minimum established for each reserve fund represents the baseline financial condition that is acceptable to the District from risk and long-range financial planning perspectives. Maintaining reserve funds at appropriate levels is a prudent, ongoing business process that consists of an iterative, dynamic assessment and application of various funding alternatives. These alternatives (either alone or in combination with each other) include, but are not limited to rates, loans and grants, debt financing, investment of funds, and levels of capital expenditures.

The Board shall approve any reallocation of funds or any transfers among reserve funds.

## **SPECIFIC PROVISIONS**

The District will maintain the following reserve funds and respective target levels:

## 1. Restricted Reserves

(a) CCWA Rate Coverage Reserve – These are reserve funds held by CCWA that approximate 25% of the annual charge by CCWA to the District for the fixed and variable charges from the State Water Project, in addition to the proportionate share of CCWA’s administrative costs. The CCWA Rate Coverage Reserve is established in the amount of **\$1,495,258**.

(b) WSA Debt Service Coverage Deposit– These reserve funds held by the City of Santa Barbara represent an amount equal to the District’s portion of City’s debt service coverage deposit required pursuant to the City’s State Revolving Fund loan for the desalination plant. The WSA Debt Service Coverage Deposit is in the amount of **\$481,580**.

(c) WSA Debt Service Reserve Deposit – These reserve funds held by the City of Santa Barbara represent the District’s portion of the debt service reserve deposit required pursuant to the City’s State revolving fund loan for the desalination plant. The WSA Debt Service Reserve Deposit at the end of FY2024 is in the amount of **\$740,892**.

(d) Thomas Fire/Debris Flow CalOES/FEMA Reserve– A result of the settlement between the District and Southern California Edison in connection with damages caused by the 2017 Thomas Fire, a portion of the settlement (referred to as “holdback funds”) was held in escrow until reconciliation of project funding was complete. The reconciliation determined **\$1,492,830.71** is due back to CalOES. These funds will remain in reserve until their return is requested by CalOES/FEMA.

## 2. Unrestricted Reserves

### Board Committed Funds

The District’s Board Committed Funds consist of a Rate Stabilization Fund. The Rate Stabilization Fund includes various cash reserves serving specific purpose as described below. The Board desires a minimum Board Committed fund balance target, composed of the Reserve for Operations, Reserve for Emergencies, and Reserve for Unanticipated or Unplanned Capital Repair & Replacement of \$5,000,000.

(a) **Rate Stabilization Fund.** The Rate Stabilization Fund is comprised of cash reserves that can mitigate the impacts of operational, debt service and capital expenditure fluctuations year over year. Reserves can be transferred out of the rate stabilization fund and used to help meet debt service coverage requirements. Rate stabilization reserves can help smooth revenue variability and ensure adequate fiscal resources during periods that might otherwise require rate increases.

All retained earnings from water rates not allocated to any other funds may be placed in the Rate Stabilization Fund. Funds appropriated to the Rate Stabilization Fund may be invested in

the same manner as other District funds, and the earnings thereon shall be credited to the Unrestricted Fund balance.

Below are components of the Rate Stabilization Fund:

- **Reserve for Operations.** The Reserve for Operations may be utilized to pay the cost of operating the District's system, including unanticipated costs associated with operations. This reserve is designated by the Board to maintain working capital for operations and to meet routine cash flow needs. The District shall endeavor to maintain in the "Reserve for Operations" an amount sufficient to pay for approximately 90 days of normal operations of the District. The District's 5-year financial plan and *Water Cost of Service and Rate Study* produced by Raftelis, dated May 7, 2020, suggests a reserve balance of \$3.4 million. The Board may, at its discretion, appropriate additional Unassigned Funds to the Reserve for Operations. The Board of Directors establishes a Reserve for Operations in the amount of **\$2,800,000**.
- **Reserve for Emergencies.** The "Reserve for Emergencies" may be utilized in the event of a hydrological, meteorological, or man-made emergency in which the District's infrastructure is severely damaged. While the District strives to have adequate insurance coverage and protection for events of this nature, it may be necessary for the District to have cash available in the interim. The funds appropriated to the "Reserve for Emergencies" may be accessed at any time for any other District purpose, upon approval by the Board. Funds appropriated to the "Reserve for Emergencies" may be invested in the same manner as other District funds, and the earnings thereon shall be credited to the District's Unassigned fund balance. The 5-year financial plan and *Water Cost of Service and Rate Study* produced by Raftelis, dated May 7, 2020, suggests a reserve amount of \$0.5 million. The Board of Directors establishes a Reserve for Emergencies in the amount of **\$500,000**.
- **Reserve for Unanticipated or Unplanned Capital Repair & Replacement.** The "Reserve for Unanticipated or Unplanned Capital Repair & Replacement" may be utilized to construct or procure new infrastructure for the District; expenditures include but are not limited to transmission and distribution capital assets, buildings, pumping equipment, technical equipment, and transportation equipment. The District's 5-year financial plan and *Water Cost of Service and Rate Study* produced by Raftelis, dated May 7, 2020, suggests a reserve balance of \$0.5 million. The Board of Directors establishes a Reserve for Unanticipated or Unplanned Capital Repair & Replacement in the amount of **\$500,000**.

- **SWP Prefunding Reserve**

The State Water Project (SWP) Prefunding Reserve is used to fund the District's annual SWP fixed payment. The reserve is funded through current rates and funds the subsequent fiscal years SWP payment. The SWP payment is for the District's proportionate share of Central Coast Water Authority's SWP fixed payments, which includes Department of Water Resources fixed payments. The District's SWP fixed payment for FY2024, as budgeted is **\$4,352,473**, and the monthly SWP prefunding amount is **\$362,706**.

- **WSA (Desal) Prefunding Reserve**

In September 2020, the District consummated a 50-year Water Supply Agreement (WSA) with the City of Santa Barbara, supported by the City's desalination facility. Water deliveries pursuant to the WSA began January 2022. The District's 2020 5-Year Financial Plan and Water Cost of Service and Rate Study incorporated 3.5 year of WSA expenses (Jan 2022 through June 2025) spread over a 5-year period to help smooth water rates. This approach prefunded WSA expenses between July 1, 2020, and December 31, 2021. This prefunding is used monthly to supplement current rate revenue to fund monthly WSA payments. In June 2022, the Board allocated an additional \$1,200,000 to WSA Prefunding to cover increased costs. The WSA prefunding balance as of July 1, 2023, is \$3,821,605, and is reduced monthly by \$159,233.

### **Board Assigned Funds**

Board Assigned Fund balances can vary over the fiscal year depending on their intended use. The Board Assigned Fund include the following:

- a) **WSA Pay-Go Capital Reserve**

The WSA Pay-Go Capital Reserve is to be used to fund pay-go capital expenses associated with the City of Santa Barbara's Desalination Plant, which is central to the District's participation in the Water Supply Agreement (WSA). Pay-Go Capital consists of capital improvements that are funded in full using cash reserves. As a condition of the WSA, the District must fund a portion of the costs of maintaining the City's Desalination Plant, and associated infrastructure. This reserve is funded \$300,000 annually to a maximum of \$1.2M. As of July 1, 2023, the District has funded this reserve over 4 years to the maximum \$1,200,000. The WSA Pay-Go Capital Reserve is used monthly to fund Pay-Go Capital pursuant to the WSA and the reserve balance as of July 1, 2023, is \$655,109.

### **Board Unassigned Funds**

The Board desires to allocate retained earnings not allocated to any other fund, i.e., unassigned funds, to the Rate Stabilization Fund and to maintain a Board Unassigned Funds balance of \$0.

### **3. Additional Reserves**

In addition to the reserves identified above, the Board may approve the creation of such additional reserve accounts and/or funds, whether temporary or permanent, as the Board deems necessary or appropriate, by amendment to this resolution or by simple motion. In such event, the Board will identify the purposes for which such additional reserve accounts and/or funds are created, provide guidance as to the amount which the District should

endeavor to maintain in each such reserve accounts and/or funds, and establish the limits and restrictions pertaining thereto.

### **ANNUAL REPORTS**

Each year the District's General Manager or Business Manager shall provide the Board of Directors with a report indicating the beginning and ending balance for each of the Restricted and Unrestricted Reserves, or accounts created pursuant to this policy, and the purposes for which expenditures have been made therefrom and shall make recommendations to replenish or augment fund or account balances as appropriate.

## GLOSSARY



*A century of service.*

## SECTION 14: GLOSSARY

### TERMINOLOGY & DEFINITIONS

ACRE-FOOT (AF): A unit of measure equivalent to one acre covered by one foot of water (equal to 325,851 gallons or 435.6 hundred cubic feet of water).

ACCOUNT: A financial tool for tracking revenues, expenditures and other financial transactions.

ACCRUAL BASIS: The method of accounting that recognizes income when earned and expenses when incurred regardless of when cash is received or disbursed.

APPROPRIATION: a sum of money or total of assets devoted to a special purpose.

ARBITRAGE: the simultaneous buying and selling of securities, currency, or commodities in different markets or in derivative forms in order to take advantage of differing prices for the same asset.

AUDIT: an official inspection of an individual's or organization's accounts, typically by an independent body.

BALANCED BUDGET: A budget in which the expenditures incurred during a given period are matched by revenues.

BOND: A certificate of debt issued by an entity, guaranteeing payment of the original investment, plus interest, by a specified future date.

REVENUE BOND: A bond backed by either the revenue produced by the capital improvement or by commitment of a specific revenue source.

BUDGET: A financial plan that identifies anticipated revenues, projected expenses, and establishes the amount of funding allocated for each.

CAPITAL IMPROVEMENT: Construction of facilities in accordance with the District's water master plans that have a cost of \$35,000 or more.

CAPITAL PROJECTS FUND: Utilized to account for financial resources used in the acquisition or construction of major capital facilities.

CAPITAL OUTLAY: Individual item purchases of furniture, fixtures, machinery, vehicles, and equipment with an individual cost of at least \$2,500 and having a useful life of two years or more.

CERTIFICATES OF PARTICIPATION (COP): A form of lease-purchase financing used to construct or acquire capital facilities and equipment.

**DEBT COVERAGE:** A 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.

**DEBT SERVICE:** The payment of principal and interest on borrowed funds such as bonds and other debt instruments according to a pre-determined schedule.

**DEBT SERVICE RESERVES:** Reserves required by the District's bond covenants, usually 10% of the initial bond issue amount.

**DEFICIT:** The excess of expenditures over revenues during an accounting period.

**DEPRECIATION:** a reduction in the value of an asset with the passage of time, due in particular to wear and tear

**ENTERPRISE FUND:** Utilized to account for operations that are financed and operated in a manner similar to private sector enterprises where the cost of providing services to the general public is recovered primarily through user charges.

**EXPENDITURE:** Decrease in net financial resources. Represents the actual payment for goods and services or the accrual thereof.

**FISCAL YEAR:** A twelve-month time period signifying the beginning and ending period for recording financial transactions. The District's fiscal year begins July 1 and ends June 30.

**FUND:** An accounting entity with a set of self-balancing accounts for recording the financial resources and transactions of specific activities for a governmental organization.

**HCF:** A unit of measurement equivalent to one Hundred Cubic Feet; the unit in which water is billed to customers.

**OPERATING EXPENDITURES:** Costs relating to labor, materials, repairs, equipment, and other costs required for daily operation of a department or fund.

**OPERATING RESERVES:** Reserve funds equal to 20% of the budgeted operating expenditures as stipulated in the District's water and sewer Master Resolution.

**PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS):** An agent, multiple employer, public retirement system to which the District contributes that acts as a common investment and administrative agent for participating public entities within the State of California.

**PROGRAM:** An activity or group of similar activities organized as a subunit of a department for planning and performance measurement purposes.

**RESTRICTED FUNDS:** Funds set aside or restricted for a specific purpose by legal commitment, by law, or by Board action.

**REVENUE:** Income received through such sources as taxes, fines, fees, grants or service charges which can be used to finance operations or capital assets.

**SURPLUS:** The excess of revenues over expenditures during an accounting period.

## ACRONYMS AND ABBREVIATIONS

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ACWA:	Association of California Water Agencies
AF:	Acre Feet
AFY:	Acre Feet per Year
AWWA:	American Water Works Association
BMP:	Best Management Practices
CCRB:	Cachuma Conservation and Release Board
CCWA:	Central Coast Water Authority
CIP:	Capital Improvement Project
CMU:	Cachuma Member Units
COLA:	Cost of Living Adjustment
COMB:	Cachuma Operation and Maintenance Board
COP:	Certificate of Participation
CY:	Calendar Year
DISTRICT:	Montecito Water District
DWR:	California Department of Water Resources
FY:	Fiscal Year
GFOA:	Government Finance Officers Association
GSP:	Groundwater Sustainability Plan
GSA:	Groundwater Sustainability Agency
HCF or CCF:	Hundreds of Cubic Feet (1 CCF = 748 Gallons)
JPA:	Joint Powers Agency
MG:	Million Gallons
MOU:	Memorandum of Understanding
MSD:	Montecito Sanitary District
MWD	Montecito Water District
PEPRA:	Public Employees' Pension Reform Act
O&M:	Operation & Maintenance
CalPERS:	California Public Employees' Retirement System
SEMITROPIC:	Semitropic Groundwater Banking and Exchange Program
SBCWA:	Santa Barbara County Water Agency
SBCFCWC:	Santa Barbara County Flood Control and Water Conservation District
SCC:	South Coast Conduit
SEIU:	Service Employees International Union, Local 620
SGMA:	Sustainable Groundwater Management Act
SWP:	State Water Project
SWRCB:	California State Water Resource Control Board

WAC:	Water Availability Charge
WSA:	Water Supply Agreement
WY:	Water Year
USBR:	United States Bureau of Reclamation

**RESOLUTION NO. 2257**

**RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE MONTECITO WATER DISTRICT  
RESCINDING RESOLUTION NO. 2234 AND ESTABLISHING AN UPDATED  
EMPLOYEE CLASSIFICATION AND SALARY RANGE SCHEDULE EFFECTIVE  
WITH THE PAY PERIOD BEGINNING JULY 1, 2023**

**WHEREAS**, the Board of Directors of the Montecito Water District adopts an annual budget every June for the upcoming fiscal year which includes projected revenues and expenditures; and

**WHEREAS**, as part of its annual budgeting process, the Board of Directors evaluates District staffing and associated salaries, including the necessity of updates to the (a) Biweekly Salary Range and Position Control Schedule and (b) Bi-Weekly Salary Rate Table.

**NOW, THEREFORE, BE IT RESOLVED THAT:**

1. The Board of Directors hereby approves the (a) Biweekly Salary Range and Position Control Schedule and (b) Bi-Weekly Salary Rate Table as shown on Schedule A and B and the attachment thereto, effective with the pay period beginning July 1, 2023.

**PASSED AND ADOPTED** by the Board of Directors of the Montecito Water District this 27<sup>th</sup> of June 2023, by the following roll call vote:

AYES: Coates, Goebel, Hayman, Plough, Wicks

NOES:

ABSENT:

ABSTAIN:

APPROVED:

  
Tobe Plough, Board President

ATTEST:

  
\_\_\_\_\_  
Nicholas Turner, Secretary

**BI-WEEKLY SALARY RANGE AND POSITION CONTROL SCHEDULE**  
**Effective Pay Period Beginning 7/1/2023**  
**Board Approval on June 27, 2023**  
**Non-union represented employees**  
**Schedule A to Resolution 2257**

Classification	Number of Positions	Range #	Low	-	High*
General Manager (includes District Engineer, & Secretary)	1	GM	N/A**	-	N/A**
Assistant General Manager/Engineering Manager	1	AGM/EM	6,558.40	-	8,799.34
Engineering Manager	0	317	5,418.82	-	7,270.38
Business Manager (includes Assistant Secretary)	1	310	5,187.57	-	6,960.11
Distribution Superintendent	1	290	4,579.79	-	6,144.66
Treatment & Production Superintendent	1	290	4,579.79	-	6,144.66
Groundwater Specialist	1	295	4,724.71	-	6,339.10
Public Information Officer	1	243	3,417.21	-	4,584.85
Administrative Assistant/HR Assistant	1	212	2,817.01	-	3,779.56
<b>Total Non-Union Represented Employees</b>	<b>8</b>				

Notes

\* High end of each range listed accounts for the fourth longevity step increase

\*\* GM salary is reviewed annually and determined by the Board of Directors

**FY2024 BI-WEEKLY SALARY RATE TABLE**

**Effective Pay Period Beginning 7/1/2023**

**Board Approval on June 27, 2023**

**Non-union represented employees**

**Schedule A to Resolution 2257**

**Approved COLA 4.83%**

RANGE #	STEP A	STEP B	STEP C	STEP D	STEP E	LONGEVITY (after 8 yrs) 2.5%	(after 14 yrs) 2.5%	(after 20 yrs) 2.5%	(after 26 yrs) 2.5%
100	1,401.98	1,472.07	1,545.68	1,622.96	1,704.11	1,746.71	1,790.38	1,835.14	1,881.02
101	1,410.74	1,481.28	1,555.34	1,633.11	1,714.77	1,757.64	1,801.58	1,846.62	1,892.78
102	1,419.55	1,490.53	1,565.06	1,643.31	1,725.48	1,768.61	1,812.83	1,858.15	1,904.60
103	1,428.43	1,499.85	1,574.84	1,653.58	1,736.26	1,779.67	1,824.16	1,869.77	1,916.51
104	1,437.35	1,509.22	1,584.68	1,663.92	1,747.11	1,790.79	1,835.56	1,881.45	1,928.48
105	1,446.34	1,518.66	1,594.59	1,674.32	1,758.04	1,801.99	1,847.04	1,893.21	1,940.54
106	1,455.38	1,528.15	1,604.55	1,684.78	1,769.02	1,813.25	1,858.58	1,905.04	1,952.67
107	1,464.48	1,537.70	1,614.59	1,695.32	1,780.08	1,824.58	1,870.20	1,916.95	1,964.88
108	1,473.63	1,547.31	1,624.68	1,705.91	1,791.21	1,835.99	1,881.89	1,928.93	1,977.16
109	1,482.84	1,556.99	1,634.84	1,716.58	1,802.41	1,847.47	1,893.65	1,940.99	1,989.52
110	1,492.11	1,566.71	1,645.05	1,727.30	1,813.67	1,859.01	1,905.48	1,953.12	2,001.95
111	1,501.44	1,576.51	1,655.33	1,738.10	1,825.01	1,870.63	1,917.40	1,965.33	2,014.46
112	1,510.81	1,586.36	1,665.67	1,748.96	1,836.40	1,882.31	1,929.37	1,977.61	2,027.05
113	1,520.26	1,596.27	1,676.08	1,759.89	1,847.88	1,894.08	1,941.43	1,989.96	2,039.71
114	1,529.76	1,606.25	1,686.56	1,770.89	1,859.43	1,905.92	1,953.57	2,002.41	2,052.47
115	1,539.33	1,616.29	1,697.11	1,781.96	1,871.06	1,917.84	1,965.78	2,014.93	2,065.30
116	1,548.94	1,626.39	1,707.71	1,793.10	1,882.75	1,929.82	1,978.07	2,027.52	2,078.21
117	1,558.63	1,636.56	1,718.38	1,804.30	1,894.52	1,941.88	1,990.43	2,040.19	2,091.19
118	1,568.37	1,646.79	1,729.13	1,815.58	1,906.36	1,954.02	2,002.87	2,052.94	2,104.27
119	1,578.18	1,657.08	1,739.94	1,826.94	1,918.28	1,966.24	2,015.40	2,065.78	2,117.43
120	1,588.05	1,667.45	1,750.82	1,838.36	1,930.28	1,978.54	2,028.00	2,078.70	2,130.67
121	1,597.97	1,677.86	1,761.76	1,849.85	1,942.34	1,990.90	2,040.67	2,091.68	2,143.98
122	1,607.95	1,688.35	1,772.76	1,861.40	1,954.47	2,003.33	2,053.42	2,104.75	2,157.37
123	1,618.00	1,698.89	1,783.84	1,873.03	1,966.68	2,015.85	2,066.25	2,117.90	2,170.85
124	1,628.10	1,709.51	1,794.99	1,884.73	1,978.97	2,028.45	2,079.16	2,131.14	2,184.41
125	1,638.28	1,720.19	1,806.20	1,896.51	1,991.34	2,041.12	2,092.15	2,144.45	2,198.06
126	1,648.51	1,730.94	1,817.48	1,908.36	2,003.78	2,053.87	2,105.22	2,157.85	2,211.79
127	1,658.81	1,741.75	1,828.84	1,920.28	2,016.29	2,066.70	2,118.37	2,171.33	2,225.61
128	1,669.17	1,752.63	1,840.26	1,932.27	2,028.89	2,079.61	2,131.60	2,184.89	2,239.51
129	1,679.61	1,763.59	1,851.77	1,944.36	2,041.57	2,092.61	2,144.93	2,198.55	2,253.52
130	1,690.11	1,774.61	1,863.34	1,956.51	2,054.34	2,105.70	2,158.34	2,212.30	2,267.60
131	1,700.67	1,785.71	1,874.99	1,968.74	2,067.18	2,118.86	2,171.83	2,226.12	2,281.78
132	1,711.30	1,796.86	1,886.71	1,981.04	2,080.09	2,132.10	2,185.40	2,240.03	2,296.03
133	1,722.00	1,808.10	1,898.50	1,993.43	2,093.10	2,145.43	2,199.06	2,254.04	2,310.39
134	1,732.76	1,819.40	1,910.37	2,005.89	2,106.19	2,158.84	2,212.81	2,268.13	2,324.83
135	1,743.59	1,830.77	1,922.31	2,018.43	2,119.35	2,172.33	2,226.64	2,282.30	2,339.36
136	1,754.50	1,842.22	1,934.33	2,031.05	2,132.60	2,185.91	2,240.56	2,296.58	2,353.99
137	1,765.46	1,853.73	1,946.42	2,043.74	2,145.93	2,199.58	2,254.57	2,310.93	2,368.70
138	1,776.49	1,865.32	1,958.58	2,056.51	2,159.34	2,213.32	2,268.65	2,325.37	2,383.50
139	1,787.60	1,876.98	1,970.82	2,069.37	2,172.83	2,227.15	2,282.83	2,339.90	2,398.40
140	1,798.76	1,888.70	1,983.14	2,082.29	2,186.41	2,241.07	2,297.10	2,354.52	2,413.39
141	1,810.01	1,900.51	1,995.53	2,095.31	2,200.08	2,255.08	2,311.45	2,369.24	2,428.47
142	1,821.31	1,912.38	2,008.00	2,108.40	2,213.82	2,269.16	2,325.89	2,384.04	2,443.64
143	1,832.70	1,924.33	2,020.55	2,121.58	2,227.65	2,283.35	2,340.43	2,398.94	2,458.91
144	1,844.15	1,936.36	2,033.18	2,134.84	2,241.58	2,297.62	2,355.06	2,413.94	2,474.29
145	1,855.68	1,948.46	2,045.88	2,148.18	2,255.59	2,311.98	2,369.77	2,429.02	2,489.74
146	1,867.27	1,960.64	2,058.67	2,161.60	2,269.68	2,326.42	2,384.58	2,444.20	2,505.30
147	1,878.94	1,972.89	2,071.54	2,175.11	2,283.87	2,340.97	2,399.49	2,459.48	2,520.96
148	1,890.69	1,985.23	2,084.49	2,188.71	2,298.15	2,355.60	2,414.49	2,474.85	2,536.73
149	1,902.50	1,997.63	2,097.51	2,202.39	2,312.50	2,370.32	2,429.58	2,490.31	2,552.57
150	1,914.39	2,010.11	2,110.61	2,216.15	2,326.95	2,385.13	2,444.76	2,505.87	2,568.52
151	1,926.35	2,022.67	2,123.80	2,229.99	2,341.49	2,400.03	2,460.03	2,521.53	2,584.57
152	1,938.39	2,035.31	2,137.07	2,243.93	2,356.13	2,415.03	2,475.40	2,537.29	2,600.72
153	1,950.50	2,048.03	2,150.43	2,257.95	2,370.85	2,430.12	2,490.87	2,553.15	2,616.97
154	1,962.69	2,060.83	2,163.87	2,272.06	2,385.67	2,445.31	2,506.44	2,569.10	2,633.33
155	1,974.96	2,073.71	2,177.39	2,286.26	2,400.57	2,460.59	2,522.10	2,585.15	2,649.78
156	1,987.30	2,086.66	2,191.00	2,300.55	2,415.57	2,475.96	2,537.86	2,601.31	2,666.34
157	1,999.71	2,099.70	2,204.68	2,314.92	2,430.66	2,491.43	2,553.72	2,617.56	2,683.00
158	2,012.22	2,112.83	2,218.47	2,329.39	2,445.86	2,507.01	2,569.69	2,633.93	2,699.78
159	2,024.80	2,126.04	2,232.34	2,343.96	2,461.15	2,522.68	2,585.75	2,650.39	2,716.65
160	2,037.45	2,139.33	2,246.29	2,358.61	2,476.54	2,538.45	2,601.91	2,666.96	2,733.63
161	2,050.18	2,152.69	2,260.33	2,373.34	2,492.01	2,554.31	2,618.17	2,683.62	2,750.71

**FY2024 BI-WEEKLY SALARY RATE TABLE**

Effective Pay Period Beginning 7/1/2023

Board Approval on June 27, 2023

Non-union represented employees

Schedule A to Resolution 2257

Approved COLA **4.83%**

RANGE #	STEP A	STEP B	STEP C	STEP D	STEP E	LONGEVITY (after 8 yrs) 2.5%	(after 14 yrs) 2.5%	(after 20 yrs) 2.5%	(after 26 yrs) 2.5%
162	2,063.00	2,166.15	2,274.46	2,388.18	2,507.59	2,570.28	2,634.54	2,700.40	2,767.91
163	2,075.90	2,179.69	2,288.68	2,403.11	2,523.27	2,586.35	2,651.01	2,717.28	2,785.22
164	2,088.87	2,193.31	2,302.98	2,418.13	2,539.03	2,602.51	2,667.57	2,734.26	2,802.62
165	2,101.93	2,207.02	2,317.38	2,433.24	2,554.91	2,618.78	2,684.25	2,751.35	2,820.14
166	2,115.06	2,220.82	2,331.86	2,448.45	2,570.87	2,635.14	2,701.02	2,768.55	2,837.76
167	2,128.28	2,234.70	2,346.43	2,463.76	2,586.94	2,651.62	2,717.91	2,785.86	2,855.50
168	2,141.58	2,248.66	2,361.10	2,479.15	2,603.11	2,668.19	2,734.89	2,803.26	2,873.34
169	2,154.97	2,262.72	2,375.85	2,494.65	2,619.38	2,684.86	2,751.99	2,820.78	2,891.30
170	2,168.44	2,276.87	2,390.71	2,510.25	2,635.76	2,701.65	2,769.19	2,838.42	2,909.38
171	2,181.99	2,291.09	2,405.65	2,525.93	2,652.23	2,718.53	2,786.50	2,856.16	2,927.56
172	2,195.63	2,305.42	2,420.69	2,541.72	2,668.81	2,735.53	2,803.91	2,874.01	2,945.86
173	2,209.36	2,319.83	2,435.82	2,557.61	2,685.49	2,752.63	2,821.44	2,891.98	2,964.28
174	2,223.16	2,334.32	2,451.04	2,573.59	2,702.27	2,769.83	2,839.07	2,910.05	2,982.80
175	2,237.05	2,348.91	2,466.35	2,589.67	2,719.15	2,787.13	2,856.81	2,928.23	3,001.44
176	2,251.03	2,363.58	2,481.76	2,605.85	2,736.14	2,804.55	2,874.66	2,946.53	3,020.19
177	2,265.10	2,378.35	2,497.27	2,622.14	2,753.24	2,822.07	2,892.63	2,964.94	3,039.07
178	2,279.26	2,393.22	2,512.88	2,638.52	2,770.45	2,839.71	2,910.70	2,983.47	3,058.06
179	2,293.50	2,408.17	2,528.58	2,655.01	2,787.76	2,857.46	2,928.89	3,002.12	3,077.17
180	2,307.83	2,423.22	2,544.38	2,671.60	2,805.18	2,875.31	2,947.20	3,020.88	3,096.40
181	2,322.25	2,438.36	2,560.28	2,688.30	2,822.71	2,893.28	2,965.61	3,039.75	3,115.74
182	2,336.76	2,453.60	2,576.28	2,705.09	2,840.35	2,911.35	2,984.14	3,058.74	3,135.21
183	2,351.37	2,468.94	2,592.38	2,722.00	2,858.10	2,929.56	3,002.80	3,077.86	3,154.81
184	2,366.07	2,484.37	2,608.59	2,739.02	2,875.97	2,947.87	3,021.56	3,097.10	3,174.53
185	2,380.85	2,499.89	2,624.89	2,756.13	2,893.94	2,966.29	3,040.45	3,116.46	3,194.37
186	2,395.74	2,515.53	2,641.30	2,773.37	2,912.04	2,984.84	3,059.46	3,135.94	3,214.34
187	2,410.71	2,531.25	2,657.81	2,790.70	2,930.24	3,003.49	3,078.58	3,155.54	3,234.43
188	2,425.78	2,547.07	2,674.42	2,808.14	2,948.55	3,022.26	3,097.82	3,175.26	3,254.64
189	2,440.94	2,562.99	2,691.14	2,825.69	2,966.98	3,041.15	3,117.18	3,195.11	3,274.99
190	2,456.19	2,579.00	2,707.95	2,843.35	2,985.52	3,060.16	3,136.66	3,215.08	3,295.45
191	2,471.55	2,595.12	2,724.88	2,861.12	3,004.18	3,079.28	3,156.27	3,235.17	3,316.05
192	2,486.99	2,611.34	2,741.90	2,879.00	3,022.95	3,098.52	3,175.98	3,255.38	3,336.77
193	2,502.53	2,627.65	2,759.04	2,896.99	3,041.84	3,117.88	3,195.83	3,275.73	3,357.62
194	2,518.17	2,644.08	2,776.28	2,915.10	3,060.85	3,137.37	3,215.81	3,296.20	3,378.61
195	2,533.91	2,660.61	2,793.64	2,933.32	3,079.99	3,156.99	3,235.91	3,316.81	3,399.73
196	2,549.75	2,677.23	2,811.10	2,951.65	3,099.23	3,176.71	3,256.13	3,337.54	3,420.97
197	2,565.68	2,693.96	2,828.66	2,970.09	3,118.60	3,196.56	3,276.48	3,358.39	3,442.35
198	2,581.71	2,710.80	2,846.34	2,988.66	3,138.09	3,216.54	3,296.95	3,379.38	3,463.86
199	2,597.85	2,727.74	2,864.13	3,007.33	3,157.70	3,236.64	3,317.56	3,400.50	3,485.51
200	2,614.08	2,744.79	2,882.03	3,026.13	3,177.43	3,256.87	3,338.29	3,421.75	3,507.29
201	2,630.42	2,761.94	2,900.04	3,045.04	3,197.29	3,277.22	3,359.15	3,443.13	3,529.21
202	2,646.86	2,779.20	2,918.16	3,064.07	3,217.27	3,297.70	3,380.14	3,464.65	3,551.26
203	2,663.39	2,796.56	2,936.39	3,083.21	3,237.37	3,318.31	3,401.26	3,486.30	3,573.45
204	2,680.05	2,814.05	2,954.75	3,102.49	3,257.61	3,339.05	3,422.53	3,508.09	3,595.79
205	2,696.80	2,831.64	2,973.22	3,121.88	3,277.97	3,359.92	3,443.92	3,530.02	3,618.27
206	2,713.65	2,849.33	2,991.80	3,141.39	3,298.46	3,380.92	3,465.44	3,552.08	3,640.88
207	2,730.62	2,867.15	3,010.50	3,161.03	3,319.08	3,402.06	3,487.11	3,574.29	3,663.64
208	2,747.68	2,885.07	3,029.32	3,180.79	3,339.83	3,423.32	3,508.91	3,596.63	3,686.54
209	2,764.85	2,903.09	3,048.25	3,200.66	3,360.69	3,444.71	3,530.83	3,619.10	3,709.58
210	2,782.13	2,921.24	3,067.30	3,220.67	3,381.70	3,466.24	3,552.90	3,641.72	3,732.76
211	2,799.52	2,939.49	3,086.47	3,240.79	3,402.83	3,487.90	3,575.10	3,664.47	3,756.09
212	2,817.01	2,957.86	3,105.76	3,261.04	3,424.10	3,509.70	3,597.44	3,687.38	3,779.56
213	2,834.62	2,976.35	3,125.17	3,281.43	3,445.50	3,531.64	3,619.93	3,710.43	3,803.19
214	2,852.34	2,994.96	3,144.71	3,301.94	3,467.04	3,553.72	3,642.56	3,733.62	3,826.96
215	2,870.17	3,013.68	3,164.36	3,322.58	3,488.71	3,575.92	3,665.32	3,756.95	3,850.88
216	2,888.10	3,032.51	3,184.13	3,343.34	3,510.51	3,598.27	3,688.23	3,780.43	3,874.94
217	2,906.15	3,051.46	3,204.04	3,364.24	3,532.45	3,620.76	3,711.28	3,804.06	3,899.16
218	2,924.32	3,070.53	3,224.06	3,385.26	3,554.53	3,643.39	3,734.47	3,827.84	3,923.53
219	2,942.60	3,089.73	3,244.21	3,406.42	3,576.74	3,666.16	3,757.82	3,851.76	3,948.06
220	2,960.99	3,109.04	3,264.49	3,427.71	3,599.10	3,689.07	3,781.30	3,875.83	3,972.73
221	2,979.49	3,128.46	3,284.89	3,449.13	3,621.59	3,712.13	3,804.93	3,900.06	3,997.56
222	2,998.11	3,148.01	3,305.41	3,470.68	3,644.22	3,735.32	3,828.71	3,924.43	4,022.54
223	3,016.85	3,167.69	3,326.08	3,492.38	3,667.00	3,758.68	3,852.64	3,948.96	4,047.68

**FY2024 BI-WEEKLY SALARY RATE TABLE**

**Effective Pay Period Beginning 7/1/2023**

**Board Approval on June 27, 2023**

**Non-union represented employees**

**Schedule A to Resolution 2257**

**Approved COLA 4.83%**

RANGE #	STEP A	STEP B	STEP C	STEP D	STEP E	LONGEVITY (after 8 yrs) 2.5%	(after 14 yrs) 2.5%	(after 20 yrs) 2.5%	(after 26 yrs) 2.5%
224	3,035.71	3,187.49	3,346.87	3,514.21	3,689.92	3,782.17	3,876.73	3,973.64	4,072.98
225	3,054.68	3,207.41	3,367.78	3,536.17	3,712.98	3,805.81	3,900.95	3,998.48	4,098.44
226	3,073.78	3,227.46	3,388.84	3,558.28	3,736.19	3,829.60	3,925.34	4,023.47	4,124.06
227	3,092.99	3,247.64	3,410.02	3,580.52	3,759.54	3,853.53	3,949.87	4,048.62	4,149.83
228	3,112.32	3,267.94	3,431.34	3,602.90	3,783.05	3,877.62	3,974.56	4,073.93	4,175.78
229	3,131.77	3,288.36	3,452.78	3,625.42	3,806.69	3,901.86	3,999.40	4,099.39	4,201.87
230	3,151.35	3,308.91	3,474.36	3,648.08	3,830.48	3,926.24	4,024.40	4,125.01	4,228.14
231	3,171.05	3,329.60	3,496.08	3,670.89	3,854.43	3,950.79	4,049.56	4,150.80	4,254.57
232	3,190.86	3,350.41	3,517.93	3,693.82	3,878.52	3,975.48	4,074.87	4,176.74	4,281.16
233	3,210.81	3,371.35	3,539.91	3,716.91	3,902.75	4,000.32	4,100.33	4,202.84	4,307.91
234	3,230.87	3,392.42	3,562.04	3,740.14	3,927.15	4,025.32	4,125.96	4,229.11	4,334.83
235	3,251.07	3,413.62	3,584.30	3,763.52	3,951.69	4,050.48	4,151.75	4,255.54	4,361.93
236	3,271.39	3,434.95	3,606.70	3,787.04	3,976.39	4,075.80	4,177.69	4,282.14	4,389.19
237	3,291.83	3,456.42	3,629.24	3,810.71	4,001.24	4,101.27	4,203.80	4,308.90	4,416.62
238	3,312.40	3,478.02	3,651.92	3,834.52	4,026.25	4,126.90	4,230.07	4,335.83	4,444.22
239	3,333.10	3,499.75	3,674.74	3,858.48	4,051.40	4,152.69	4,256.51	4,362.92	4,471.99
240	3,353.94	3,521.63	3,697.71	3,882.60	4,076.73	4,178.65	4,283.11	4,390.19	4,499.95
241	3,374.90	3,543.64	3,720.82	3,906.87	4,102.21	4,204.76	4,309.88	4,417.63	4,528.07
242	3,395.99	3,565.79	3,744.07	3,931.28	4,127.84	4,231.04	4,336.81	4,445.23	4,556.37
243	3,417.21	3,588.07	3,767.48	3,955.85	4,153.64	4,257.48	4,363.92	4,473.02	4,584.85
244	3,438.57	3,610.49	3,791.02	3,980.57	4,179.60	4,284.09	4,391.19	4,500.97	4,613.49
245	3,460.06	3,633.06	3,814.71	4,005.45	4,205.72	4,310.86	4,418.64	4,529.10	4,642.33
246	3,481.69	3,655.77	3,838.56	4,030.49	4,232.01	4,337.81	4,446.26	4,557.42	4,671.35
247	3,503.44	3,678.62	3,862.55	4,055.67	4,258.46	4,364.92	4,474.04	4,585.89	4,700.54
248	3,525.34	3,701.61	3,886.69	4,081.02	4,285.07	4,392.20	4,502.00	4,614.55	4,729.92
249	3,547.37	3,724.74	3,910.98	4,106.53	4,311.85	4,419.65	4,530.14	4,643.39	4,759.48
250	3,569.54	3,748.02	3,935.42	4,132.19	4,338.80	4,447.27	4,558.46	4,672.42	4,789.23
251	3,591.86	3,771.45	3,960.02	4,158.02	4,365.92	4,475.07	4,586.95	4,701.62	4,819.16
252	3,614.31	3,795.02	3,984.77	4,184.01	4,393.21	4,503.04	4,615.62	4,731.01	4,849.28
253	3,636.89	3,818.74	4,009.68	4,210.16	4,420.67	4,531.18	4,644.46	4,760.57	4,879.59
254	3,659.62	3,842.60	4,034.73	4,236.47	4,448.29	4,559.50	4,673.49	4,790.32	4,910.08
255	3,682.50	3,866.62	4,059.95	4,262.95	4,476.10	4,588.00	4,702.70	4,820.27	4,940.78
256	3,705.52	3,890.79	4,085.33	4,289.60	4,504.08	4,616.68	4,732.10	4,850.40	4,971.66
257	3,728.67	3,915.10	4,110.86	4,316.40	4,532.22	4,645.53	4,761.67	4,880.71	5,002.73
258	3,751.98	3,939.58	4,136.56	4,343.38	4,560.55	4,674.57	4,791.43	4,911.22	5,034.00
259	3,775.42	3,964.19	4,162.40	4,370.52	4,589.05	4,703.78	4,821.37	4,941.91	5,065.45
260	3,799.02	3,988.97	4,188.42	4,397.84	4,617.73	4,733.18	4,851.50	4,972.79	5,097.11
261	3,822.77	4,013.91	4,214.60	4,425.33	4,646.60	4,762.76	4,881.83	5,003.88	5,128.97
262	3,846.65	4,038.99	4,240.94	4,452.98	4,675.63	4,792.52	4,912.34	5,035.14	5,161.02
263	3,870.69	4,064.23	4,267.44	4,480.81	4,704.85	4,822.47	4,943.03	5,066.61	5,193.27
264	3,894.88	4,089.62	4,294.11	4,508.81	4,734.25	4,852.61	4,973.92	5,098.27	5,225.73
265	3,919.22	4,115.18	4,320.94	4,536.99	4,763.84	4,882.93	5,005.01	5,130.13	5,258.39
266	3,943.71	4,140.90	4,347.94	4,565.34	4,793.61	4,913.45	5,036.28	5,162.19	5,291.25
267	3,968.36	4,166.77	4,375.11	4,593.87	4,823.56	4,944.15	5,067.75	5,194.45	5,324.31
268	3,993.16	4,192.82	4,402.46	4,622.58	4,853.71	4,975.06	5,099.43	5,226.92	5,357.59
269	4,018.12	4,219.03	4,429.98	4,651.48	4,884.05	5,006.15	5,131.31	5,259.59	5,391.08
270	4,043.23	4,245.39	4,457.66	4,680.54	4,914.57	5,037.44	5,163.37	5,292.46	5,424.77
271	4,068.50	4,271.93	4,485.52	4,709.80	4,945.29	5,068.92	5,195.65	5,325.54	5,458.68
272	4,093.93	4,298.62	4,513.55	4,739.23	4,976.19	5,100.60	5,228.11	5,358.82	5,492.79
273	4,119.52	4,325.49	4,541.77	4,768.85	5,007.30	5,132.48	5,260.79	5,392.31	5,527.12
274	4,145.27	4,352.53	4,570.16	4,798.67	5,038.60	5,164.56	5,293.68	5,426.02	5,561.67
275	4,171.17	4,379.73	4,598.72	4,828.65	5,070.08	5,196.84	5,326.76	5,459.93	5,596.42
276	4,197.24	4,407.10	4,627.45	4,858.83	5,101.77	5,229.31	5,360.05	5,494.05	5,631.40
277	4,223.47	4,434.64	4,656.37	4,889.19	5,133.65	5,261.99	5,393.54	5,528.38	5,666.59
278	4,249.86	4,462.36	4,685.47	4,919.75	5,165.74	5,294.88	5,427.25	5,562.93	5,702.01
279	4,276.42	4,490.24	4,714.76	4,950.49	5,198.02	5,327.97	5,461.17	5,597.70	5,737.64
280	4,303.15	4,518.30	4,744.22	4,981.43	5,230.50	5,361.26	5,495.29	5,632.68	5,773.49
281	4,330.04	4,546.55	4,773.87	5,012.57	5,263.20	5,394.78	5,529.65	5,667.89	5,809.58
282	4,357.11	4,574.96	4,803.71	5,043.90	5,296.09	5,428.49	5,564.21	5,703.31	5,845.89
283	4,384.33	4,603.55	4,833.73	5,075.42	5,329.19	5,462.42	5,598.98	5,738.95	5,882.42
284	4,411.74	4,632.32	4,863.94	5,107.14	5,362.49	5,496.56	5,633.97	5,774.82	5,919.19
285	4,439.31	4,661.27	4,894.33	5,139.05	5,396.00	5,530.90	5,669.18	5,810.91	5,956.18

**FY2024 BI-WEEKLY SALARY RATE TABLE**

Effective Pay Period Beginning 7/1/2023

Board Approval on June 27, 2023

Non-union represented employees

Schedule A to Resolution 2257

Approved COLA **4.83%**

RANGE #	STEP A	STEP B	STEP C	STEP D	STEP E	LONGEVITY (after 8 yrs) 2.5%	(after 14 yrs) 2.5%	(after 20 yrs) 2.5%	(after 26 yrs) 2.5%
286	4,467.05	4,690.40	4,924.92	5,171.17	5,429.73	5,565.47	5,704.61	5,847.22	5,993.40
287	4,494.97	4,719.72	4,955.70	5,203.49	5,463.66	5,600.25	5,740.26	5,883.77	6,030.86
288	4,523.07	4,749.22	4,986.68	5,236.01	5,497.81	5,635.26	5,776.14	5,920.54	6,068.56
289	4,551.34	4,778.91	5,017.85	5,268.74	5,532.18	5,670.49	5,812.25	5,957.55	6,106.49
290	4,579.79	4,808.78	5,049.22	5,301.68	5,566.76	5,705.93	5,848.58	5,994.79	6,144.66
291	4,608.41	4,838.83	5,080.78	5,334.82	5,601.56	5,741.60	5,885.14	6,032.26	6,183.07
292	4,637.22	4,869.08	5,112.53	5,368.16	5,636.57	5,777.48	5,921.92	6,069.96	6,221.71
293	4,666.20	4,899.51	5,144.48	5,401.70	5,671.79	5,813.58	5,958.92	6,107.90	6,260.59
294	4,695.36	4,930.13	5,176.64	5,435.47	5,707.24	5,849.93	5,996.17	6,146.08	6,299.73
295	4,724.71	4,960.94	5,208.99	5,469.44	5,742.91	5,886.49	6,033.65	6,184.49	6,339.10
296	4,754.24	4,991.95	5,241.55	5,503.63	5,778.81	5,923.28	6,071.36	6,223.15	6,378.73
297	4,783.95	5,023.15	5,274.31	5,538.02	5,814.92	5,960.30	6,109.30	6,262.04	6,418.59
298	4,813.85	5,054.54	5,307.27	5,572.63	5,851.27	5,997.55	6,147.49	6,301.17	6,458.70
299	4,843.94	5,086.14	5,340.44	5,607.47	5,887.84	6,035.03	6,185.91	6,340.56	6,499.07
300	4,874.22	5,117.93	5,373.82	5,642.52	5,924.64	6,072.76	6,224.58	6,380.19	6,539.69
301	4,904.68	5,149.92	5,407.41	5,677.78	5,961.67	6,110.71	6,263.48	6,420.07	6,580.57
302	4,935.34	5,182.11	5,441.21	5,713.27	5,998.93	6,148.91	6,302.63	6,460.20	6,621.70
303	4,966.18	5,214.49	5,475.22	5,748.98	6,036.43	6,187.34	6,342.02	6,500.57	6,663.09
304	4,997.22	5,247.08	5,509.43	5,784.90	6,074.15	6,226.00	6,381.65	6,541.19	6,704.72
305	5,028.45	5,279.87	5,543.87	5,821.06	6,112.11	6,264.92	6,421.54	6,582.08	6,746.63
306	5,059.88	5,312.87	5,578.51	5,857.44	6,150.31	6,304.07	6,461.67	6,623.21	6,788.79
307	5,091.50	5,346.08	5,613.38	5,894.05	6,188.75	6,343.47	6,502.06	6,664.61	6,831.23
308	5,123.33	5,379.50	5,648.47	5,930.89	6,227.44	6,383.13	6,542.70	6,706.27	6,873.93
309	5,155.35	5,413.11	5,683.77	5,967.96	6,266.36	6,423.02	6,583.59	6,748.18	6,916.88
310	5,187.57	5,446.94	5,719.29	6,005.26	6,305.52	6,463.16	6,624.73	6,790.35	6,960.11
311	5,219.99	5,480.98	5,755.03	6,042.79	6,344.92	6,503.55	6,666.14	6,832.79	7,003.61
312	5,252.61	5,515.24	5,791.00	6,080.55	6,384.58	6,544.19	6,707.80	6,875.49	7,047.38
313	5,285.43	5,549.70	5,827.19	6,118.55	6,424.47	6,585.09	6,749.71	6,918.46	7,091.42
314	5,318.47	5,584.39	5,863.61	6,156.79	6,464.63	6,626.25	6,791.90	6,961.70	7,135.74
315	5,351.71	5,619.29	5,900.26	6,195.27	6,505.03	6,667.66	6,834.35	7,005.21	7,180.34
316	5,385.16	5,654.42	5,937.14	6,234.00	6,545.70	6,709.34	6,877.07	7,049.00	7,225.23
317	5,418.82	5,689.76	5,974.25	6,272.96	6,586.61	6,751.27	6,920.05	7,093.05	7,270.38
318	7,791.55	8,181.13	8,590.19	9,019.69	9,470.68	9,707.45	9,950.13	10,198.89	10,453.86
AGM/EM	6,558.40	6,886.32	7,230.63	7,592.16	7,971.77	8,171.07	8,375.34	8,584.73	8,799.34

**BI-WEEKLY SALARY RANGE AND POSITION CONTROL SCHEDULE****Effective Pay Period Beginning 7/1/2023****Board Approval on June 27, 2023****SEIU Local 620 represented employees****Schedule B to Resolution 2257**

Classification	Number of Positions	Range #	Low	-	High*
Financial Analyst/IT Specialist	1	263	3,870.69	-	5,193.27
Treatment Chief Operator	1	259	3,775.42	-	5,065.45
Distribution Chief Operator IV	1	259	3,775.42	-	5,065.45
Control System Technician/Treatment Operator	1	250	3,569.54	-	4,789.23
Engineering Assistant	2	227	3,092.99	-	4,149.83
Senior Office Technician/Staff Accountant	1	223	3,016.85	-	4,047.68
Treatment Plant Operator	2	223	3,016.85	-	4,047.68
Distribution Operator III	2	223	3,016.85	-	4,047.68
Mechanic/Distribution Operator I	1	214	2,852.34	-	3,826.96
Water Conservation Specialist, Dist. Operator/Grounds Keeper	1	210	2,782.13	-	3,732.76
Distribution Operator II	4	206	2,713.65	-	3,640.88
Office Technician II	2	181	2,322.25	-	3,115.74
Distribution Operator I	0	179	2,293.50	-	3,077.17
Dam Caretaker	1	174	2,223.16	-	2,982.80
<b>Total SEIU Local 620 Represented Employees</b>	<b>20</b>				

**Notes**

\*The high end of each range listed accounts for the fourth longevity step increase

**FY2024 BI-WEEKLY SALARY RATE TABLE**

**Effective Pay Period Beginning 7/1/2023**

Board Approval on June 27, 2023

Approved COLA **4.83%**

SEIU Local 620 represented employees

Schedule B to Resolution 2257

RANGE #	STEP A	STEP B	STEP C	STEP D	STEP E	LONGEVITY (after 8 yrs) 2.5%	(after 14 yrs) 2.5%	(after 20 yrs) 2.5%	(after 26 yrs) 2.5%
100	1,401.98	1,472.07	1,545.68	1,622.96	1,704.11	1,746.71	1,790.38	1,835.14	1,881.02
101	1,410.74	1,481.28	1,555.34	1,633.11	1,714.77	1,757.64	1,801.58	1,846.62	1,892.78
102	1,419.55	1,490.53	1,565.06	1,643.31	1,725.48	1,768.61	1,812.83	1,858.15	1,904.60
103	1,428.43	1,499.85	1,574.84	1,653.58	1,736.26	1,779.67	1,824.16	1,869.77	1,916.51
104	1,437.35	1,509.22	1,584.68	1,663.92	1,747.11	1,790.79	1,835.56	1,881.45	1,928.48
105	1,446.34	1,518.66	1,594.59	1,674.32	1,758.04	1,801.99	1,847.04	1,893.21	1,940.54
106	1,455.38	1,528.15	1,604.55	1,684.78	1,769.02	1,813.25	1,858.58	1,905.04	1,952.67
107	1,464.48	1,537.70	1,614.59	1,695.32	1,780.08	1,824.58	1,870.20	1,916.95	1,964.88
108	1,473.63	1,547.31	1,624.68	1,705.91	1,791.21	1,835.99	1,881.89	1,928.93	1,977.16
109	1,482.84	1,556.99	1,634.84	1,716.58	1,802.41	1,847.47	1,893.65	1,940.99	1,989.52
110	1,492.11	1,566.71	1,645.05	1,727.30	1,813.67	1,859.01	1,905.48	1,953.12	2,001.95
111	1,501.44	1,576.51	1,655.33	1,738.10	1,825.01	1,870.63	1,917.40	1,965.33	2,014.46
112	1,510.81	1,586.36	1,665.67	1,748.96	1,836.40	1,882.31	1,929.37	1,977.61	2,027.05
113	1,520.26	1,596.27	1,676.08	1,759.89	1,847.88	1,894.08	1,941.43	1,989.96	2,039.71
114	1,529.76	1,606.25	1,686.56	1,770.89	1,859.43	1,905.92	1,953.57	2,002.41	2,052.47
115	1,539.33	1,616.29	1,697.11	1,781.96	1,871.06	1,917.84	1,965.78	2,014.93	2,065.30
116	1,548.94	1,626.39	1,707.71	1,793.10	1,882.75	1,929.82	1,978.07	2,027.52	2,078.21
117	1,558.63	1,636.56	1,718.38	1,804.30	1,894.52	1,941.88	1,990.43	2,040.19	2,091.19
118	1,568.37	1,646.79	1,729.13	1,815.58	1,906.36	1,954.02	2,002.87	2,052.94	2,104.27
119	1,578.18	1,657.08	1,739.94	1,826.94	1,918.28	1,966.24	2,015.40	2,065.78	2,117.43
120	1,588.05	1,667.45	1,750.82	1,838.36	1,930.28	1,978.54	2,028.00	2,078.70	2,130.67
121	1,597.97	1,677.86	1,761.76	1,849.85	1,942.34	1,990.90	2,040.67	2,091.68	2,143.98
122	1,607.95	1,688.35	1,772.76	1,861.40	1,954.47	2,003.33	2,053.42	2,104.75	2,157.37
123	1,618.00	1,698.89	1,783.84	1,873.03	1,966.68	2,015.85	2,066.25	2,117.90	2,170.85
124	1,628.10	1,709.51	1,794.99	1,884.73	1,978.97	2,028.45	2,079.16	2,131.14	2,184.41
125	1,638.28	1,720.19	1,806.20	1,896.51	1,991.34	2,041.12	2,092.15	2,144.45	2,198.06
126	1,648.51	1,730.94	1,817.48	1,908.36	2,003.78	2,053.87	2,105.22	2,157.85	2,211.79
127	1,658.81	1,741.75	1,828.84	1,920.28	2,016.29	2,066.70	2,118.37	2,171.33	2,225.61
128	1,669.17	1,752.63	1,840.26	1,932.27	2,028.89	2,079.61	2,131.60	2,184.89	2,239.51
129	1,679.61	1,763.59	1,851.77	1,944.36	2,041.57	2,092.61	2,144.93	2,198.55	2,253.52
130	1,690.11	1,774.61	1,863.34	1,956.51	2,054.34	2,105.70	2,158.34	2,212.30	2,267.60
131	1,700.67	1,785.71	1,874.99	1,968.74	2,067.18	2,118.86	2,171.83	2,226.12	2,281.78
132	1,711.30	1,796.86	1,886.71	1,981.04	2,080.09	2,132.10	2,185.40	2,240.03	2,296.03
133	1,722.00	1,808.10	1,898.50	1,993.43	2,093.10	2,145.43	2,199.06	2,254.04	2,310.39
134	1,732.76	1,819.40	1,910.37	2,005.89	2,106.19	2,158.84	2,212.81	2,268.13	2,324.83
135	1,743.59	1,830.77	1,922.31	2,018.43	2,119.35	2,172.33	2,226.64	2,282.30	2,339.36
136	1,754.50	1,842.22	1,934.33	2,031.05	2,132.60	2,185.91	2,240.56	2,296.58	2,353.99
137	1,765.46	1,853.73	1,946.42	2,043.74	2,145.93	2,199.58	2,254.57	2,310.93	2,368.70
138	1,776.49	1,865.32	1,958.58	2,056.51	2,159.34	2,213.32	2,268.65	2,325.37	2,383.50
139	1,787.60	1,876.98	1,970.82	2,069.37	2,172.83	2,227.15	2,282.83	2,339.90	2,398.40
140	1,798.76	1,888.70	1,983.14	2,082.29	2,186.41	2,241.07	2,297.10	2,354.52	2,413.39
141	1,810.01	1,900.51	1,995.53	2,095.31	2,200.08	2,255.08	2,311.45	2,369.24	2,428.47
142	1,821.31	1,912.38	2,008.00	2,108.40	2,213.82	2,269.16	2,325.89	2,384.04	2,443.64
143	1,832.70	1,924.33	2,020.55	2,121.58	2,227.65	2,283.35	2,340.43	2,398.94	2,458.91
144	1,844.15	1,936.36	2,033.18	2,134.84	2,241.58	2,297.62	2,355.06	2,413.94	2,474.29
145	1,855.68	1,948.46	2,045.88	2,148.18	2,255.59	2,311.98	2,369.77	2,429.02	2,489.74
146	1,867.27	1,960.64	2,058.67	2,161.60	2,269.68	2,326.42	2,384.58	2,444.20	2,505.30
147	1,878.94	1,972.89	2,071.54	2,175.11	2,283.87	2,340.97	2,399.49	2,459.48	2,520.96
148	1,890.69	1,985.23	2,084.49	2,188.71	2,298.15	2,355.60	2,414.49	2,474.85	2,536.73
149	1,902.50	1,997.63	2,097.51	2,202.39	2,312.50	2,370.32	2,429.58	2,490.31	2,552.57
150	1,914.39	2,010.11	2,110.61	2,216.15	2,326.95	2,385.13	2,444.76	2,505.87	2,568.52
151	1,926.35	2,022.67	2,123.80	2,229.99	2,341.49	2,400.03	2,460.03	2,521.53	2,584.57
152	1,938.39	2,035.31	2,137.07	2,243.93	2,356.13	2,415.03	2,475.40	2,537.29	2,600.72
153	1,950.50	2,048.03	2,150.43	2,257.95	2,370.85	2,430.12	2,490.87	2,553.15	2,616.97
154	1,962.69	2,060.83	2,163.87	2,272.06	2,385.67	2,445.31	2,506.44	2,569.10	2,633.33
155	1,974.96	2,073.71	2,177.39	2,286.26	2,400.57	2,460.59	2,522.10	2,585.15	2,649.78

# FY2024 BI-WEEKLY SALARY RATE TABLE

Effective Pay Period Beginning 7/1/2023

Board Approval on June 27, 2023

Approved COLA 4.83%

SEIU Local 620 represented employees

Schedule B to Resolution 2257

RANGE #	STEP A	STEP B	STEP C	STEP D	STEP E	LONGEVITY (after 8 yrs) 2.5%	(after 14 yrs) 2.5%	(after 20 yrs) 2.5%	(after 26 yrs) 2.5%
156	1,987.30	2,086.66	2,191.00	2,300.55	2,415.57	2,475.96	2,537.86	2,601.31	2,666.34
157	1,999.71	2,099.70	2,204.68	2,314.92	2,430.66	2,491.43	2,553.72	2,617.56	2,683.00
158	2,012.22	2,112.83	2,218.47	2,329.39	2,445.86	2,507.01	2,569.69	2,633.93	2,699.78
159	2,024.80	2,126.04	2,232.34	2,343.96	2,461.15	2,522.68	2,585.75	2,650.39	2,716.65
160	2,037.45	2,139.33	2,246.29	2,358.61	2,476.54	2,538.45	2,601.91	2,666.96	2,733.63
161	2,050.18	2,152.69	2,260.33	2,373.34	2,492.01	2,554.31	2,618.17	2,683.62	2,750.71
162	2,063.00	2,166.15	2,274.46	2,388.18	2,507.59	2,570.28	2,634.54	2,700.40	2,767.91
163	2,075.90	2,179.69	2,288.68	2,403.11	2,523.27	2,586.35	2,651.01	2,717.28	2,785.22
164	2,088.87	2,193.31	2,302.98	2,418.13	2,539.03	2,602.51	2,667.57	2,734.26	2,802.62
165	2,101.93	2,207.02	2,317.38	2,433.24	2,554.91	2,618.78	2,684.25	2,751.35	2,820.14
166	2,115.06	2,220.82	2,331.86	2,448.45	2,570.87	2,635.14	2,701.02	2,768.55	2,837.76
167	2,128.28	2,234.70	2,346.43	2,463.76	2,586.94	2,651.62	2,717.91	2,785.86	2,855.50
168	2,141.58	2,248.66	2,361.10	2,479.15	2,603.11	2,668.19	2,734.89	2,803.26	2,873.34
169	2,154.97	2,262.72	2,375.85	2,494.65	2,619.38	2,684.86	2,751.99	2,820.78	2,891.30
170	2,168.44	2,276.87	2,390.71	2,510.25	2,635.76	2,701.65	2,769.19	2,838.42	2,909.38
171	2,181.99	2,291.09	2,405.65	2,525.93	2,652.23	2,718.53	2,786.50	2,856.16	2,927.56
172	2,195.63	2,305.42	2,420.69	2,541.72	2,668.81	2,735.53	2,803.91	2,874.01	2,945.86
173	2,209.36	2,319.83	2,435.82	2,557.61	2,685.49	2,752.63	2,821.44	2,891.98	2,964.28
174	2,223.16	2,334.32	2,451.04	2,573.59	2,702.27	2,769.83	2,839.07	2,910.05	2,982.80
175	2,237.05	2,348.91	2,466.35	2,589.67	2,719.15	2,787.13	2,856.81	2,928.23	3,001.44
176	2,251.03	2,363.58	2,481.76	2,605.85	2,736.14	2,804.55	2,874.66	2,946.53	3,020.19
177	2,265.10	2,378.35	2,497.27	2,622.14	2,753.24	2,822.07	2,892.63	2,964.94	3,039.07
178	2,279.26	2,393.22	2,512.88	2,638.52	2,770.45	2,839.71	2,910.70	2,983.47	3,058.06
179	2,293.50	2,408.17	2,528.58	2,655.01	2,787.76	2,857.46	2,928.89	3,002.12	3,077.17
180	2,307.83	2,423.22	2,544.38	2,671.60	2,805.18	2,875.31	2,947.20	3,020.88	3,096.40
181	2,322.25	2,438.36	2,560.28	2,688.30	2,822.71	2,893.28	2,965.61	3,039.75	3,115.74
182	2,336.76	2,453.60	2,576.28	2,705.09	2,840.35	2,911.35	2,984.14	3,058.74	3,135.21
183	2,351.37	2,468.94	2,592.38	2,722.00	2,858.10	2,929.56	3,002.80	3,077.86	3,154.81
184	2,366.07	2,484.37	2,608.59	2,739.02	2,875.97	2,947.87	3,021.56	3,097.10	3,174.53
185	2,380.85	2,499.89	2,624.89	2,756.13	2,893.94	2,966.29	3,040.45	3,116.46	3,194.37
186	2,395.74	2,515.53	2,641.30	2,773.37	2,912.04	2,984.84	3,059.46	3,135.94	3,214.34
187	2,410.71	2,531.25	2,657.81	2,790.70	2,930.24	3,003.49	3,078.58	3,155.54	3,234.43
188	2,425.78	2,547.07	2,674.42	2,808.14	2,948.55	3,022.26	3,097.82	3,175.26	3,254.64
189	2,440.94	2,562.99	2,691.14	2,825.69	2,966.98	3,041.15	3,117.18	3,195.11	3,274.99
190	2,456.19	2,579.00	2,707.95	2,843.35	2,985.52	3,060.16	3,136.66	3,215.08	3,295.45
191	2,471.55	2,595.12	2,724.88	2,861.12	3,004.18	3,079.28	3,156.27	3,235.17	3,316.05
192	2,486.99	2,611.34	2,741.90	2,879.00	3,022.95	3,098.52	3,175.98	3,255.38	3,336.77
193	2,502.53	2,627.65	2,759.04	2,896.99	3,041.84	3,117.88	3,195.83	3,275.73	3,357.62
194	2,518.17	2,644.08	2,776.28	2,915.10	3,060.85	3,137.37	3,215.81	3,296.20	3,378.61
195	2,533.91	2,660.61	2,793.64	2,933.32	3,079.99	3,156.99	3,235.91	3,316.81	3,399.73
196	2,549.75	2,677.23	2,811.10	2,951.65	3,099.23	3,176.71	3,256.13	3,337.54	3,420.97
197	2,565.68	2,693.96	2,828.66	2,970.09	3,118.60	3,196.56	3,276.48	3,358.39	3,442.35
198	2,581.71	2,710.80	2,846.34	2,988.66	3,138.09	3,216.54	3,296.95	3,379.38	3,463.86
199	2,597.85	2,727.74	2,864.13	3,007.33	3,157.70	3,236.64	3,317.56	3,400.50	3,485.51
200	2,614.08	2,744.79	2,882.03	3,026.13	3,177.43	3,256.87	3,338.29	3,421.75	3,507.29
201	2,630.42	2,761.94	2,900.04	3,045.04	3,197.29	3,277.22	3,359.15	3,443.13	3,529.21
202	2,646.86	2,779.20	2,918.16	3,064.07	3,217.27	3,297.70	3,380.14	3,464.65	3,551.26
203	2,663.39	2,796.56	2,936.39	3,083.21	3,237.37	3,318.31	3,401.26	3,486.30	3,573.45
204	2,680.05	2,814.05	2,954.75	3,102.49	3,257.61	3,339.05	3,422.53	3,508.09	3,595.79
205	2,696.80	2,831.64	2,973.22	3,121.88	3,277.97	3,359.92	3,443.92	3,530.02	3,618.27
206	2,713.65	2,849.33	2,991.80	3,141.39	3,298.46	3,380.92	3,465.44	3,552.08	3,640.88
207	2,730.62	2,867.15	3,010.50	3,161.03	3,319.08	3,402.06	3,487.11	3,574.29	3,663.64
208	2,747.68	2,885.07	3,029.32	3,180.79	3,339.83	3,423.32	3,508.91	3,596.63	3,686.54
209	2,764.85	2,903.09	3,048.25	3,200.66	3,360.69	3,444.71	3,530.83	3,619.10	3,709.58
210	2,782.13	2,921.24	3,067.30	3,220.67	3,381.70	3,466.24	3,552.90	3,641.72	3,732.76
211	2,799.52	2,939.49	3,086.47	3,240.79	3,402.83	3,487.90	3,575.10	3,664.47	3,756.09

**FY2024 BI-WEEKLY SALARY RATE TABLE**

**Effective Pay Period Beginning 7/1/2023**

Board Approval on June 27, 2023

Approved COLA **4.83%**

SEIU Local 620 represented employees

Schedule B to Resolution 2257

RANGE #	STEP A	STEP B	STEP C	STEP D	STEP E	LONGEVITY (after 8 yrs) 2.5%	(after 14 yrs) 2.5%	(after 20 yrs) 2.5%	(after 26 yrs) 2.5%
212	2,817.01	2,957.86	3,105.76	3,261.04	3,424.10	3,509.70	3,597.44	3,687.38	3,779.56
213	2,834.62	2,976.35	3,125.17	3,281.43	3,445.50	3,531.64	3,619.93	3,710.43	3,803.19
214	2,852.34	2,994.96	3,144.71	3,301.94	3,467.04	3,553.72	3,642.56	3,733.62	3,826.96
215	2,870.17	3,013.68	3,164.36	3,322.58	3,488.71	3,575.92	3,665.32	3,756.95	3,850.88
216	2,888.10	3,032.51	3,184.13	3,343.34	3,510.51	3,598.27	3,688.23	3,780.43	3,874.94
217	2,906.15	3,051.46	3,204.04	3,364.24	3,532.45	3,620.76	3,711.28	3,804.06	3,899.16
218	2,924.32	3,070.53	3,224.06	3,385.26	3,554.53	3,643.39	3,734.47	3,827.84	3,923.53
219	2,942.60	3,089.73	3,244.21	3,406.42	3,576.74	3,666.16	3,757.82	3,851.76	3,948.06
220	2,960.99	3,109.04	3,264.49	3,427.71	3,599.10	3,689.07	3,781.30	3,875.83	3,972.73
221	2,979.49	3,128.46	3,284.89	3,449.13	3,621.59	3,712.13	3,804.93	3,900.06	3,997.56
222	2,998.11	3,148.01	3,305.41	3,470.68	3,644.22	3,735.32	3,828.71	3,924.43	4,022.54
223	3,016.85	3,167.69	3,326.08	3,492.38	3,667.00	3,758.68	3,852.64	3,948.96	4,047.68
224	3,035.71	3,187.49	3,346.87	3,514.21	3,689.92	3,782.17	3,876.73	3,973.64	4,072.98
225	3,054.68	3,207.41	3,367.78	3,536.17	3,712.98	3,805.81	3,900.95	3,998.48	4,098.44
226	3,073.78	3,227.46	3,388.84	3,558.28	3,736.19	3,829.60	3,925.34	4,023.47	4,124.06
227	3,092.99	3,247.64	3,410.02	3,580.52	3,759.54	3,853.53	3,949.87	4,048.62	4,149.83
228	3,112.32	3,267.94	3,431.34	3,602.90	3,783.05	3,877.62	3,974.56	4,073.93	4,175.78
229	3,131.77	3,288.36	3,452.78	3,625.42	3,806.69	3,901.86	3,999.40	4,099.39	4,201.87
230	3,151.35	3,308.91	3,474.36	3,648.08	3,830.48	3,926.24	4,024.40	4,125.01	4,228.14
231	3,171.05	3,329.60	3,496.08	3,670.89	3,854.43	3,950.79	4,049.56	4,150.80	4,254.57
232	3,190.86	3,350.41	3,517.93	3,693.82	3,878.52	3,975.48	4,074.87	4,176.74	4,281.16
233	3,210.81	3,371.35	3,539.91	3,716.91	3,902.75	4,000.32	4,100.33	4,202.84	4,307.91
234	3,230.87	3,392.42	3,562.04	3,740.14	3,927.15	4,025.32	4,125.96	4,229.11	4,334.83
235	3,251.07	3,413.62	3,584.30	3,763.52	3,951.69	4,050.48	4,151.75	4,255.54	4,361.93
236	3,271.39	3,434.95	3,606.70	3,787.04	3,976.39	4,075.80	4,177.69	4,282.14	4,389.19
237	3,291.83	3,456.42	3,629.24	3,810.71	4,001.24	4,101.27	4,203.80	4,308.90	4,416.62
238	3,312.40	3,478.02	3,651.92	3,834.52	4,026.25	4,126.90	4,230.07	4,335.83	4,444.22
239	3,333.10	3,499.75	3,674.74	3,858.48	4,051.40	4,152.69	4,256.51	4,362.92	4,471.99
240	3,353.94	3,521.63	3,697.71	3,882.60	4,076.73	4,178.65	4,283.11	4,390.19	4,499.95
241	3,374.90	3,543.64	3,720.82	3,906.87	4,102.21	4,204.76	4,309.88	4,417.63	4,528.07
242	3,395.99	3,565.79	3,744.07	3,931.28	4,127.84	4,231.04	4,336.81	4,445.23	4,556.37
243	3,417.21	3,588.07	3,767.48	3,955.85	4,153.64	4,257.48	4,363.92	4,473.02	4,584.85
244	3,438.57	3,610.49	3,791.02	3,980.57	4,179.60	4,284.09	4,391.19	4,500.97	4,613.49
245	3,460.06	3,633.06	3,814.71	4,005.45	4,205.72	4,310.86	4,418.64	4,529.10	4,642.33
246	3,481.69	3,655.77	3,838.56	4,030.49	4,232.01	4,337.81	4,446.26	4,557.42	4,671.35
247	3,503.44	3,678.62	3,862.55	4,055.67	4,258.46	4,364.92	4,474.04	4,585.89	4,700.54
248	3,525.34	3,701.61	3,886.69	4,081.02	4,285.07	4,392.20	4,502.00	4,614.55	4,729.92
249	3,547.37	3,724.74	3,910.98	4,106.53	4,311.85	4,419.65	4,530.14	4,643.39	4,759.48
250	3,569.54	3,748.02	3,935.42	4,132.19	4,338.80	4,447.27	4,558.46	4,672.42	4,789.23
251	3,591.86	3,771.45	3,960.02	4,158.02	4,365.92	4,475.07	4,586.95	4,701.62	4,819.16
252	3,614.31	3,795.02	3,984.77	4,184.01	4,393.21	4,503.04	4,615.62	4,731.01	4,849.28
253	3,636.89	3,818.74	4,009.68	4,210.16	4,420.67	4,531.18	4,644.46	4,760.57	4,879.59
254	3,659.62	3,842.60	4,034.73	4,236.47	4,448.29	4,559.50	4,673.49	4,790.32	4,910.08
255	3,682.50	3,866.62	4,059.95	4,262.95	4,476.10	4,588.00	4,702.70	4,820.27	4,940.78
256	3,705.52	3,890.79	4,085.33	4,289.60	4,504.08	4,616.68	4,732.10	4,850.40	4,971.66
257	3,728.67	3,915.10	4,110.86	4,316.40	4,532.22	4,645.53	4,761.67	4,880.71	5,002.73
258	3,751.98	3,939.58	4,136.56	4,343.38	4,560.55	4,674.57	4,791.43	4,911.22	5,034.00
259	3,775.42	3,964.19	4,162.40	4,370.52	4,589.05	4,703.78	4,821.37	4,941.91	5,065.45
260	3,799.02	3,988.97	4,188.42	4,397.84	4,617.73	4,733.18	4,851.50	4,972.79	5,097.11
261	3,822.77	4,013.91	4,214.60	4,425.33	4,646.60	4,762.76	4,881.83	5,003.88	5,128.97
262	3,846.65	4,038.99	4,240.94	4,452.98	4,675.63	4,792.52	4,912.34	5,035.14	5,161.02
263	3,870.69	4,064.23	4,267.44	4,480.81	4,704.85	4,822.47	4,943.03	5,066.61	5,193.27
264	3,894.88	4,089.62	4,294.11	4,508.81	4,734.25	4,852.61	4,973.92	5,098.27	5,225.73
265	3,919.22	4,115.18	4,320.94	4,536.99	4,763.84	4,882.93	5,005.01	5,130.13	5,258.39
266	3,943.71	4,140.90	4,347.94	4,565.34	4,793.61	4,913.45	5,036.28	5,162.19	5,291.25
267	3,968.36	4,166.77	4,375.11	4,593.87	4,823.56	4,944.15	5,067.75	5,194.45	5,324.31

**FY2024 BI-WEEKLY SALARY RATE TABLE**

**Effective Pay Period Beginning 7/1/2023**

Board Approval on June 27, 2023

Approved COLA **4.83%**

SEIU Local 620 represented employees

Schedule B to Resolution 2257

RANGE #	STEP A	STEP B	STEP C	STEP D	STEP E	LONGEVITY (after 8 yrs) 2.5%	(after 14 yrs) 2.5%	(after 20 yrs) 2.5%	(after 26 yrs) 2.5%
268	3,993.16	4,192.82	4,402.46	4,622.58	4,853.71	4,975.06	5,099.43	5,226.92	5,357.59
269	4,018.12	4,219.03	4,429.98	4,651.48	4,884.05	5,006.15	5,131.31	5,259.59	5,391.08
270	4,043.23	4,245.39	4,457.66	4,680.54	4,914.57	5,037.44	5,163.37	5,292.46	5,424.77
271	4,068.50	4,271.93	4,485.52	4,709.80	4,945.29	5,068.92	5,195.65	5,325.54	5,458.68
272	4,093.93	4,298.62	4,513.55	4,739.23	4,976.19	5,100.60	5,228.11	5,358.82	5,492.79
273	4,119.52	4,325.49	4,541.77	4,768.85	5,007.30	5,132.48	5,260.79	5,392.31	5,527.12
274	4,145.27	4,352.53	4,570.16	4,798.67	5,038.60	5,164.56	5,293.68	5,426.02	5,561.67
275	4,171.17	4,379.73	4,598.72	4,828.65	5,070.08	5,196.84	5,326.76	5,459.93	5,596.42
276	4,197.24	4,407.10	4,627.45	4,858.83	5,101.77	5,229.31	5,360.05	5,494.05	5,631.40
277	4,223.47	4,434.64	4,656.37	4,889.19	5,133.65	5,261.99	5,393.54	5,528.38	5,666.59
278	4,249.86	4,462.36	4,685.47	4,919.75	5,165.74	5,294.88	5,427.25	5,562.93	5,702.01
279	4,276.42	4,490.24	4,714.76	4,950.49	5,198.02	5,327.97	5,461.17	5,597.70	5,737.64
280	4,303.15	4,518.30	4,744.22	4,981.43	5,230.50	5,361.26	5,495.29	5,632.68	5,773.49
281	4,330.04	4,546.55	4,773.87	5,012.57	5,263.20	5,394.78	5,529.65	5,667.89	5,809.58
282	4,357.11	4,574.96	4,803.71	5,043.90	5,296.09	5,428.49	5,564.21	5,703.31	5,845.89
283	4,384.33	4,603.55	4,833.73	5,075.42	5,329.19	5,462.42	5,598.98	5,738.95	5,882.42
284	4,411.74	4,632.32	4,863.94	5,107.14	5,362.49	5,496.56	5,633.97	5,774.82	5,919.19
285	4,439.31	4,661.27	4,894.33	5,139.05	5,396.00	5,530.90	5,669.18	5,810.91	5,956.18
286	4,467.05	4,690.40	4,924.92	5,171.17	5,429.73	5,565.47	5,704.61	5,847.22	5,993.40
287	4,494.97	4,719.72	4,955.70	5,203.49	5,463.66	5,600.25	5,740.26	5,883.77	6,030.86
288	4,523.07	4,749.22	4,986.68	5,236.01	5,497.81	5,635.26	5,776.14	5,920.54	6,068.56
289	4,551.34	4,778.91	5,017.85	5,268.74	5,532.18	5,670.49	5,812.25	5,957.55	6,106.49
290	4,579.79	4,808.78	5,049.22	5,301.68	5,566.76	5,705.93	5,848.58	5,994.79	6,144.66
291	4,608.41	4,838.83	5,080.78	5,334.82	5,601.56	5,741.60	5,885.14	6,032.26	6,183.07
292	4,637.22	4,869.08	5,112.53	5,368.16	5,636.57	5,777.48	5,921.92	6,069.96	6,221.71
293	4,666.20	4,899.51	5,144.48	5,401.70	5,671.79	5,813.58	5,958.92	6,107.90	6,260.59
294	4,695.36	4,930.13	5,176.64	5,435.47	5,707.24	5,849.93	5,996.17	6,146.08	6,299.73
295	4,724.71	4,960.94	5,208.99	5,469.44	5,742.91	5,886.49	6,033.65	6,184.49	6,339.10
296	4,754.24	4,991.95	5,241.55	5,503.63	5,778.81	5,923.28	6,071.36	6,223.15	6,378.73
297	4,783.95	5,023.15	5,274.31	5,538.02	5,814.92	5,960.30	6,109.30	6,262.04	6,418.59
298	4,813.85	5,054.54	5,307.27	5,572.63	5,851.27	5,997.55	6,147.49	6,301.17	6,458.70
299	4,843.94	5,086.14	5,340.44	5,607.47	5,887.84	6,035.03	6,185.91	6,340.56	6,499.07
300	4,874.22	5,117.93	5,373.82	5,642.52	5,924.64	6,072.76	6,224.58	6,380.19	6,539.69
301	4,904.68	5,149.92	5,407.41	5,677.78	5,961.67	6,110.71	6,263.48	6,420.07	6,580.57
302	4,935.34	5,182.11	5,441.21	5,713.27	5,998.93	6,148.91	6,302.63	6,460.20	6,621.70
303	4,966.18	5,214.49	5,475.22	5,748.98	6,036.43	6,187.34	6,342.02	6,500.57	6,663.09
304	4,997.22	5,247.08	5,509.43	5,784.90	6,074.15	6,226.00	6,381.65	6,541.19	6,704.72
305	5,028.45	5,279.87	5,543.87	5,821.06	6,112.11	6,264.92	6,421.54	6,582.08	6,746.63
306	5,059.88	5,312.87	5,578.51	5,857.44	6,150.31	6,304.07	6,461.67	6,623.21	6,788.79
307	5,091.50	5,346.08	5,613.38	5,894.05	6,188.75	6,343.47	6,502.06	6,664.61	6,831.23
308	5,123.33	5,379.50	5,648.47	5,930.89	6,227.44	6,383.13	6,542.70	6,706.27	6,873.93
309	5,155.35	5,413.11	5,683.77	5,967.96	6,266.36	6,423.02	6,583.59	6,748.18	6,916.88
310	5,187.57	5,446.94	5,719.29	6,005.26	6,305.52	6,463.16	6,624.73	6,790.35	6,960.11
311	5,219.99	5,480.98	5,755.03	6,042.79	6,344.92	6,503.55	6,666.14	6,832.79	7,003.61
312	5,252.61	5,515.24	5,791.00	6,080.55	6,384.58	6,544.19	6,707.80	6,875.49	7,047.38
313	5,285.43	5,549.70	5,827.19	6,118.55	6,424.47	6,585.09	6,749.71	6,918.46	7,091.42
314	5,318.47	5,584.39	5,863.61	6,156.79	6,464.63	6,626.25	6,791.90	6,961.70	7,135.74
315	5,351.71	5,619.29	5,900.26	6,195.27	6,505.03	6,667.66	6,834.35	7,005.21	7,180.34
316	5,385.16	5,654.42	5,937.14	6,234.00	6,545.70	6,709.34	6,877.07	7,049.00	7,225.23
317	5,418.82	5,689.76	5,974.25	6,272.96	6,586.61	6,751.27	6,920.05	7,093.05	7,270.38
318	7,791.55	8,181.13	8,590.19	9,019.69	9,470.68	9,707.45	9,950.13	10,198.89	10,453.86

The Fiscal Year 2024 Budget of the Montecito Groundwater Basin Groundwater Sustainability Agency was adopted by the Board of Directors on June 27, 2023.

**MONTECITO  
GROUNDWATER  
BASIN  
GROUNDWATER  
SUSTAINABILITY  
AGENCY**



**FISCAL YEAR 2024  
BUDGET**

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**ADOPTED JUNE 27, 2023**

# MISSION STATEMENT

*"The Montecito Groundwater Basin Groundwater Sustainability Agency's mission is to ensure a reliable and sustainable groundwater supply for the community through effective basin management pursuant to the Sustainable Groundwater Management Act."*



**MONTECITO GROUNDWATER BASIN**  
**GROUNDWATER SUSTAINABILITY AGENCY**

**Board of Directors**

Brian Goebel, President

Ken Coates, Vice President

Cori Hayman

Tobe Plough

Floyd Wicks

This budget was prepared under the direction of:

**General Manager/Board Secretary**

Nicholas Turner

**Staff Contributors**

Adam Kanold, Assistant General Manager / Engineering Manager

Nicholas Kunstek, Groundwater Specialist

Olivia Rojas, Business Manager



# RESOLUTION 10

## RESOLUTION NO. 10

### RESOLUTION OF THE BOARD OF DIRECTORS OF THE MONTECITO GROUNDWATER BASIN GROUNDWATER SUSTAINABILITY AGENCY ADOPTING A BUDGET FOR FISCAL YEAR 2024

**WHEREAS**, the Montecito Groundwater Basin Groundwater Sustainability Agency ("Montecito GSA") is organized and existing under and pursuant to the Sustainable Groundwater Management Act ("SGMA") and was declared by the California Department of Water Resources ("DWR") as the exclusive Groundwater Sustainability Agency for the Montecito Groundwater Basin ("Basin") in late 2018; and

**WHEREAS**, the mission of the Montecito GSA is to ensure a reliable and sustainable groundwater supply for the community through effective basin management pursuant to the SGMA; and

**WHEREAS**, pursuant to SGMA, the Montecito GSA is required to develop and implement a Groundwater Sustainability Plan ("GSP") for the Basin [Water Code §10727]; and

**WHEREAS**, on May 19, 2023, following a public review and hearing process, the Montecito GSA Board of Directors adopted its GSP for the Basin and subsequently submitted it to DWR for review; and

**WHEREAS**, the GSP includes and supports the Montecito GSA's Sustainability Goal which is to prevent undesirable results and optimize long-term use of the groundwater basin for the benefit of all stakeholders; and

**WHEREAS**, the Montecito GSA undertook a *5-year Financial Plan and Fee Study* which was adopted in June 2020; and

**WHEREAS**, the Montecito GSA prepares and adopts an annual budget that provides a financial plan to assist with the implementation of the Agency's necessary programs, projects and work plan for the fiscal year; and

**WHEREAS**, Agency management prepared a budget for Fiscal Year 2024 that estimates expenses and revenues from all sources required for Agency operations including: basin monitoring and reporting; execution of various GSP defined Baseline Projects and Management Actions; and funding of various Agency administrative expenses; and

**WHEREAS**, Agency management has determined that the Fiscal Year 2024 budget is consistent with the operative June 2020 *5-year Financial Plan and Fee Study* and proposes a balanced budget which, if implemented, will ensure that the District's revenue will be sufficient to fund all of the Agency's planned expenses; and

**WHEREAS**, the proposed Fiscal Year 2024 budget has been reviewed and considered by the Board of Directors at a Budget Workshop held on June 13, 2023, and feedback received has been incorporated herein; and

**WHEREAS**, it has been determined to be in the best interest of the Agency to adopt the Fiscal Year 2024 budget for the continued sound financial operation of the Agency;

**NOW THEREFORE BE IT RESOLVED** by the Board of Directors of Montecito Groundwater Basin Groundwater Sustainability Agency as follows:

1. The certain documents referred to as the "Montecito Groundwater Basin Groundwater Sustainability Agency Fiscal Year 2024 Budget" and all schedules, exhibits, and policies contained therein which are incorporated herein by this reference and included as Attachment "A", are hereby adopted as the annual budget of the Agency for the fiscal year beginning on July 1, 2023, and ending June 30, 2024.
2. That the amounts stated in the proposed budget shall become and thereafter be assigned to the departments, activities, and purposes stated therein and said monies are hereby authorized to be expended for the purposes and objects specific in said budget, subject to applicable California law, and the authority granted by the Montecito GSA Board concerning the authority of officers to execute contracts and instruments.

**PASSED AND ADOPTED** by the Board of Directors of the Montecito Groundwater Basin Groundwater Sustainability Agency this 27th day of June 2023, by the following roll call vote:

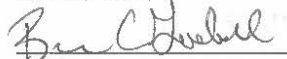
AYES: Coates, Goebel, Hayman, Plough, Wicks

NOES:

ABSENT:

ABSTAIN:

APPROVED:

  
Brian Goebel, President

ATTEST:

  
Nicholas Turner, Secretary

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# INTRODUCTION



## LETTER OF TRANSMITTAL

To the Board of Directors and Stakeholders of the Montecito Groundwater Basin:

We are pleased to present for your consideration, the Fiscal Year 2024 budget for the Montecito Groundwater Basin Groundwater Sustainability Agency (Agency). Since April 2023, Agency Staff have collaborated on this budget. Together with the Board of Directors, Staff has gone through an extensive review and analysis of the operational and capital project needs that support the implementation of the Groundwater Sustainability Plan (GSP) and continued Basin management.

The budget identifies and estimates financial resources and expenditures. It also serves as a policy document to guide management actions for Fiscal Year 2024. The budget provides sound financial management, efficient operations, achievable goals and objectives and transparent reporting.

The budget reflects the Agency's mission to ensure a reliable and sustainable groundwater supply for the community through effective basin management pursuant to the Sustainable Groundwater Management Act.

# AGENCY & BUDGET OVERVIEW



## AGENCY AND BUDGET OVERVIEW

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### HISTORY

The purpose of a Groundwater Sustainability Agency (GSA) is to implement and fulfill the requirements of the California Sustainable Groundwater Management Act (SGMA) as set forth in Water Code §§10720-10737.8.

The Montecito Water District (MWD) adopted Resolution 2169 on July 24, 2018, thereby giving notice to the California Department of Water Resources (DWR) of its intention to become the GSA for the Montecito Groundwater Basin (Basin) pursuant to the SGMA. In November 2018, the DWR declared MWD as the exclusive GSA for the Basin.

In February 2019, the DWR finalized its groundwater basin reprioritization process designating the Montecito Groundwater Basin from a “very low” priority to a “medium” priority, thereby mandating compliance with the SGMA. The Montecito Groundwater Basin Groundwater Sustainability Agency (Agency) was formed after the Board of Directors’ adoption of Resolution 1, on April 29, 2019.

In accordance with SGMA, the Montecito Groundwater Basin Groundwater Sustainability Agency shall reasonably and equitably manage the Basin to protect and enhance the health of the Basin. The powers of the Agency are as set forth in the SGMA and advisory and decision-making responsibilities are vested in the Board of Directors (Board). The term “Director(s)” shall mean the elected and/or appointed representatives of Montecito Water District, who also serve as the Directors of the Agency. The Agency’s Board generally reserves unto itself the right to delegate by ordinance and resolution such powers as are appropriate and permissible by law. In general, SGMA requires all groundwater basins designated as medium and high priority, per Bulletin 118 issued by the DWR, to be sustainably managed by a GSA by 2040.

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## GOVERNANCE

The Agency is governed by a five-member Board of Directors (Board) elected by the registered voters of MWD to four-year terms. The Board is responsible for setting Agency policy. Terms begin and end in December of the applicable year.

Current Directors and their respective terms are as follows:

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### BOARD OF DIRECTORS

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Brian Goebel  
President  
2022-2026



Ken Coates  
Vice President  
2022-2026



Cori Hayman  
Director  
2022-2026



Charles T.  
Plough Director  
2020-2024



Floyd Wicks  
Director  
2020-2024

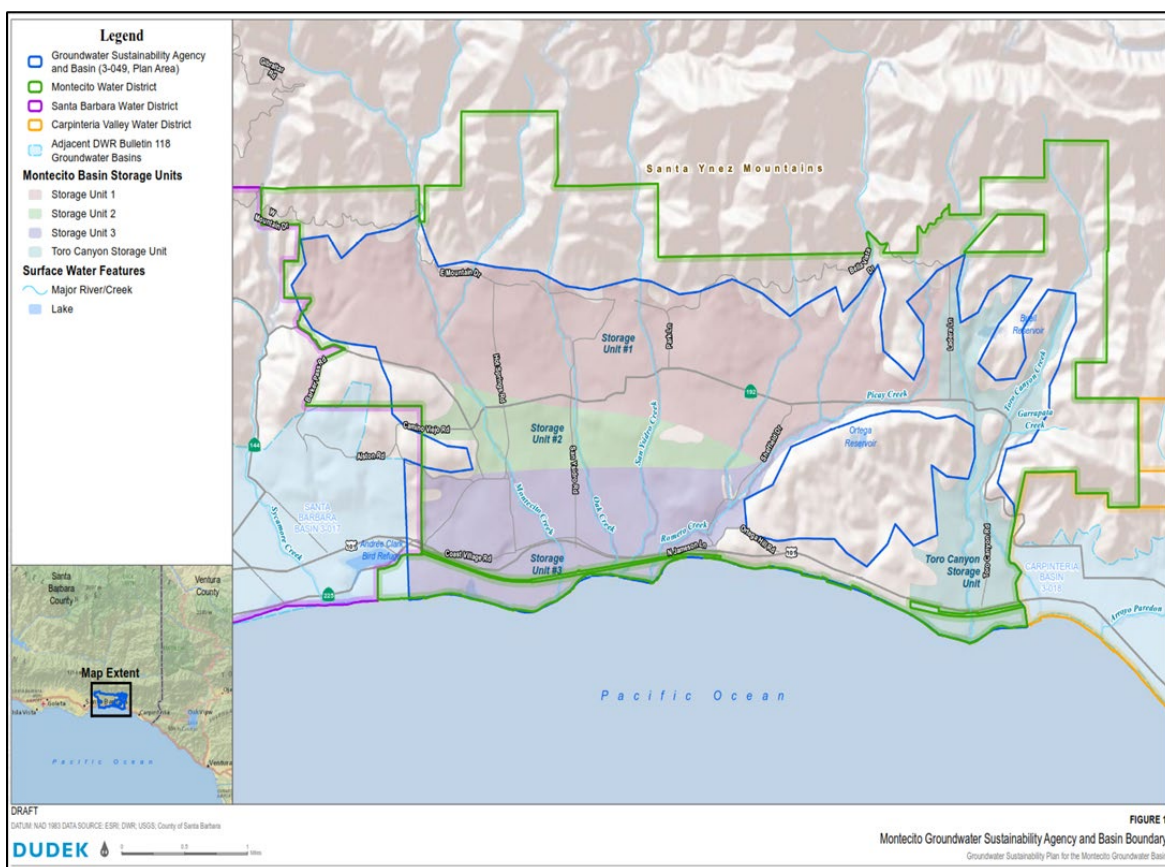
## MONTECITO GROUNDWATER BASIN

The Basin is in the southern coastal portion of Santa Barbara County bounded to the north by the Santa Ynez Mountains coastal range, to the south by the Pacific Ocean, to the west by the City of Santa Barbara and to the east of the Carpinteria Valley. The Basin includes the unincorporated communities of Montecito and Summerland, a small portion of the Carpinteria Valley on its eastern boundary and a small portion of the City of Santa Barbara on its western boundary.

The Basin encompasses an area of about 6,145 acres or 9.6 square miles and is segmented into 4 hydrogeological storage units. These units are defined by regional faulting that transect the Basin.

Groundwater is relied upon for residential use, along with some commercial and agricultural uses. Available data suggests that there are approximately 450 public and private groundwater wells that pump from the Basin. Groundwater levels reached near historic low levels during the recent decade long drought (2012-2022) but are rebounding following the 2022/23 near historic wet winter.

The Basin, its storage units, and its relationship with MWD and neighboring water districts are shown below.



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## GROUNDWATER SUSTAINABILITY PLAN

SGMA mandates that critically over-drafted basins must reach sustainability by 2040, while high- and medium- priority basins have until 2042, or 20 years post-implementation for reprioritized basins. The Agency adopted the GSP for the Basin on May 19, 2023, and submitted it on June 22, 2023, to DWR for review and approval within 2 years. Since the Basin was reprioritized as a medium-priority basin by DWR, it must achieve sustainability within 20 years from Groundwater Sustainability Plan (GSP) adoption, by 2043.

The development of the GSP was an intensive 5-year effort that resulted in a substantially increased understanding of the Basin. Based on available data and analysis, the Agency has determined that the Basin is not currently experiencing undesirable results as defined by SGMA. The GSP's Sustainability Goal is to prevent undesirable results and optimize long-term use of the groundwater basin for the benefit of all stakeholders. This will be achieved through a collaborative, knowledge-based process informed by locally-defined quantitative criteria, ongoing monitoring and modeling, and incremental, data-supported management actions as needed to prevent seawater intrusion and ensure sustainable groundwater levels, storage, and quality.

During the first 5 years of GSP implementation the Agency will continue to focus its efforts on knowledge acquisition, data gathering and analysis, and vigilant monitoring. Incremental management actions will be taken only if Sustainable Management Criteria (SMCs) demonstrate they are necessary. Specifically, in FY 2024 the Agency will focus on data gathering and monitoring projects and management actions that are not capital intensive due to limited funding.

The Agency considers the interests of all beneficial uses and users of groundwater as it develops and implements the GSP for the long-term sustainable management of groundwater for the Basin.

SGMA defines sustainable groundwater management as “the management and use of groundwater in a manner that can be maintained during the planning and implementation horizon without causing undesirable results.” Undesirable results are defined as any of the following:

- Chronic lowering of Groundwater levels
- Significant and unreasonable reduction in Groundwater Storage
- Significant and unreasonable degradation of water quality
- Land subsidence due to collapsing of aquifer pore space.
- Surface water depletions that have significant and unreasonable impacts on beneficial uses

- Seawater Intrusion

Several of these undesirable results are of concern in the Basin including significant and unreasonable reduction in groundwater storage and seawater intrusion.

## FINANCIAL PLAN AND GSA FEE

In June 2019, the Agency initiated development of a 5-year Financial Plan and Fee Study (Study) to establish groundwater basin fees that fairly and reasonably recover operating, administrative, and regulatory costs from properties which overlie the Basin. The Study dated May 6, 2020, was prepared by Raftelis, an independent financial consultant, and set forth the methodology for charging a basin fee, to be known as the Montecito GSA Groundwater Sustainability Fee (Fee).

The Fee is based on the total acreage of a parcel overlying the Basin. Individual charges are determined by multiplying the acreage overlying the Basin by the fee per acre. The adopted fees are for Fiscal Years (FY) 2021 through 2025 and are shown in Table 2. Each fiscal year begins July 1 and ends June 30 of the following calendar year. All government property and property belonging to public agencies are excluded from the Fee.

**Table 2: Fee per Acre per Year (FY 2021 through FY 2025)**

	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>
Fee per acre	\$194.00	\$194.00	\$194.00	<b>\$120.00</b>	\$120.00

The Fee complies with the requirements of the California Constitution and other applicable California law, including the SGMA. The data upon which the Fee is based, in the form of the Study, was made available to the public 45 days prior to a public meeting on Fee adoption. In accordance with the requirements of Section 6 of Article XIID of the California Constitution and Government Code 53755, a public hearing was held by the Agency's Board of Directors on the proposed Fee on June 24, 2020. On June 24, 2020, the Agency Board of Directors, following public comment and the tallying of legal written protests, approved Resolution No. 4 adopting a 5-year schedule of the Fee.

The parcel fees are submitted for collection to the County of Santa Barbara with the Agency receiving revenues twice per year typically in December and April.

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## MWD COST RESPONSIBILITY

As the public water purveyor supplying potable water to properties overlying the Basin, and that directly benefit from its groundwater extractions, MWD was determined responsible for a share of the Agency's operating, administrative, and regulatory costs based on its average annual groundwater extractions as a percentage of total groundwater pumped annually from the Basin. Total groundwater pumped from the Basin was estimated at 2,422 AF in 2017 pursuant to a 2016 Groundwater Basin Recharge Feasibility Study (Feasibility Study) conducted by the consultant Dudek on behalf of MWD. Private pumpage estimates of 2,001 AFY were based on the Feasibility Study and the 2017 DWR Groundwater Basin Reprioritization Process. MWD production records for the same time period reflects 421 AF.

As shown in Table 3, MWD's proportionate share of total groundwater extraction was determined to be 17.4%. Therefore, MWD is responsible for an equivalent percentage of all Agency costs, net of grant funding if any. The cost responsibility is rounded to the nearest tenth of one percent.

**Table 3: MWD Cost Responsibility**

	<b>Groundwater Extraction (AF)</b>	<b>% Share</b>
MWD Production	421	17.4%
Private Pumpage	2,001	82.6%
<b>Total Estimated Pumping</b>	<b>2,422</b>	<b>100%</b>

The Agency's discussion with MWD in determining the cost share is specific to MWD's cost responsibility. The groundwater pumping estimates used to derive the cost responsibility do not imply a basis for determining MWD's prescriptive right to Basin water.

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## MWD REPAYMENT

Prior to Fiscal Year 2021 the Agency's operating costs were funded solely by MWD. MWD tracked expenditures related to all SGMA activities beginning in 2016, through GSA formation in 2019. The total expenditures incurred by MWD over this period were \$841,915. This amount was included in the 2020 Fee Study and was reimbursed to MWD equally over a three- year period, from FY 2021 through FY 2023. As of the end of FY2023, the Agency has fully reimbursed MWD for these past SGMA related expenses and no further repayments are required.

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## RESERVE FUND

In addition to the estimated operating expenses, the Agency has an established cash reserve. Water Code Sections 10730(a) and 10730.2(a)(1) explicitly authorize a prudent cash reserve. Reasonable and achievable reserves are a financial tool to aid in cash flow timing and unforeseen expenditures. Generally, a reserve for operations targets a specific percentage of annual operating costs or days of cash on hand. The reserve target is influenced by several factors, including the timing of expenses and infrequency in revenue disbursements to the Agency throughout the Fiscal Year. Given the infrequency of revenue and the monthly recurrence of many expenses, the Board has established a cash reserve target of approximately six months of operating expenses. As of the end of FY2023, the reserve is fully funded in the amount of \$825,000.

# FY 2024 BUDGET



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## UNDERSTANDING THE BUDGET & BUDGET PROCESS

### THE BUDGET

This budget is a foundational financial document that projects revenues and expenditures including capital projects for this period.

The purpose of the budget plan is to match resources with the needs of the Agency. The budget provides for the general operation of the Agency for a one-year period; including expenditures and the revenues to fund them.

The financial projections included in this Fiscal Year (FY) 2024 budget cover the period beginning July 1, 2023, and ending June 30, 2024.

### THE BUDGET PROCESS & SCHEDULE

**APRIL/MAY:** Agency Staff generate a preliminary budget based on the draft final GSP and the Agency's anticipated needs during FY2024.

**JUNE:** A Budget Workshop was held on June 13, 2023. Following the workshop, Board input was incorporated into the proposed FY2024 Budget. Final review and adoption of the FY 2024 Budget by the Board of Directors took place on June 27, 2023, via Resolution 10.

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## BUDGET AMENDMENTS

The Agency's Board does not formally amend the budget after approval. The General Manager has authority to enter into contracts and agreements for budgeted projects and expend funds up to \$100,000 for budgeted items. Expenditures in excess of \$100,000 require approval of the Board. The General Manager may make emergency purchases in excess of \$100,000, but emergency purchases must be ratified by the Board at the next regular Board meeting. An emergency, as defined by Administrative Code §1508A, is "an unforeseen crisis or incident which requires immediate action and the acquisition of goods or services to forestall a shutdown of essential services; to avoid a threat to public health, safety, or welfare; or to avoid serious damage to property." The Board ratifies all Agency disbursements and changes in authorized positions at regular Board meetings.

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## BUDGETING BASIS

The Agency operates as a governmental fund and utilizes the accrual basis of accounting for budgeting and financial reporting in accordance with GAAP and GASB. Under the accrual basis of accounting, revenues are recognized in the period in which earned, and expenses in the period in which incurred. Additionally, the Agency also budgets for capital expenditures and debt service principal payments. The Agency's accounting is managed by MWD using fund accounting. Each fund is self-balancing set of accounts established to record the financial position and results pertaining to a specific activity or agency. Funds may be created to track activity for specific grants, projects or reserves. Agency funds are not subject to appropriation.



# FY 2024 BUDGET SUMMARY



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## OVERVIEW

The FY 2024 budget anticipates \$1.87M in revenue, and \$966,665 in operating, non-operating and capital expenditures. The spending plan reflects the expenses necessary to conduct Agency operations, and the first year of GSP implementation. GSP implementation, as outlined in the Agency's adopted GSP includes continued basin monitoring, required annual reporting, and execution of various defined Baseline Projects and Management Actions. The Baseline Projects and Management Actions are planned over the first 5 years of GSP implementation and will be pursued as authorized by the Board and subject to available funding. The FY 2024 budget focuses on monitoring and reporting and does not include capital expenditures.

The spending plan projects a surplus of approximately \$907,120. The surplus is primarily attributable to \$1.09M of Prop 68 SGM Round 1 Grant Funding Reimbursements. The reimbursements are paid out through DWR for expenses incurred during FY2023 and will offset the prior fiscal year deficit.

Additionally, the spending plan projects approximately \$500,000 in unassigned funds at the end of FY 2024. These funds are from surplus from prior fiscal years. The Board has opted to hold these funds during FY2024 and the first year of GSP implementation, until a better understanding of expenses is known for future years of GSP implementation.

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## REVENUE

Revenue includes Parcels Fees, MWD Cost Share, Prop 68 SGM Round 1 Grant Funding Reimbursements, Interest Revenue, and Recharge Rebates. Table 4 shows the Agency's anticipated revenues for FY 2024.

**Table 4: Revenues**

Groundwater Sustainability Agency FY2023/2024 Adopted Budget	FY 2021-2022 AUDITED FINANCIALS	FY 2022-2023 BUDGET	FY 2022-2023 FORECAST	FY 2023-2024 ADOPTED BUDGET
<b>REVENUE</b>				
Parcel Fees: Prop 218 Fee	1,082,231.00	1,052,012.83	1,045,543.74	649,958.02
MWD Cost Share	235,925.00	219,364.00	-	139,503.00
Prop 68 SGM Round 1 Grant Funding Reimbursements	80,000.15	1,161,349.38	164,551.35	1,096,323.94
Other: Interest Revenue	61.00	3,200.00	-	-
Recharge Rebates	-	-	-	(12,000.00)
<b>Total Revenue</b>	<b>1,398,217.15</b>	<b>2,435,926.21</b>	<b>1,210,095.09</b>	<b>1,873,784.96</b>

## **PARCEL FEES: PROP 218 FEE**

The Prop 218 Parcel Fee charges will be submitted in July 2023 for collection by the County of Santa Barbara with the Agency receiving revenues twice per year, typically in December and April. The fee revenue is collected from owners of parcels that overlay the Basin (excluding parcels owned by government and public agencies). The FY 2024 budgeted revenue for the Prop 218 Parcel Fee for is \$649,958.02. Estimated revenue from the fourth year of the Parcel Fee (FY2024) is reduced from FY 2023 as the adopted Parcel Fee reduces from \$194/acre to \$120/acre, as shown in Table 2.

## **MWD COST SHARE**

As the sole municipal water provider with properties directly benefiting from groundwater extraction, MWD is responsible for its proportional share of the Agency's costs based on estimated groundwater extractions. This proportion was determined by the 2020 Rate Study and established to be 17.4% (rounded to the nearest tenth percent) of all future cost, net of grants. The FY 2024 budgeted revenue for the MWD cost share is \$139,503. Estimated revenue from the fourth year of the MWD Cost Share (FY2024) is less than year 3 (FY 2023) as the Cost Share reduces proportionally to the Parcel Fee reduction in years 4 and 5.

## **PROP 68 SGM GRANT FUNDING**

In 2020, the Agency received a \$2.1 million grant through the Proposition 68 Sustainable Groundwater Management (SGM) Round 1 Grant Program to help fund the development of the GSP for the Basin. This Proposition authorized \$100 million for competitive grants for projects to develop and implement GSPs and projects in accordance with groundwater planning requirements established under Division 6, commencing with §10000, Water Code §79775. DWR formed the SGM Grant Program to provide funding for sustainable groundwater planning and implementation projects through a competitive grant solicitation process, including the development of GSPs. The Agency's receipt of this grant reduced the total revenue requirement through FY 2023 by \$1.63 million.

The Agency is projecting revenue from Prop 68 SGM Round 1 Grant reimbursements in the amount of \$1,096,324 for work performed in FY 2023.

Grant reimbursable expenses are reported to DWR on a quarterly basis. The grant reimbursements are disbursed to the Agency approximately 3 to 4 months after submission.

The Agency does not anticipate receipt of additional grant funding for GSP implementation in FY 2024. The Agency continuously monitors for available grant funding and plans to pursue opportunities should they arise.

## **OTHER: INTEREST REVENUE**

There is no Interest Revenue estimated for the FY 2024.

## **RECHARGE REBATES**

Rebates from the Baseline Project for Stakeholder Incentives for recharge projects on residential properties are treated as negative revenue. Approximately \$12,000 in rebates are estimated to be disbursed in FY2024 by the Agency. This amount is estimated to provide rebates to between 3-4 residential recharge projects in the Basin.

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## EXPENSES

Planned FY 2024 expenses are consistent with the 5-year financial plan and Fee Study (2020 Fee Study) prepared by Raftelis, dated May 6, 2020, and adopted by the Board of Directors on June 24, 2020.

### OPERATING EXPENSES

Planned operating expenditures are separated into two categories consisting of operating and non-operating expenses. Operating expenses are costs that the Agency incurs to perform its primary activities to manage the Basin. Non-operating expenses are costs that are not directly required for those activities.

The Agency shares staffing with MWD. Based on historical activity, staffing expenses such as salaries and benefits are allocated between the Agency and MWD on a percent basis. The percentage of staffing allocated to the Agency is then distributed among Agency departments based on duties performed. The Agency's allocation of staffing is shown in Table 5.

**Table 5: Staffing Allocation**

<b>Employee Type</b>	<b>% Time Allocation to GSA</b>
GSA Groundwater Specialist	100%
General Manager	20%
Engineering Manager	10%
Business Manager	10%
Public Information Officer	15%
Administrative Assistant	5%
GSA Intern	100%

Operating expenditures are categorized by department and are described in Table 6.

**Table 6: Operating Expenses**

<b>Groundwater Sustainability Agency FY2023/2024 Adopted Budget</b>	<b>FY 2021-2022 AUDITED FINANCIALS</b>	<b>FY 2022-2023 BUDGET</b>	<b>FY 2022-2023 FORECAST</b>	<b>FY 2023-2024 ADOPTED BUDGET</b>
<b>OPERATING EXPENDITURES</b>				
ADMINISTRATION	(302,135.53)	(400,436.77)	(328,403.22)	(206,389.32)
Engineering Salaries (GEN)	-	(23,856.04)	(40,809.91)	(229,026.68)
Monitoring	(343,023.55)	(186,676.70)	(263,868.86)	(216,815.17)
Reporting (Outside Services)	-	-	-	(50,785.00)
P&MA: Upgrade RMP Well Network	-	-	-	(18,784.00)
P&MA: Basin Numerical Model (Outside Services)	(64,973.08)	(25,183.00)	(14,872.50)	(12,600.00)
P&MA: Well Registry	-	-	-	(29,500.00)
P&MA: Voluntary Private Well Metering	(45,710.72)	(95,100.00)	(40,609.94)	(20,000.00)
P&MA: Recharge Rebates	-	-	-	(3,000.00)
P&MA: Evaluate Groundwater/Surface Water Interactions				(75,000.00)
Grant Administration	(35,276.03)	(107,326.00)	(77,765.79)	-
GSP Development	(68,260.17)	(157,682.00)	(151,062.50)	-
SWI Network Expansion (equip existing wells)	-	(25,500.00)	-	-
Install Weather Stations	-	(10,000.00)	(8,255.47)	-
ENGINEERING	(557,243.55)	(631,323.74)	(597,244.97)	(655,510.84)
PUBLIC INFORMATION	(35,895.95)	(33,729.04)	(37,839.36)	(30,018.53)
LEGAL	(29,186.00)	(37,500.00)	(54,424.00)	(65,000.00)
<b>Total Operating Expenses</b>	<b>(924,461.03)</b>	<b>(1,102,989.55)</b>	<b>(1,017,911.55)</b>	<b>(956,918.69)</b>

## ADMINISTRATION

The Administration department expenses for FY 2024 are estimated to be \$206,389, which include overhead related to department staff salaries and benefits, office space, utilities, equipment, fuel, software subscriptions, and liability insurance.

## ENGINEERING

Engineering department expenses for FY 2024 are budgeted to be \$655,511 and include department staff salaries and benefits, and numerous engineering related tasks associated with GSP implementation including basin monitoring and reporting.

### Engineering Department Salaries

Expenses of \$229,027 are estimated for department salaries and benefits. This amount excludes work performed on specific engineering tasks.

### Monitoring

Expenses of \$216,815 are budgeted for FY 2024 for monitoring Basin conditions. Monitoring includes collecting data from defined Representative Monitoring Points (RMP). Groundwater levels and quality will be monitored at each RMP, including for seawater intrusion.

Groundwater recharge from creek flow is a significant component of the Basins water budget. Regional creek flow is intermittent and extremely variable, which presents challenges for

estimating recharge. Currently stream monitoring is being conducted on four creeks in the Basin at 12 locations. Monitoring includes the use of installed equipment and monthly manual measurements. Stream flow monitoring, to be performed by a consultant, is budgeted for \$160,000 and is included within the overall monitoring budget. This amount assumes the upcoming water year (October 2023 -September 2024) will present average rainfall conditions. Should hydrologic conditions be drier or more wet, the required monitoring and associated budget may require modification.

## **Reporting**

Expenses of \$50,785 are budgeted for the development of the Agency's first GSP annual report, which is required by DWR. This report will incorporate data collected on basin conditions from 2020 through 2023 and is due on or before April 1, 2024. The Agency will coordinate with a consultant to generate this report.

## **Baseline Project: Upgrade RMP Network**

Expenses of \$18,784 are budgeted for upgrading several wells in the RMP network with high resolution logging units. This equipment will allow for hourly groundwater level data to be collected.

## **Baseline Project: Basin Numerical Model**

An update to the Agency's Basin Numerical Model is planned for FY 2024. This update will be prepared in coordination with the development of the GSP annual report. It will involve updating the model with observed groundwater levels from 2020 through 2023 and calculating changes in groundwater storage. The budget for this work is \$12,600.

## **Baseline Project: Well Registry**

Expenses of \$29,500 are estimated for FY 2024 to develop a Groundwater Well Registry (Registry). The Registry will allow the Agency to collect well information from all private wells in the Basin. Data collected for the Registry may include construction logs, groundwater use type, groundwater extraction estimates, and date of well construction. The Registry is a critical element in the Agency's sustainable management of the Basin. Development of the Registry may extend into FY 2025.

**Baseline Project: Voluntary Private Well Metering**

A reasonable understanding of Basin extractions is important for sustainable management. The purpose of this program, which was originally implemented in 2021, is to encourage private wells owners to volunteer to participate in a program to meter private groundwater extractions. The Agency is proposing to cover all expenses associated with the installation of a flow meter on a private well(s) for purposes of monitoring groundwater extractions, level and/or quality to enhance the understanding of the Basin. Expenses of \$20,000 are estimated for FY 2024 and will be incurred from the installation of meter equipment and associated appurtenances on an estimated 5 private wells.

**Baseline Project: Recharge Rebates**

Expenses of \$3,000 are estimated for the Agency Staff to design and administer the groundwater recharge rebate program. This will be the first year of the program and the Agency is estimating between 3 to 4 rebates for FY 2024.

**Baseline Project: Evaluate Groundwater/Surface Water Interactions**

The adopted GSP for the Basin contains defined Sustainable Management Criteria (SMC) for DWR defined Sustainable Indicators. The Sustainable Indicator for the Interaction between Surface Water and Groundwater does not yet have defined SMCs due to a lack of available data. A Baseline Project defined in Chapter 4 of the GSP is to evaluate the interaction between Surface Water and Groundwater. Data collection and defining SMCs for this Sustainable Indicator prior to the required 5-year update of the GSP is necessary for regulatory compliance and is critical to the continued management of the Basin. Expenses for this project are budgeted at \$75,000 and would involve an evaluation of the possible means and methods for data collection and SMC development for this Sustainable Indicator. Data quantity, quality, cost, and regulatory requirements will be considered in this evaluation.

**PUBLIC INFORMATION**

The Public Information department expenses for FY 2024 are estimated to be \$30,019 which include department staff salaries and benefits, and ongoing public outreach for SGMA and GSP implementation, and to encourage stakeholder involvement.

**LEGAL**

Expenses of \$65,000 are estimated to be incurred for general and special legal services.

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## Non-Operating Expenses

Planned non-operating expenditures are shown in Table 7.

**Table 7: Non-Operating Expenses**

Groundwater Sustainability Agency FY2023/2024 Adopted Budget	FY 2021-2022 AUDITED FINANCIALS	FY 2022-2023 BUDGET	FY 2022-2023 FORECAST	FY 2023-2024 ADOPTED BUDGET
<b>NON OPERATING EXPENSES</b>				
Director Compensation	(1,705.60)	(7,480.00)	(7,500.00)	(7,246.08)
Travel Expenses	(735.15)	(1,375.00)	(2,437.29)	(2,000.00)
Professional Training	(690.00)	(500.00)	-	(500.00)
Reimbursement of MWD's past GSA Expenses	227,503.85	(280,638.39)	(280,638.39)	-
<b>Total Non Operating Expenses</b>	<b>224,373.10</b>	<b>(289,993.39)</b>	<b>(290,575.68)</b>	<b>(9,746.08)</b>

Non-operating expenses of \$9,746 are estimated for FY 2024, which include Agency Director compensation, travel expenses, and training. Board member compensation was calculated assuming 4 full board meetings and 10 committee meetings per year.

The reimbursement of MWD's past GSA expenses was designed to reimburse MWD for prior GSA related costs. The reimbursement total amount (\$841,915) was calculated from expenses MWD paid on behalf of the GSA from FY 2016 through FY 2020. The reimbursement of these costs was made to MWD in equal installments over a three-year period. No expenses are budgeted for FY 2024 because the Agency repaid MWD the total reimbursement amount in FY 2023.

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## Expense Assumptions

### 1. Zero-Based Budgeting

Methodology in which all expenses are justified for each new period.

### 2. GSP Implementation

The FY 2024 Budget represents year 1 of GSP Implementation.

### 3. Baseline Projects and Management Actions

The FY2024 Budget incorporates limited Baseline Projects and Management Actions as defined in Chapter 4 of the GSP due to limited funding.

### 4. Cost of Living Adjustment (COLA)

Determined using the Social Security Method, based on the U.S. Bureau of Labor Statistics Consumer Price Index for All Urban Consumers (CPI-U), Los Angeles-Long Beach-Anaheim, CA report for the 12-month period ending on March 31. COLA for FY 2024 is 4.83%. This COLA applies to all positions and excludes the General Manager.

## 5. Parcel Fee Administration

The Parcel Fee Administration is handled by NBS Government Finance Group.

## 6. Legal

Legal expenses shown in the Budget are a combination of regular and special legal counsel.

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## CAPTIAL EXPENDITURES

The Baseline Projects and Management Actions, as defined in the adopted GSP for the Basin are planned over the first 5 years of GSP implementation and will be pursued as authorized by the Board and subject to available funding. The FY 2024 budget focuses on monitoring and reporting and does not include capital expenditures.

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## RESERVES

The Agency has established a Board Committed reserve to aid in inconsistent cash flow timing and unforeseen expenditures pursuant to Water Code Sections 10730(a) and 10730.2(a)(1) which explicitly authorizes a prudent cash reserve. The reserve target is influenced by several factors including the timing of expenses and infrequency in revenue disbursements to the Agency throughout the Fiscal Year. Given the infrequency of revenue and the monthly recurrence of many expenses, the Board has established a cash reserve target of approximately six months of operating expenses, averaged over the first three Fiscal Years. To smooth the impact of the reserve on the new parcel fee, the Board elected to fund the reserve over three years beginning in FY 2021. Agency Reserves were funded in full as of the end of FY 2023.

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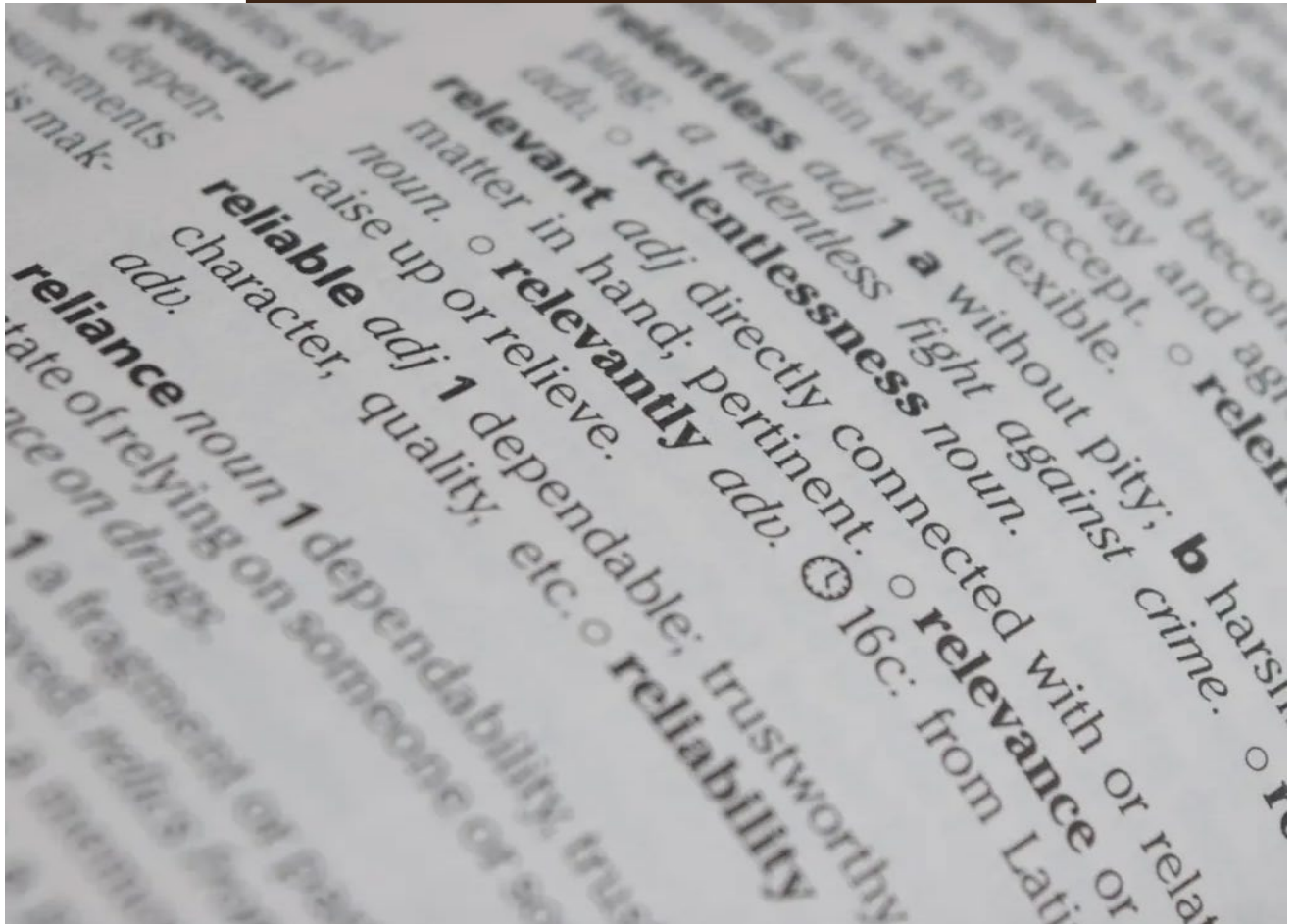
## SURPLUS/DEFICIT

The spending plan projects a surplus of approximately \$907,120. The surplus is primarily attributable to \$1.09M of Prop 68 SGM Round 1 Grant Funding Reimbursements. The reimbursements are paid out through DWR for expenses incurred during FY2023 and will be used to offset the forecasted FY 2023 deficit.

**Table 8: FY2024 Budget Summary Table**

Groundwater Sustainability Agency FY2023/2024 Adopted Budget	FY 2021-2022 AUDITED FINANCIALS	FY 2022-2023 BUDGET	FY 2022-2023 FORECAST	FY 2023-2024 ADOPTED BUDGET
Total Revenue	1,398,217.15	2,435,926.21	1,210,095.09	1,873,784.96
Total Expenses	(749,176.15)	(1,932,982.94)	(2,046,133.11)	(966,664.77)
Net Fund Impact	649,041.00	502,943.27	(836,038.02)	907,120.19

# GLOSSARY



## TERMINOLOGY & DEFINITIONS

ACRE-FOOT (AF): A unit of measure equivalent to one acre covered by one foot of water (equal to 325,851 gallons or 435.6 hundred cubic feet of water).

ACCOUNT: A financial tool for tracking revenues, expenditures and other financial transactions.

ACCRUAL BASIS: The method of accounting that recognizes income when earned and expenses when incurred regardless of when cash is received or disbursed.

APPROPRIATION: a sum of money or total of assets devoted to a special purpose.

BALANCED BUDGET: A budget in which the expenditures incurred during a given period are matched by revenues.

BASIN: Montecito Groundwater Basin

BUDGET: A financial plan that identifies anticipated revenues, projected expenses, and establishes the amount of funding allocated for each.

DEFICIT: The excess of expenditures over revenues during an accounting period.

GOVERNMENTAL FUND: Primarily supported through fees and assessments.

EXPENDITURE: Decrease in net financial resources. Represents the actual payment for goods and services or the accrual thereof.

FISCAL YEAR: A twelve-month time period signifying the beginning and ending period for recording financial transactions. The Agency's Fiscal Year begins July 1 and ends June 30 of the subsequent year.

FUND: An accounting entity with a set of self-balancing accounts for recording the financial transactions of specific activities for a governmental organization.

OPERATING EXPENDITURES: Costs relating to labor, materials, repairs, equipment, and other costs required for daily operation of a department or fund.

PROGRAM: An activity or group of similar activities organized as a subunit of a department for planning and performance measurement purposes.

REVENUE: Income received through such sources as taxes, fines, fees, grants or service charges which can be used to finance operations or capital assets.

SURPLUS: The excess of revenues over expenditures during an accounting period.

## ACRONYMS AND ABBREVIATIONS

AF	Acre Feet
AFY	Acre Feet per Year
Agency	Montecito Groundwater Basin Groundwater Sustainability Agency
Basin	Montecito Groundwater Basin (DWR Basin Number 3049)
Board	Board of Directors
COLA	Cost of Living Adjustment
CY	Calendar Year
DWR	California Department of Water Resources
FY	Fiscal Year
GFOA	Government Finance Officers Association
GSP	Groundwater Sustainability Plan
GSA	Groundwater Sustainability Agency
MWD	Montecito Water District
P&MA	Baseline Projects and Management Actions
RMP	Representative Monitoring Point
SGM	Sustainable Groundwater Management
SGMA	Sustainable Groundwater Management Act
SMC	Sustainable Management Criteria
SI	Sustainability Indicator
WY	Water Year