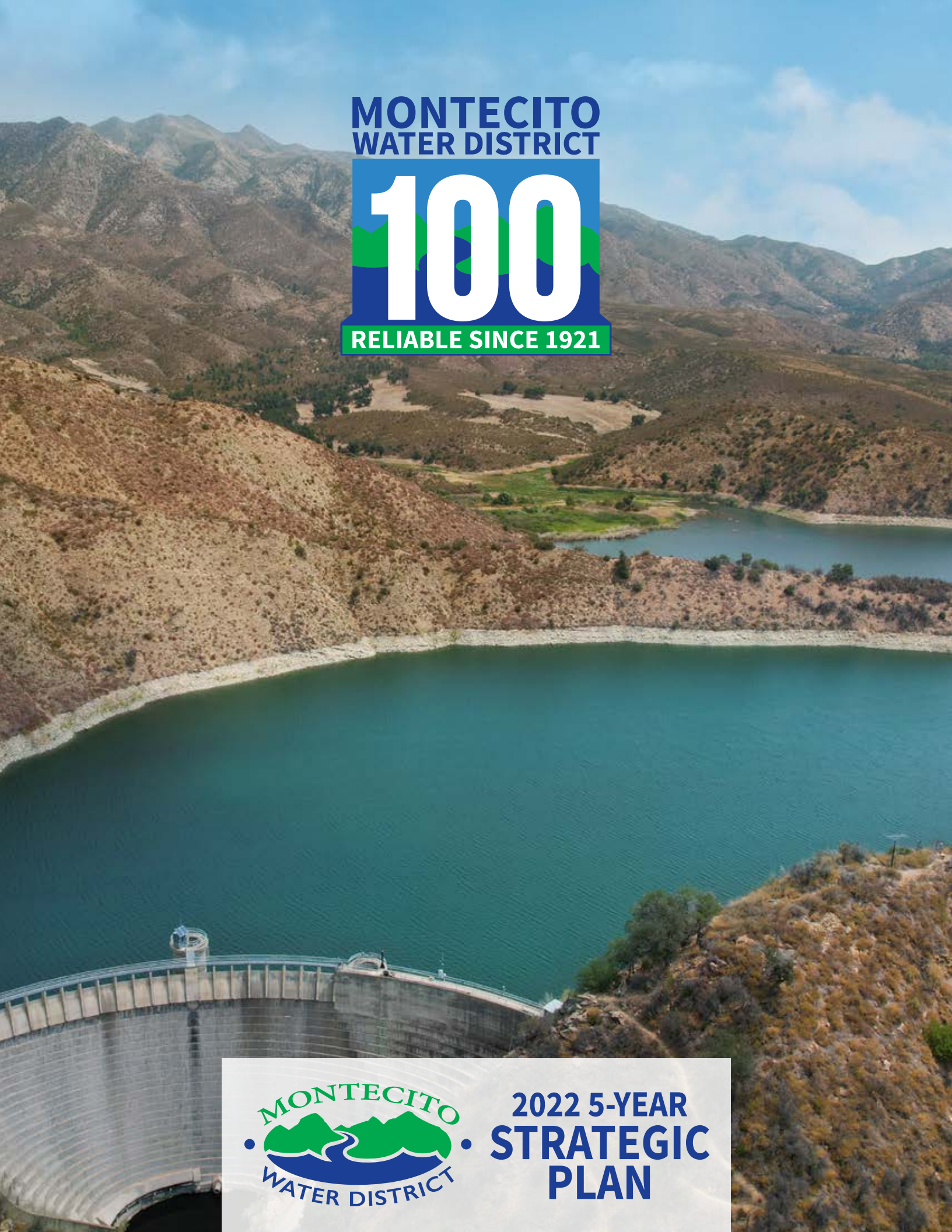


MONTECITO WATER DISTRICT

# 2022 5-YEAR STRATEGIC PLAN

MONTECITO WATER DISTRICT

100

RELIABLE SINCE 1921

# A CENTURY OF WATER SERVICE AND PLANNING FOR THE NEXT 100 YEARS

# TOGETHER.


**Montecito Water District**

583 San Ysidro Road
Santa Barbara, CA 93108
(805) 969-2271
**www.montecitowater.com**


**General Manager**

Nick Turner, P.E.

**Board of Directors**

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

Doulton Tunnel

Board of Directors

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# FLOWING FORWARD

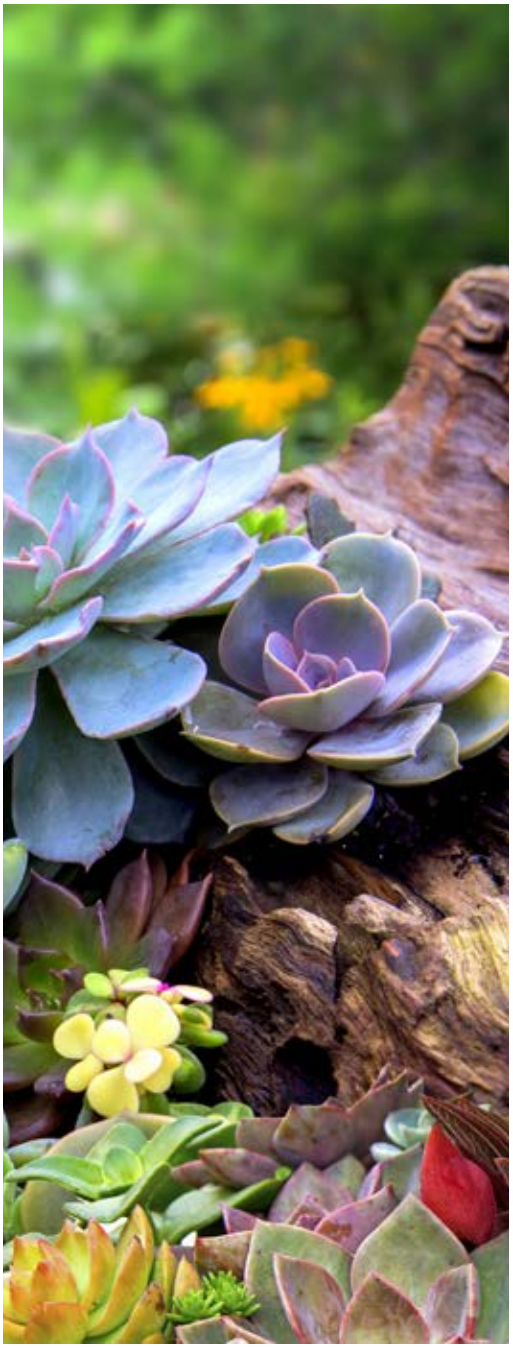
Jameson Lake

For the past century Montecito Water 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.

**Now we're taking action for the next 100 years.**

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.

**Reliable water service is essential for our health and safety, fire protection and to preserve the community's unique character.**



# EXECUTIVE SUMMARY


Water Supply Agreement, Desalination

The District was founded in 1921 to address the challenge of providing sufficient water to a growing community in a semi-arid region. Over the last century, the District's ability to achieve its mission "... to provide an adequate and reliable supply of high-quality water to the residents of Montecito and Summerland…" has required relentless foresight and action.

Myriad variable factors - population, climate, environment, regulations - have prompted responsive and pro-active historic achievements.

The creation of Jameson Lake, participation in the Cachuma Project, and investment in the State Water Project are amongst the District's most noteworthy accomplishments.

While drought 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, more reliable supplies.

Recent advancements include:

- Groundwater Banking to allow for storing of excess water when it is available, saving it for use when needed most.
- A 50-year Water Supply Agreement with the City of Santa Barbara to provide the security of desalination.
- A Groundwater Sustainability Agency, established to create and implement a plan to ensure the long term health of the Montecito Groundwater Basin.
- An extensive Reservoir Retrofit and Replacement Project to improve resilience and increase the longevity of District water storage tanks.

The Centennial provides a meaningful milestone, which we mark by setting forth this strategic framework for bolstering water reliability.

This 2022 5-Year Strategic Plan:

- Is well-informed by recent past planning efforts, including the 2020 Urban Water Management Plan and the Future Demand and Water Supply Options Update 2020.
- Fulfills a critical need: outlining the District's vision for how it will achieve its mission over the next five years and beyond.
- Was developed through a collaborative process involving the Board of Directors, District staff, and the Public. The plan demonstrates a commitment to the community to be an exemplary public agency that effectively manages water resources in a transparent and responsible manner.

The near term goals and objectives identified for addressing the key challenges facing the District are summarized here.

The pages that follow provide an overview of the District, historic highlights, and details on the comprehensive strategic planning effort. Forward planning remains essential for guiding the operations and management through actionable steps in the years to come.


Juncal Dam, Jameson Lake


State Water Project



Bradbury Dam, Cachuma Project

# Goal 1: Water Supply Reliability

## Bolster through additional diversification

A) Increase Local, Reliable Sources: Potable Water Reuse (Water Recycling)

B) Maximize Opportunities: Groundwater Banking

C) Manage Customer Demands: Build Community Partnership in Conservation

# Goal 2: Infrastructure Dependability

## Enhance through replacement/rehabilitation

A) Prioritize Distribution Pipeline Replacements

B) Ensure Effective Operating Facilities

# Goal 3: Operational Excellence

## Improve through planning and investment for qualified personnel

A) Succession Planning for Staff

B) Ensure Continued Employee Development through Training

# Goal 4: Water Policy Inclusion

## Representation of the community's unique needs

A) Advocacy at State Level: Urban Water Use Limits

B) Engagement at County Level: State Water Project Transfers

C) Action at a Local Level: Special District Coordination

**Strategic planning is a disciplined effort to produce fundamental decisions and actions that shape and guide the District.**

**With diligence our efforts will be sustaining.**

**Together we will thrive.**

Nick Turner, General Manager

# A CENTURY OF WATER SERVICE

Montecito Water District was formed as a County Water District in 1921, in accordance with the California Water Code, for the purpose of providing potable water service to - and improving water supply reliability for - the residents of the unincorporated community of Montecito, California.

Prior to that time, Montecito's sole source of water for its naturally arid landscape was from private wells, springs, and creek diversions, some of which are still in operation. Summerland Water District merged with the Montecito Water District in 1995.

Had it not been for some far-sighted individuals planning and taking action over the past 100 years, there surely would not be the vibrant life and style that distinguishes these communities today.


# HISTORIC MILESTONES

**Thoughtful planning and dedicated service represents a tribute to the past and a responsibility for future generations.**

# 1920

**1921**
Montecito Water District formed by popular vote.

**1924**
Construction began on Doulton Tunnel, a horizontal well and conveyance from Jameson Lake through the Santa Ynez Mountains, which continues to be an important source of groundwater to this day.

**1928**
Work began on Juncal Dam, completed in 1930.

**1929-35**
Extreme Drought addressed by a new source of supply, **Jameson Lake**, named for John A. Jameson Board President in 1938.

**1949-51**
Extreme Drought and increasing population lead to acquisition of a new source of supply, **Cachuma Project**, providing first delivery in 1954.

**1987-92**
Extreme Drought and continued population increase lead to acquisition of a new source of supply, the **State Water Project**, with first deliveries taking place in 1997.

**1991**
Partnered in construction of desalination plant with Goleta Water District and City of Santa Barbara.

**1993**
Bella Vista Water Treatment Plant constructed to treat water from Jameson Lake in compliance with drinking water standards.

**1995**
Montecito Water District merged with Summerland Water District.

**2010-Current**
Extreme Drought sets historic records. Surface water availability continues to be reduced as regulatory and environmental restrictions increase.

**2016**
Adoption of 2015 Urban Water Management Plan redirecting the District towards more reliable future water supplies.

**2017**
Acquisition of groundwater storage rights in Semitropic to bolster State Water Project supplies by storing surplus supplies during wet periods for use during below average or drought periods.

**2018**
District initiates feasibility study for water reuse (recycling).

Montecito Groundwater Basin Groundwater Sustainability Agency established in accordance with SGMA: Sustainable Groundwater Management Act.

Montecito Groundwater Basin Groundwater Sustainability Agency

**2020**
Execution of 50-year Water Supply Agreement with the City of Santa Barbara provides a new rainfall independent source of supply, desalination. Deliveries commence January 1, 2022.

New ultrasonic meters installed District-wide for "smart meter" capability.

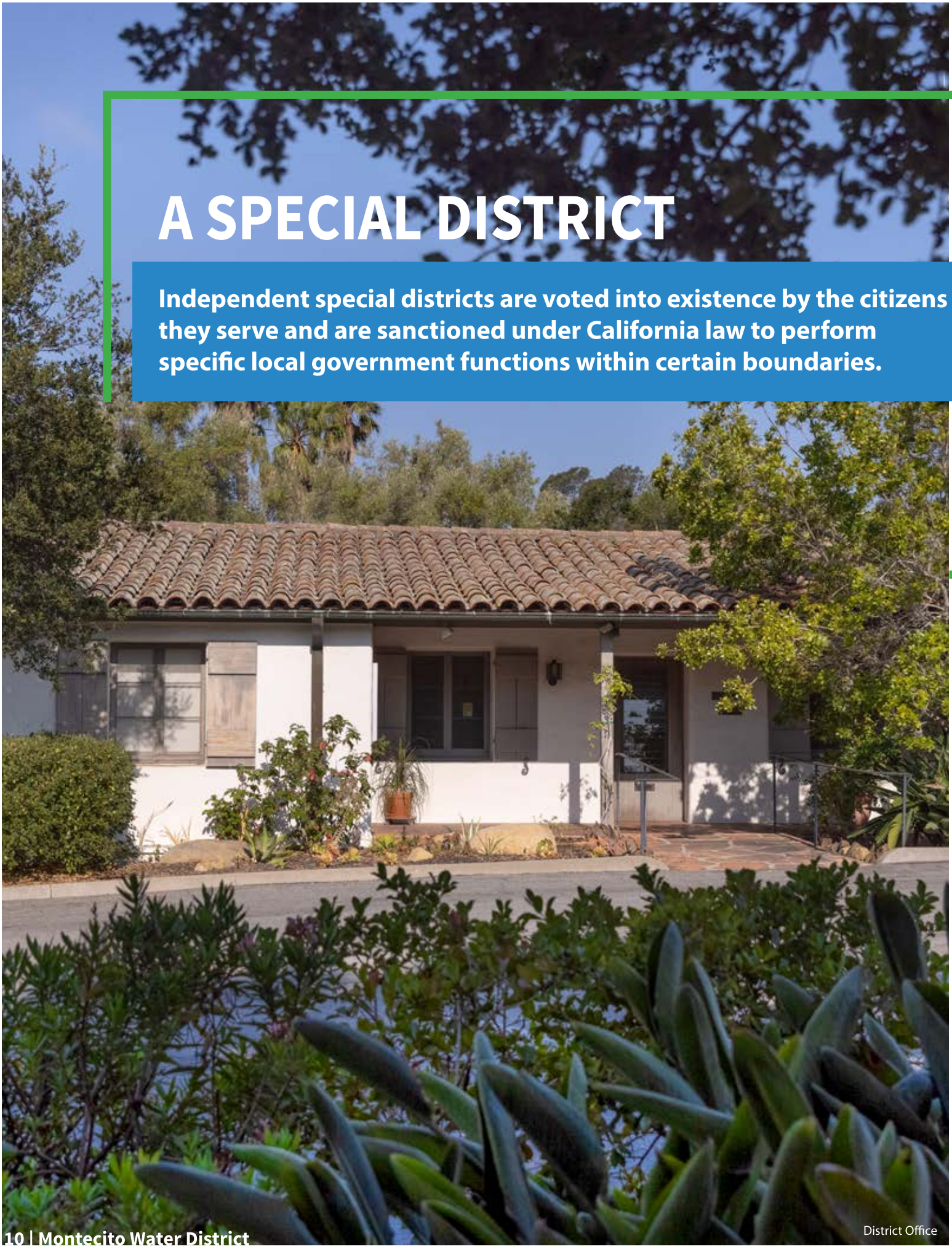
# 2022

**2021**
Reservoir Retrofit and Replacement Project initiated for eight District water storage tanks to improve resilience and longevity.

**2022**
District evaluates additional opportunities for regional water use collaboration; introduces 5-Year Strategic Plan.

# A SPECIAL DISTRICT

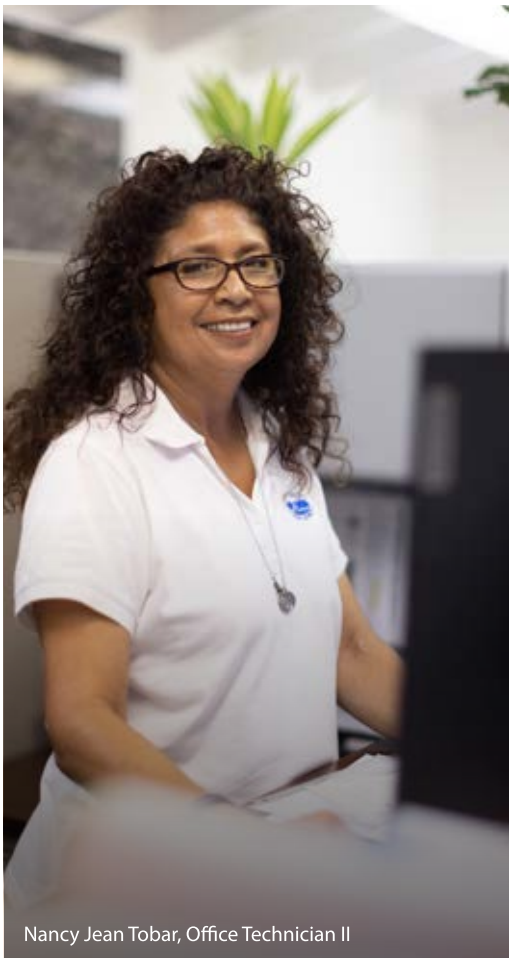
**Independent special districts are voted into existence by the citizens they serve and are sanctioned under California law to perform specific local government functions within certain boundaries.**



District Office

## Three things in particular make our Special District unique:

1. **A Rich History.** Early water pioneers realized that the scarcity of local water supply challenged the settlement of this highly desirable coastal location, and found outstanding solutions relying on grit and ingenuity. Since the beginning, Montecito Water District has served as the area's primary water purveyor, and as such has an ongoing role supporting the Montecito Community Plan. The legacy and development of local water assets is extraordinary—We've always found a way!
2. **Distinctive Geography, Topography, and Environment.** Elevations in the District range from sea level up to about 1,820 feet in the coastal foothills in the northern part of the service area. The properties served in this semi-rural environment are remarkably individual. Consequently, the District's facilities, infrastructure and water distribution system are highly complex given the relatively small customer base—more similar to that of agencies typically much larger in size.
3. **Semi-arid Climate.** The Mediterranean climate is characteristic of coastal southern California with moderate-mild temperatures. Winter temperatures average approximately 59ºF and summer temperatures historically trend in the mid to upper 70º'sF. The wet season is typically from October to March with average annual rainfall of approximately 20 inches. Low rainfall and cyclical droughts mean limited surface and groundwater supplies, and that ***Water Conservation is a Way of Life***.



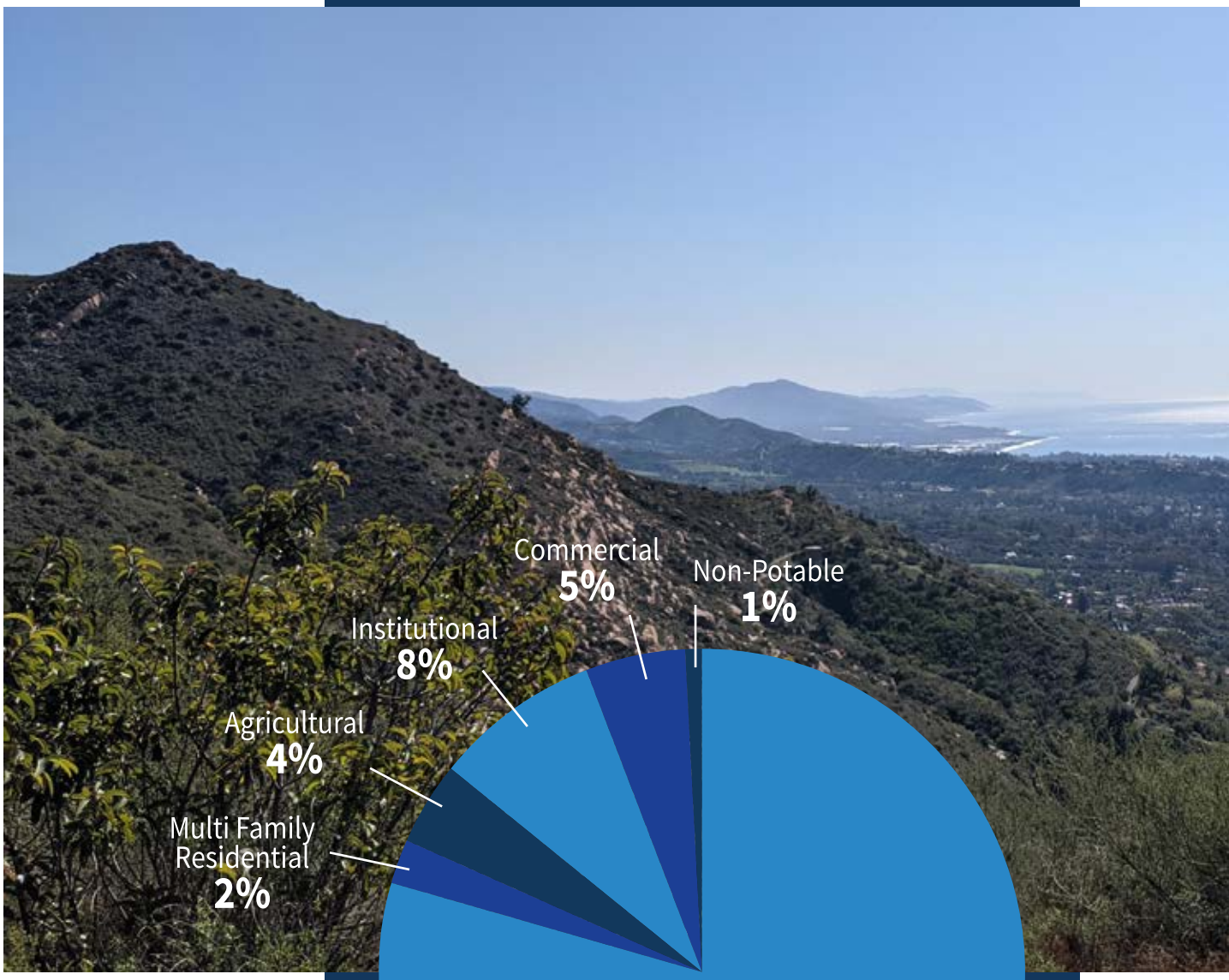
Nancy Jean Tobar, Office Technician II

**Montecito Water District is a not-for-profit public water agency.**

**Governed by a 5-member Board of Directors elected to 4-year terms by District voters.**

**Staffed by ±30 Employees**

# COMMUNITY




**2021 Water Sales by Classification**

Located in southern Santa Barbara County, the service area is bound by the Santa Ynez Mountains on the north, the Pacific Ocean on the south, the City of Santa Barbara on the west and the Carpinteria Valley to the east. It includes the unincorporated communities of Montecito and Summerland, Toro Canyon, a small part of the western Carpinteria Valley and a small eastern part of the City of Santa Barbara. Residents, local agriculture, schools, businesses, institutions... the community at-large depends upon the District to supply water.

**Montecito & Summerland Service Area: 9,888 Acres** *(15.5 square miles)*

**Number of Service Connections: ±4,630** *(meters)*

**Population Served: ± 11,865**

**Current Annual Water Production: ±4,470** *(acre feet)*

Jameson Lake & Juncal Dam, a District owned surface water facility

# FACILITIES

The District's water source portfolio and array of facilities is highly diversified. The combination of its own assets and involvement with many partners provides regional water supply management opportunities and added resiliency.

Conservation—water supply that is attained through efficiency of use—is unique in that it is people dependent. As climate change increases the uncertainty of hydrologic conditions, the District will continue to look to its customers for their partnership in using water wisely.

- **2 Surface Water Treatment Plants**
- **9 Storage Reservoirs**
- **114 (approximate) Miles of Pipeline**
- **943 Fire Hydrants**
- **7 Pumping Stations**
- **12 Groundwater Wells**
- **1 Surface Water Reservoir, Dam and Groundwater Conveyance Tunnel.**

# WATER SOURCES

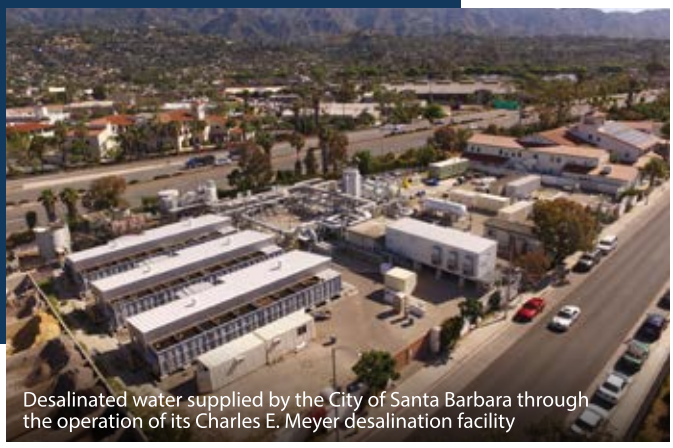
**Most water supplies are rainfall dependent, and become limited in times of drought. As the District looks to the future, it aims to increase its access to local, reliable supplies.**

Doulton Tunnel, a horizontal well - source of groundwater - and conveyance from Jameson Lake

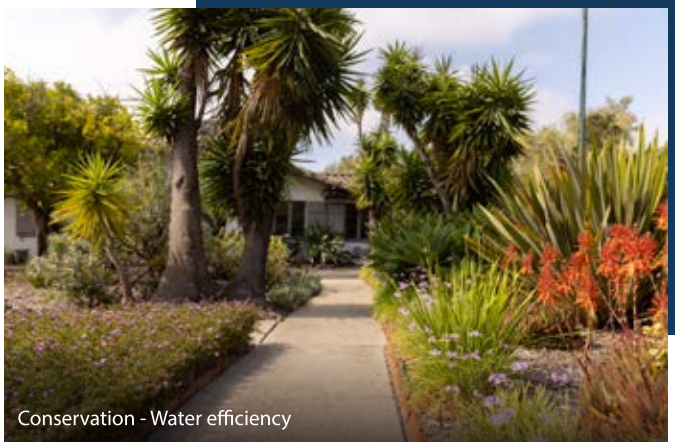
Cachuma Project (Lake Cachuma), a federally owned surface water facility

State Water Project & Supplemental Water Purchase

Groundwater from the Montecito Groundwater Basin



Desalinated water supplied by the City of Santa Barbara through the operation of its Charles E. Meyer desalination facility



Conservation - Water efficiency

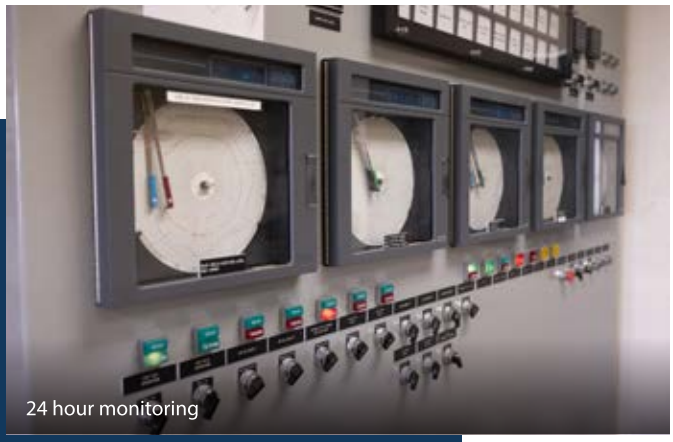


Juncal Dam

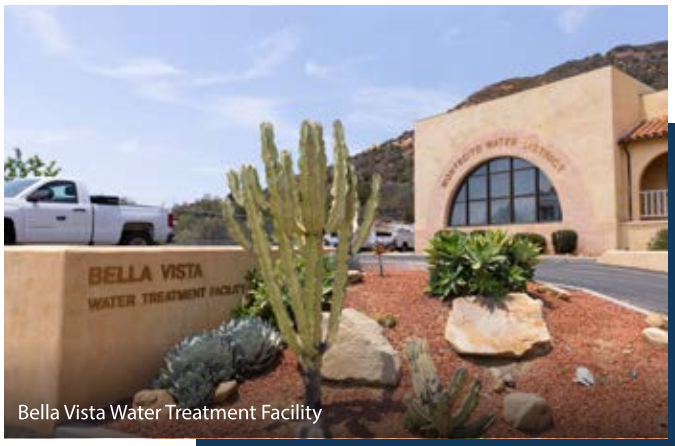
# QUALITY

**The District prides itself on water treatment, which is done locally to the highest of standards.**

Careful supply management and good water quality go hand-in-hand. District employees are dedicated to helping ensure the reliable acquisition, treatment and delivery of high-quality water to the community day in and day out. All District potable water is treated to meet all federal and state drinking water standards. Water quality details can be found in the Consumer Confidence Report published annually.

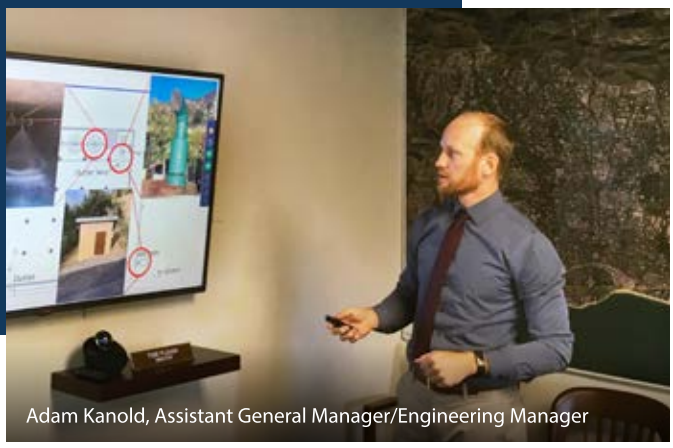


24 hour monitoring




Bella Vista Water Treatment Facility

Water treatment



Adam Kanold, Assistant General Manager/Engineering Manager

- **Water quality meets or exceeds all State and Federal standards**
- **Certified/Licensed Distribution Staff and Engineers maintain and repair infrastructure**
- **Certified/Licensed Treatment Staff and Engineers ensure testing and compliance**
- **Drinking Water Consumer Confidence Report published annually**
- **Monitoring and sampling occur 24 hours/day, 365 days/year**

# PLANNING FOR THE NEXT 100 YEARS

MONTECITO WATER DISTRICT

100

RELIABLE SINCE 1921

Juncal Dam construction

**Foundation**
Vision, Mission, Values

**Challenges**

**Strategy**

**Goals**

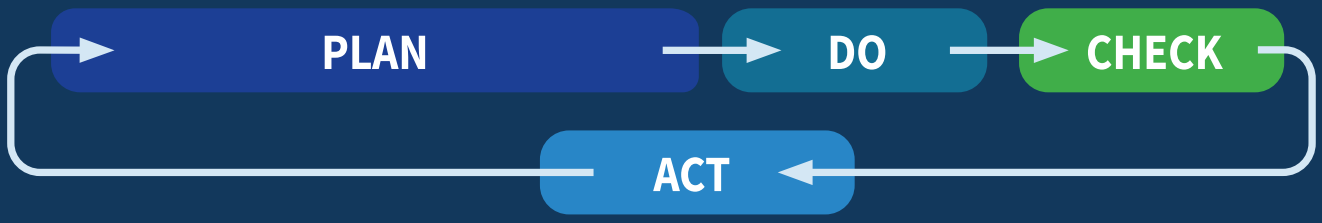
# A METHODICAL PROCESS

Initiated by request of the Board of Directors, the strategic planning process began in early 2021 with the goal of developing the District's 5-year Strategic Plan. Input was gathered via a questionnaire from the District Board of Directors and employees in the areas of mission and vision statement, core values, and current and future challenges. The Board of Directors held five workshops with management staff and the public. Through this process, the Board reaffirmed the District's mission, established a vision, identified its top priority opportunities and/or challenges and developed strategic goals and initiatives to guide organizational alignment and resource allocation over the next five years.

The District's 2022 5-Year Strategic Plan identifies specific goals and the priority initiatives needed to achieve the desired outcomes. It serves a vital role in communicating and is designed to be a useful tool for tracking progress. This Strategic Plan is a living document, scheduled to be reviewed annually and updated every five years -- or as needed.

## A STRATEGIC PLAN

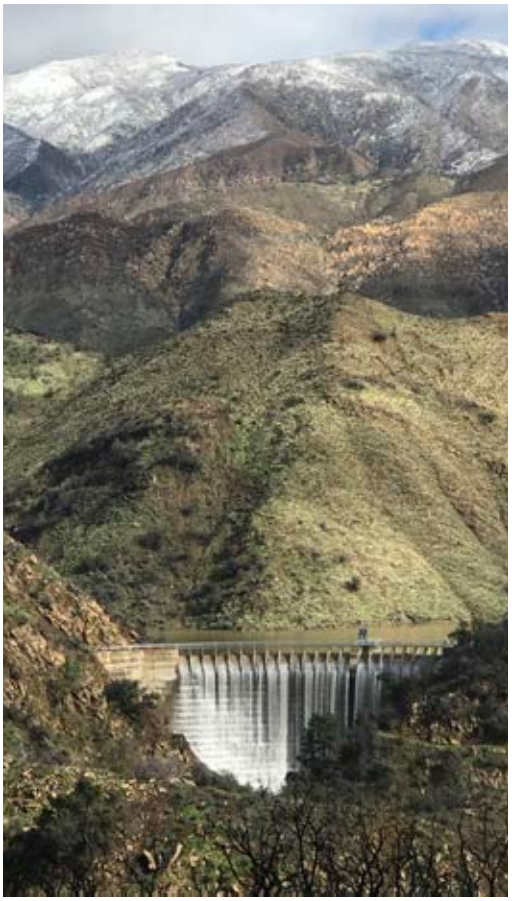
- Aligns an organization's actions with its vision, mission, and values
- Ensures an organization is working towards common goals
- Provides the basis for making decisions concerning the allocation of resources
- Establishes a clear path forward




**Objectives** **Implementation** **Monitoring & Review**

# A STRONG FOUNDATION

**Culture Counts: The District's mission, vision, and values form the foundation for this 2022 5-Year Strategic Plan.**



Juncal Dam, Jameson Lake

## MISSION

The District's mission statement—describing the reason it exists, the services it exists to provide, who it serves, and how it measures excellence—remains unchanged:

*"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."*

## VISION

The District's vision statement—providing a clear description of what an organization desires to achieve in the future—was developed through this strategic planning process:

*"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."*

# VALUES

**The District's core values guide its policy and actions.**

## Excellence

Striving to be "best in class" in all undertakings.

## Dependability

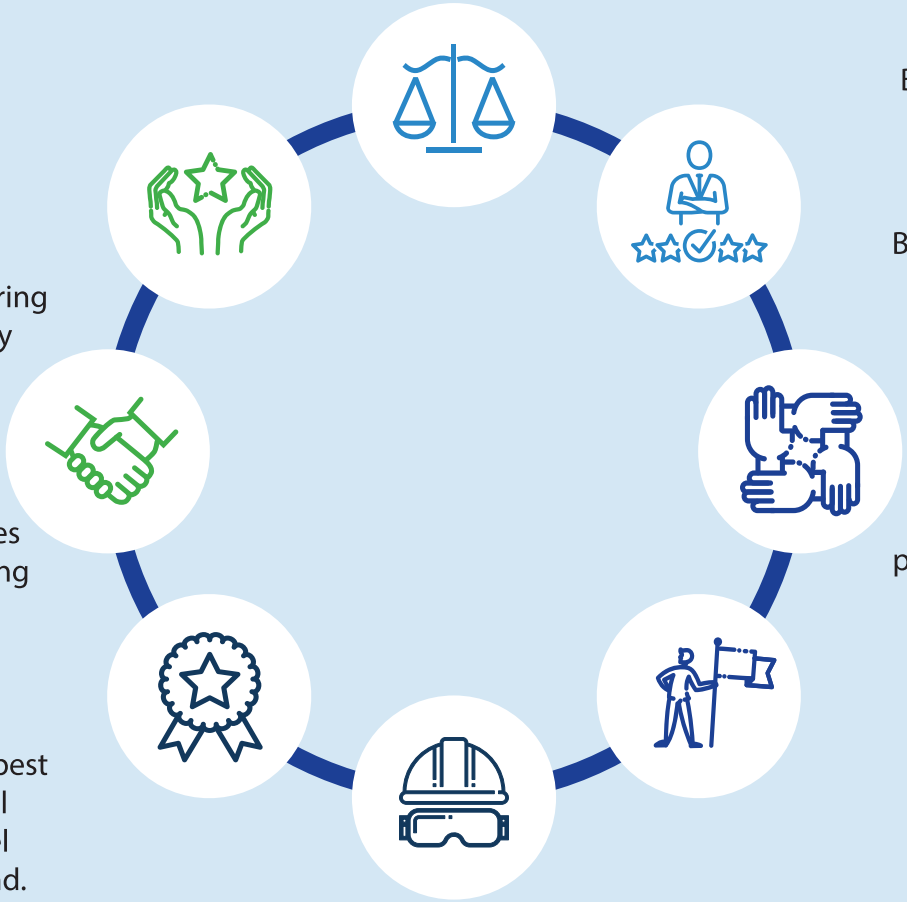
Being steadfast in adhering to values and duties, day in and day out.

## Quality

Implementing the highest quality processes with the goal of achieving superior results.

## Safety

Meeting and exceeding standards, adhering to best practices, conducting all activities with personnel and public safety in mind.



## Integrity

Being open, honest, and ethical in all actions.

## Professionalism

Being diligent, respectful and responsible in all activities.

## Collaboration

Listening and openly sharing ideas between personnel, customers, partnering organizations and others to achieve better decisions and outcomes.

## Leadership

Being proactive in protecting the interests of our customers and community.

## Business values guiding the commitments the District makes to its customers include:

**Reliable Water Supply and Service** – Consistency and advancement for infrastructure and water supply diversification.

**Health and Safety** – Responsible for providing high-quality water that meets or exceeds all drinking water standards, reliable water service for public safety at all times and particularly during emergencies such as fires. Ensuring a safe work environment for its employees.

**Dedicated Customer Service and Satisfaction** – Maintaining a high level of customer satisfaction through responsive and professional service.

**Sound Financial Management** – Providing customers with value through reliable, high-quality service at the most reasonable cost. Detailed attention is given to all aspects of the business, including managing assets and investments, pursuing funding opportunities, holding prudent reserves, and maintaining timely and accurate financial reporting.

**Transparency and Community Engagement** – Striving to communicate with customers and the public in an open and honest manner, ensuring that its finances, operations and decision-making process are clearly communicated and easily understood. Recipient of the California Special Districts Transparency Award.

**Innovative and Efficient Operations** – Embracing and implementing technology and industry advancements with a focus on reducing costs while maintaining or improving high-level service.

**Environmental Stewardship** – Managing activities and implementing practices in an environmentally sustainable manner.

**Resilience** – Anticipating potential impacts to water service due to regulations, climate, the economy, and other factors—and positioning for effective protection and response.

**Sound Planning** – Identifying future needs, then taking actions and allocating resources to address those needs.

# THE CHALLENGES

Seven priority challenges have been identified that will be addressed to ensure the reliability of water service as the District enters its second century.

## 1. Projected Water Supply Shortage.

The impact of climate change is becoming more evident as worsening drought conditions reduce the District's available water supplies. Increasing supply options, reducing customer water use, or a combination of the two is necessary to avoid a potential future water supply shortage.

## 2. Aging Infrastructure and Facilities.

Much of the District's infrastructure, including transmission and distribution piping and facilities, is nearly 100 years old, is approaching its useful lifespan, and is prone to failure. Increasing near-term action on infrastructure replacement could improve the reliability of the community's water system and service.

## 3. Aging Workforce.

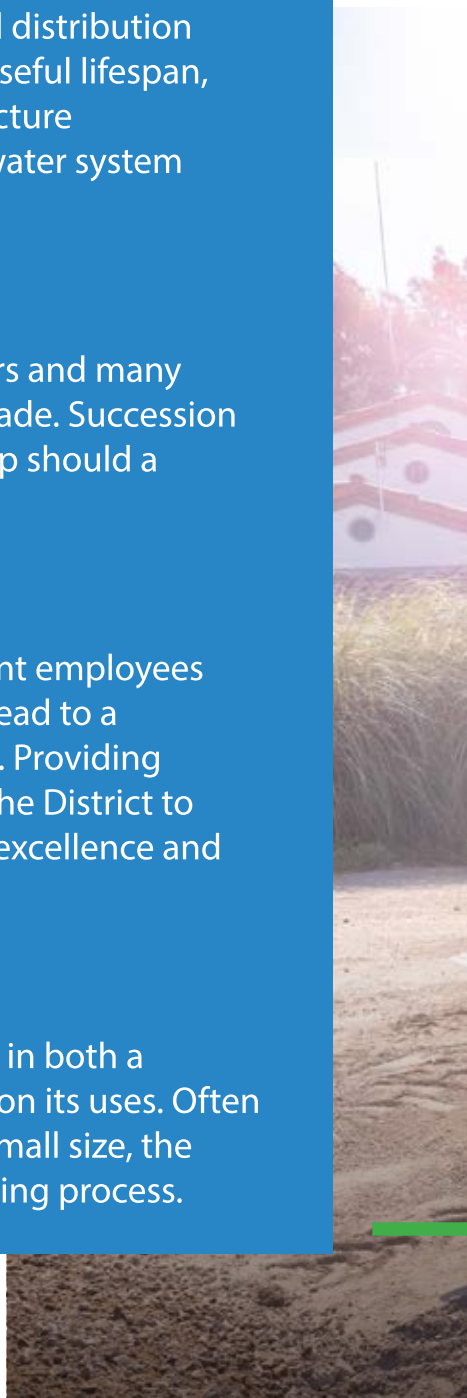
Several of the District's employees have retired in the last 5 years and many more are expected to reach retirement age within the next decade. Succession planning is vital to the successful transition of District leadership should a planned or unplanned change take place.

## 4. Need for Employee Development.

Too often the lack of time and / or resources can delay or prevent employees from acquiring training necessary for development which can lead to a reduction in efficiency, increased costs, and employee turnover. Providing development opportunities and training to employees allows the District to pinpoint knowledge and skills needed and desired to build on excellence and support fulfillment.

## 5. Water Policy Impacts.

Water policy is continually becoming more restrictive, resulting in both a reduction in available water supplies and increased limitations on its uses. Often this policy is established at a State or Federal level. Despite its small size, the District must find ways to be impactful in the public policy making process.



## 6. Managing Water Supplies Efficiently.

Rapidly changing conditions in almost every arena - climate, policy, technology, population – complicate the already complex world of water supply management. Navigating these changes effectively requires a comprehensive and long-term approach to water management with consideration of all sources of available water supply including surface water, groundwater, stormwater, and wastewater.

## 7. Implementing Water Reuse.

"Recycling" water is not as easy as it sounds – it comes with variables such as high cost for infrastructure, limited use options, uncertainty of pending State and Federal regulations, and a relatively low quantity of water available for "recapture." Maximizing the beneficial reuse of the community's wastewater is critical to improving long-term water supply reliability for the District and for reducing the discharge of treated wastewater to the Pacific Ocean.


Jesus Bautista, Distribution Operator III

# THE PLAN

## Goal 1: Water Supply Reliability

### Bolster through additional diversification

A) Increase Local, Reliable Sources: Potable Water Reuse (Water Recycling)

B) Maximize Opportunities: Groundwater Banking

C) Manage Customer Demands: Build Community Partnership in Conservation

## Goal 2: Infrastructure Dependability

### Enhance through replacement/rehabilitation

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## Goal 4: Water Policy Inclusion

### Representation of the community's unique needs

A) Advocacy at State Level: Urban Water Use Limits

B) Engagement at County Level: State Water Project Transfers

C) Action at a Local Level: Special District Coordination

Juncal Dam, Jameson Lake

# GOAL 1

## Water Supply Reliability

## Objective A

# INCREASE LOCAL, RELIABLE SOURCES: POTABLE WATER REUSE (WATER RECYCLING)

**Applicable Values**

Reliable Water Supply and Service • Health and Safety • Innovative and Efficient Operations • Environmental Stewardship • Sound Planning • Transparency and Community Engagement

**Background**

Historically MWD has relied on rainfall dependent sources for its potable water supplies. As climate change worsens, droughts of increased frequency, intensity, and duration threaten California's water availability. Drought and increasing regulatory and environmental restrictions are diminishing previously dependable water supplies.

**Challenge/ Opportunity**

Unlike in years past, supplemental water or imported supplies cannot be relied upon to make up shortfalls in local water supplies. MWD's *Future Demand and Water Supply Options 2020 Update* (Dr. Steve Bachman, May 2020) projects future water shortages. Recent successful endeavors that improve water supply reliability include participating in regional groundwater banking, managing the local groundwater basin and acquiring a new local drought proof water supply--desalinated water--from the City of Santa Barbara. However, acquisition of additional drought proof water supplies is necessary and will be made possible only through substantial time, investment, and regional collaboration with other agencies.

# SOLUTION

## Prepare an Enhanced Recycled Water Feasibility Study

**Action**

This Study, pursued in conjunction with Montecito Sanitary District, builds on MWD's 2018 Recycled Water Feasibility Study and focuses on direct potable reuse (DPR) and indirect potable reuse (IPR) options with a particular emphasis on regional partnerships with neighboring agencies. The options to be evaluated further include IPR with Carpinteria Valley Water and Sanitary Districts, DPR with the City of Santa Barbara, and DPR in Montecito. In addition, the study will refine the non-potable reuse option involving Montecito Sanitary District that was selected as part of the 2018 study. The intent of the study is to provide information sufficient for the Board to make a determination as to how or if to proceed with its pursuit of the development of a recycled water project for the community. Continued collaboration with Montecito and Summerland Sanitary Districts remains high priority.

**Timing**

1 year or 4th qtr. 2022 (Completion of an Enhanced RWFS)

**Ramifications of Not Acting**

Remain vulnerable to future water shortages which would likely require an increased need for mandatory water use restrictions.

# GOAL 1

## Water Supply Reliability

## Objective B

# MAXIMIZE OPPORTUNITIES: GROUNDWATER BANKING

**Applicable Values**

Reliable Water Supply and Service • Health and Safety • Innovative and Efficient Operations • Environmental Stewardship • Sound Planning • Transparency and Community Engagement

**Background**

Historically MWD has relied on local and regional rainfall dependent sources for its potable water supplies. Reliance on these supplies alone has proven to be insufficient, highlighting the importance of drought proof water supplies such as desalination and recycled water, and the need for groundwater banking. In 2017/18, MWD acquired groundwater banking rights with the Semitropic Water Storage District (Semitropic), a regional groundwater banking program located in the southern portion of California's Central Valley. MWD utilizes this program to store surplus State Water Project (SWP) supplies in wet years for future use during dry periods. This serves to offset reductions in other surface water supplies such as the Cachuma Project and Jameson Lake. It also helps MWD derive value from its investment in the State Water Project, which is trending towards delivery of substantially less water over time while costs consistently increase. This groundwater banking program provides MWD with the first priority right to extract up to 1,500 acre feet of water per year. Additionally, the program permits MWD to store up to 4,500 acre feet at any one time. As of 2021, MWD has 1,800 acre feet of water stored which is approximately 40% of one year of customer demand. When needed, the stored water will be extracted from the groundwater basin and delivered to the District via SWP facilities.

**Challenge/ Opportunity**

The impact of climate change is becoming more evident as cyclical drought conditions continue to worsen, reducing available water supplies in the State Water Project (SWP), Cachuma Project and Jameson Lake. In addition to a reduction of these supplies, water stored in these facilities is impacted by evaporation and is at risk of loss to spill. The *Future Demand and Water Supply Options 2020 Update* (Dr. Steve Bachman, May 2020) projects future water shortages despite efforts to improve its water supply reliability through various actions including participations in the Semitropic Groundwater Banking and Exchange Program for storage of surplus SWP water. The acquisition of additional groundwater banking capacity allowing for storage of additional surplus SWP and/or supplemental water could help alleviate future projected water shortages and bolster water supply availability for the community. Additionally, banked water provides some insurance against water shortages that may occur during emergencies when other reliable water supplies are offline temporarily due to uncontrollable events.

# SOLUTION

## Explore additional groundwater banking opportunities

**Action**

Evaluate and pursue (1) Phase 2 study prepared by Central Coast Water Authority (CCWA) to evaluate how to improve the reliability of SWP supplies and/or (2) conduct an independent assessment of groundwater banking opportunities using WestWater Research.

**Timing**

1) 12 months or end of 2022 - Pending Phase 2 of CCWA's Water Management Strategies Study, evaluating means of improving water supply reliability of the SWP for Santa Barbara and San Luis Obispo Counties. This includes an evaluation of groundwater banking opportunities.
2) 1 to 6 months or 2nd/3rd qtr. 2022 - With assistance from WestWater, evaluate groundwater banking opportunities statewide including expanding participation in Semitropic Water Storage Banking and Exchange Program and participation in other groundwater banking programs.

**Ramifications of Not Acting**

Remain vulnerable to future water shortages which would likely require an increased need for mandatory water use restrictions.

# GOAL 1

## Water Supply Reliability

## Objective C

# MANAGE CUSTOMER DEMANDS: BUILD COMMUNITY PARTNERSHIP

**Applicable Values**

Reliable Water Supply and Service • Health and Safety • Innovative and Efficient Operations • Environmental Stewardship • Sound Planning • Transparency and Community Engagement

**Background**

Customer demands have varied widely over the years, peaking in 2013 at nearly 7,000 acre feet per year (AFY). This spike in demand timed with the worst drought in history, and the District's water management plans had lapsed. Facing a water shortage emergency, MWD implemented demand management measures including customer water use allocations to realign customer water use with its limited water supply availability. These actions successfully reduced annual water demand by nearly 50%, yet these sudden and significant actions jeopardized customer relations. Allocations were repealed in 2017, while other mandatory water use restrictions, consistent with the State's objective of *Making Conservation a California Water of Life*, remained in place and continue today. Current measures include prohibiting the washing of hardscape, prohibiting runoff from landscape irrigation, and requiring that leaks be immediately repaired upon discovery. While customer demands remained relatively stable from 2014 through 2018 (3,500 - 4,000 AFY). In 2019 demands began trending upward, reaching 5,200 AFY between late 2020 and mid-2021, a 25% increase over prior year. In the past five years the District has done extensive planning and implementation of water security measures, but ongoing management of customer demand remains critical.

**Challenge/ Opportunity**

Water use is not unlimited and elevated customer water use, as in late 2020 through mid-2021, is not sustainable. Voluntary conservation must be cultivated in conjunction with water supply planning efforts. Climate change and state regulations limit the amount of water available for use annually by urban purveyors. Experts forecast a continual decline in available surface water supplies in California due to droughts of increased frequency, intensity and duration. MWD's Future Demand and Water Supply Options 2020 Update (Dr. Steve Bachman, May 2020) projects future water shortages even with MWD's successful efforts to improve its water supply reliability - such as regional groundwater banking, managing the local groundwater basin and completion of the 50-year Water Supply Agreement with the City of Santa Barbara (acquisition of desalination).

The State passed Senate Bill X7-7 setting an overall goal, effective 2020, of reducing per capita water use by 20%. MWD's water use limit established in accordance with SBX7-7 is approximately 4,800 Acre Feet Yearly, and its 2020 Urban Water Management Plan demonstrates full compliance with that goal. Additional State legislation requires the creation of water use standards to further reduce urban water consumption. MWD fully expects that its new urban water use objective, established under this legislation, may be less than 4,800 AFY, requiring additional demand management.

Noncompliance with State regulations may result in (1) ineligibility for the State's low interest loans and grants, which will likely be needed in the future to support acquisition of new drought proof water supplies such as water reuse (recycled water), and (2) financial penalties. While MWD's past demand management efforts have shown some success, developing an effective program that focuses on efficient water use is critical to keeping water use aligned with limited water supply availability and State regulations while continuing to support the garden-like nature of the community. Boldly and pro-actively partnering with the community for permanent water efficiency is essential for customer relations and water supply management.

# SOLUTION

## Enhance demand management through the development and implementation of a *Water Use Efficiency Plan*

**Action**

Develop a comprehensive Water Use Efficiency Plan led by an expert in the water conservation industry. Emphasize community involvement and partnership.

**Timing**

1 year or 4th qtr. 2022

**Ramifications of Not Acting**

Remain vulnerable to increased customer demands resulting in future water shortages. Risk noncompliance with State regulations for urban water consumption.

Likely increased need for mandatory water use restrictions during periods of shortages; potential customer dissatisfaction. Potential inability to acquire low-interest loans and grant from the State of California for funding key District initiatives and Capital Improvement Projects.

# GOAL 2

## Infrastructure Dependability

## Objective A

# PRIORITIZE DISTRIBUTION PIPELINE REPLACEMENTS

**Applicable Values**

Reliable Water Supply and Service • Health and Safety • Innovative and Efficient Operations • Environmental Stewardship • Sound Planning • Transparency and Community Engagement • Resilience

**Background**

Montecito Water District was formed in November 1921 to provide potable water service to the community of Montecito. A significant portion of its infrastructure was acquired or constructed in the 1920s and 1930s including reservoirs and pipelines. Much of this very same infrastructure is used today to store and deliver water to customers. The District has an ongoing Capital Improvement Program (CIP) targeting the replacement of all aging infrastructure, however as the District enters its second Century, the pace of this program needs to be accelerated.

**Challenge/ Opportunity**

Much of the District's infrastructure needed to deliver water to customers is approaching the end of its useful life and, in many cases, is experiencing failure. Of particular focus is approximately 120 miles of distribution pipelines. Pipeline failures are costly, can cause property damage, and lesson the reliability of the community's water system. The District replaces on average about 1.3 miles of pipeline per year based on criticality, fire flow/hydraulic deficiencies, and age. At this rate, pipelines in general are replaced about every 100 years. With nearly 80% of main breaks occurring on pre-1940's pipelines, the replacement of 1920s and 1930s pipelines is a priority for the District, but is subject to budget constraints. To compound this problem, construction standards for steel pipe in the 1960s were not as stringent as current standards, reducing the useful life of 1960s steel pipe. With much of the distribution system constructed of steel pipelines, MWD is expected to experience a spike in spending for pipeline replacements in the next one to two decades if the rate of pipeline replacements in not increased to approximately 2.7 miles per year. A slower replacement schedule will likely result in increased pipeline failures.

# SOLUTION

## Accelerate rate of replacement for distribution pipelines

| Action | Timing |
|---|---|
| i. Target up to 2.7 miles of pipeline replacements annually depending on availability of surplus revenue | Through end of FY2025 |
| ii. Incorporate 2.7 miles of pipeline replacements annually into the District's next 5-year financial plan | 2026 rate study or sooner |
| iii. Consider financing larger groups of main replacements | As needed |

**Ramifications of Not Acting**

A spike of required CIP spending in the future

Increased water loss and water outages due to failure

# GOAL 2

## Infrastructure Dependability

## Objective B

# ENSURE EFFECTIVE OPERATING FACILITIES

**Applicable Values**

Reliable Water Supply and Service • Health and Safety • Sound Planning • Innovative and Efficient Operations • Transparency and Community Engagement • Resilience

**Background**

Montecito Water District was formed in November 1921 to provide potable water service to the community of Montecito. The District has significant assets including pipelines, pump stations, storage reservoirs and office space, much of which was constructed nearly a century ago and remains in use today. The District has an ongoing Capital Improvement Program (CIP) targeting the replacement of aging assets including infrastructure that has reached the end of its useful life, is experiencing failure, or no longer meets the District's needs.

**Challenge/ Opportunity**

The District's Distribution Department office space has reached the end of its useful life and is in disrepair despite ongoing maintenance efforts. This office space includes several offices, meeting space, breakroom with kitchen, bathrooms, locker area, and some equipment storage. In addition to these uses, these same facilities serve as a quasi-emergency operations center most recently utilized during the Thomas Fire and subsequent debris flow. While other operations headquarters feature newer construction or modernizations, such as the Bella Vista Treatment Facility, the Distribution area is due for improvements. These facilities are undersized, lack modernizations such as information technology systems, have inadequate heating/cooling/ventilation systems, lack private bathrooms and locker areas, and suffer from other significant logistical drawbacks. This critical space inadequately meets the needs of the 10-15 District employees that utilize it regularly.

# SOLUTION

## Replacement of Distribution Office Space; Provision of Emergency Operations Center

| Action | Timing |
|---|---|
| i. Design a new office space for the Distribution Department including facilities to serve as an Emergency Operations Center | Summer 2023 |
| ii. Search for available funding opportunities | Ongoing |
| iii. Construction | Pending funding availability |

**Ramifications of Not Acting**

Inefficient operations

Facilities that inadequately meet the District's needs daily and / or during an emergency

Possessing facilities that do not meet code requirements

Low morale amongst District employees

# GOAL 3

## Operational Excellence

## Objective A

# IMPROVE PLANNING AND INVESTMENT FOR QUALIFIED PERSONNEL

**Applicable Values**

Integrity • Professionalism • Leadership • Sound Planning • Dedicated Customer Service and Satisfaction • Sound Financial Management • Resilience

**Background**

In general, the District has been successful at employee retention which has benefits including stability, employee expertise, strong customer and employee relationships, and employee dedication.

**Challenge/ Opportunity**

While the long term retention of District employees has been historically high, retaining consistency in some leadership positions presents challenges. Without proper planning, the departure of an employee, whether to retirement or for other reasons can impact the operation and performance of the District. This is particularly true for leadership positions. Detrimental impacts may include the loss of institutional knowledge and experience, disruption in daily operations, temporary decline in customer service and others. Over the last five years, approximately 20-25% of the District's employees have retired and an additional 15-20% are expected to reach retirement age within the next decade, some of which hold leadership positions. Even more challenging is responding to the unplanned departure of an employee, which further emphasizes the need to plan for these circumstances.

# SOLUTION

## Develop and Implement a 5-year Succession Plan

**Action**

A Succession Plan for all leadership and critical positions or functions within the District will include a comprehensive review of all positions. The plan will provide a clear path forward, one that avoids staffing gaps, assure appropriate depth in critical functions, assures critical information sharing and provide for adequate staffing in the future. An experienced consulting firm may be contracted for support in this endeavor.

**Timing**

Develop and implement 5-year Succession Plan By 4th quarter 2023

**Ramifications of Not Acting**

Interruption in operations

Loss of institutional knowledge

Temporary decline in customer service

Temporary loss of efficiency

May experience sudden, unexpected changes in leadership

# GOAL 3

## Operational Excellence

## Objective B

# ENSURE CONTINUED EMPLOYEE DEVELOPMENT THROUGH TRAINING

**Applicable Values**

Safety • Professionalism • Dedicated Customer Service and Satisfaction • Integrity • Leadership • Sound Planning • Sound Financial Management • Resilience

**Background**

In today's ever-changing world, the importance of job training has never been greater. Comprehensive training contributes to improved efficiency and higher quality work, and is also instrumental for employee satisfaction and fulfillment of highest potential—individually and as a team. Training is an indispensable way to keep the District efficient, progressive, and benefiting from global advancements and industry best practices. The District's current training practices meet the minimum requirements of various regulatory agencies including California Operational Safety and Health Administration, State Water Resources Control Board and the District's liability insurance carrier.

**Challenge/ Opportunity**

Employees are human. Some may have weaknesses or gaps in their knowledge and skills, and most will have the desire for professional growth opportunities. The District strives for a culture that supports all employees to be constantly improving and performing at their highest level. Employee development through ongoing training is vital to higher morale and the District's success. In practicality, crossover training is an invaluable component of succession planning to avoid disruptions in service. Insufficient training could result in an unsafe work environment, low employee retention, unfulfilled and / or under performing employees and an increase in the District's expenses. Planning and providing time for employee development is essential.

# SOLUTION

## Develop a comprehensive Employee Training Program

**Action**

Create and implement a high quality and comprehensive employee training development program focused on strengthening employee skills, building knowledge, and providing growth and fulfillment opportunities. The employee training development program will provide all employees possibilities to achieve higher standards of competency, and enable the entire team to share common knowledge and skills. Ongoing training can be thought of as the right thing to do, as well as a valuable insurance policy that provides preparation in the face of ongoing inevitable changes and the unforeseeable needs of the future.

**Timing**

1st quarter 2023

**Ramifications of Not Acting**

Weakened performance / missed potential

Lower retention rates

Unsafe work environment

Unfulfilled employees

Lack of knowledge of industry trends and policies

Reduced customer satisfaction

Ineffective leadership

Increased expenses

# GOAL 4

## Water Policy Inclusion

## Objective A

# ADVOCACY AT STATE LEVEL: URBAN WATER USE LIMITS

**Applicable Values**

Leadership • Collaboration • Professionalism • Sound Planning • Dedicated Customer Service and Satisfaction • Innovative and Efficient Operations • Environmental Stewardship

**Background**

The District is a small Water District serving about 11,865 people, with approximately 92% of its customers classified as single family residential. The community has a semi-rural character with many larger estates located on large properties. Due to the low density living, water use on a per capita basis is high compared to neighboring communities, but is comparable on a per acre basis. Over the last decade, extreme drought conditions have plagued the State, in particular Santa Barbara County. In response, the State of California and the District have instituted water use restrictions to ensure extended availability of limited water supplies. Initially, the State's restrictions were instituted through the Urban Water Management Plan process, targeting a 20% reduction in water use by 2020, which the District successfully achieved. To advance its initiative further, the State is developing an urban water use objective which considers a reduction in indoor water use based on persons and outdoor water use based on irrigable acres. Additionally, the State is offering credits allowing water use above the established water use objective for agencies that invest in certain water conserving actions such as recycled water.

**Challenge/ Opportunity**

Water policy is developed by County, State and/or Federal regulators and commonly has significant impacts on individual communities. In many instances, those establishing water policy are often disconnected from actual water supply management. Water policy continues to become more restrictive, reducing water availability and increasing limitations on uses. Policy established at a State or Federal level without the District's involvement may be counter to the District's long-term goals and objectives. The District's relative size, as a small community water system, can lessen its ability to be impactful in the public policy making process. As the area water purveyor, Montecito Water District also has a role in supporting the Montecito Community Plan.

# SOLUTION

## Involvement as State develops Future Urban Water Use Objectives and Limitations

| | Action | Timing |
|---|---|---|
| i. | Continued engagement in the State's Department of Water Resources (DWR) process to develop the urban water use objective including the variances (credits) | Ongoing through 2024 |
| ii. | Involve elected officials in DWR's process | Ongoing through 2024 |
| iii. | Continued education of customers, gardeners and landscapers concerning efficient water use | Ongoing |
| iv. | Expand the District's water conservation program | Through 2023 |
| v. | Continued use of water rates to help limit water use | Ongoing |
| vi. | Develop a strategy for engaging in policy making at the State level to maximize impact | 2nd quarter 2022 |
| vii. | Involve a lobbyist or consultant | As needed |
| viii. | Engage with Association of California Water Agencies (ACWA) and other entities on this matter | As needed |

**Ramifications of Not Acting**

i. Reduced water use limitation due to misrepresented population, insufficient awareness of small agriculture operations, lack of appropriate credits for investments in drought proof supplies such as desalination, etc.

ii. Possible impacts on the community's character

iii. Increase fire risk with less green vegetation

# GOAL 4

## Water Policy Inclusion

## Objective B

# ENGAGEMENT AT COUNTY LEVEL: STATE WATER PROJECT TRANSFERS

**Applicable Values**

Leadership • Collaboration • Professionalism • Sound Planning • Sound Financial Management • Innovative and Efficient Operations • Environmental Stewardship

**Background**

Beginning with the development of it's 2015 Urban Water Management Plan (UWMP), the District developed a new path forward involving targeted actions to improve the reliability of its water supplies and service for the community. Among several key initiatives was the development of a partnership with the City of Santa Barbara for acquisition of a new local rainfall independent water supply backed by the City's desalination facility. The contract was executed in September 2020 and water deliveries began in January 2022. With the addition of this new water supply, the District's *Future Demand and Water Supply Option 2020 Update* projected surplus State Water Project (SWP) water under certain potential and assumed hydrologic conditions and customer demand forecasts. In late 2019, the District began consulting with Westwater Research, a leading expert in water transactions statewide, to develop a Water Marketing Strategy for the District. The intent of this strategy was to (1) further bolster future water supply reliability, and (2) address the projected surplus SWP water condition. The Water Marketing Strategy developed by Westwater involves acquisition of dry water supplemental water purchase when needed, and the development of a long term partnership with an entity (public, private, agriculture, or other) that would be contracted to purchase SWP water supplies if and when surplus to the District's needs, as determined annually. Revenue arising from any sale of surplus SWP water would be used to offset District costs associated with the acquisition of new local rainfall independent water supplies, such as desalination Surplus SWP water not transferred (sold) to another entity but instead stored in the SWP system is anticipated to be lost to spill events.

**Challenge/ Opportunity**

Historically, the Department of Water Resources (DWR) has limited SWP contractors' ability to transfer (sell) SWP water. With the growing scarcity of water supplies, modifications and adaptations are arising. In 2020, DWR and the SWP Contractors completed negotiations on Amendment No. 21 to the SWP Contract. Among other water management tools, this amendment provides added flexibility in managing water supplies statewide including allowing for water transfers. In March 2021, the Santa Barbara County Flood Control and Water Conservation District, the SWP Contractor for Santa Barbara County approved SWP Contract Amendment No. 21, yet was the only contractor in the State to add specific conditions. These conditions may impede most out of county transfers (sales) that otherwise would have been allowed under Amendment No. 21 (and that are available to all other SWP Contractors). These conditions may result in the waste of water due to spill and evaporation, and potentially lead to higher costs of water for District customers.

# SOLUTION

## Continued engagement with the appropriate agencies and elected officials to secure a future ability to transfer (sell) surplus State Water Project water

| Action | Timing |
|---|---|
| i. Support Central Coast Water Authority (CCWA) in its legal challenge of County actions imposing conditions on DWR's SWP Amendment No. 21 | End of 2022 |
| ii. Request County approval of future transfer agreement when opportunity presents itself | As needed |
| iii. District Directors to engage with County Board of Supervisors to gain support for any transfer opportunity | As needed |
| iv. Involve a lobbyist or consultant | As needed |

**Ramifications of Not Acting**

i. Loss of revenue to offset the costs of acquiring local reliable supplies such as desalination & recycled water

ii. Loss of surplus SWP water due to spill and / or evaporation

iii. Increased water rates

# GOAL 4

## Water Policy Inclusion

## Objective C

# ACTION AT A LOCAL LEVEL: SPECIAL DISTRICT COORDINATION

**Applicable Values**

Innovative and Efficient Operations • Collaboration • Leadership • Reliable Water Supply and Service • Sound Planning • Transparency and Community Engagement • Environmental Stewardship • Resilience

**Background**

Special Districts are local governments created by the people of a community to deliver specialized services essential to their health, safety, economy and well-being. A community forms a Special District, which is a political subdivision authorized through state statutes, to provide specialized services that the local city or county do not provide. Montecito Water District and Montecito Sanitary District (MSD) provide water and sewer services, respectively, to the communities of Montecito and/or Summerland. Limited collaboration has been necessary in the past because each agency provides unique public services. As existing rainfall dependent water supplies become impacted by climate change, and the need for drought proof water supplies such as recycled water becomes essential, effective cooperation and collaboration is necessary. The Districts have committed to working jointly to arrive at the best solution for the community. The Local Agency Formation Commission (LAFCO) is a State-created agency which is responsible for working with special districts on issues concerning jurisdictional change, assisting with consolidations of Districts when deemed feasible, appropriate, and desirable for the community.

**Challenge/ Opportunity**

Multi-public agency decision-making and action is complex, poses challenges, and can impede implementation and management of joint ventures. A consolidation of special districts, such as merging MWD and MSD, could eliminate complexities and challenges that commonly result from individual agencies having unique missions and goals. Consolidation brings decision-making under the purview of one governing body rather than multiple, for simplicity, coordination, and efficiency. As the impacts of climate change continue to reduce the availability of fresh water supplies, rainfall independent water supplies such as recycled water are needed to improve future water supply reliability. A special district consolidation of MWD and MSD could improve the short and long-term effective management of water resources, and avoid future misalignments of the two agencies on recycled water and other joint interests. Additionally, changes in the governing body and/or management of separate agencies over time poses risks such as increased costs of services and complexity of oversight and management that might be avoided with consolidation. Thorough evaluation and analysis of benefits and costs is needed to determine if consolidation may be desirable for the community at-large.

# SOLUTION

## Evaluate the feasibility of Special District Consolidation

**Action**

Using a consultant, perform an analytical study on Special District Consolidation before engaging in the LAFCO process.

**Timing**

i. 6 months for completion of an analytical study to assess the feasibility of Special District Consolidation (3rd quarter 2022)

ii. Study to be presented to the Board to determine how to proceed with the LAFCO process, if at all

**Ramifications of Not Acting**

Differing missions and goals may hinder the successful implementation of joint ventures, to the detriment of the communities served.

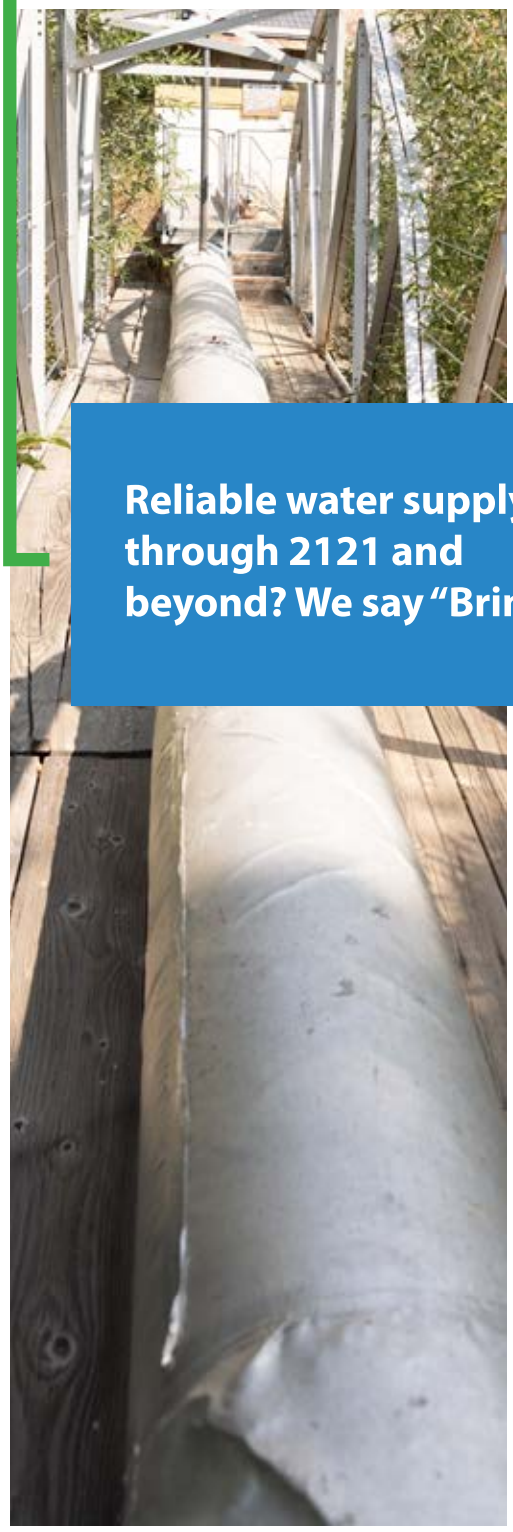
Misalignment between agencies could delay, prevent, or increase costs of a successful recycled water project.

# WATER SECURITY FOR THE CENTURY AHEAD

Through a century of experience we've learned: Change is certain in all arenas. That's why we're determinedly preparing for the century ahead.

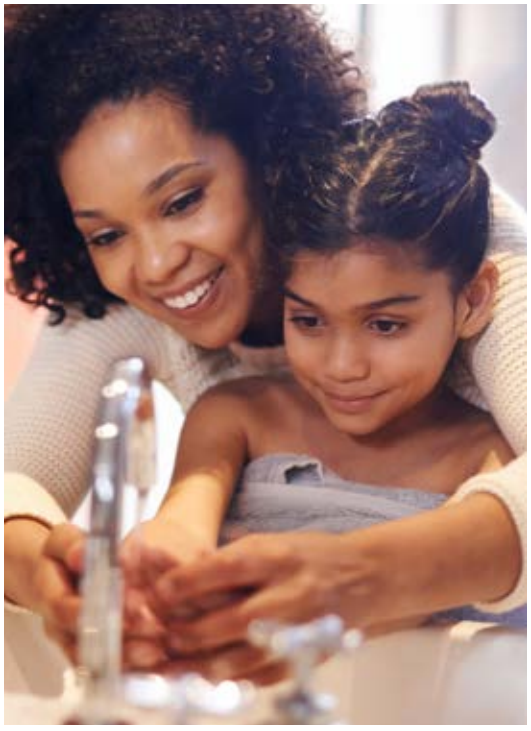
Community needs, climate, water supplies, opportunities to improve the way we provide service—all will require progress and adaptation and we plan to be ready.

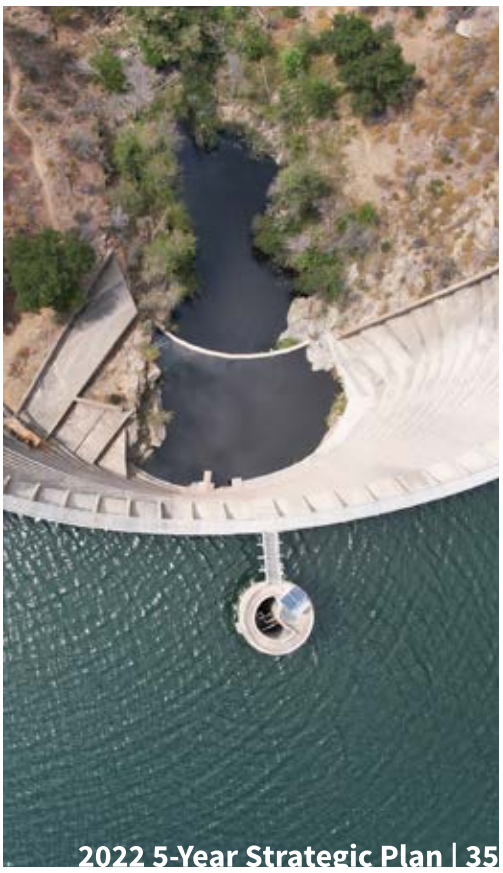
This Strategic Plan serves as an example of the commitment being made to ensure the ongoing vibrancy and health of the communities we serve. Partnership and shared vision are the cornerstones; just as has been true for the past 100 years, community involvement remains the key component to success.



Montecito Water District Staff

**Reliable water supply through 2121 and beyond? We say "Bring it!"**





MONTECITO WATER DISTRICT

# 2022 5-YEAR STRATEGIC PLAN

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Juncal Dam, Jameson Lake

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