



**REGULAR MEETING
OF
BOARD OF DIRECTORS
MONTECITO WATER DISTRICT
583 SAN YSIDRO ROAD
MONTECITO, CALIFORNIA**

**TUESDAY, JUNE 26, 2018
2:00 P.M.**

AGENDA

1. CALL TO ORDER, ROLL CALL, DETERMINATION OF QUORUM

2. PUBLIC FORUM

This portion of the agenda may be utilized by any member of the public to address and ask questions of the Board of Directors on any matter not on the agenda within the jurisdiction of the Montecito Water District. Depending upon the subject matter, the Board of Directors may be unable to respond at this time, or until the specific item is placed on the agenda at a future MWD Board meeting in accordance with the Ralph M. Brown Act.

3. CONSENT CALENDAR

Following items are to be approved or accepted by vote on one motion unless a Board member requests separate consideration:

- A. Minutes of May 22, 2018
- B. Minutes of May 30, 2018
- C. Payment of Bills for May 2018
- D. Investment of District Funds for May 2018

4. DISTRICT OPERATIONS AND GENERAL MANAGER'S REPORTS

- A. INFORMATION ONLY: Presentation by Central Coast Water Authority Executive Director Ray Stokes on various State Water Project matters;
- B. INFORMATION ONLY: Semi-Annual Groundwater Monitoring Program Report – Fall 2017 & Spring 2018;

- C. BOARD ACTION: Adoption of Resolution No. 2164 placing in nomination Floyd Wicks as a member of the Region 5 Association of California Water Agencies;
- D. INFORMATION ONLY: Progress update on implementation of permanent pipeline repairs and FEMA reimbursement;
- E. INFORMATION ONLY: Water Works Operations Report for May 2018;
- F. INFORMATION ONLY: General Manager's Report (Oral);
 - i. Annual 2017 Consumer Confidence Report;
 - ii. Update on Water Availability Charge (WAC) for FY 2018/19;
 - iii. Status of Application for Formation of a Groundwater Sustainability Agency (GSA);
 - iv. Submittal of NOI to Semitropic to bank approx. 1,000AF of surplus water in 2018;
 - v. Update on Capital Improvement Projects (Sycamore Canyon Road Water Main Replacement Project);

5. DISTRICT BUSINESS REPORT

- A. INFORMATION ONLY: Monthly Financial Reporting for May 2018;
- B. INFORMATION ONLY: Review of Cash Flow Regarding Emergency Spending;
- C. BOARD ACTION: Ratification of CCRB FY 2018/19 budget;
- D. BOARD ACTION: Annual Budget Resolutions:
 - I. Resolution No. 2165 – Determining that Charges, Rates and Fees Are Not “Proceeds of Taxes”;
 - II. Resolution No. 2166 – FY 2018/19 Investment Policy;
 - III. Resolution No. 2167 – Establishing Employee Classification and Salary;
- E. BOARD ACTION: Adoption of Fiscal Year 2018/19 Budget;

6. DIRECTOR AND COMMITTEE REPORTS

- A. PRESIDENTS REPORT: Director Morgan
- B. CENTRAL COAST WATER AUTHORITY: Director Shaikewitz
- C. SANTA BARBARA COUNTY SPECIAL DISTRICTS ASSOCIATION: Director Shaikewitz
- D. CACHUMA OPERATION AND MAINTENANCE BOARD: Director Morgan

- E. CACHUMA CONSERVATION RELEASE BOARD: Director Morgan
- F. OPERATIONS COMMITTEE: Directors Frye & Wicks
- G. FINANCE COMMITTEE: Directors Morgan & Plough
- H. APPEALS COMMITTEE: Directors Frye & Plough
- I. STRATEGIC PLANNING: Directors Shaikewitz & Wicks

7. LEGAL MATTERS

- A. CLOSED SESSION: Pursuant To Government Code Section 54956.9(d)(2) Conference with Legal Counsel – Anticipated Litigation, 6 cases
- B. CLOSED SESSION: Pursuant to Government Code Section 54956.9(d)(1) Conference with Legal Counsel – Existing Litigation, Francisco Ramos Zamora, et.al. v. Southern California Edison, et.al., Santa Barbara Superior Court Case No. 18CV02743
- C. CLOSED SESSION: Pursuant to Government Code Section 54956.9(d)(1) Conference with Legal Counsel – Existing Litigation, Old Town Hospitality, et.al. v. Southern California Edison, et.al., Santa Barbara Superior Court Case No. 18CV02958
- D. CLOSED SESSION: Pursuant to Government Code Section 54956.9(d)(1) Conference with Legal Counsel – Existing Litigation, Kerry Moriarty, et.al. v. Southern California Edison, et.al., Santa Barbara Superior Court Case No. 18CV02185
- E. CLOSED SESSION: Pursuant to Government Code Section 54956.9(d)(1) Conference with Legal Counsel – Existing Litigation, David S. Corey, et.al. v. Southern California Edison, et.al., Santa Barbara Superior Court Case No. 18CV02945
- F. CLOSED SESSION: Pursuant to Government Code Section 54956.9(d)(1) Conference with Legal Counsel – Existing Litigation, Montecito Water District et al v. Southern California Edison, Santa Barbara Superior Court Case No. 18CV01222
- G. CLOSED SESSION: Pursuant to Government Code Section 54956.9(d)(1) Conference with Legal Counsel – Existing Litigation, Patrick M. Nesbitt, et.al. v. Montecito Water District, Santa Barbara Superior Court Case No. 1371221
- H. Recent and Pending Legal Matters Review – Oral Report

8. DIRECTOR REQUESTS

Requests from Directors for items other than regular agenda items for the next regular Board meeting scheduled for Tuesday, July 24, 2018 or any future meeting.

9. ADJOURNMENT

Note: This agenda was posted at the Montecito Water District front counter and outside display case at 5:00 p.m. on June 22, 2018. The Americans with Disabilities Act provides that no qualified individual with a disability shall be excluded from participation in, or denied the benefits of, the District's programs, services or activities because of any disability. If you need special assistance to participate in this meeting, please contact the District Office at 805-969-2271. Notification at least twenty-four (24) hours prior to the meeting will enable the District to make appropriate arrangements.

Supporting documents for agenda items are available at the District front counter during normal business hours.

Materials related to an item on this agenda submitted to the Board after distribution of the agenda packet are available for public inspection in the Montecito Water District offices located at 583 San Ysidro Road, Montecito, during normal business hours.



**REGULAR MEETING MINUTES
OF
BOARD OF DIRECTORS
MONTECITO WATER DISTRICT
583 SAN YSIDRO ROAD
MONTECITO, CALIFORNIA**

**TUESDAY, MAY 22, 2018
2:00 P.M.**

1. CALL TO ORDER, ROLL CALL, DETERMINATION OF QUORUM

President Morgan called the meeting to order at 2:00 p.m.

Directors Present:

Directors, Samuel Frye, W. Douglas Morgan, Tobe Plough, Richard Shaikewitz, and Floyd Wicks

Directors Absent:

None

Staff Present:

Nick Turner, General Manager
Daryl Smith, Business Manager
Adam Kanold, Engineering Manager

Bob Cohen, General Counsel
Laura Camp, P. I. Coordinator
Lois Werner, Recording Secretary

Guests Present:

Bob Hazard, Montecito Journal
Vicki Hazard, District customer
Pamela Leno, District customer

Sam Leno, District customer
Ken Coates, District customer
Matt Naftaly, Dudek

2. PUBLIC FORUM

There were no members of the public present who wished to speak on matters not on the agenda.

3. CONSENT CALENDAR

Following discussion it was moved by Director Frye, seconded by Director Plough and carried, with Directors Frye, Morgan, Plough, Shaikewitz, and Wicks voting in favor, to approve the Consent Calendar as presented.

4. DISTRICT OPERATIONS AND GENERAL MANAGER'S REPORTS

- A. BOARD ACTION: Sustainable Groundwater Management Act (SGMA) – Proposed Basin Boundary Modification for the Montecito Groundwater Basin

Mr. Turner and Mr. Naftaly presented this item and responded to questions from Directors.

- B. BOARD ACTION: Employee Handbook – Labor Law and other Updates for 2018

Mr. Turner presented this item and responded to questions from Directors and members of the public. Following discussion it was moved by Director Shaikewitz, seconded by Director Wicks and carried, with Directors Frye, Morgan Plough, Shaikewitz, and Wicks voting in favor, to approve the proposed updates to the Employee Handbook.

- C. INFORMATION ONLY: Progress update on implementation of permanent pipeline repairs and FEMA reimbursement (oral)

Mr. Kanold presented this item and responded to questions from Directors.

- D. INFORMATION ONLY: Water Works Operations Report for April 2018

Mr. Turner presented this report and responded to questions from Directors.

- E. INFORMATION ONLY: General Manager's Report (Oral)

Mr. Turner reported on District projects and activities not covered elsewhere in the agenda.

5. DISTRICT BUSINESS REPORT

- A. INFORMATION ONLY: Monthly Financial Reporting for April 2018

Mr. Smith presented this report and responded to questions from Directors and members of the public.

- B. INFORMATION ONLY: Review of Cash Flow Regarding Emergency Spending

Mr. Smith presented this item and responded to questions from Directors and members of the public.

6. APPEALS

A. Lieff Appeal of High Usage Charges, Account No. 06-0039-03

Director Frye presented this item for the Appeals Committee. Following discussion it was moved by Director Frye, seconded by Director Plough and carried, with Directors Frye, Morgan, Plough, Shaikewitz, and Wicks voting in favor, to deny this appeal for additional credit on a high usage charge and issue no further credit.

7. LEGAL MATTERS

A. CLOSED SESSION: Pursuant to Government Code Section 54956.9(d)(1) Conference with Legal Counsel – Existing Litigation, Patrick M. Nesbitt et al. v. Montecito Water District, Santa Barbara Superior Court Case No. 1371221

B. CLOSED SESSION: Pursuant to Government Code Section 54956.9(d)(1) Conference with Legal Counsel – Existing Litigation, Montecito Water District et al v. Southern California Edison, Santa Barbara Superior Court Case No. 18CV01222

C. CLOSED SESSSION: Pursuant to Government Code Section 54956.9(d)(1) Conference with Legal Counsel – Existing Litigation, Lori Ann Lieberman v. Southern California Edison, Santa Barbara Superior Court Case No. 18CV00185

D. CLOSED SESSSION: Pursuant to Government Code Section 54956.9(d)(1) Conference with Legal Counsel – Existing Litigation, Alex Briscoe v. Montecito Water District, Santa Barbara Superior Court Case No. 18CV02191

E. CLOSED SESSION: Pursuant to Government Code Section 54956.9(d)(2): Conference with Legal Counsel – Anticipated Litigation, 12 cases

The Board adjourned to closed session on the above matters at 3:17 p.m.

The Board reconvened in open session at 4:42 p.m.

Report from closed session:

7-A – The Board received a report from Special Counsel Holly Whatley, of Colantuono Highsmith & Whatley; no action was taken

7-B – The Board received a report from General Counsel Robert M. Cohen; no action was taken

7-C – The Board received a report from Special Counsel Linda Bauermeister, of Barber & Bauermeister; no action was taken

7-D – the Board received a report from District Counsel and Linda Bauermeister of Barber & Bauermeister has been assigned to defend Montecito Water District in this litigation.

7-E – The Board received a report from General Counsel Robert M. Cohen and reviewed multiple claims received by the District and arising out of the mudslide event of January 9, 2018. The Board voted 5 to 0 on a motion by Director Frye, seconded by Director Plough, concerning those claims as follows:

1. to reject the claim received on April 13, 2018 from John T. Richards, APLC on behalf of claimants: Kerry Moriarty, Geonine Scott
2. to reject the claim received on April 19, 2018 from Robertson & Associates, LLP on behalf of claimants: Francisco Ramos Zamora, Marta Ramos Tapia
3. To reject the claim received on April 19, 2018 from Robertson & Associates on behalf of claimant David S. Corey
4. to reject the claim received on April 19, 2018 from Robertson & Associates, LLP on behalf of claimants: Quentin Fleurat, Constance Fleurat Goetz, Christy Fleurat, Joseph Fleurat
5. to reject the claim received on April 30, 2018 from Denenberg Tuffley on behalf of claimants insurers of: Resort Hotel Association; San Ysidro BB Property LLC; SYR Service Company, LLC; SY Property, LLC; H. Ty Warner
6. to reject the claim received on April 30, 2018 from Denenberg Tuffley on behalf of claimant Lexington Insurance Company
7. to reject the claim received on April 30, 2018 from Denenberg Tuffley on behalf of claimant XL Insurance America, Inc.
8. to reject the claim received on April 30, 2018 from Denenberg Tuffley on behalf of claimant Armed Forces Insurance
9. to reject the claim received on May 7, 2018 from John T. Richards, APLC on behalf of claimant Old Town Hospitality, LLC
10. to reject the claim received on May 7, 2018 from John T. Richards, APLC on behalf of claimant 525 State Street Inc.

11. to reject the claim received on May 16, 2018 from the Law Offices of Joseph Liebman on behalf of claimants: A Good service Limo Company (Mark Jones & Rita Jones); Persona Neapolitan Pizza (Joseph Baurnel); Long Term Assets LLC (Steve Hermann); Somerset LLC (Steve Hermann); Montecito Avocado Ranch Owners Association (Managed by Bartlein & Co – Robert Bartlein as President); Juniper Cottage (Marie Ferris); BEC Builders, Inc. (Brian Crill – President); Perfume Plus Outlet (Ved Barkash)

12. as to the second claim received from The Law Offices of Joseph Liebman on May 16, 2018 on behalf of multiple claimants, the Board took no action and the claim will be returned as insufficient pursuant to Government Code 910.8 and 915.4.

F. Recent and Pending Legal Matters Review – Oral Report

Mr. Cohen had no legal matters to discuss with the Board in open session.

8. DIRECTOR AND COMMITTEE REPORTS

A. PRESIDENTS REPORT

Director Morgan reported on the election for Special District's Association LAFCO representative. The meeting lacked a quorum, so election was then done remotely (by mail and email). MWD voted for ___ as representative and ___ as alternative. Final results will be tallied May 30.

B. CENTRAL COAST WATER AUTHORITY

Director Shaikewitz reported on the activities of the CCWA.

C. SANTA BARBARA COUNTY SPECIAL DISTRICTS ASSOCIATION:

Director Shaikewitz reported on the activities of the SBC-SDA.

D. CACHUMA OPERATION AND MAINTENANCE BOARD

Director Morgan reported on the activities of COMB.

E. CACHUMA CONSERVATION RELEASE BOARD

Director Morgan reported on the activities of CCRB.

F. OPERATIONS COMMITTEE

Director Wicks reported on the activities of the Operations Committee.

G. FINANCE COMMITTEE

Directors Morgan & Plough reported on the activities of the Finance Committee.

H. APPEALS COMMITTEE

Directors Frye & Plough reported that they had not met since the Leiff appeal and no appeals were currently pending.

I. STRATEGIC PLANNING

The committee had not met.

9. DIRECTOR REQUESTS

There were no requests from Directors for items other than regular agenda items for the next regular Board meeting scheduled for Tuesday, June 26, 2018 or any future meeting.

10. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 5:08 p.m.

Approved:

W. Douglas Morgan, President

Attest:

Nick Turner, Secretary



**SPECIAL MEETING MINUTES
OF
BOARD OF DIRECTORS
MONTECITO WATER DISTRICT
583 SAN YSIDRO ROAD
MONTECITO, CALIFORNIA**

**WEDNESDAY, MAY 30, 2018
9:30 A.M.**

1. CALL TO ORDER, ROLL CALL, DETERMINATION OF QUORUM

President Morgan called the meeting to order at 9:30 a.m.

Directors Present:

Directors W. Douglas Morgan, Tobe Plough, Richard Shaikewitz, and Floyd Wicks

Directors Absent:

Director Samuel Frye

Staff Present:

Nick Turner, General Manager
Daryl Smith, Business Manager
Bob Cohen, General Counsel

Marla Perez, Finance Specialist
Chad Hurshman, Treatment Supervisor
Lois Werner, Recording Secretary

Guests Present:

Bob Hazard, Montecito Journal
Vicki Hazard, District Customer
Sam Leno, District Customer

Pamela Leno, District Customer
Ken Coates, District Customer

2. PUBLIC FORUM

There were no members of the public present who wished to speak on matters not on the agenda.

3. DISTRICT BUSINESS

A. INFORMATION ONLY: Fiscal Year 2018/19 Budget Workshop

Mr. Smith and Mr. Turner presented the budget for FY 2018/19 and responded to questions from Directors and members of the public. The Board provided input for the final budget, to be adopted at the June 26, 2018 regular meeting of the Board.

B. BOARD ACTION: Bella Vista Treatment Plant Modifications

Mr. Njam of Water Quality Treatment & Solutions presented this item and he, Mr. Turner, and Mr. Hurshman responded to questions from Directors and members of the public. Following discussion it was moved by Director Shaikewitz, seconded by Director Wicks and carried, with Directors Frye, Morgan, Plough, Shaikewitz, and Wicks voting in favor, to authorize the purchase and installation of granular activated carbon filter media and a spray aeration and blower system at the Bella Vista Treatment Plant for a total cost not to exceed \$200,000.

4. LEGAL MATTERS

A. CLOSED SESSION: Pursuant to Government Code Section 54956.9(d)(2): Conference with Legal Counsel – Anticipated Litigation, 2 cases

The Board adjourned to closed session at 11:35 a.m.

The Board reconvened in open session at 12:26 p.m.

Report from closed session:

As to the first case under discussion, the Board received a report from District Counsel and reviewed one claim arising out of the mudslide event of January 9, 2018. On a motion by Director Plough, seconded by Director Shaikewitz, the Board voted 4 to 0 to reject the claim received on May 21, 2018 from Nielsen, Zehe, & Antus, P.C. on behalf of claimant Great American Insurance Company.

As to the second case, the Board discussed anticipated litigation with District Counsel as indicated in the agenda. No action was taken.

5. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 12:28 a.m.

Approved:

W. Douglas Morgan, President

Attest:

Nick Turner, Secretary

**MONTECITO WATER DISTRICT
PAYMENT OF BILLS
TOTAL DISBURSEMENTS SUMMARY
FOR THE MONTH OF MAY 2018**

SECTION: 3-C

AP CHECK REGISTER	<u>\$ 1,681,825.28</u>
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NET PAYROLL DIRECT DEPOSITS ¹

5/14/2018	Pay Period #10	58,472.87
5/25/2018	Pay Period #11	57,615.74

Payroll Direct Deposits	<u>\$ 116,088.61</u>
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EXTERNAL WIRE TRANSFERS OUT FOR PAYMENT OF BILLS ²

5/16/2018	CCWA - MOJAVE EXCH	899,728.00
5/30/2018	CCWA - 18/19 FIXED SWP PAYMENT	5,160,138.37

Subtotal External Wire Transfers	<u>\$6,059,866.37</u>
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TOTAL DISBURSEMENTS	<u>\$7,857,780.26</u>
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INTERNAL WIRE TRANSFERS BETWEEN ACCOUNTS ³

5/9/2018	FROM AM RIVIERA TO WELLS FARGO	750,000.00
5/30/2018	FROM SCHWAB TO WELLS FARGO	5,159,500.00

NET INTERNAL WIRE TRANSFERS	<u>\$ 5,909,500.00</u>
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¹ The Net Payroll Direct Deposits are the payroll amounts that are deposited into employee bank accounts through an ACH. Payments for employee benefits and payroll taxes, both the employee and employer portions, are recorded on the Check Register, therefore are not included.

² External Wire Transfers Out are wire transfers which are made periodically for items such as debt service payments, the fixed portion of the State Water Project payment, supplemental water purchases and transfers to open new District bank or investment accounts.

³ Internal Wire Transfers Between Accounts held by Montecito Water District are made periodically for items such as transfers between investment accounts and bank accounts or for transfers to open new bank or investment accounts.

Montecito Water District
Check Register
MAY 1, 2018 through MAY 31, 2018

CK#	DATE	VENDOR	AMT	DESCRIPTION
64494	5/31/2018	ACWA/JPIA	20,668.00	2018/19 PROP PROGRM RENEWAL
		ACWA/JPIA Total	20,668.00	
64382	5/07/2018	ACWA-JPIA	35,240.67	MED/DEN/VIS INSUR PREM APR18
64400	5/17/2018	ACWA-JPIA	32,322.98	MED/DEN/VIS INSUR PREM JUN18
		ACWA-JPIA Total	67,563.65	
64495	5/31/2018	ALEXANDER'S CONTRACT SVC	6,144.05	MTR READING SVC - MAY 2018
		ALEXANDER'S CONTRACT SVC Total	6,144.05	
64496	5/31/2018	ALL AROUND LANDSCAPE	143.87	WTR FILTRATION SYS-JAMESON LKE
		ALL AROUND LANDSCAPE Total	143.87	
64497	5/31/2018	AMERIGAS PROPANE LP	7,362.58	JAMESON LK PROPANE REFILL 5/17
64497	5/31/2018	AMERIGAS PROPANE LP	3,579.81	583 SYR PROPANE REFILL 5/17/18
		AMERIGAS PROPANE LP Total	10,942.39	
64402	5/17/2018	ANTHEM BLUE CROSS	898.65	RETIREE MED BEN - JOSEPH DIAZ
64455	5/24/2018	ANTHEM BLUE CROSS	915.51	RETIREE MED INS-LIEBERKNECHT
64498	5/31/2018	ANTHEM BLUE CROSS	234.81	RET MED BENEFIT - DIAZ, AL JUN
		ANTHEM BLUE CROSS Total	2,048.97	
64399	5/17/2018	A-OK POWER EQUIPMENT	150.63	SHOP SUPPLIES
64399	5/17/2018	A-OK POWER EQUIPMENT	54.92	SHOP SUPPLIES
64399	5/17/2018	A-OK POWER EQUIPMENT	78.09	SHOP REPAIRS
		A-OK POWER EQUIPMENT Total	283.64	
64403	5/17/2018	AQUA-FLO SUPPLY	32.48	JAMESON LAKE PROPANE REPAIR
		AQUA-FLO SUPPLY Total	32.48	
64404	5/17/2018	ARCADY DISTRIBUTING	16.35	KITCHEN SUPPLIES
		ARCADY DISTRIBUTING Total	16.35	
64456	5/24/2018	AT&T MOBILITY	952.89	MOBILE SRVC 04/12 - 05/11/18
		AT&T MOBILITY Total	952.89	
0	5/14/2018	BENEFLEX INC	818.91	PP #10 FSA CONTRIBUTIONS
0	5/25/2018	BENEFLEX INC	818.91	PP #11 FSA CONTRIBUTIONS
		BENEFLEX INC Total	1,637.82	
64493	5/29/2018	BILL ALCALA	140.00	FLEET WASHING 05/14/18
64493	5/29/2018	BILL ALCALA	80.00	FLEET WASHING 05/29/18
		BILL ALCALA Total	220.00	
64406	5/17/2018	BRENNTAG PACIFIC INC	3,382.10	ORTEGA RES CHEMICAL SUPPS
		BRENNTAG PACIFIC INC Total	3,382.10	
64407	5/17/2018	BRIAN BERMUDEZ	235.00	ADMIN/BVTP QTRLY MAINT & MATRL
		BRIAN BERMUDEZ Total	235.00	
64408	5/17/2018	BUENA TOOL COMPANY	24.31	JAMESON SUPPLIES
		BUENA TOOL COMPANY Total	24.31	
64499	5/31/2018	BURKE CORPORATION	539.27	DEPOSIT REFUND-HYDRANT METER
		BURKE CORPORATION Total	539.27	
0	5/14/2018	CAL PERS	12,502.83	PP #10 PENSION CONTRIBUTION
0	5/25/2018	CAL PERS	12,670.63	PP #11 PENSION CONTRIBUTION
		CAL PERS Total	25,173.46	
64457	5/24/2018	CALIFORNIA ELECTRIC SUPPLY	12.59	ELEC SUPPS
64500	5/31/2018	CALIFORNIA ELECTRIC SUPPLY	44.38	BVTP SUPPS
64500	5/31/2018	CALIFORNIA ELECTRIC SUPPLY	9.31	BVTP SUPPS
		CALIFORNIA ELECTRIC SUPPLY Total	66.28	
64458	5/24/2018	CANNON CORPORATION	26,215.27	HIGHLINE MAIN RPRS-H1,H3,H4,H6
		CANNON CORPORATION Total	26,215.27	

CK#	DATE	VENDOR	AMT	DESCRIPTION
64459	5/24/2018	CANON FINANCIAL SERVICES,	321.60	OFC CANON LEASE MAY 2018
		CANON FINANCIAL SERVICES, Total	321.60	
64409	5/17/2018	CARP VALLEY LUMBER CO	493.24	JAMESON SUPPS
64409	5/17/2018	CARP VALLEY LUMBER CO	103.38	JAMESON SUPPS
		CARP VALLEY LUMBER CO Total	596.62	
64460	5/24/2018	CARP VALLEY WATER DIST	399,619.74	CATER QTRLY TRMT 18Q3 COSTS
		CARP VALLEY WATER DIST Total	399,619.74	
64461	5/24/2018	CARQUEST AUTO PARTS	(72.31)	BRAKE PAD RETURNED
64461	5/24/2018	CARQUEST AUTO PARTS	(45.33)	BRAKE PADS RETURNED
64461	5/24/2018	CARQUEST AUTO PARTS	18.59	FIRE HYDRANT REPAIR
64461	5/24/2018	CARQUEST AUTO PARTS	59.11	TRK #161 REPAIRS
64461	5/24/2018	CARQUEST AUTO PARTS	2.52	SHOP SUPPS
64461	5/24/2018	CARQUEST AUTO PARTS	72.31	TRK #152 REPAIRS
64461	5/24/2018	CARQUEST AUTO PARTS	76.11	TRK #152 REPAIRS
64461	5/24/2018	CARQUEST AUTO PARTS	0.33	TRK #156 REPAIRS
64461	5/24/2018	CARQUEST AUTO PARTS	16.64	TRK #156 REPAIRS
		CARQUEST AUTO PARTS Total	127.97	
64384	5/07/2018	CNTRAL CO REG WTR QUAL BRD	1,500.00	FEMA-FLOOD HIGHLINE PERMIT FEE
		CNTRAL CO REG WTR QUAL BRD Total	1,500.00	
0	5/14/2018	CITISTREET - CALPERS 457	3,025.84	PP #10 457 CONTRIBUTION
0	5/25/2018	CITISTREET - CALPERS 457	3,025.84	PP #11 457 CONTRIBUTION
		CITISTREET - CALPERS 457 Total	6,051.68	
64394	5/08/2018	CITY OF SANTA BARBARA	115,823.55	CATER DWR LOAN - TRMT COSTS
64394	5/08/2018	CITY OF SANTA BARBARA	138,172.81	CATER OZONE LOAN
		CITY OF SANTA BARBARA Total	253,996.36	
64410	5/17/2018	COASTLINE EQUIPMENT	915.92	REPAIRS TO #170 BACKHOE
64410	5/17/2018	COASTLINE EQUIPMENT	118.61	SHOP SUPPS
64410	5/17/2018	COASTLINE EQUIPMENT	649.38	BACKHOE #170 SEAT REPAIR
		COASTLINE EQUIPMENT Total	1,683.91	
64462	5/24/2018	COHEN & BURGE LLP	22,632.00	SCE/LIEBERMAN/MUD/WTR SUPP
64462	5/24/2018	COHEN & BURGE LLP	3,000.00	NESBITT LGL/CLASS ACTION
		COHEN & BURGE LLP Total	25,632.00	
64512	5/31/2018	COLANTUONO, HIGHSMITH	937.50	NESBITT CLS ACTION; REF CLAIM
64512	5/31/2018	COLANTUONO, HIGHSMITH	10,730.51	NESBITT/WYCKOFF LEGAL
		COLANTUONO, HIGHSMITH Total	11,668.01	
64502	5/31/2018	COLONIAL LIFE	533.66	INSUR PREM RE: 5/14 & 5/25
		COLONIAL LIFE Total	533.66	
64411	5/17/2018	COMMANDER PRINTED PRODTS	236.75	WELLS FARGO CHECK STOCK
		COMMANDER PRINTED PRODTS Total	236.75	
64385	5/07/2018	COMPUVISION	1,037.50	DATTO/SCAN BVTP FLDR/WIFI/OFC
64412	5/17/2018	COMPUVISION	695.00	DATTO CLOUD BACK UP - JUN2018
		COMPUVISION Total	1,732.50	
64413	5/17/2018	COUNTY OF SAN LUIS OBISPO	57,208.53	JAMESON DEBRIS CLNG/PIPE RPR
		COUNTY OF SAN LUIS OBISPO Total	57,208.53	
64414	5/17/2018	COUNTY OF SANTA BARBARA	101,344.25	1/9 EVENT ASSISTANCE/BOTTLED H2O
		COUNTY OF SANTA BARBARA Total	101,344.25	
64415	5/17/2018	COX COMMUNICATIONS	723.92	ADMIN PHONE/INTERNET MAY2018
64463	5/24/2018	COX COMMUNICATIONS	647.56	BVTP PHONE/INTERNET 5/10-6/09
		COX COMMUNICATIONS Total	1,371.48	
64503	5/31/2018	DAL POZZO TIRE CORP	142.19	TRK #163 REPAIRS
		DAL POZZO TIRE CORP Total	142.19	
64386	5/07/2018	DATAPROSE LLC	2,618.97	MAIL SRVC-APR2018 STMT/POSTAGE
		DATAPROSE LLC Total	2,618.97	

CK#	DATE	VENDOR	AMT	DESCRIPTION
64416	5/17/2018	DUDEK	5,071.25	EMERG PERMITTING SRVCS TO 4/27
		DUDEK Total	5,071.25	
64504	5/31/2018	ECHO COMMUNICATIONS	183.25	AFTER HOURS PHONE SRVC-MAY18
		ECHO COMMUNICATIONS Total	183.25	
64387	5/07/2018	EMPLOYEE RELATIONS INC	20.50	BACKGRND SRCH - RYAN RODRIGUEZ
		EMPLOYEE RELATIONS INC Total	20.50	
64454	5/22/2018	ERNIE TACK	823.00	PRES SPKE - 3175 EUCALYPTUS
		ERNIE TACK Total	823.00	
64464	5/24/2018	EUROFINS EATON ANALYTICAL	530.00	WTR QLTY SAMPLING-JAMESON 3/7
64464	5/24/2018	EUROFINS EATON ANALYTICAL	399.00	WTR QLTY SAMPLING-JAMESON 4/03
64464	5/24/2018	EUROFINS EATON ANALYTICAL	399.00	WTR QLTY SAMPLING-JAMESON 4/12
64464	5/24/2018	EUROFINS EATON ANALYTICAL	650.00	WTR QLTY SAMPLING-JAMESON 4/03
		EUROFINS EATON ANALYTICAL Total	1,978.00	
64388	5/07/2018	FERGUSON WATERWORKS	9,649.15	INVENTORY/NON-INVENTORY SUPPS
64388	5/07/2018	FERGUSON WATERWORKS	182.20	PSI REGULATOR COPPER TUBING
64388	5/07/2018	FERGUSON WATERWORKS	1,366.06	INVENTORY/NON-INVENT SUPPS
64465	5/24/2018	FERGUSON WATERWORKS	635.12	INVENTORY SUPPS
64465	5/24/2018	FERGUSON WATERWORKS	2,250.67	INVENTORY/NON-INVENTORY SUPPS
64465	5/24/2018	FERGUSON WATERWORKS	237.06	NON-INVENTORY SUPPS
64465	5/24/2018	FERGUSON WATERWORKS	487.87	NON-INVENTORY SUPPS
		FERGUSON WATERWORKS Total	14,808.13	
64417	5/17/2018	FGL ENVIRONMENTAL	122.00	WTR SAMPLE ANALYSIS 03/19
64417	5/17/2018	FGL ENVIRONMENTAL	252.00	WTR SAMPLE ANALYSIS 03/19
64417	5/17/2018	FGL ENVIRONMENTAL	34.00	WTR SAMPLE ANALYSIS 03/19
64417	5/17/2018	FGL ENVIRONMENTAL	74.00	WTR SAMPLE ANALYSIS 04/09
64417	5/17/2018	FGL ENVIRONMENTAL	224.00	WTR SAMPLE ANALYSIS 04/16
64417	5/17/2018	FGL ENVIRONMENTAL	34.00	WTR SAMPLE ANALYSIS 04/16
64417	5/17/2018	FGL ENVIRONMENTAL	224.00	WTR SAMPLE ANALYSIS 04/23
64417	5/17/2018	FGL ENVIRONMENTAL	34.00	WTR SAMPLE ANALYSIS 04/23
64417	5/17/2018	FGL ENVIRONMENTAL	34.00	WTR SAMPLE ANALYSIS 04/30
64417	5/17/2018	FGL ENVIRONMENTAL	233.00	WTR SAMPLE ANALYSIS 04/30
64466	5/24/2018	FGL ENVIRONMENTAL	74.00	WTR SAMPLE ANALYSIS 04/16
64466	5/24/2018	FGL ENVIRONMENTAL	176.00	WTR SAMPLE ANALYSIS 04/16
64505	5/31/2018	FGL ENVIRONMENTAL	176.00	WTR SAMPLE ANALYSIS 04/23
		FGL ENVIRONMENTAL Total	1,691.00	
64467	5/24/2018	FRANK SCHIPPER CONST	380.04	CUST PROJECT DEPOSIT REFUND
		FRANK SCHIPPER CONST Total	380.04	
64418	5/17/2018	FRONTIER	45.95	TELEMETRY LINE 05/07 TO 6/06
		FRONTIER Total	45.95	
64419	5/17/2018	FUEL SMART SB	1,773.13	FUEL PURCHASES THRU 5/08
64468	5/24/2018	FUEL SMART SB	1,306.04	FUEL PURCHASES THRU 5/22/18
		FUEL SMART SB Total	3,079.17	
64420	5/17/2018	GENERAL PUMP COMPANY	3,570.00	PULL & RESET BVTP PUMP/INSPECT
		GENERAL PUMP COMPANY Total	3,570.00	
64469	5/24/2018	GRAINGER INC.	43.61	BVTP SUPPS
64469	5/24/2018	GRAINGER INC.	92.56	BVTP SUPPS
64506	5/31/2018	GRAINGER INC.	93.34	COUPLER/GUAGE BV REPAIRS
		GRAINGER INC. Total	229.51	
64421	5/17/2018	HACH COMPANY	80.41	PH SOLUTION KIT - BVTP
64470	5/24/2018	HACH COMPANY	344.47	PH ELECTRODE FOR DOULTON TP
		HACH COMPANY Total	424.88	
0	5/14/2018	HARTFORD LIFE INS CO	25.00	PP #10 457 CONTRIBUTION
0	5/25/2018	HARTFORD LIFE INS CO	25.00	PP #11 457 CONTRIBUTION
		HARTFORD LIFE INS CO Total	50.00	
64422	5/17/2018	IFLOW ENERGY SOLUTIONS	1,560.00	AMI TEST METERS
		IFLOW ENERGY SOLUTIONS Total	1,560.00	

CK#	DATE	VENDOR	AMT	DESCRIPTION
64423	5/17/2018	INDUCTIVE AUTOMATION LLC	1,455.20	CONTRACT RENEW MAIN BSC CARE
		INDUCTIVE AUTOMATION LLC Total	1,455.20	
0	5/29/2018	JAN E ABEL	291.46	RETIREE MED/PRESC REIMB - JUN
		JAN E ABEL Total	291.46	
64424	5/17/2018	JSB SOLAR SOLUTIONS, INC.	4,156.07	INSTALL JAMESON LK SOLAR PANEL
		JSB SOLAR SOLUTIONS, INC. Total	4,156.07	
64471	5/24/2018	LASH CONSTRUCTION INC.	274,055.40	PROG PYMT SYC CYN WTR RPLCE
64507	5/31/2018	LASH CONSTRUCTION INC.	119,048.40	SYCAMORE CYN WTR MAIN RPLCE
		LASH CONSTRUCTION INC. Total	393,103.80	
64508	5/31/2018	LEE AND NEAL	633.60	DOUTLON SEPTIC TANK SRVC 5/14
		LEE AND NEAL Total	633.60	
0	5/14/2018	LINCOLN FINANCIAL GROUP	1,625.00	PP #10 457 CONTRIBUTION
0	5/25/2018	LINCOLN FINANCIAL GROUP	1,625.00	PP #11 457 CONTRIBUTION
64472	5/24/2018	LINCOLN FINANCIAL GROUP	1,070.20	LTD INSUR PREM - JUN 2018
		LINCOLN FINANCIAL GROUP Total	4,320.20	
64389	5/07/2018	MARBORG DISPOSAL CO.	60.62	PORTABLE RESTROOM SRVC 4/12
64425	5/17/2018	MARBORG DISPOSAL CO.	10.78	DTP PORTABLE RESTROOM APR2018
64425	5/17/2018	MARBORG DISPOSAL CO.	706.27	3YRD TRASH/RECYCLE SRVC 4/18
64425	5/17/2018	MARBORG DISPOSAL CO.	159.84	25YRD ROLL-OFF RENTAL APR2018
64473	5/24/2018	MARBORG DISPOSAL CO.	355.65	25YRD ROLL-OFF MAY 2018
64473	5/24/2018	MARBORG DISPOSAL CO.	552.43	11YRD REFUSE (11.17 TONS)
		MARBORG DISPOSAL CO. Total	1,845.59	
64474	5/24/2018	MARTHA S. LANGE	1,579.15	MAR29-APR30 FEMA DATA SUPPORT
		MARTHA S. LANGE Total	1,579.15	
64475	5/24/2018	MCCORMIX CORP.	297.28	FLEET MOTOR OIL
64509	5/31/2018	MCCORMIX CORP.	352.06	DIESEL FUEL 72.4 GAL
64509	5/31/2018	MCCORMIX CORP.	157.22	FUEL PURCHASES THRU 5/15/18
		MCCORMIX CORP. Total	806.56	
64426	5/17/2018	MICHAEL BAKER INT Total	1,387.50	PROF CONSULT SRVCS THRU 4/29
		MICHAEL BAKER INT Total	1,387.50	
64427	5/17/2018	MISSION LINEN SUPPLY	100.03	TRTMENT UNIF SRVC 5/01
64427	5/17/2018	MISSION LINEN SUPPLY	195.77	DIST UNIFORM SRVC - 5/01
64476	5/24/2018	MISSION LINEN SUPPLY	419.94	POLOS FOR DIST/TRMT MGRS
64476	5/24/2018	MISSION LINEN SUPPLY	64.61	2 POLO SHIRTS - ROMERO
64476	5/24/2018	MISSION LINEN SUPPLY	133.78	BVTP UNIFORM SRVC 5/08
64476	5/24/2018	MISSION LINEN SUPPLY	190.27	DIST WKLY UNIFORM SRVC 5/08
64476	5/24/2018	MISSION LINEN SUPPLY	36.00	BVTP UNIFORM SRVC 5/22
64476	5/24/2018	MISSION LINEN SUPPLY	133.78	BVTP UNIFORM SRVC 5/22
64476	5/24/2018	MISSION LINEN SUPPLY	258.93	DIST WKLY UNIFORM SRVC 5/22
		MISSION LINEN SUPPLY Total	1,533.11	
64428	5/17/2018	MNS ENGINEERS INC	15,523.78	HYDROLIC MODEL/MAPPING/MGMT
		MNS ENGINEERS INC Total	15,523.78	
64390	5/07/2018	MONTECITO HARDWARE	5.38	SHOP SUPPS
64479	5/24/2018	MONTECITO HARDWARE	45.10	BVTP PLUMBING SUPPS
64479	5/24/2018	MONTECITO HARDWARE	25.82	PLUMBING SUPPS
64479	5/24/2018	MONTECITO HARDWARE	19.38	SHOP SUPPS
64479	5/24/2018	MONTECITO HARDWARE	32.31	PIPE CUTTER FOR SHOP
64479	5/24/2018	MONTECITO HARDWARE	10.26	BVTP PLUMBING SUPPS
		MONTECITO HARDWARE Total	138.25	
64478	5/24/2018	MONTECITO JOURNAL	302.90	1/4PG AD 5/17 MAY WTR AWARENES
		MONTECITO JOURNAL Total	302.90	
64391	5/07/2018	MUELLER CO	8,936.79	METERS
		MUELLER CO Total	8,936.79	

CK#	DATE	VENDOR	AMT	DESCRIPTION
0	5/14/2018	PAYLOCITY CORPORATION	56.58	2ND P/R RUN PP10
0	5/14/2018	PAYLOCITY CORPORATION	100.82	P/R FEES PERIOD END 5/11; PP10
0	5/25/2018	PAYLOCITY CORPORATION	200.08	PAYROLL FEES END 5/25; PP #11
0	5/14/2018	PAYLOCITY CORPORATION	27,770.91	PP #10 TAX DEPOSIT
0	5/25/2018	PAYLOCITY CORPORATION	27,102.92	PP #11 TAX DEPOSIT
		PAYLOCITY CORPORATION Total	55,231.31	
64429	5/17/2018	PITNEY BOWES	301.50	REPLENISH POSTAGE MTR 04/12
		PITNEY BOWES Total	301.50	
64396	5/09/2018	PJ SIGNS	210.00	SIGN FOR FLUORESCENT TUBES
64398	5/15/2018	PJ SIGNS	220.00	MWD TRUCK LOGOS (4) BLACK
		PJ SIGNS Total	430.00	
64480	5/24/2018	POWERS ELECTRIC PRODUCTS	90.81	RPLC CRNKSHAFT ASMBLY WELLSNDR
		POWERS ELECTRIC PRODUCTS Total	90.81	
64481	5/24/2018	PRAXAIR DISTRIBUTION INC	295.02	SHOP SUPPS
		PRAXAIR DISTRIBUTION INC Total	295.02	
64430	5/17/2018	PROBER LAND SURVEYING	4,485.00	RIGHT OF WAY SURVEY/HIGHLNE RP
		PROBER LAND SURVEYING Total	4,485.00	
64431	5/17/2018	PURETEC	139.69	QRTLY CHEM SUPPS - BVTP
64431	5/17/2018	PURETEC	69.78	CHEM SUPP-BVTP
		PURETEC Total	209.47	
64432	5/17/2018	RAUCH COMMUNICATION	1,276.00	WEBSITE/ENEWS THRU 3/31
		RAUCH COMMUNICATION Total	1,276.00	
64395	5/08/2018	S.B. COUNTY PUBLIC WORKS	95.00	753 SYR RELOCATE WTR MTR
64397	5/15/2018	S.B. COUNTY PUBLIC WORKS	296.00	UTLTY TRENCH FEE/FEMA PROJ H3
		S.B. COUNTY PUBLIC WORKS Total	391.00	
64392	5/07/2018	S.B. HOME IMPR CNTR	149.91	JAMESON LKE SUPPS FIRE RPLCE
64433	5/17/2018	S.B. HOME IMPR CNTR	(7.60)	RETURNED ITEM
64433	5/17/2018	S.B. HOME IMPR CNTR	26.93	JAMESON LK PAINT SUPPS
64482	5/24/2018	S.B. HOME IMPR CNTR	92.30	JAMESON LKE SUPPS
		S.B. HOME IMPR CNTR Total	261.54	
64483	5/24/2018	SAFETY-KLEEN SYSTEMS INC	338.45	RECYCLE USED MOTOR OIL 5/21
		SAFETY-KLEEN SYSTEMS INC Total	338.45	
64434	5/17/2018	SALVADOR BARAJAS CHAVEZ	12,491.00	LANDSCAPING DOULTON-1/9 DAMAGE
		SALVADOR BARAJAS CHAVEZ Total	12,491.00	
64484	5/24/2018	SANTA BARBARA SAND	1,847.69	52 TONS FILL SAND
		SANTA BARBARA SAND Total	1,847.69	
64435	5/17/2018	SATCOM DIRECT INC	46.95	JAMESON SATELLITE PHNE APR2018
		SATCOM DIRECT INC Total	46.95	
64436	5/17/2018	SMARDAN HATCHER CO.	103.03	SHOP SUPPS
		SMARDAN HATCHER CO. Total	103.03	
64437	5/17/2018	SOAP MAN	93.58	KITCHEN/OFC SUPPS
		SOAP MAN Total	93.58	
64438	5/17/2018	SOUTHERN CALIF EDISON CO	23,031.92	MTHLY ELEC SRCV 03/27 TO 04/26
		SOUTHERN CALIF EDISON CO Total	23,031.92	
64439	5/17/2018	SOUTHERN CALIF GAS CO	17.64	BVTP MTHLY GAS SRVC 4/4-5/3
		SOUTHERN CALIF GAS CO Total	17.64	
64440	5/17/2018	SPIELER CONSTRUCTION	485.67	REF DUE CUST-1250 W PEPPER MTR
		SPIELER CONSTRUCTION Total	485.67	
64441	5/17/2018	STAPLES ADVANTAGE	252.92	ADMIN OFC SUPPS
64441	5/17/2018	STAPLES ADVANTAGE	109.95	OFC SUPPS-TREATMENT
		STAPLES ADVANTAGE Total	362.87	
64442	5/17/2018	STAPLES CREDIT PLAN	192.20	OFFICE SUPPS
		STAPLES CREDIT PLAN Total	192.20	

CK#	DATE	VENDOR	AMT	DESCRIPTION
64443	5/17/2018	STEVE HANSON LANDSCAPING	22,452.15	JPIA-FIRE JAMESON LK CLEANUP
		STEVE HANSON LANDSCAPING Total	22,452.15	
64485	5/24/2018	STEWART RASMUSSEN	129.25	REF B27 - 811 ROMERO CYN RD
		STEWART RASMUSSEN Total	129.25	
64486	5/24/2018	THE WHARF	125.10	SAFETY BOOTS - PRINCE, AUSTIN
		THE WHARF Total	125.10	
64444	5/17/2018	THOMAS R. WIDROE	3,333.00	1ST INSTL/RETAINER/ENG ASST
		THOMAS R. WIDROE Total	3,333.00	
64510	5/31/2018	TIERRA CONTRACTING, INC.	732.01	CLEANUP DOULTON TRMT 3/12/18
64510	5/31/2018	TIERRA CONTRACTING, INC.	6,901.92	TORO CYN BRDG WRK 4/09/18 FEMA
64510	5/31/2018	TIERRA CONTRACTING, INC.	3,507.79	RPR PTHLE/MAIN ON CVR 4/18/18
64510	5/31/2018	TIERRA CONTRACTING, INC.	9,807.28	TORO CYN BRDG-RE-ROUTE WTR LIN
		TIERRA CONTRACTING, INC. Total	20,949.00	
64445	5/17/2018	TOWERS CLEANING	474.60	ADMIN JANITORIAL SRVC APR2018
		TOWERS CLEANING Total	474.60	
64487	5/24/2018	TRI-CO REPROGRAPHICS	27.47	ENG RECORDS/MAPPING
		TRI-CO REPROGRAPHICS Total	27.47	
64446	5/17/2018	TYLER TECHNOLOGIES INC	4,239.56	CUST PROG/CALC/DATAPROSE
64446	5/17/2018	TYLER TECHNOLOGIES INC	105.00	MTHLY FEE WEBSITE HOST MAY2018
		TYLER TECHNOLOGIES INC Total	4,344.56	
64447	5/17/2018	UNITED HEALTHCARE INS	191.88	RETIREE MED BEN - AYALA JUN18
		UNITED HEALTHCARE INS Total	191.88	
64448	5/17/2018	UNITED STATES PLASTIC CORP	41.65	BVTP SUPPS
64488	5/24/2018	UNITED STATES PLASTIC CORP	93.32	WATER QUALITY SAMPLING
		UNITED STATES PLASTIC CORP Total	134.97	
64449	5/17/2018	UPS	82.54	SHIPPING CHG - 5/02 WTR QLTY
64449	5/17/2018	UPS	83.98	SHIPPING CHG - 5/08 WTR QLTY
64511	5/31/2018	UPS	103.47	SHIP JAMESON WTR SAMPLES 5/23
64511	5/31/2018	UPS	13.69	SHIP PART FOR RECALIBRATION
		UPS Total	283.68	
64489	5/24/2018	USA BLUEBOOK	828.36	LEAD FREE PRESSURE GAUGE
		USA BLUEBOOK Total	828.36	
64450	5/17/2018	WATER QUALITY & TREAT	3,285.00	THOMAS FIRE TECH SUPP SRV 4/23
		WATER QUALITY & TREAT Total	3,285.00	
0	5/11/2018	WELLS FARGO	2,997.07	APR 2018 BANK ANALYSIS CHARGE
64490	5/24/2018	WELLS FARGO	3,550.48	WELLS VISA CHGS - APR 2018
		WELLS FARGO Total	6,547.55	
64451	5/17/2018	WESTERN EXTERMINATOR	65.50	EXTERM SRVC BVTP APR
64451	5/17/2018	WESTERN EXTERMINATOR	69.00	EXTERM SRVC ADMIN APR
64451	5/17/2018	WESTERN EXTERMINATOR	243.50	EXTERM SRVC QTRLY JUNCAL DAM
		WESTERN EXTERMINATOR Total	378.00	
64452	5/17/2018	WOODARD & CURRAN	9,788.95	RECYCLED WTR FACILITY PLAN
		WOODARD & CURRAN Total	9,788.95	
64453	5/17/2018	YARNELL CONSTRUCTION	632.55	REF DUE CUST-341 RIDGECREST
		YARNELL CONSTRUCTION Total	632.55	
64393	5/07/2018	ZACHARIAS HUNT	3,331.90	GIS DATA UPDATE/PROG MAINT
		ZACHARIAS HUNT Total	3,331.90	
		Grand Total	1,681,825.28	

**MONTECITO WATER DISTRICT
MEMORANDUM**

SECTION: 3-D

DATE: JUNE 26, 2018

TO: BOARD OF DIRECTORS

FROM: BUSINESS DEPARTMENT

SUBJECT: DISTRICT FUNDS

For the Board's information, the District's current invested reserve portfolio, as of 5/31/18, is as follows:

Unrestricted Reserve Funds	Date	Principal
Wells Fargo Checking	5/31/2018	\$407,115
American Riviera Checking	5/31/2018	\$499,917
American Riviera Money Market	5/31/2018	\$755,895
Schwab	5/31/2018	\$4,911,407
CCWA Credit Balance Fund	5/31/2018	\$137,044
	TOTAL	\$6,711,378

Restricted Reserve Funds	Date	Principal
Bank of New York-2010 A Bond Reserve Fund	5/31/2018	\$1,458,426
California Bank & Trust DWR Ortega Loan Reserve	5/31/2018	\$590,413
CCWA Rate Coverage Reserve Fund	5/31/2018	\$1,427,123
	TOTAL	\$3,475,962

**MONTECITO WATER DISTRICT
MEMORANDUM**

SECTION: 4-B

DATE: JUNE 26, 2018

TO: OPERATIONS AND ADMINISTRATION COMMITTEE

FROM: ENGINEERING MANAGER

SUBJECT: GROUNDWATER MONITORING REPORT SPRING 2018 UPDATE

This item was reviewed by the Operations Committee at their meeting on June 18, 2018.

RECOMMENDATION:

For information only.

DISCUSSION:

District staff conducts a semi-annual survey of groundwater wells within the District service boundary. The survey measures static water elevations in District-owned and private groundwater wells and converts this data to groundwater aquifer elevations above mean sea level. This data has been collected by the District to continue its efforts in monitoring the groundwater basin and to ascertain groundwater storage conditions within the four defined groundwater storage units District-wide. The collection of data twice a year reflects groundwater conditions following the rainfall/groundwater recharge season (spring) and the groundwater extraction season (fall). The fall 2017 monitoring was completed, but no report was made at that time. The last groundwater monitoring report was in spring 2017.

The fall 2017 and spring 2018 groundwater well survey successfully recorded groundwater elevations for 62 wells in the Montecito Basin. The data shown in the attached spreadsheet indicates a slight rebound in groundwater elevations across the District but the majority of wells are still well below 1998 wet weather elevations. 53% of the spring 2018 monitored wells showed a decrease in groundwater elevation when compared with spring 2017 elevations.

Background

There are three main storage units in the Montecito Groundwater Basin (known as Storage Units Nos. 1, 2 and 3) and one additional storage unit (Toro Canyon Storage Unit) which lies adjacent to, and is partially separated geologically from, the Carpinteria

Groundwater Basin. The three Montecito storage units are divided on the basis of east-west trending faults that act as barriers to down-slope groundwater movement. The northern unit (Storage Unit 1) is bounded on the south by the Arroyo Parida Fault, the central unit (Storage Unit 2) by the Montecito Fault and the southern unit (Storage Unit 3) by the Rincon Creek Fault, which is located under the ocean, over 1000 feet south of the coastline. Higher water levels and steeper groundwater gradients north of the Arroyo Parida and Montecito Faults confirm the separation of the units. North of the Montecito Fault groundwater levels have historically remained about 150 feet higher than south of the fault.

According to a 1980 study (*Safe Yield of the Montecito Basin and Toro Canyon Area*) prepared by Mike Hoover, the safe yield of the groundwater basins within the Montecito Water District is estimated at 1,650 acre-feet per year. The estimated breakdown of this yield by groundwater storage unit is shown in Table 1.

Table 1 – Annual Safe Yield by Storage Unit

Storage Unit	Safe Yield (AFY)
Unit 1	550
Unit 2	100
Unit 3	700
Toro Canyon	300
Groundwater Basin Safe Yield	1,650

This safe yield of 1,650 AF is considered a long-term, yearly average of what can safely be drawn from the basin without creating an overdraft condition. This safe yield will be revisited as part of the Sustainable Groundwater Management (SGMA) process for the Montecito Basin.

On average, the District pumps between 250 to 600 AF of groundwater per year from the groundwater basin. This groundwater is used to serve both domestic and non-domestic uses for District customers. Groundwater rights have not been established for the basin by agreement or through legal process in Montecito. The amount of water drawn by private wells is not known to the District. There are hundreds of private wells with no metering or reporting requirements in place to mandate that the information be tracked. The District has been able to obtain water level information on a voluntary basis from private wells to keep track of the overall basin water levels.

Storage Unit 1

The results for spring 2018 indicate, on average, groundwater levels recovered 1 foot since spring 2017 but remain 18 feet below 1991 historic low levels. Additionally, groundwater levels for this Storage Unit remain 5 to 100 feet below historic 1998 high elevations, or the “full” basin condition. 14 of the 40 wells in Unit 1 recovered to levels

ranging from 2 to 72 feet higher than spring 2017. Conversely, 21 of the 40 wells were at levels ranging from 2 to 31 feet below spring 2017 levels. The remaining wells remained the same as spring 2017 or did not have data during spring 2017.

Storage Unit 2

Storage Unit 2 is a low producing groundwater basin with clayey soils and very little groundwater production. There are only two data points available for analyzing groundwater levels in Storage Unit 2. These data points are not sufficient to establish a generalized statement about the basin water level. It is noted that both indicate a relatively stable level, when compared to 2017. Both are similar to historic dry and wet weather elevations. The District does not currently have or have plans to install any groundwater wells in this storage unit.

Storage Unit 3

The results for spring 2018 indicate, on average, groundwater levels recovered 1 foot since spring 2017 and are on average 7 feet above historic 1991 dry weather elevations. However, groundwater levels for this Storage Unit remain on average 24 feet below historic 1998 wet weather levels, or “full” basin condition. 6 of the 18 wells recovered to levels ranging from 3 to 64 feet higher than spring 2017. Conversely, 11 of the 18 wells were at levels ranging from 1 to 18 feet below spring 2017 levels. The remaining well is new to the Monitoring Program and does not have elevations for spring 2017.

The District owns nine wells in Storage Unit 3. Four of these wells are active wells and all of them show groundwater levels well below historic dry and wet weather elevations and also below sea level since 2010. The five inactive District wells are all above sea level and show similar elevations compared to historic dry elevations but below historic wet elevations.

Toro Canyon Storage Unit

There are only two data points available for analyzing water levels in Toro Canyon Storage Unit. The data for these two wells show steadily decreasing groundwater levels since 2009 with a slight recovery in the past two years. There is not enough data to draw general conclusions about the Toro Canyon Storage Unit. District Staff will contact homeowners within the Toro Canyon Storage Unit to request access to additional private wells to expand the analysis under this monitoring program.

Summary

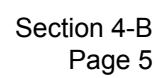
Based on the limited data gathered by the District, the Montecito groundwater basin remains well below “full” aquifer condition. Storage Unit 1, closest to the mountains, remains 5 to 20 feet below historic dry weather groundwater elevations and over 100 feet below historic wet weather elevations in some areas. Storage Unit 3 closest to the

ocean is, on average, 7 feet above historic dry weather elevations but 24 feet below spring 2017. Groundwater recharge rates of the Montecito Basin are likely limited in recent years due to the ongoing historic drought and a high quantity of private well users in the Basin. Several wet winters would be needed to significantly recharge the basin to a “full” condition.

The District will continue to monitor the potential for seawater intrusion into Storage Unit 3 using District well data and private well data under this monitoring program. Seawater intrusion has not been documented as having occurred in the past but the District will continue this monitoring program to respond to seawater intrusion, if necessary.

Attachment 1 – Groundwater Basin Map

Attachment 2 – Groundwater Well Data 1991 - Present



MONTECITO WATER DISTRICT GROUNDWATER MONITORING PROGRAM

WELL WATER LEVEL DATA

	MWD	USGS	MWD	WIN	SPR	SPR	FALL	SPR	FALL	FALL	SPR	FALL	SPR	FALL	SPR	FALL	SPR	FALL	SPR	FALL	SPR	FALL	SPR	2 YEAR	1 YEAR	CURRENT	CURRENT
NAME/ADDRESS	WELL NAME	WELL #	WELL #	1991	1998	2009	2009	2010	2010	2011	2012	2012	2013	2013	2014	2014	2015	2015	2016	2016	2017	2017	2018	CHANGE	CHANGE	VS. WIN 91	VS. SPR 98
VALLEY CLUB RD (MWD)	Valley Club	16DO1S	1-1	159	221	193	187	171	146	192	186	175	184	165	161	160	160	148	149	194	153	157	156	7	3	-3	-65
EASTGATE LN/EVR 8	EVR 8	16AO1S	1-3	195	219	210	210	211	210	211	210	209	191	205	202	200	197	169	170	146	212	193	195	25	-17	-1	-24
BROOKTREE RD			1-4	418	428	NA	417	418	NA	NA	NA	NA	NA	404	405	400	403	394	396	391	405	397	398	2	-7	-20	-30
EAST MTN DR			1-5	494	510	509	NA	473	496	492	490	485	490	485	487	476	482	473	480	463	484	467	511	31	27	17	1
PICACHO LN		8M2	1-6		219	NA	NA	NA	264	182	22	4	307	NA	NA	NA	NA	NA	NA	51	60	35	52	NA	-8	NA	-167
HOT SPRINGS RD		7R1	1-7		257	221	183	207	101	182	198	163	193	150	174	140	170	123	151	111	152	95	121	-31	-31	NA	-136
HOT SPRINGS RD		7R2	1-8		263	227	192	219	226	183	193	167	192	155	187	147	177	135	165	121	156	115	141	-25	-15	NA	-122
BOUNDARY DR		9Q1	1-10	218	243	224	223	228	214	219	209	194	198	182	183	175	179	170	173	168	189	190	195	22	6	-22	-48
BOUNDARY DR		9Q2	1-11	219	241	225	223	229	224	224	223	221	221	219	219	215	214	195	193	189	228	218	215	22	-13	-4	-26
INVERNESS LN		9P1	1-13	183	240	214	NA	NA	NA	NA	NA	NA	204	195	192	187	183	177	175	171	179	179	179	4	0	-4	-61
E VALLEY RD		8R2	1-14	DRY	220	215	201	185	205	208	206	NA	200	DRY	177	DRY	DRY	DRY	DRY	180	168	164	240	NA	72	NA	20
491 LIVE OAKS RD (MWD)	Live Oaks	17BO3S	1-15	122	206	190	176	181	178	177	192	155	164	147	149	DRY	134	124	DRY	52	DRY	130	133	NA	NA	11	-73
EL BOSQUE RD		8Q2	1-16	136	237	216	173	195	197	170	229	144	NA	164	169	NA	NA	130	139	276	175	119	177	38	2	41	-61
HODGES WELL (MWD)	Hodges	8PO1S	1-17	117	196	184	171	177	173	175	174	154	166	149	147	132	136	50	126	111	120	109	109	-17	-11	-8	-87
SAN YSIDRO RD - Upper		8L1	1-18	226	251	NA	247	251	NA	246	248	NA	246	242	244	235	236	230	234	219	222	178	215	-19	-8	-11	-37
SAN YSIDRO RD - Lower			1-18a																		76	85	85	NA	NA	NA	NA
583 SYR/OFFICE WELL (MWD)	T. Mosby	8PO3S	1-19	118	206	183	167	175	173	110	169	147	163	143	152	122	135	95	121	76	37	27	66	-54	29	-51	-139
RANDALL RD			1-21	267	291	285	NA	275	283	281	280	271	282	265	281	257	277	253	271	208	279	267	273	2	-6	6	-18
KNOLLWOOD DR			1-28	456	491	447	403	419	447	NA	436	420	NA	424	NA	426	424	401	402	399	432	421	401	-1	-31	-55	-90
BROOKTREE RD			1-29	468	463	422	423	423	498	424	437	NA	423	421	431	420	424	413	413	537	415	415	388	-25	-27	-80	-75
E MOUNTAIN DR			1-30	375	375	383	NA	383	NA	380	380	377	378	377	377	373	376	371	374	372	380	376	378	4	-2	3	3
MEADOW WOOD LN			1-31	243	280	253	229	227	205	226	238	69	154	221	NA	192	NA	172	224	226	223	111	279	55	56	36	-1
E MOUNTAIN DR			1-32	566	582	540	567	511	568	548	542	542	571	529	571	565	566	558	543	543	519	500	500	-43	-19	-65	-81
PARK LN			1-33	305	364	NA	NA	NA	299	NA	NA	317	320	317	317	307	306	299	299	315	299	297	309	10	10	4	-56
WESTMONT COLLEGE			1-35	475	513	495	384	326	354	465	NA	NA	455	432	409	383	461	400	401	NA	401	397	416	15	15	-59	-96
CLOYDON CIRCLE			1-36	334	402	399	397	401	400	436	436	401	401	396	392	389	387	381	379	374	357	370	371	-8	14	38	-31
E VALLEY RD			1-37	135	214	198	182	239	183	188	191	170	179	158	158	138	145	126	133	123	144	122	130	-3	-14	-5	-84
COYOTE RD			1-38	532	532	501	505	511	513	526	527	525	526	463	521	513	500	500	496	493	501	500	503	7	2	-29	-28
FUERA LN			1-40	257	367	NA	323	325	325	321	321	317	324	316	303	304	306	253	282	NA	290	289	296	14	6	39	-71
LILAC DR			1-42	284	297	NA	NA	265	282	NA	NA	274	285	272	271	191	199	231	237	NA	264	231	238	1	-27	-47	-59
LADERA LN			1-43	723	744	733	729	733	631	731	729	725	725	723	719	719	718	716	723	716	737	724	734	11	-3	11	-10
TOLLIS AVE			1-45	348	392	337	289	326	332	336	333	335	358	336	309	335	316	203	188	182	214	185	203	15	-11	-145	-189
COLD SPRINGS RD			1-47		625	642	611	619	612	631	612	609	610	610	611	615	609	609	DRY	633	608	598	601	NA	-8	NA	-24
ASHLEY ROAD			1-48		499	449	421	425	438	434	425	402	420	381	411	365	388	346	377	340	358	337	344	-33	-14	NA	-155
EAST VALLEY RANCH 3 (MWD)	EVR 3		1-49		179	178	175	175	171	176	152	164	166	163	163	163	162	161	162	134	181	170	174	12	-7	NA	-5
EAST VALLEY RANCH 4 (MWD)	EVR 4		1-50		183	179	174	173	NA	177	172	167	169	166	165	166	166	165	DRY	160	182	169	171	NA	-11	NA	-12
SEAVIEW (MWD)	Seaview	17C05S	1-51			191	179	177	183	183	183	163	173	154	158	135	140	123	129	111	120	112	128	-1	8	NA	NA
PARK LANE		09D001S	1-52			470	408	NA	433	477	449	429	458	438	345	348	407	356	391	367	437	414	471	80	34	NA	NA
LAS FUENTES (MWD)	Las Fuentes		1-53									189	196	182	183	177	177	170	171	160	214	195	198	27	-16	NA	NA
EAST VALLEY RANCH 6 (MWD)	EVR 6		1-54										171	168	168	167	167	165	166	171	185	171	173	7	-12	NA	NA
STORAGE UNIT 1 AVERAGES																							7		1	-18	-58
CAMINO VIEJO RD		17E3	2-2	281	291	297	291	287	296	294	295	294	293	273	290	292	292	288	287	289	288	287	286	-1	-2	4	-5
CAMINO VIEJO RD		17E4	2-3	286	294	299	296	299	301	293	298	297	300	290	296	291	294	291	289	288	288	283	284	-5	-4	-2	-10
STORAGE UNIT 2 AVERAGES																							-3		-3	1	-7
LAS ENTRADAS 2 (MWD)	LE II	16NO2S	3-2	-16	64	12	49	53	50	51	50	50	51	45	28	34	38	24	30	21	53	50	42	11	-12	57	-22
S B CEMETERY		13R1	3-5	0	10	8	NA	NA	NA	NA	NA	10	9	8	8	6	5	3	3	1	1	2	4	1	3	4	-6
BILTMORE HOTEL		19H3	3-7	-5	NA	NA	1	1	1	-28	28	1	-4	1	0	1	0	-2	-1	0	1	0	-6	-6	-7	-1	NA
NEAL WELL (MWD)	Neal	17NO1S	3-8	-11	40	30	29	32	61	37	NA	32	31	28	24	20	18	8	9	0	5	-1	0	-9	-5	11	-41
LAGUNA BLANCA SCH		17L1	3-9	3	39	15	16	18	11	8	8	10	11	5	5	2	0	1	1	-1	12	1	2	1	-10	-1	-37
LE1-PADEN WELL 2 (MWD)	Paden 2		3-12a									8	6	-33	-42	-49	-58	-77	-55	-81	-96	-62	-32	23	64	NA	NA
LOUREYRO RD		16N1	3-15	-20	13	-7	9	NA	-3	5	11	5	7	Dry	-11	Dry	-11	-11	DRY	51	-10	-14	-12	NA	-2	8	-24
MIDDLE RD			3-16	25	75	59	59	67	67	163	74	71	72	65	58	-9	48	41	40	34	32	37	38	-1	6	13	-37

MONTECITO WATER DISTRICT GROUNDWATER MONITORING PROGRAM																											
WELL WATER LEVEL DATA																											
	MWD	USGS	MWD	WIN	SPR	SPR	FALL	SPR	FALL	FALL	SPR	FALL	SPR	FALL	SPR	FALL	SPR	FALL	SPR	FALL	SPR	FALL	SPR	2 YEAR	1 YEAR	CURRENT	CURRENT
NAME/ADDRESS	WELL NAME	WELL #	WELL #	1991	1998	2009	2009	2010	2010	2011	2012	2012	2013	2013	2014	2014	2015	2015	2016	2016	2017	2017	2018	CHANGE	CHANGE	VS. WIN 91	VS. SPR 98
GLENVIEW RD			3-17	183	194	199	NA	283	249	NA	278	NA	242	198	199	196	195	195	193	187	191	190	190	-3	-1	7	-4
SPRING RD			3-19	3	5	NA	3	3	3	4	4	5	3	3	2	3	3	3	2	2	3	2	1	-1	-2	-2	-4
MONTECITO DEL MAR			3-20	6	15	11	7	11	11	14	13	12	7	10	8	7	5	4	4	3	7	6	5	0	-3	-1	-10
AMAPOLA (MWD)	Amapola	17K01S	3-22	0	36	10	10	16	12	19	10	7	7	-7	-13	-19	-20	28	-20	-29	-24	-26	-19	1	5	-19	-54
MORGAN (MWD)	Morgan	16P06S	3-23			40	52	59	59	58	51	50		44	50	34	38	25	31	21	53	50	42	11	-12	NA	NA
UNDERWOOD (MWD)	Underwood	17A02S	3-24			7	19	NA	4	7	5	2	4	1	1	1	21	-1	30	0	21	21	3	-27	-18	NA	NA
ENNISBROOK 2 (MWD)	Ennisbrook 2	17J01S	3-25			4	4	33	-24	-38	1	7	6	-43	-47	-22	-26	-40	-29	-37	-28	-43	-13	16	15	NA	NA
ENNISBROOK 5 (MWD)	Ennisbrook 5		3-26			4	4	33	-24	-38	1	7	6	-43	-47	-22	-26	-40	-29	-37	-28	-47	-24	5	4	NA	NA
BUTTERFLY LANE			27-Mar																			1	NA	NA	NA	NA	
POSILIPO LN			28-Mar																		3	1	2	NA	-1	NA	NA
STORAGE UNIT 3 AVERAGES																							2		1	7	-24
TORO CYN RD			4-4	350	340	244	303	241	268	334	326	287	338	303	244	276	244	281	289	204	374	226	308	19	-66	-42	-32
368 LAMBERT RD (EDGEWOOD MWD)	Edgewood	23C4	4-6			49	50	48	49	50	48	46	46	42	43	37	27	35	39	35	35	35	37	-2	2	NA	NA
STORAGE UNIT 4 AVERAGES																							9		-32	NA	NA

**MONTECITO WATER DISTRICT
MEMORANDUM**

SECTION: 4-C

DATE: JUNE 26, 2018

TO: BOARD OF DIRECTORS

FROM: GENERAL MANAGER

**SUBJECT: ADOPTION OF RESOLUTION NO. 2164 PLACING IN NOMINATION
FLOYD WICKS AS A MEMBER OF THE REGION 5 BOARD OF
ASSOCIATION OF CALIFORNIA WATER AGENCIES**

RECOMMENDATION:

That the Board of Directors support the nomination of Director Floyd Wicks as a member of the Region 5 Board Association of California Water Agencies and adopt Resolution No. 2164;

DISCUSSION:

In April 2018, the District was notified by the Association of California Water Agencies (ACWA) Region 5 Board that it is seeking to fill one Board member vacancy for the remainder of the 2018-2019 term. The deadline to submit the required information to be nominated for this vacancy is June 25, 2018.

District Board Member Floyd Wicks expressed interest in being nominated as a member of the Region 5 ACWA Board. The District Board can support Director Wicks' nomination by adopting the attached proposed Resolution No. 2164. Under direction from President Morgan, the nomination package, excluding the resolution was submitted to ACWA Region 5 on June 14, 2018. ACWA Region 5 has confirmed their willingness to accept a complete nomination package which includes this resolution after the stated deadline.

ATTACHMENTS

1. Draft Resolution No. 2164
2. ACWA Region 5 Nomination package

RESOLUTION NO. 2164
A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
MONTECITO WATER DISTRICT
PLACING IN NOMINATION FLOYD WICKS
AS A MEMBER OF THE ASSOCIATION OF CALIFORNIA WATER AGENCIES
REGION 5 BOARD OF DIRECTORS

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF MONTECITO WATER DISTRICT AS FOLLOWS:

A. Recitals

- (i) The Board of Directors (Board) of the Montecito Water District does encourage and support the participation of its members in the affairs of the Association of California Water Agencies (ACWA).
- (ii) Floyd Wicks has indicated a desire to serve as a Board Member of ACWA Region 5.

B. Resolves

NOW, THEREFORE, BE IT RESOLVED THAT THE BOARD OF DIRECTORS OF MONTECITO WATER DISTRICT,

- (i) Does place its full and unreserved support in the nomination of Floyd Wicks for the Board of ACWA Region 5.
- (ii) Does hereby determine that the expenses attendant with the service of Floyd Wicks in ACWA Region 5 shall be borne by the Montecito Water District.

Adopted and approved this 26th day of June 2018.

APPROVED:

ATTEST:

W Douglas Morgan, President

Nicholas Turner, Secretary

Floyd Wicks, Director
Montecito Water District

MEMORANDUM

Date: April 23, 2018

To: ACWA Region 5 Member Agency Presidents and General Managers
(sent via e-mail)

From: ACWA Region 5 Board

The Region 5 Board is looking for ACWA members who are interested in leading the direction of ACWA Region 5 for the remainder of the 2018-2019 term. The Board is seeking candidates to fill one Board Member vacancy.

The leadership of ACWA's ten geographical regions is integral to the leadership of the Association as a whole. The Chair and Vice Chair of Region 5 serve on ACWA's Statewide Board of Directors and recommend all committee appointments for Region 5. The members of the Region 5 Board determine the direction and focus of region issues and activities. Additionally, they support the fulfillment of ACWA's goals on behalf of members.

If you, or someone within your agency, are interested in serving in a leadership role within ACWA by becoming a Region 5 Board Member, please familiarize yourself with the Role of the Regions and Responsibilities; and the Region 5 Rules and Regulations (attached) and complete the following steps:

- **Complete the attached Nomination Form**
- **Obtain a Resolution of support from your agency's Board of Directors**
- **Submit the requested information to ACWA by June 25, 2018**

The Region 5 Board will make their appointment shortly thereafter and will inform the region of the results.

If you have any questions, please contact ACWA Regional Affairs Representative Brian Sanders at brians@acwa.com, or Regional and Member Services Specialist II Ana Javaid at anaj@acwa.com, or call (916) 441-4545.

ACWA Region 5 Rules & Regulations

Each region shall organize and adopt rules and regulations for the conduct of its meetings and affairs not inconsistent with the Articles of Incorporation or bylaws of the Association (ACWA Bylaw V, 6.).

Officers

Region officers must be a local agency board member.

The chair shall appoint a secretary to the Board if one is deemed necessary.

Attendance

If a region chair or vice chair is no longer allowed to serve on the Board of Directors due to his / her attendance, the region board shall appoint from the existing region board a new region officer. (ACWA Policy & Guideline Q, 1.)

If a region chair or vice chair misses three consecutive region board / membership meetings, the same process shall be used to backfill the region officer position. (ACWA Policy & Guideline Q, 1.)

If a region board member has three consecutive unexcused absences from a region board meeting or general membership business meeting, the region board will convene to discuss options for removal of the inactive board member. If the vacancy causes the board to fail to meet the minimum requirement of five board members, the region must fill the vacancy according to its rules and regulations. (ACWA Policy & Guideline Q, 3.)

Vacancy

The vice chair position shall automatically ascend to the chair position in the event that a vacancy occurs in the chair position during the regular term cycle.

Elections

All nominations received for the region chair, vice chair and board positions must be accompanied by a resolution of support from each sponsoring member agency, signed by an authorized representative of the Board of Directors. Only one individual may be nominated from a given agency to run for election to a region board. Agencies with representatives serving on the nominating committees should strive not to submit nominations for the region board from their agency. (ACWA Policy & Guideline P, 2.)
Election ballots will be e-mailed to ACWA member agency general managers and presidents.

The nominating committee shall consist of three to five members.

In an effort to preserve objectivity during the nominating committee process, candidates other than nominating committee members shall be nominated for election.

The nominating committee should pursue qualified members within the region to run for the region board, and should consider geographic diversity, agency size and focus in selecting a slate.

See the current region election timeline for specific dates.

Endorsements

ACWA, as a statewide organization, may endorse potential nominees and nominees for appointment to local, regional, and statewide commissions and boards. ACWA's regions may submit a recommendation for consideration and action to the ACWA Board of Directors to endorse a potential nominee or nominee for appointment to a local, regional or statewide commission or board. (ACWA Policy & Guideline P, 3.)

Committee Recommendations & Representation

All regions are given equal opportunity to recommend representatives of the region for appointment to a standing or regular committee of the Association. If a region fails to provide full representation on all ACWA committees, those committee slots will be left open for the remainder of the term or until such time as the region designates a representative to complete the remainder of the term. (ACWA Policy & Guideline P, 4. A.)

At the first region board / membership meeting of the term, regions shall designate a representative serving on each of the standing and regular committees to serve as the official reporter to and from the committee on behalf of the region to facilitate input and communication. (ACWA Policy & Guideline P, 4. B.)

Tours

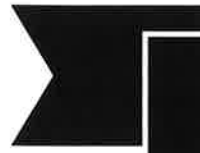
ACWA may develop and conduct various tours for the regions. All tour attendees must sign a "release and waiver" to attend any and all region tours. Attendees agree to follow environmental guidelines and regulations in accordance with direction from ACWA staff; and will respect the rights and privacy of other attendees. (ACWA Policy & Guideline P, 6.)

Finances

See "Financial Guidelines for ACWA Region Events" document.

Amending the Region Rules & Regulations

ACWA policies and guidelines can be amended by approval of the ACWA Board of Directors. The Region 5 Rules & Regulations can be amended by a majority vote of those present at any Region 5 meeting as long as a quorum is present.



REGION BOARD CANDIDATE NOMINATION FORM

Name of Candidate: Floyd Wicks
Agency: Montecito Water District Title: Director
Agency Phone: 805-969-2271 Direct Phone: 805-455-1670
E-mail: floyd1647@gmail.com ACWA Region: 5 County: Santa Barbara
Address: 583 San Ysidro Rd, Santa Barbara, CA 93108

Agency Function(s): (check all that apply)

- | | | |
|--|---|---|
| ☐ Wholesale | ☐ Sewage Treatment | ☐ Flood Control |
| ☒ Urban Water Supply | ☒ Retailer | ☐ Groundwater Management / Replenishment |
| ☒ Ag Water Supply | ☐ Wastewater Reclamation | ☐ Other: _____ |

Describe your ACWA-related activities that help qualify you for this office:

My prior experience (noted in attached bio) has provided many opportunities to collaborate with key ACWA members over the years. As CEO of Golden State Water Company, I was more active in the "private" water sector's industry association, i.e. NAWC (National Association of Water Companies); having held a Board position for nearly 20 years and was NAWC President from 1997-98. While I've attended a number of ACWA meetings over the years, it was not possible for me to become a member.

In the space provided, please write or attach a brief, half-page bio summarizing the experience and qualifications that make you a viable candidate for ACWA Region leadership. Please include the number of years you have served in your current agency position, the number of years you have been involved in water issues and in what capacity you have been involved in the water community.

See attached page

I acknowledge that the role of a region board member is to actively participate on the Region Board during my term, including attending region board and membership meetings, participating on region conference calls, participating in ACWA's Outreach Program, as well as other ACWA functions to set an example of commitment to the region and the association.

I hereby submit my name for consideration by the Nominating Committee.

(Please attach a copy of your agency's resolution of support/sponsorship for your candidacy.)

Signature

Director

Title

6-12-18

Date

Submit completed form to Ana Javaid at anaj@acwa.com.

Submit

Biography – Floyd Wicks
Director, Montecito Water District

Floyd has been a service-focused water industry leader for over thirty years. He has a proven track record managing industry change and delivering high performance. Floyd is a civil engineer with an advanced degree in Water Resources Engineering, a minimum of twenty-five years of progressive senior level experience in water operations management, regulatory affairs, information resource management, policy, and leadership. He is passionate about building coalitions, and positioning cross functional, diverse leadership teams for the future. Business success has come through his ability to plan strategically, assess situations, identify alternatives and move forward to implement solutions.

As President and Chief Executive Officer of American States Water Company from 1992 to 2009, Floyd defined and recommended operating and financial objectives; developed short and long term plans and programs with supporting budget and financial estimates; and submitted proposals to the Board of Directors for approval. He was instrumental in advising and assisting the Board in consideration and determination of the objectives, policies and other basic controls required for the most effective management and delivery of water to customers. He successfully secured the services of outside agencies or consultants to examine, investigate, or facilitate changes in operations, procedures, or methods to always ensure the best service possible.

Floyd supported transforming American States Water to a learning organization, resulting in approval of a defined business unit "Employee Development University" by the California Public Utility Commission, resulting in accredited courses for employees. He introduced the first 24/7 Customer Service Center in the private water sector, and approved the Service Leadership Academy to enable the company to attract, develop and retain top talent. Under his tenure, the dividend payout to shareholders increased each year from 1990 through 2008; extending the record to 55 consecutive years of increasing dividend payouts to shareholders.

Floyd has lived in Montecito for 25 years, with his wife, Diana (Dee Dee) and son, Brandon, who now lives in the Los Angeles area of Silver Lake. He enjoys traveling and is still very active in the water community, continuing to support the non-profit Water for People organization and holds an Ambassador designation with that group. Floyd is the principal of his private water consulting firm, founded in 2009.

Floyd was elected to the Board of Directors of the Montecito Water District in 2016.

**MONTECITO WATER DISTRICT
WATER WORKS OPERATION REPORT
MAY 2018**

	Jameson Lake	Cachuma Lake
Full Reservoir Elevation	2223.87	750
Full Reservoir Storage (acre feet)	5,114	184,121
Elevation (feet) April 30, 2018	2207.21	703.23
Elevation (feet) May 31, 2018	2206.91	702.75
Elevation Change for Month (feet)	-0.30	-0.48
Full Reservoir Elevation Difference (feet)	-16.96	-47.25
Storage (acre feet) April 30, 2018	3,272	77,436
Storage (acre feet) May 31, 2018	3,243	76,643
Storage Change for Month (acre feet)	-29	-793
Full Reservoir Storage Difference (acre feet)	-1,871	-107,478
Alder Creek Inflow (acre feet)	NA	
Jameson Lake Inflow (acre feet)	0	

WATER PRODUCTION

District Surface Sources (af)

Jameson	Fox	Doulton	Arch Meter	Weirs 1 & 2	
9.58	0.00	15.12	19.58	0.00	
Total District Surface Production (1):					44.28

Cachuma Turnouts (af) (Cachuma & State Water)

Barker Pass	Office	E Valley	Sheffield	Lambert Rd	
76.45	9.42	181.97	0.17	0.00	
Toro Canyon	Ortega Control (Lat 1)	Ortega Pump	Asegra Road	County Yard	
0.00	2.71	14.72	4.58	0.00	
Total SCC Meters:					290.02
Cachuma Production:					0.00
State Water Credit (Warren Act Contract):					290.02
SWP Portion of SCC Losses:					23
SWP Portion of Evaporation:					13
Santa Ynez ID #1 Exchange					17
Cachuma Portion of SCC Losses:					0
Cachuma Portion of Evaporation:					15.3
Cachuma Remaining Balance:					2010.9
State Water Stored in Cachuma:					784

District Wells (af)

Amapola	Ennisbrook 2	Ennisbrook 5	Paden 2	L.E. II	T. Mosby Well
12.44	6.84	5.29	0.00	0.00	4.38
Las Fuentes	Edgewood Well 3	EVR 3	EVR 4	EVR 6	Valley Club
0.00	9.00	0.00	0.00	0.00	0.00
Total Wells:					37.95
Total District Water Production:					372.25

**MONTECITO WATER DISTRICT
WATER WORKS OPERATION REPORT
MAY 2018**

WEATHER

Rainfall (inches)	Office	Doulton	Juncal
May 2018	0.29	0.58	0.30
May 2017	0.30	0.24	0.28
Historical Monthly Average	0.39	0.48	0.46
July 1 to Date	11.61	16.10	13.73
Last Year July 1 to Date	29.03	36.12	30.16
Historical Average July 1 to Date	19.49	26.72	28.61

Jameson Lake Air Temperature Averages:

Low	High
48°	73°

WATER PRODUCTION vs. METERED USE

Water Production (af):	372.3	Meter Use (af):	302.7
No. of Days in Production Period:	31	No. of Days in Demand Period:	28
Average Daily Production (af):	12.0	Average Daily Demand (af):	10.8
Month's Water Loss (af):	37.1	Adjusted Meter Use for # of Read Days (af):	335.1
Month's Percentage Loss ¹ :	10%	Water Loss ³ (GAL/connection/d)	94
Water Loss ² (GAL/mile/d)	3,776		

¹ Loss as a PERCENTAGE is a poor performance indicator due to seasonal production & sales variability

² AWWA only uses loss/mile of pipe for agencies with low density of services (less than 32 connections/mile)

³ AWWA recommends loss per service connection as a system performance indicator for higher density areas

METER SALES

Meters Removed Per Customer Request:	0
New Installations:	0
Total Meters:	4,605

**MONTECITO WATER DISTRICT
MEMORANDUM**

SECTION: 5-A

DATE: JUNE 26, 2018

TO: BOARD OF DIRECTORS

FROM: BUSINESS MANAGER

SUBJECT: MAY 2018 FINANCIAL REPORTS

RECOMMENDATION:

For information and discussion only.

BACKGROUND:

Each month, staff prepares a financial package that contains information comparing actual results against the budget, historical activity and other statistical data in order to identify potential fluctuations and/or trends. The information is reported to the Finance Committee and then to the Board of Directors, on a timely basis, for further discussion and appropriate Board action, if applicable.

Included in this financial package are the **Monthly Financial Statements** which include the Statement of Revenue and Expenditures and accompanying footnotes, the Statement of Net Position and the Statement of Cash Flows. These reports are prepared on an accrual basis and formatted much the same as the Annual Audited Financial Statements. These reports are prepared to provide the District's Board of Directors and customers with information about the activities and performance of the District during the month using accounting methods similar to those used by private sector companies and consistent with generally accepted accounting principles.

The financial package also includes **Dashboard Reports** which graphically depict various water sales data including water sales by classification, water sales for trailing 12, 24 and 36 months, water sales by tier and several other key trend indicators. The **Water Sales Analysis** and the **Metered Water Sales Report** track current year activity in both units of water sold (acre feet) and metered water sales.

ANALYSIS:**1. WATER SALES ANALYSIS – MAY 2018**

MONTH TO DATE WATER SALES (AF)				
CLASSIFICATION	ACTUAL	BUDGET	VARIANCE	
			AF	%
Single Family	220.06	274.40	(54.34)	(19.8%)
Multi Family	4.45	7.17	(2.71)	(37.9%)
Agricultural	30.22	41.07	(10.85)	(26.4%)
Institutional	25.21	42.39	(17.18)	(40.5%)
Commercial	14.09	23.77	(9.68)	(40.7%)
Non-Potable	9.14	11.70	(2.56)	(21.9%)
Monthly Total	303.17	400.50	(97.33)	(24.3%)

YEAR TO DATE WATER SALES (AF)				
CLASSIFICATION	ACTUAL	BUDGET	VARIANCE	
			AF	%
Single Family	2,539.03	2,541.16	(2.14)	(0.1%)
Multi Family	54.49	78.58	(24.09)	(30.7%)
Agricultural	281.75	258.98	22.77	8.8%
Institutional	221.10	328.45	(107.36)	(32.7%)
Commercial	193.97	288.50	(94.53)	(32.8%)
Non-Potable	108.62	94.42	14.20	15.0%
Yearly Total	3,398.96	3,590.10	(191.14)	(5.3%)

A. Water Sales in Acre Feet (AF)

During the month of May 2018, MWD sold 303.2 AF of water to its customers compared to a budgeted amount of 400.5 AF which translates to a budget variance of -97.3 AF or -24.3%. The reason for the variance has to do with the budget process and timing combined with some customers still not receiving service.

B. Sales by Classification

YEAR TO DATE WATER SALES (\$)				
CLASSIFICATION	CURRENT YTD	BUDGET YTD	VARIANCE	
			\$	%
Single Family	\$ 6,242,725	\$ 6,375,198	\$ (132,473)	(2.1%)
Multi Family	128,231	196,434	(68,203)	(34.7%)
Agricultural	395,440	360,532	34,908	9.7%
Institutional	600,247	856,412	(256,165)	(29.9%)
Commercial	523,036	785,456	(262,420)	(33.4%)
Non-Potable	66,240	59,575	6,665	11.2%
Adjustments	-	-	-	0.0%
Monthly Total	\$ 7,955,919	\$ 8,633,607	\$ (677,688)	(7.8%)

2. STATEMENT OF REVENUE AND EXPENDITURES – MAY 2018

A. Revenues

Total Revenue YTD as of May 31, 2018 is \$17,055,319 compared to the YTD Budget of \$18,030,059 for a budget variance of -\$974,741 or -5.7%.

REVENUE	YTD ACTUAL	YTD BUDGET	FAVORABLE (UNFAVORABLE)
WATER SALES	7,955,918	8,633,607	(677,689)
WSE SURCHARGE	4,805,064	4,701,959	103,105
ORDINANCE 94 PENALTIES	(3,105)	-	(3,105)
SERVICE CHARGES	3,534,900	3,918,699	(383,799)
WATER AVAILABILITY CHARGE	302,987	306,499	(3,512)
PRIVATE FIRE HYDRANT	63,863	60,831	3,032
LATE CHARGES	46,184	46,766	(582)
SERVICE CONNECTION FEES	22,459	22,430	30
CAPITAL COST RECOVERY FEES	56,904	174,269	(117,365)
INTEREST REVENUE - GENERAL	115,378	91,667	23,711
OTHER REVENUE (LOSS)	135,005	51,333	83,672
REIMBURSEMENTS	19,762	22,000	(2,238)
TOTAL REVENUE	\$ 17,055,319	\$ 18,030,059	(\$ 974,741)

B. Expenses:

1. JPA Expenses

Total JPA Expenses YTD through May 31, 2018 are \$7,479,567 compared to the YTD budget of \$6,909,484 which is above budget by \$570,083. This variance is due to the variable portion of the SWP

being above budget by \$145k (but is anticipated to slowly come closer to budget over time as a result of SWP's billing practice), \$216k of supplemental water purchased to repay the AVEK water debt that was not budgeted, as well as other miscellaneous timing differences. Please see footnotes to the Financial Statements for further clarification.

2. **MWD Expenses**

Total MWD Expenses YTD as of May 31, 2018 are \$6,264,593 compared to the YTD budget of \$6,432,818 which is below budget by \$168,224. This variance is primarily due to the following factors – **Engineering**, a recycled water feasibility study has not yet been completed (\$51k), SGMA Study has not incurred expected costs (\$27k), as well as other combined variances \$32k; **Public Information and Conservation**, website development has not yet taken place (\$20k), as well as other combined variances (\$39k); **Administration**, local water supply negotiations planned but not completed (\$232k), reduced insurance premiums (\$48k), offset by Legal expenses over budget by \$151k, as well as other combined variances of (\$61k). Please see footnotes to the Financial Statements for further clarification.

ATTACHMENTS:

- 1) Financial Package – May 2018



FINANCIAL REPORTS

BOARD OF DIRECTORS

For the Month of May 2018

June 26, 2018

MONTECITO WATER DISTRICT
STATEMENT OF REVENUE AND EXPENDITURES
May 31, 2018

REVENUE	MTD ACTUAL	MTD BUDGET	FAVORABLE (UNFAVORABLE)
WATER SALES	719,008	1,013,272	(294,264)
WSE SURCHARGE	437,785	406,487	31,298
ORDINANCE 94 PENALTIES	-	-	-
SERVICE CHARGES	353,746	356,104	(2,358)
WATER AVAILABILITY CHARGE	(18)	-	(18)
PRIVATE FIRE HYDRANT	5,930	5,420	510
LATE CHARGES	4,381	4,252	129
SERVICE CONNECTION FEES	1,932	-	1,932
CAPITAL COST RECOVERY FEES	-	-	-
INTEREST REVENUE - GENERAL	36,826	8,333	28,493
OTHER REVENUE (LOSS)	7,878	4,667	3,211
REIMBURSEMENTS	683	2,000	(1,317)
TOTAL REVENUE	\$ 1,568,150	\$ 1,800,535	(\$ 232,384)
OPERATING EXPENSE			
DIRECT EXPENSE			
JPA OPERATING EXPENSE			
CACHUMA OPERATIONS & MAINT BOARD (COMB)	71,399	-	(71,399)
CACHUMA CONSERVATION & RELEASE BOARD (CCRB)	2,879	-	(2,879)
US BUREAU OF RECLAMATION (USBR)	-	-	-
CATER WATER TREATMENT PLANT	399,620	-	(399,620)
STATE WATER PROJECT (SWP) - FIXED	410,975	410,975	(0)
STATE WATER PROJECT (SWP) - VARIABLE	23,543	1,875	(21,668)
SUPPLEMENTAL WATER PURCHASE	-	-	-
TOTAL JPA OPERATING EXPENSE	\$ 908,417	\$ 412,850	(\$ 495,566)
MWD DIRECT EXPENSE			
JAMESON	7,850	8,198	348
TRANSMISSION & DISTRIBUTION	117,165	116,704	(461)
TREATMENT	98,550	93,131	(5,418)
TOTAL MWD DIRECT EXPENSE	\$ 223,564	\$ 218,033	(\$ 5,531)
TOTAL DIRECT EXPENSES	1,131,981	630,884	(501,097)
MWD INDIRECT EXPENSE			
ENGINEERING	62,532	29,800	(32,732)
CUSTOMER SERVICE	25,938	33,989	8,050
PUBLIC INFORMATION / CONSERVATION	6,400	6,456	55
FLEET	16,819	14,388	(2,431)
ADMINISTRATION (incl Depreciation)	236,353	221,961	(14,391)
TOTAL MWD INDIRECT EXPENSE	\$ 348,042	\$ 306,593	(\$ 41,449)

YTD ACTUAL	YTD BUDGET	FAVORABLE (UNFAVORABLE)
7,955,918	8,633,607	(677,689)
4,805,064	4,701,959	103,105
(3,105)	-	(3,105)
3,534,900	3,918,699	(383,799)
302,987	306,499	(3,512)
63,863	60,831	3,032
46,184	46,766	(582)
22,459	22,430	30
56,904	174,269	(117,365)
115,378	91,667	23,711
135,005	51,333	83,672
19,762	22,000	(2,238)
\$ 17,055,319	\$ 18,030,059	(\$ 974,741)
576,858	419,230	(157,628)
95,014	77,739	(17,275)
49,707	134,030	84,323
1,063,276	945,000	(118,276)
4,520,730	4,520,729	(1)
958,457	812,756	(145,701)
215,525	-	(215,525)
\$ 7,479,567	\$ 6,909,484	(\$ 570,083)
127,530	101,953	(25,576)
1,319,121	1,303,014	(16,107)
1,084,750	1,047,918	(36,832)
\$ 2,531,401	\$ 2,452,885	(\$ 78,516)
10,010,968	9,362,369	(648,600)
443,726	490,430	46,704
387,874	363,423	(24,451)
62,454	121,570	59,116
179,269	154,245	(25,024)
2,659,869	2,850,264	190,395
\$ 3,733,192	\$ 3,979,933	\$ 246,740

Footnote

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	MTD ACTUAL	MTD BUDGET	FAVORABLE (UNFAVORABLE)
TOTAL MWD EXPENSE	\$ 571,607	\$ 524,627	(\$ 46,980)
TOTAL OPERATING EXPENSE	\$ 1,480,023	\$ 937,477	(\$ 542,546)
NET OPERATING SURPLUS / (DEFICIT)	\$ 88,127	\$ 863,058	(\$ 774,931)
NON OPERATING EXPENSE			
2004 DWR ORTEGA LOAN	-	-	-
BOND INTEREST EXPENSE	-	-	-
CATER DWR LOAN	(115,824)	-	(115,824)
CATER CAPITAL	-	-	-
CATER OZONE	(138,173)	-	(138,173)
TOTAL NON OPERATING EXPENSE	(\$ 253,996)	\$ -	(\$ 253,996)
NET OPERATING SURPLUS / (DEFICIT)	(\$ 165,869)	\$ 863,058	(\$ 1,028,927)
NET POSITION, BEGINNING OF PERIOD	\$ 31,797,546	\$ 31,842,377	(\$ 44,831)
NET POSITION, END OF PERIOD	\$ 31,631,677	\$ 32,705,435	(\$ 1,073,759)
CAPITAL EXPENDITURE			
EQUIPMENT	-	-	-
WATER STORAGE PURCHASE	-	-	-
MWD SYSTEM PROJECTS	399,960	48,500	(351,460)
TOTAL MWD CAPITAL EXPENDITURE	\$ 399,960	\$ 48,500	(\$ 351,460)
ADD BACK DEPRECIATION EXPENSE (NON-CASH)	\$ 103,638	\$ 106,243	\$ 2,604
NET CASH IMPACT	(\$ 462,191)	\$ 920,801	(\$ 1,382,992)

YTD ACTUAL	YTD BUDGET	FAVORABLE (UNFAVORABLE)
\$ 6,264,593	\$ 6,432,818	\$ 168,224
\$ 13,744,161	\$ 13,342,302	(\$ 401,859)
\$ 3,311,158	\$ 4,687,758	(\$ 1,376,600)
(79,163)	(295,200)	216,037
(345,231)	(345,231)	0
(231,647)	(115,824)	(115,823)
-	(2,631)	2,631
(276,346)	(138,150)	(138,196)
(\$ 932,387)	(\$ 897,036)	(\$ 35,351)
\$ 2,378,772	\$ 3,790,722	(\$ 1,411,950)
\$ 29,252,905	\$ 28,992,747	\$ 260,158
\$ 31,631,677	\$ 32,783,469	(\$ 1,151,792)
130,550	105,500	(25,050)
-	1,890,000	1,890,000
1,257,674	2,704,090	1,446,416
\$ 1,388,224	\$ 4,699,590	\$ 3,311,366
\$ 1,141,276	\$ 1,168,669	\$ 27,393
\$ 2,131,824	\$ 259,801	\$ 1,872,023

May 31, 2018

FOOTNOTES

(1) **WATER SALES (in AF)** - MTD UNDER Actual 303.2 and Budget 400.5 = Variance -97.3; **YTD UNDER Actual 3,399.0** and **Budget 3,590.1** = Variance -191.1

*The WSE is over budget while water sales are under budget due to the fact that it was budgeted at \$2.33/AF, but remains at \$3.45/AF in actuals

(2) **SERVICE CHARGES** - MTD UNDER **by \$2k** - Monthly Service Charges lost due to 1/9 event; (±60 homes)

YTD UNDER \$383k - Meter Service Charge was forgiven for the month of January due to the 1/9 event combined with continued monthly loss

(3) **CAPITAL COST RECOVERY** - YTD UNDER **by \$117k** - Anticipated new meter installations have not occurred

(4) **INTEREST REVENUE** - MTD OVER **by \$28k**; YTD OVER **by \$24k** - Realized interest on the sale of T-Bills used to make the State Water Project fixed cost payment

(5) **OTHER REVENUE** - YTD OVER **by \$81k** - \$42k ACWA/JPIA refund, \$5k Recycling and \$34 Gain on the sale of fixed assets

(6) **COMB** - MTD OVER **by \$71k**; YTD OVER **by \$157k** - due to timing differences

(7) **CCRB** - MTD OVER **by \$3k**; YTD OVER **by \$17k** - due to timing differences

(8) **USBR** - YTD UNDER **\$84k** - due to timing differences

(9) **CATER WTP** - MTD OVER **by \$400k**; YTD OVER **by \$118k** - due to timing differences

(10) **STATE WATER PROJECT (VARIABLE)** -MTD OVER **by \$21k**; YTD OVER **by \$145K** - Timing difference. Anticipating slow down in billing to close this gap.

(11) **SUPPLEMENTAL WATER PURCHASE** - YTD OVER **by \$216k** - Net purchases from Santa Maria to leave \$500,000 in Water Repayment Debt to AVEK relating to 2015 purchase.

(12) **JAMESON** - YTD OVER **by \$26k** - Outside Services \$34k, Repairs and Maintenance (UNDER) (\$10K)

(13) **TRANSMISSION & DISTRIBUTION** - YTD OVER by \$16k - Salaries & Benefits \$12, Supplies \$42k, Repairs and Maint (UNDER) (-\$19k), Garbage (UNDER)(-\$8k), Road & Paving (UNDER) (-\$7k) and Utilities (UNDER) (-\$7k)

(14) **TREATMENT** - MTD OVER **by \$5k** - Salaries & Benefits \$3k, Chemicals \$2k

YTD OVER by \$36k - Salaries & benefits \$12k, Supplies \$39k, Chemicals \$14k and Repairs & Maint. (UNDER)(-\$28k)

(15) **ENGINEERING** - MTD OVER **by \$33k** - Outside Svcs. (unbudgeted expense) \$22k, Recyled Water Feasibility Study (timing) \$10k

YTD UNDER by \$46k - Salaries and Benefits (\$24k), GIS (\$8k), SGMA (\$27k), Fish Relocation (\$10k), Cloud Seeding (\$11), Recycled Water Feasibility (\$51k), Supplies (OVER) 13k and Outside Services (OVER) \$71k

(16) **CUSTOMER SERVICE** - MTD UNDER **by \$8k** - Salaries and Benefits (\$5k), Repairs & Maintenance (\$3k); **YTD OVER by \$25k** - Salaries and Benefits \$56k, Repairs and Maint (UNDER) (-\$33k)

(17) **PUBLIC INFORMATION / CONSERVATION** - YTD UNDER **by \$59k** - Website development (\$20k), Postage (\$12k), Legal-Special (\$15k), Conserv Prg (\$5k), Printing & publishing (\$7k)

(18) **FLEET** - MTD OVER **by \$2k** - Salaries and Benefits \$1k, Supplies \$1k; **YTD OVER by \$25k** - Salaries and Benefits \$14k, Fuels \$5k, Supplies \$5k

(19) **ADMINISTRATION** - MTD OVER **by \$14k** - Legal \$28k, Computer Supplies (UNDER) (\$1k), Insurance (UNDER) (\$2k), Salaries & Benefits (UNDER) (\$2k), Professional Training (UNDER) (\$6k)

YTD UNDER by \$190k - Salaries (\$36k); Local Water Supply Negotiations (\$232k); Rate Sutdy (\$17k); Insurance (\$48k);-Computer (\$27k); Building Maintenance (\$28K); Legal (OVER) \$151k; Outside Svcs (OVER) \$70k

MONTECITO WATER DISTRICT
STATEMENT OF NET POSITION - UNAUDITED
May 31, 2018

ASSETS

Current:

Cash and investments

Operating accounts

Board reserves:

Reserve for Operations	\$	3,400,000	
Reserve for Emergencies	\$	1,000,000	
Reserve for Unanticipated Projects	\$	1,000,000	
			\$ 5,400,000

Unreserved Cash \$ 1,311,728

Total unrestricted cash and investments \$ 6,711,728

Restricted - cash and investments \$ 3,475,962

Total Cash (unrestricted & restricted) \$ 10,187,689

Other Investments - Semitropic Shares \$ 630,000 \$ 630,000

Receivables:

Accounts receivable - water sales & services, net \$ 1,519,270

Accounts receivable - other \$ 5,884

Accrued Interest \$ 14,867

FEMA Reimbursable \$ 1,749,729

ACWA/JPIA receivable \$ 326,472

Materials and supplies inventory \$ 364,311

Prepaid water charges (SWP and other prepaid water) \$ 9,108,671

Prepaid expenses and other deposits \$ 106,937

Total Current Assets \$ 13,196,141

Noncurrent:

Capital assets - not being depreciated \$ 1,282,239

Capital assets - being depreciated, net \$ 31,403,979

Total Noncurrent Assets \$ 32,686,218

DEFERRED OUTFLOWS OF RESOURCES

Deferred pensions \$ 1,116,776

Total Deferred Outflows of Resources \$ 1,116,776

TOTAL COMBINED ASSETS:

\$ 57,816,825

MONTECITO WATER DISTRICT
STATEMENT OF NET POSITION - UNAUDITED
May 31, 2018 (Continued)

LIABILITIES

Current:

Accounts payable and accrued expenses	\$	2,619	
Accrued wages and related payables	\$	45,816	
Unearned revenue and other deposits	\$	91,692	
Accrued interest payable	\$	-	
Long-term liabilities - due within one year:			
Accrued compensated absences	\$	-	
Bonds Payable	\$	-	
Loan Payable	\$	635,016	
Total Current Liabilities			\$ 775,143

Noncurrent:

Accrued compensated absences	\$	364,530	
Accrued water exchange transfer	\$	500,000	
Bonds payable	\$	13,360,000	
Loan payable	\$	6,083,751	
Other post-employment benefits payable	\$	780,930	
Net pension liability	\$	3,797,410	
Total Noncurrent Liabilities			\$ 24,886,621
Total Liabilities			\$ 25,661,763

DEFERRED INFLOWS OF RESOURCES

Deferred pensions	\$	523,384	
Total Deferred Inflows of Resources			\$ 523,384

NET POSITION

Net investment in capital assets	\$	12,072,809	
Restricted	\$	3,475,962	
Unrestricted	\$	16,082,908	
Total Net Position			\$ 31,631,678

TOTAL COMBINED LIABILITIES, DEFERRALS AND NET POSITION:

\$ 57,816,825

MONTECITO WATER DISTRICT
STATEMENT OF CASH FLOWS - UNAUDITED
May 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

	<u>MTD</u>	<u>YTD</u>
Operating Income (loss)	\$ 51,301	\$ 3,195,781
Adjustments to reconcile operating (loss) to net cash provided by operating activities:		
Depreciation	103,638	1,141,276
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
Accounts receivable	(453,223)	(1,567,641)
Materials and supplies inventory	(18,993)	(116,531)
Prepaid water charges	(5,551,069)	(1,166,431)
Prepaid expenses and other deposits	6,292	12,866
Litigation Liability	-	(1,140,668)
Accounts payable	-	(1,148,423)
Accrued wages and related payables	41,055	(8,949)
Unearned revenue and other deposits	(1,989)	60,125
Accrued water exchange transfer	-	(834,475)
Compensated absences	3,301	24,149
Net cash provided (used) by operating activities	<u>\$ (5,819,687)</u>	<u>\$ (1,548,921)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition and construction of capital assets	(399,960)	\$ (1,800,503)
Interest Payable	<u>-</u>	<u>-</u>
Net cash provided (used) by capital financing and related activities	<u>\$ (399,960)</u>	<u>\$ (1,800,503)</u>

MONTECITO WATER DISTRICT
STATEMENT OF CASH FLOWS - UNAUDITED
May 31, 2018 (Continued)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

	MTD	YTD
Ortega Interest	\$ -	\$ (79,163)
Bond Interest	-	(345,231)
Cater DWR Loan	(115,824)	(231,647)
Cater Capital	-	-
Cater Ozone	(138,173)	(276,346)
	<u> </u>	<u> </u>
Net cash provided (used) by noncapital financing activities	\$ (253,997)	\$ (932,387)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest earnings	\$ 36,826	\$ 115,377
Purchase of underground water banking shares	\$ -	\$ (630,000)
	<u> </u>	<u> </u>
Net cash provided by (used) by investing activities	\$ 36,826	\$ (514,623)

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (6,436,819)	\$ (4,796,438)
--	----------------	----------------

Cash and cash equivalents, beginning of period	\$ 16,624,508	\$ 14,984,127
Cash and cash equivalents, end of period	<u>\$ 10,187,689</u>	<u>\$ 10,187,689</u>

RECONCILIATION TO STATEMENT OF NET POSITION:

Cash and investments - cash equivalents	\$ 6,711,728	\$ 6,711,728
Restricted cash and investments - cash equivalents	3,475,962	3,475,962
	<u> </u>	<u> </u>
	<u>\$ 10,187,689</u>	<u>\$ 10,187,689</u>



DASHBOARD REPORT WATER SALES (AF)

5/31/2018

MONTH TO DATE WATER SALES (AF)				
CLASSIFICATION	ACTUAL	BUDGET	Favorable/(Unfavorable)	
			AF	%
Single Family	220.06	274.40	(54.34)	(19.8%)
Multi Family	4.45	7.17	(2.71)	(37.9%)
Agricultural	30.22	41.07	(10.85)	(26.4%)
Institutional	25.21	42.39	(17.18)	(40.5%)
Commercial	14.09	23.77	(9.68)	(40.7%)
Non-Potable	9.14	11.70	(2.56)	(21.9%)
Monthly Total	303.17	400.50	(97.33)	(24.3%)

YEAR TO DATE WATER SALES (AF)				
CLASSIFICATION	ACTUAL	BUDGET	Favorable/(Unfavorable)	
			AF	%
Single Family	2,539.03	2,541.16	(2.14)	(0.1%)
Multi Family	54.49	78.58	(24.09)	(30.7%)
Agricultural	281.75	258.98	22.77	8.8%
Institutional	221.10	328.45	(107.36)	(32.7%)
Commercial	193.97	288.50	(94.53)	(32.8%)
Non-Potable	108.62	94.42	14.20	15.0%
Yearly Total	3,398.96	3,590.10	(191.14)	(5.3%)

Fiscal Year = July thru June



DASHBOARD REPORT WATER SALES (\$)

MONTH TO DATE WATER SALES (\$)				
CLASSIFICATION	CURRENT MONTH	BUDGET MONTH	Favorable/(Unfavorable)	
			\$	%
Single Family	\$ 557,897	\$ 745,608	\$ (187,711)	(25.2%)
Multi Family	10,483	28,205	(17,722)	(62.8%)
Agricultural	42,109	47,003	(4,894)	(10.4%)
Institutional	67,041	112,618	(45,577)	(40.5%)
Commercial	35,905	71,152	(35,247)	(49.5%)
Non-Potable	5,573	8,686	(3,113)	(35.8%)
Adjustments	-	-	-	0.0%
Monthly Total	\$ 719,008	\$ 1,013,272	\$ (294,264)	(29.0%)

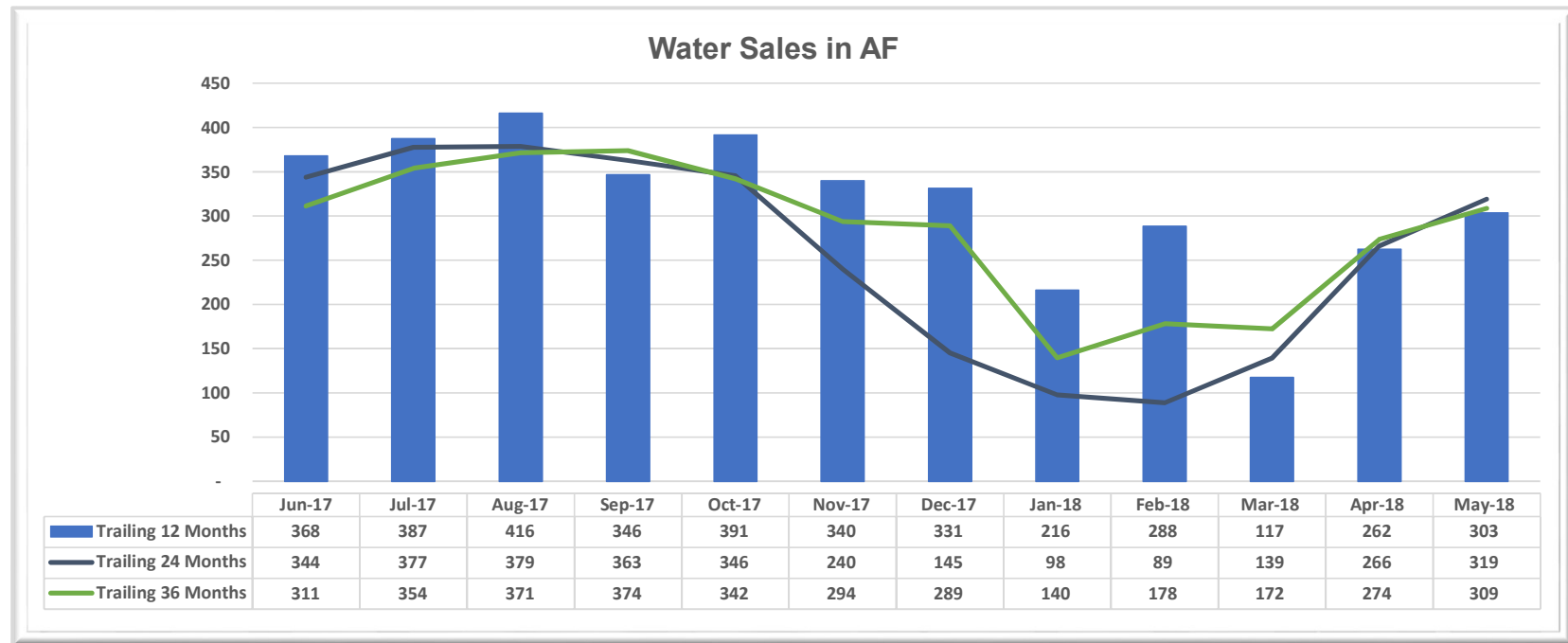
YEAR TO DATE WATER SALES (\$)				
CLASSIFICATION	CURRENT YTD	BUDGET YTD	Favorable/(Unfavorable)	
			\$	%
Single Family	\$ 6,242,725	\$ 6,375,198	\$ (132,473)	(2.1%)
Multi Family	128,231	196,434	(68,203)	(34.7%)
Agricultural	395,440	360,532	34,908	9.7%
Institutional	600,247	856,412	(256,165)	(29.9%)
Commercial	523,036	785,456	(262,420)	(33.4%)
Non-Potable	66,240	59,575	6,665	11.2%
Adjustments	-	-	-	0.0%
Monthly Total	\$ 7,955,919	\$ 8,633,607	\$ (677,688)	(7.8%)

Fiscal Year = July thru June

MONTH ENDING

5/31/2018

(Select Date From Drop Down Arrow)

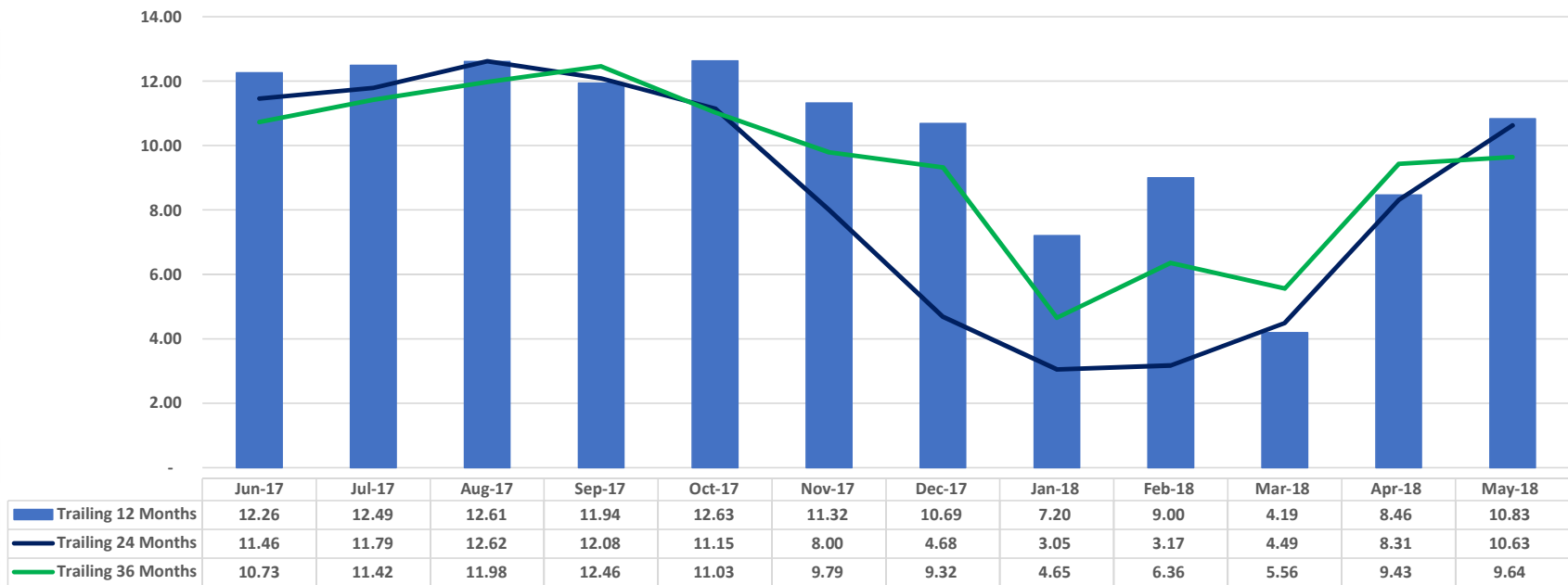


	Trailing 12 Months	3,767 AF
	Trailing 24 Months	3,103 AF
	Trailing 36 Months	3,407 AF



5/31/2018

Average Daily Water Sales Per Month (AF)

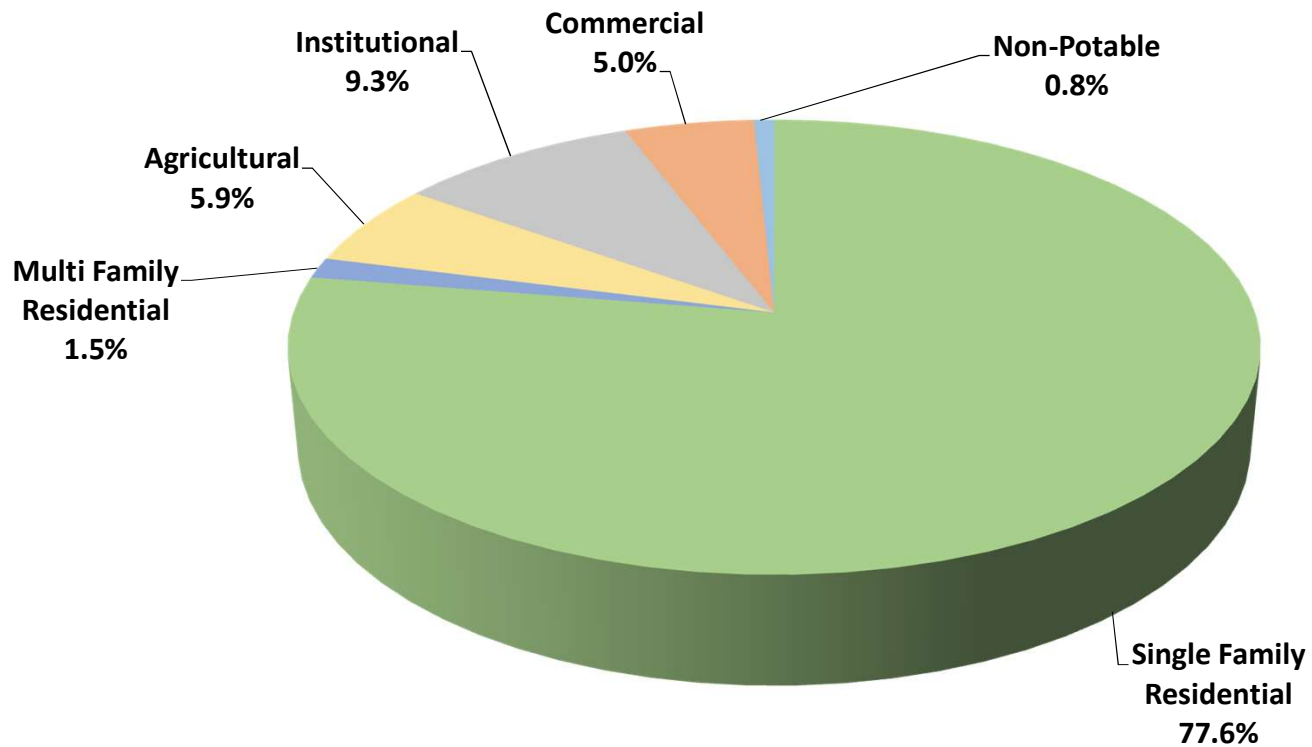


MONTH ENDING

5/31/2018

(Select Date From Drop Down Arrow)

Water Sales (\$) by Classification
May 2018

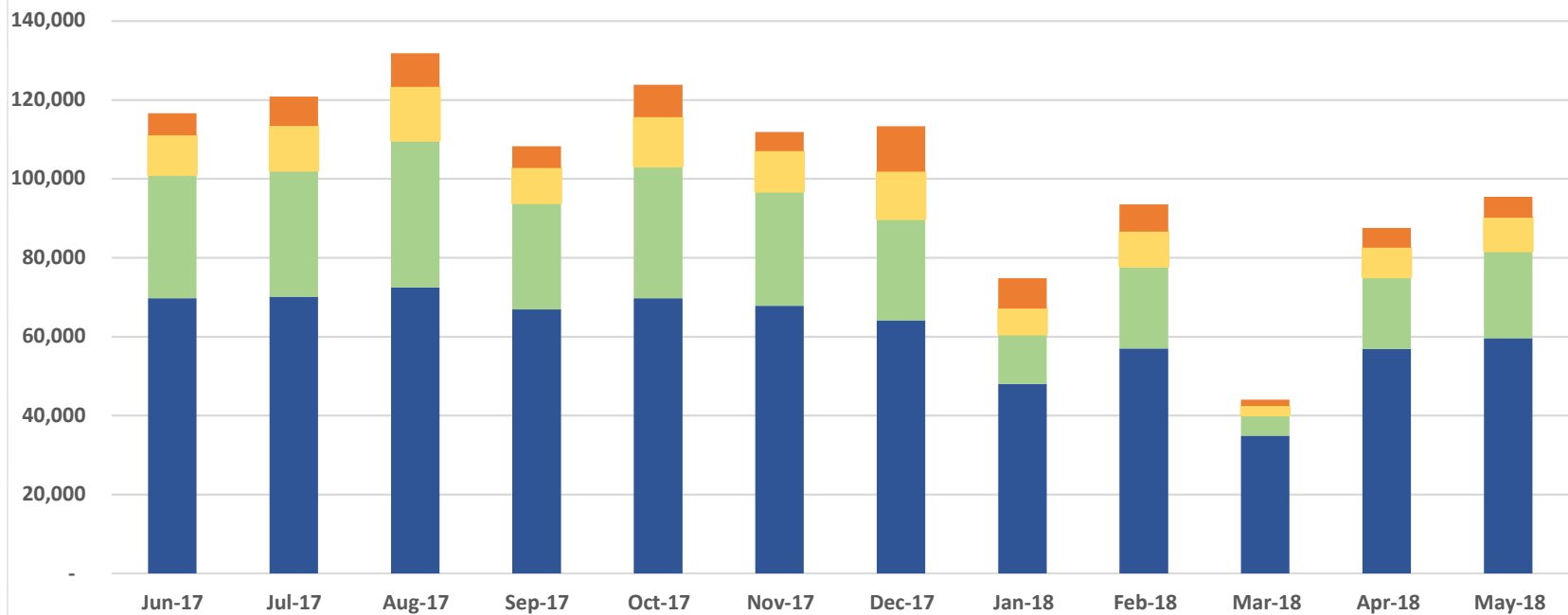




DASHBOARD REPORT SFR CONSUMPTION TRENDS

MONTH ENDING **5/31/2018**

Monthly SFR Water Consumption by Tier (HCF)



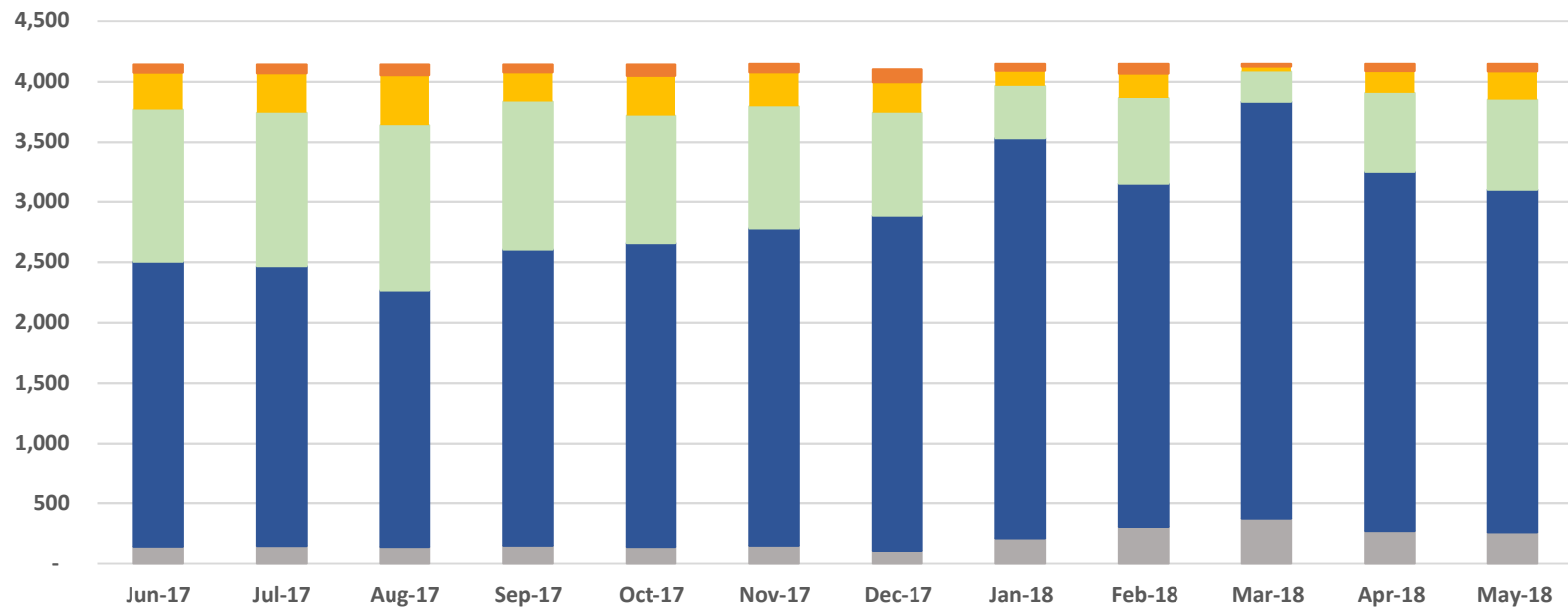
	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18
Tier 4	5,600	7,400	8,500	5,500	8,200	4,800	11,500	7,700	6,900	1,600	5,000	5,300
Tier 3	10,000	11,300	13,600	8,800	12,400	10,200	12,000	6,500	8,800	2,300	7,400	8,400
Tier 2	31,300	32,000	37,200	27,000	33,500	29,000	25,700	12,600	20,800	5,200	18,300	22,100
Tier 1	69,700	70,100	72,500	66,900	69,700	67,800	64,100	48,000	57,000	34,900	56,800	59,600



DASHBOARD REPORT SFR CONSUMPTION TRENDS

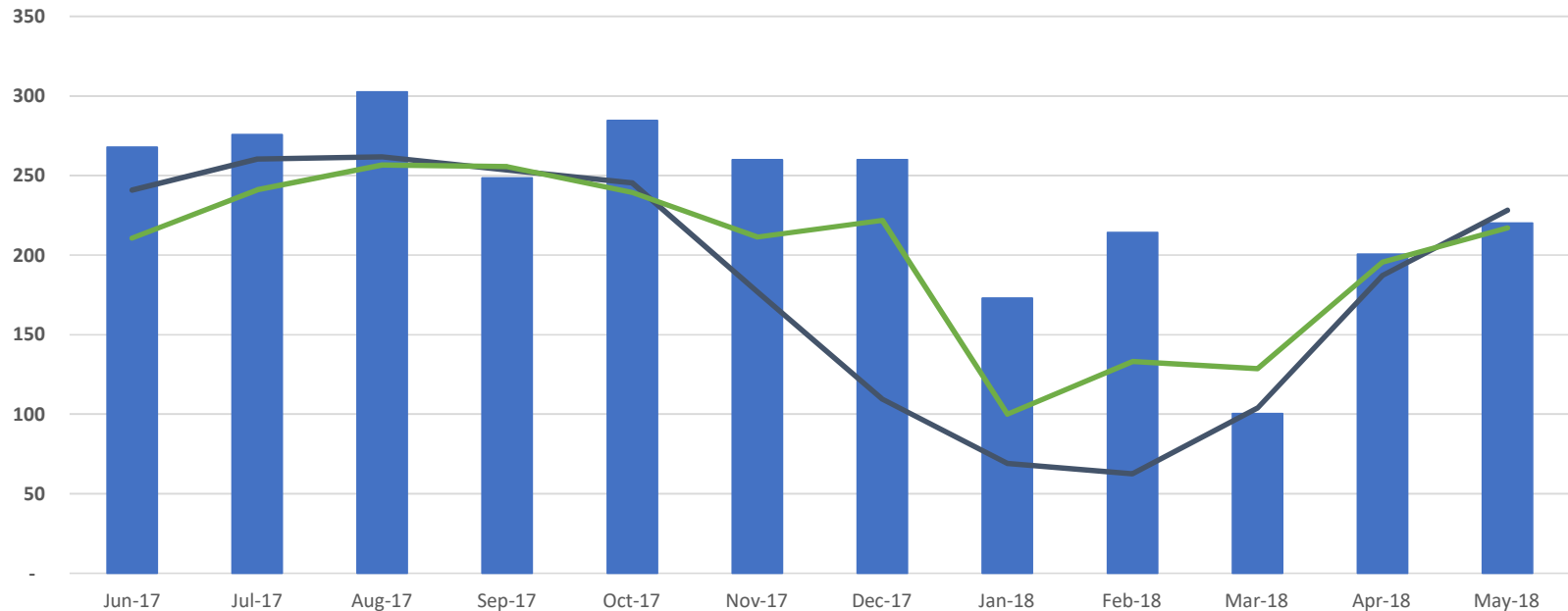
MONTH ENDING **5/31/2018**

Monthly SFR Water Consumption by Tier (# of Customers)



	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18
Tier 4 Usage	67	71	89	65	93	67	106	56	80	22	58	62
Tier 3 Usage	307	330	413	243	330	284	255	127	203	42	184	234
Tier 2 Usage	1,263	1,273	1,375	1,229	1,061	1,017	856	430	714	249	658	751
Tier 1 Usage	2,365	2,323	2,128	2,459	2,522	2,632	2,780	3,325	2,847	3,462	2,978	2,841
"0" Usage	141	146	138	147	137	147	106	209	304	373	270	260

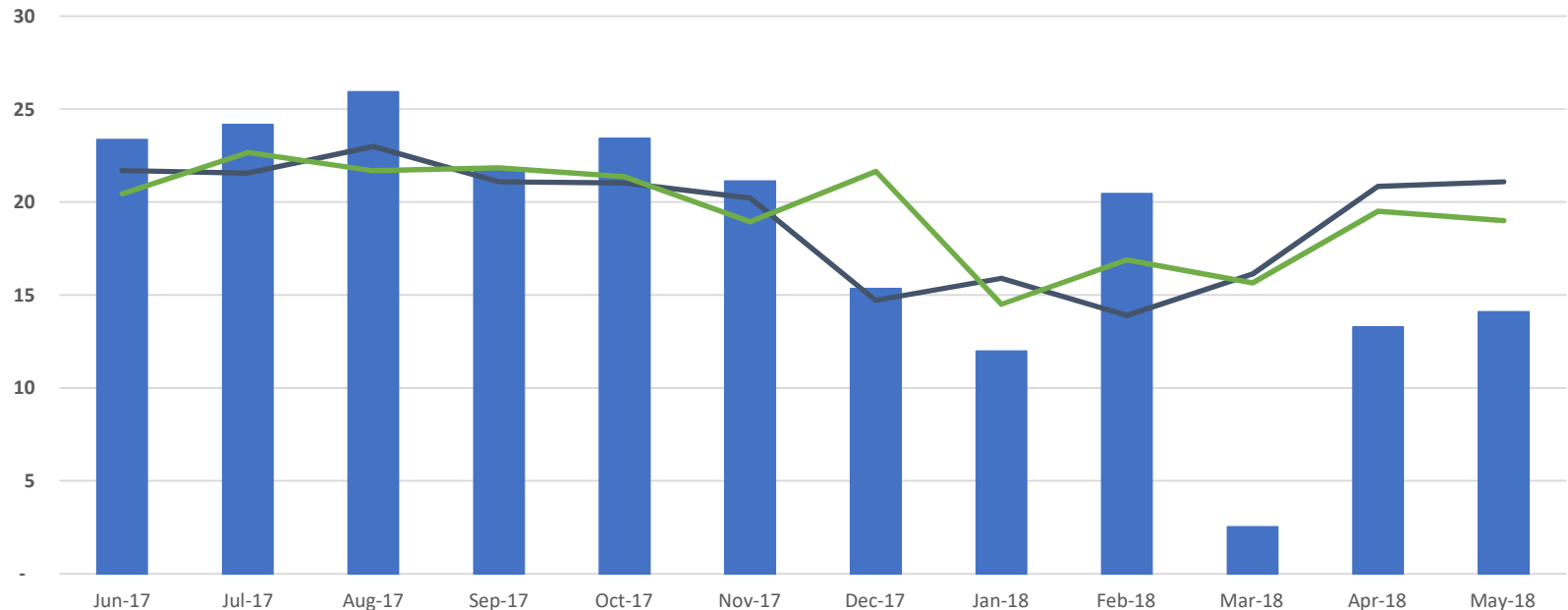
Water Sales by Month (AF) SINGLE FAMILY RESIDENTIAL



	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18
Trailing 12 Months	268	276	303	249	284	260	260	173	214	100	200	220
Trailing 24 Months	241	260	262	253	245	177	109	69	63	104	187	228
Trailing 36 Months	211	241	257	256	239	211	222	100	133	129	195	217

	Trailing 12 Months(SINGLE FAMILY RESIDENTIAL)	2,411	AF
	Trailing 24 Months(SINGLE FAMILY RESIDENTIAL)	2,199	AF
	Trailing 36 Months(SINGLE FAMILY RESIDENTIAL)	2,807	AF
	Trailing 12 Months vs. Trailing 24 Months:	9.6%	
	Trailing 12 Months vs. Trailing 36 Months:	(14.1%)	

Water Sales by Month (AF) COMMERCIAL



	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18
Trailing 12 Months	23	24	26	22	23	21	15	12	20	3	13	14
Trailing 24 Months	22	22	23	21	21	20	15	16	14	16	21	21
Trailing 36 Months	20	23	22	22	21	19	22	14	17	16	20	19



Trailing 12 Months (COMMERCIAL)

217 AF



Trailing 24 Months (COMMERCIAL)

231 AF



Trailing 36 Months (COMMERCIAL)

234 AF

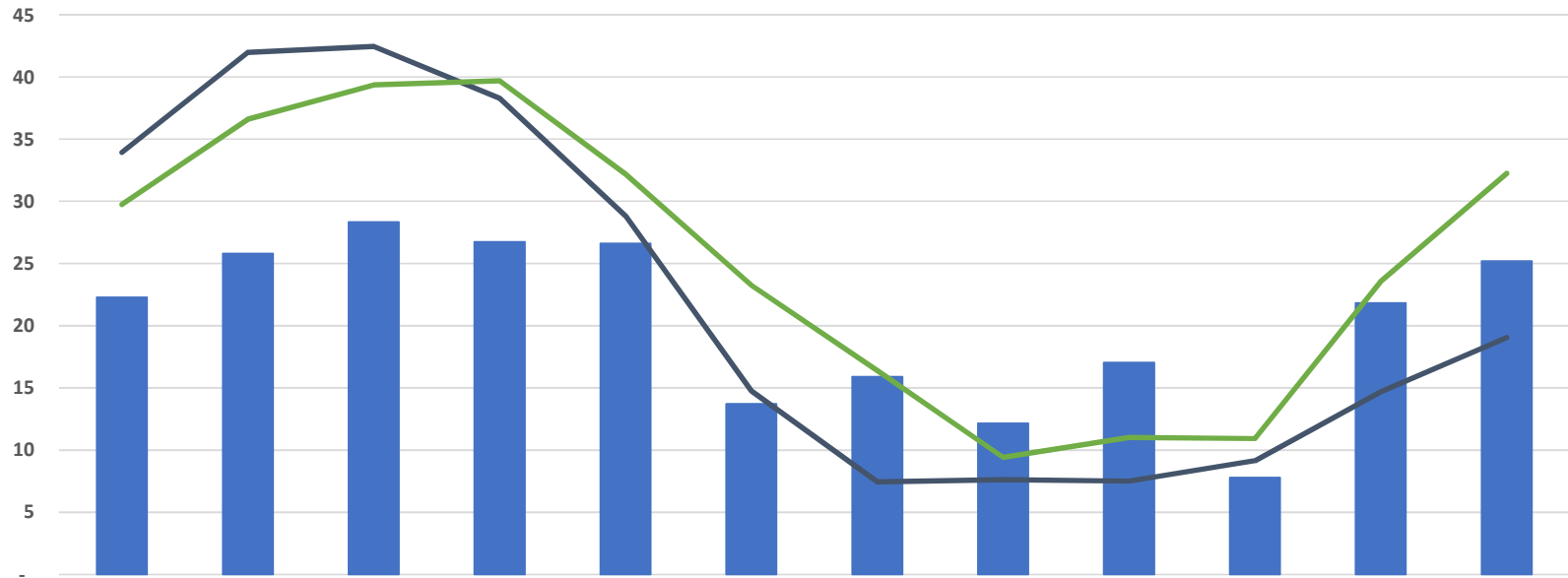
Trailing 12 Months vs. Trailing 24 Months:

(6.0%)

Trailing 12 Months vs. Trailing 36 Months:

(7.2%)

Water Sales by Month (AF) INSTITUTIONAL

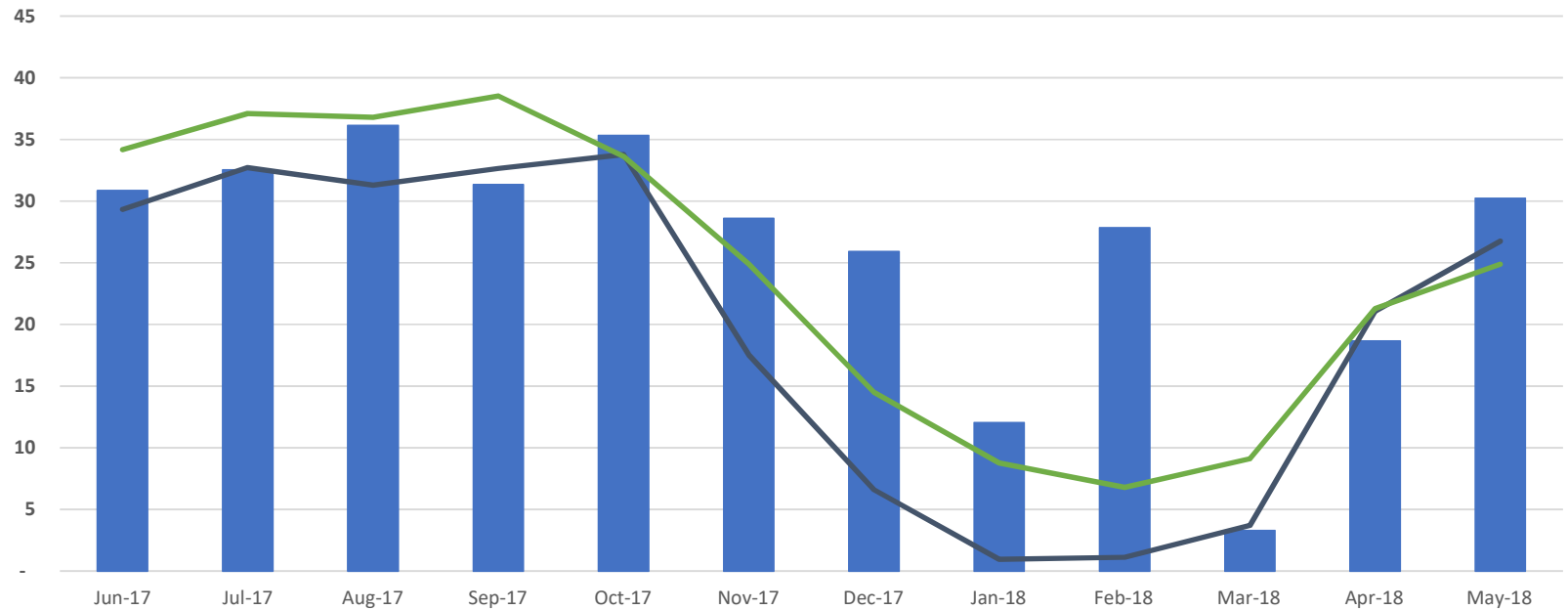


	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18
Trailing 12 Months	22	26	28	27	27	14	16	12	17	8	22	25
Trailing 24 Months	34	42	42	38	29	15	7	8	8	9	15	19
Trailing 36 Months	30	37	39	40	32	23	16	9	11	11	24	32



Trailing 12 Months (INSTITUTIONAL) 243 AF
 Trailing 24 Months (INSTITUTIONAL) 266 AF
 Trailing 36 Months (INSTITUTIONAL) 304 AF
 Trailing 12 Months vs. Trailing 24 Months: (8.4%)
 Trailing 12 Months vs. Trailing 36 Months: (20.0%)

Water Sales by Month (AF) AGRICULTURE



Trailing 12 Months (AGRICULTURE)

313 AF



Trailing 24 Months (AGRICULTURE)

237 AF



Trailing 36 Months (AGRICULTURE)

290 AF

Trailing 12 Months vs. Trailing 24 Months:

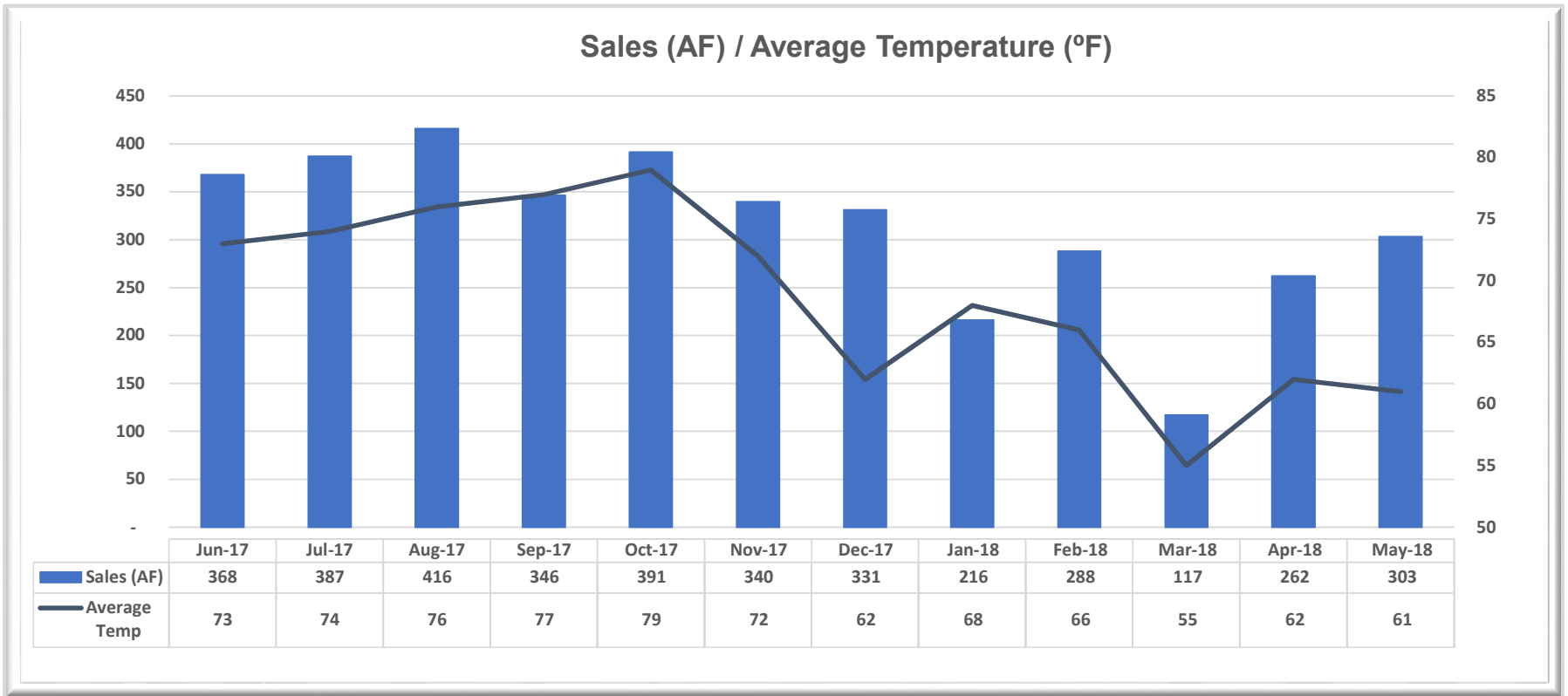
31.6%

Trailing 12 Months vs. Trailing 36 Months:

7.6%



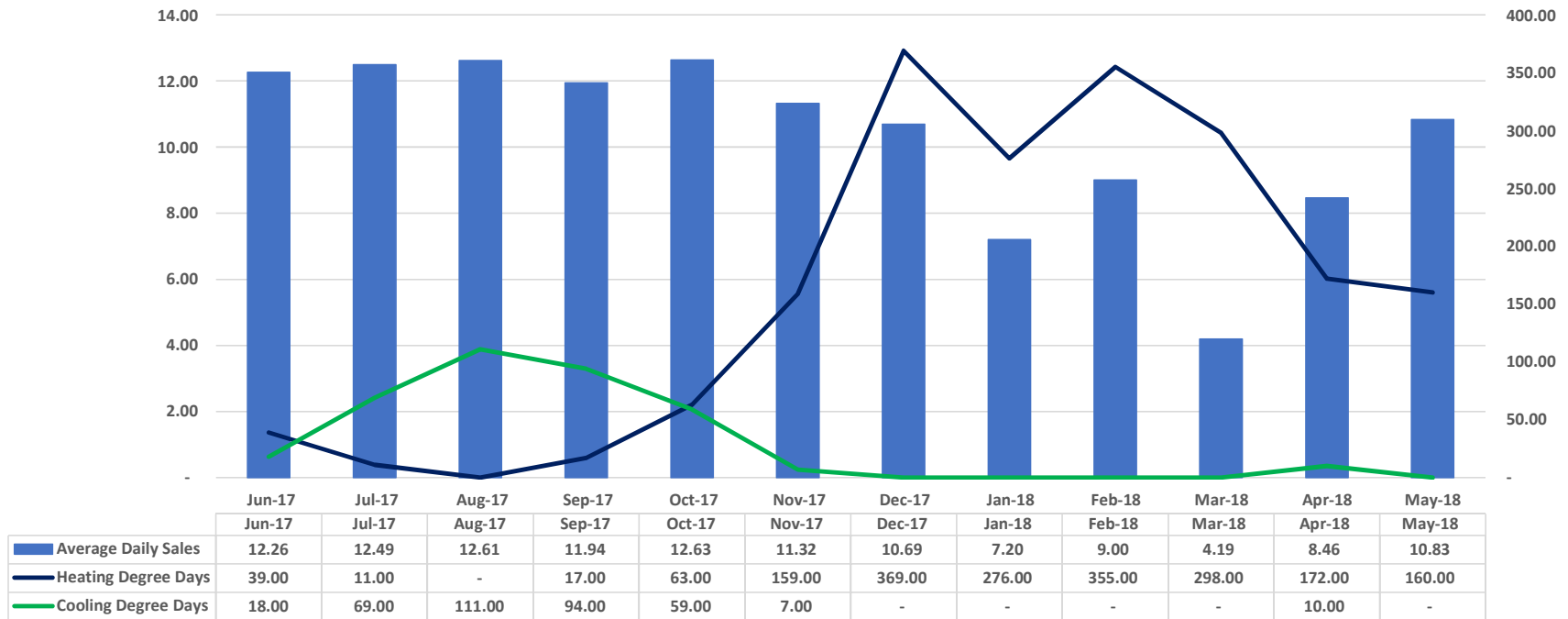
5/31/2018

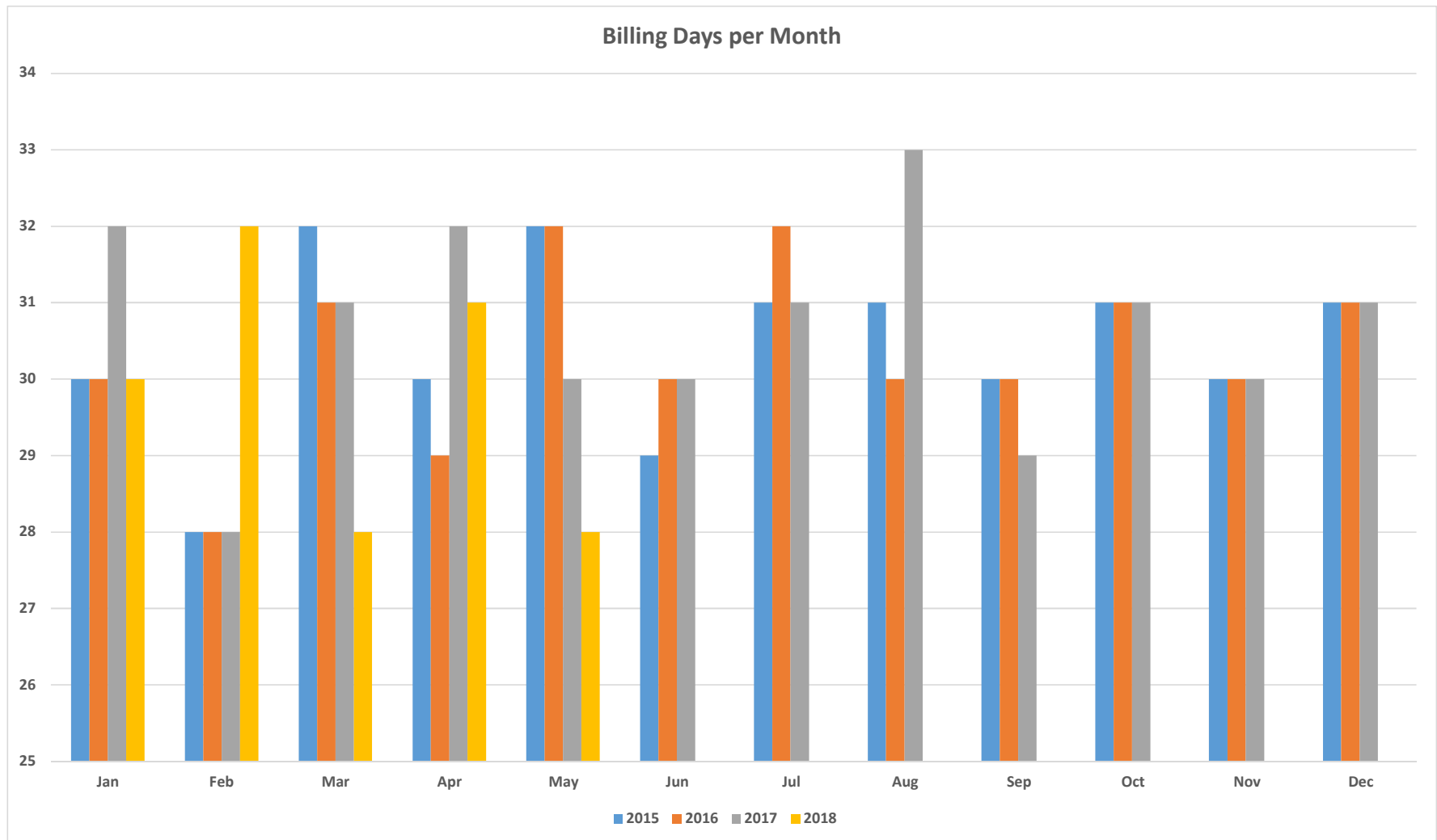




5/31/2018

Average Daily Sales (AF) - Degree Days (Base 65)



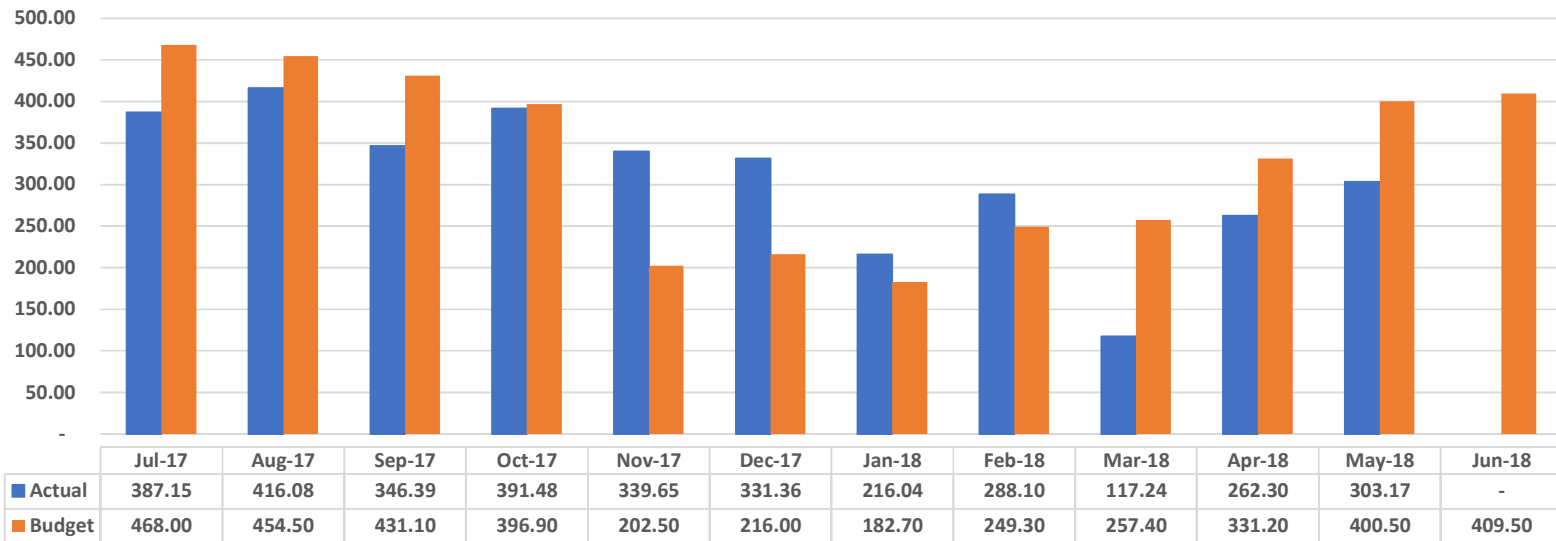




DASHBOARD REPORT WATER SALES (AF)

5/31/2018

Water Sales in AF



**MONTECITO WATER DISTRICT
WATER SALES ANALYSIS
FOR FISCAL YEAR 2017/18**

MONTH	% SALES BREAKDOWN	2016/17 ACTUAL SALES (*)		2017/18 BUDGET SALES		2017/18 SALES (*)		YTD VARIANCE PRIOR YEAR VS. CURRENT YEAR				YTD VARIANCE BUDGET VS. ACTUAL			
		AF	\$	AF	\$	AF	SALES	AF	%	\$	%	AF	%	\$	%
JUL	11.6%	377.4	\$898,395	468.0	\$1,114,126	387.1	\$909,119	9.7	2.6%	10,724	1.2%	(80.9)	(17.3%)	(205,007)	(18.4%)
AUG	11.2%	378.7	\$897,501	454.5	\$1,077,194	416.1	\$997,265	37.4	9.9%	99,764	11.1%	(38.4)	(8.4%)	(79,929)	(7.4%)
SEP	10.7%	362.5	\$865,208	431.1	\$1,028,830	346.4	\$828,165	(16.1)	(4.4%)	(37,043)	(4.3%)	(84.7)	(19.6%)	(200,665)	(19.5%)
OCT	9.9%	345.5	\$824,021	396.9	\$946,534	391.5	\$933,549	46.0	13.3%	109,528	13.3%	(5.4)	(1.4%)	(12,985)	(1.4%)
NOV	5.0%	239.9	\$567,578	202.5	\$479,064	339.6	\$815,859	99.7	41.6%	248,281	43.7%	137.1	67.7%	336,795	70.3%
DEC	5.3%	145.0	\$343,009	216.0	\$510,956	331.4	\$799,566	186.4	128.6%	456,557	133.1%	115.4	53.4%	288,610	56.5%
JAN	4.7%	97.6	\$239,823	182.7	\$448,968	216.0	\$400,615	118.4	121.3%	160,792	67.0%	33.3	18.2%	(48,353)	(10.8%)
FEB	6.4%	88.8	\$218,446	249.3	\$613,435	288.1	\$657,160	199.3	224.4%	438,714	200.8%	38.8	15.6%	43,725	7.1%
MAR	6.4%	139.1	\$332,989	257.4	\$615,911	117.2	\$266,987	(21.9)	(15.7%)	(66,002)	(19.8%)	(140.2)	(54.5%)	(348,924)	(56.7%)
APR	8.2%	266.0	\$612,907	331.2	\$785,317	262.3	\$628,625	(3.7)	(1.4%)	15,718	2.6%	(68.9)	(20.8%)	(156,692)	(20.0%)
MAY	10.6%	318.9	\$743,836	400.5	\$1,013,272	303.2	\$719,008	(15.7)	(4.9%)	(24,828)	(3.3%)	(97.3)	(24.3%)	(294,264)	(29.0%)
JUN	10.0%	367.8	\$871,971	409.5	\$955,734	0.0	\$0	0.0	0.0%	0	0.0%	0.0	0.0%	0	0.0%
TOTAL	100.0%	3,127.2	\$7,415,684	3,999.6	\$9,589,341	3,398.9	\$7,955,919	639.5	23.2%	\$1,412,205	21.6%	(191.2)	(5.3%)	(\$677,689)	(7.8%)

**YTD ACTUAL WATER SALES COMPARISON
FOR FISCAL YEAR 2017/18**

	2016/17 ACTUAL SALES (YTD)		2017/18 BUDGET SALES (YTD)		2017/18 ACTUAL SALES (YTD)		YTD VARIANCE PRIOR YEAR VS. CURRENT YEAR				YTD VARIANCE BUDGET VS. ACTUAL			
	AF	\$	AF	\$	AF	\$	AF	%	\$	%	AF	%	\$	%
Cummulative (YTD)	2,759.4	6,543,713	3,590.1	\$8,633,607	3,398.9	\$7,955,918	639.5	23.2%	\$1,412,205	21.6%	(191.2)	(5.3%)	(\$677,689)	(7.8%)

QUARTERLY COMPARISON - ACTUALS THROUGH MAY 2018 (*)

	2016/17 ACTUAL SALES		2017/18 BUDGET SALES		2017/18 ACTUAL SALES (*)		VARIANCE PRIOR YEAR VS. CURRENT YEAR				VARIANCE BUDGET VS. ACTUAL			
	AF	\$	AF	\$	AF	\$	AF	%	\$	%	AF	%	\$	%
Jul-Sep (Actual)	1,118.6	\$2,661,104	1,353.6	\$3,220,150	1,149.6	\$2,734,549	31.0	2.8%	\$73,445	2.8%	(204.0)	(15.1%)	(\$485,601)	(15.1%)
Oct-Dec (Actual)	730.4	1,734,608	815.4	1,936,554	1,062.5	\$2,548,974	332.1	45.5%	\$814,366	46.9%	247.1	30.3%	\$612,420	31.6%
Jan-Mar (Actual)	325.5	791,258	689.4	1,678,314	621.3	\$1,324,762	295.8	90.9%	\$533,504	67.4%	(68.1)	(9.9%)	(\$353,552)	(21.1%)
Apr-Jun (Actual)	952.7	2,228,714	1,141.2	2,754,323	565.5	\$1,347,633	(387.2)	(40.6%)	(\$881,081)	(39.5%)	(575.7)	(50.4%)	(\$1,406,690)	(51.1%)
Total (Actual)	3,127.2	\$7,415,684	3,999.6	\$9,589,341	3,399.0	\$7,955,919	271.7	23.2%	\$540,234	21.6%	(600.7)	(5.3%)	(\$1,633,423)	(7.8%)

(*) Sales figures reported are as of the close of billing for that period and do not reflect final financial amounts. Budgeted amounts are used prior to actual figures being available for comparative purposes

**MONTECITO WATER DISTRICT
METERED WATER SALES - ACRE FEET
ACTUALS THROUGH MAY 2018 (*)**

435.6 HCF/AF

MONTH	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YR TOTAL
1996-97	541.74	608.10	490.40	441.30	240.80	167.50	146.40	253.70	405.00	527.50	616.60	535.40	4974.44
1997-98	627.20	629.90	624.60	590.00	235.40	179.90	159.40	128.70	186.06	242.03	290.00	415.40	4308.59
1998-99	567.80	566.30	447.60	548.00	352.67	297.30	279.40	202.90	252.80	310.00	440.10	547.97	4812.84
1999-00	656.44	621.80	542.90	541.00	341.90	501.30	285.90	146.30	288.20	329.59	529.63	556.20	5341.16
2000-01	574.40	719.30	568.50	368.20	381.30	364.00	224.90	162.00	257.00	318.60	438.00	534.20	4910.40
2001-02	571.70	631.20	501.40	436.70	214.10	191.70	235.20	331.20	378.90	499.80	655.70	586.40	5234.00
2002-03	714.96	691.72	572.91	543.09	316.16	228.56	323.44	236.50	312.70	372.00	423.10	458.72	5193.86
2003-04	707.18	677.68	675.26	528.96	286.21	320.92	275.41	267.97	398.04	624.78	623.60	668.60	6054.61
2004-05	693.71	763.52	753.31	408.50	367.50	301.60	158.00	195.30	189.00	516.50	493.40	607.50	5447.84
2005-06	659.00	695.60	656.00	413.00	372.00	294.80	265.08	345.20	180.50	203.40	357.30	623.30	5065.18
2006-07	681.40	707.50	606.70	540.80	530.70	359.80	415.50	201.10	462.90	469.10	703.00	655.00	6333.50
2007-08	739.40	832.60	642.00	594.20	509.30	328.80	188.00	212.00	474.10	629.00	694.00	675.00	6518.40
2008-09	798.00	724.64	633.87	674.67	384.67	225.41	325.87	159.67	370.15	504.98	596.33	566.11	5964.37
2009/10	742.30	631.10	657.00	458.30	445.12	227.74	190.35	139.34	294.99	348.93	571.75	538.61	5245.53
2010/11	538.41	727.65	548.36	380.37	305.68	190.81	200.96	261.47	203.60	366.94	544.19	447.14	4715.58
2011/12	617.27	555.95	610.01	446.47	294.66	316.66	337.17	394.72	371.30	271.33	504.24	582.64	5302.42
2012/13	638.77	712.13	681.09	650.89	415.54	149.43	240.86	311.99	388.90	536.67	601.32	617.82	5945.40
2013/14	697.66	730.90	684.30	662.58	496.06	378.50	530.73	357.85	206.59	305.52	373.14	352.27	5776.10
2014/15	362.48	360.73	368.36	345.56	233.41	166.23	158.11	188.53	227.57	308.96	300.16	311.07	3331.17
2015/16	353.90	371.40	373.74	342.06	293.71	289.17	139.62	178.14	172.29	273.55	308.50	343.65	3439.73
2016/17	377.38	378.68	362.54	345.53	239.92	145.00	97.59	88.78	139.09	266.01	318.90	367.79	3127.21
2017/18	387.15	416.08	346.39	391.48	339.65	331.36	216.04	288.10	117.24	262.30	303.20		3398.99
AVERAGE	602.19	625.20	561.24	484.17	345.29	270.75	245.18	229.61	285.31	385.79	485.73	523.37	5097.25
MAXIMUM	798.00	832.60	753.31	674.67	530.70	501.30	530.73	394.72	474.10	629.00	703.00	675.00	6518.40
MINIMUM	353.90	360.73	346.39	342.06	214.10	145.00	97.59	88.78	117.24	203.40	290.00	311.07	3127.21
17/18 % VS AVERAGE	64%	67%	62%	81%	98%	122%	88%	125%	41%	68%	62%	0%	67%
17/18 % VS MAXIMUM	49%	50%	46%	58%	64%	66%	41%	73%	25%	42%	43%	0%	52%

Total METER Connections = **4,604**

Total OFF Connections = **62**

Total ACTIVE METER Connections = **4,542**

**MONTECITO WATER DISTRICT
MEMORANDUM**

SECTION: 5-B

DATE: JUNE 26, 2018

TO: BOARD OF DIRECTORS

FROM: BUSINESS MANAGER

SUBJECT: PROJECTED CASH FLOWS REGARDING EMERGENCY SPENDING

RECOMMENDATION:

For information and discussion only.

BACKGROUND:

As a result of the catastrophic debris flow that occurred on Jan 9, 2018, the District anticipates experiencing non-budgeted expenses and the possibility of needing additional cash. With the January billing postponed and reduced due to the Board's decision to waive the monthly meter service charge and the District incurring additional expenses as a result of emergency repairs and subcontract work necessary to get the system back to an operational level, cash management is crucial.

DISCUSSION

At the end of May, the Operating Cash is approximately \$1.6M with approximately \$407K in Wells Fargo and \$1.2M in American Riviera. The District experienced a dramatic increase in operating and emergency expenses in January. Approximately one-quarter of the invoices for these emergency expenses were received and payable in February, an additional quarter in March and April, and the District is anticipating the remainder was received and payable in May, potentially putting a strain on cash. There is concern that the District may need to borrow money or liquidate investments to cover the additional expenses in the event that reimbursements from FEMA and Cal OES are delayed. Based on a current estimated cash flow analysis, it appears that the District has sufficient cash on hand available through June without the need to borrow money or liquidate investments for operations.

ATTACHMENTS

1) Estimated Cash Flow

Cash Flow

April

	Forecast		Estimate	
Operating Cash Beginning	\$	3,481,740	\$	2,990,601
Revenue	\$	1,630,676	\$	1,502,711 Actual as of 4/30/2018
Expenses	\$	(1,327,211)	\$	(1,016,315) Actual as of 4/30/2018
Emergency - Construction			\$	(308,842) Increase BS Item
Emergency - Consultants			\$	(51,457) Increase BS Item
Emergency - Mutual Aid			\$	(164,561) Increase BS Item
Other Asset & Liability Fluctuations			\$	322,924
Increase in A/R	\$	(391,862)	\$	(391,862)
Depreciation	\$	106,243	\$	103,249
Cash Flows From Operations	\$	17,846	\$	(4,153)
Ending Operating Cash	\$	3,499,586	\$	2,986,448 Actual as of 4/30/2018

May

	Forecast		Estimate	
Operating Cash Beginning	\$	3,499,586	\$	2,986,448
Revenue	\$	1,800,535	\$	1,568,150 Actual as of 5/31/2018 (\$210k short from est)
Expenses	\$	(937,477)	\$	(1,734,020) Actual as of 5/31/2018
Emergency - Construction			\$	(214,636) Increase BS Item
Emergency - Consultants			\$	(33,537) Increase BS Item
Emergency - Mutual Aid			\$	(20,122) Increase BS Item
Other Asset & Liability Fluctuations*			\$	(818,530) Not including Charles Schwab
Increase in A/R	\$	(173,725)	\$	(173,725.44)
Depreciation	\$	103,249	\$	103,249
Cash Flows From Operations	\$	792,582	\$	(1,323,171)
Ending Operating Cash	\$	4,292,168	\$	1,663,277 Actual as of 5/31/2018

Cash Flow

<u>June</u>	Forecast		Estimate		
Operating Cash Beginning	\$	4,292,168	\$	1,663,277	
Revenue	\$	1,817,697	\$	1,790,697	Budget less Lost MSC
Expenses	\$	(1,679,914)	\$	(1,426,914)	Budgeted amount less Cater paid in May
Emergency - Construction					Assume rec'd final in May
Emergency - Consultants					Assume rec'd final in May
Emergency - Mutual Aid					Assume rec'd final in May
Other Asset & Liability Fluctuations*			\$	1,400,000	Includes FEMA Reimbursment
Increase in A/R	\$	(300,955)	\$	(300,954.50)	
Depreciation	\$	103,638	\$	103,638	
Cash Flows From Operations	\$	(59,534)	\$	1,566,467	

Ending Operating Cash	\$	4,232,634	\$	3,229,743
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<u>July</u>	Forecast		Estimate		
Operating Cash Beginning	\$	4,232,634	\$	3,229,743	
Revenue	\$	2,175,457	\$	2,149,457	Budget less Lost MSC
Expenses	\$	(1,442,788)	\$	(1,442,788)	Budgeted amount
Emergency - Construction					Assume rec'd final in May
Emergency - Consultants					Assume rec'd final in May
Emergency - Mutual Aid					Assume rec'd final in May
Other Asset & Liability Fluctuations*					Not including Charles Schwab
Increase in A/R	\$	(448,295)	\$	(448,295)	
Depreciation	\$	104,002	\$	104,002	
Cash Flows From Operations	\$	388,376	\$	362,376	

Ending Operating Cash	\$	4,621,011	\$	3,592,119
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Assumptions

1. Estimated revenue for June and July will be approximately \$27K and \$26k less than budget, to account for the homes that have had their meters locked due to permanent loss. This is based on the 3 month average of prior year actuals for the specified meters. Additionally, the WAC revenue was only less than 1% below budget in April
2. \$87k of invoices for the services provided during the emergency will be paid in June, based on invoices in the Districts possession with an estimated balance to account for \$2.3M in total emergency spend
3. Cash collections in May were slightly less than expected. June and July are estimated at 95% of prior months sales
4. Non-emergency AP will remain at normal levels with a negligible fluctuation
5. No significant change in Inventory as items purchased were put immediately into use
6. In May, the District reduced investments by approximately \$5M dollars to pay the SWP annual payment. This did not cause operating cash to utilize reserve funds as authorized by the Board.
7. June fluctuations in Balance Sheet items reflects \$1.7M FEMA reimbursement

Actual/Estimated fluctuations in A/R

April

\$	1,020,760.50	Beginning A/R	
\$	1,502,710.59	Apr Billing - Add to A/R	Actual as of 4/30/2018
\$	(1,110,848.64)	March Payments Rec'd @ 95%	
\$	1,412,622.45	Ending A/R	Actual as of 4/30/2018
	\$	391,862	Increase in A/R

May

\$	1,412,622.45	Beginning A/R	
\$	1,568,150.00	May Billing - Add to A/R	Actual as of 5/31/2018
\$	(1,394,424.56)	April Payments Rec'd @ 95%	
\$	1,586,347.89	Ending A/R	Actual as of 5/31/2018
	\$	173,725	Increase in A/R

June

\$	1,586,347.89	Beginning A/R	
\$	1,790,697.00	June Billing - Add to A/R	
\$	(1,489,742.50)	May Payments Rec'd @ 95%	
\$	1,887,302.39	Ending A/R	
	\$	300,955	Increase in A/R

July

\$	1,887,302.39	Beginning A/R	
\$	2,149,457.00	July Billing - Add to A/R	
\$	(1,701,162.15)	June Payments Rec'd @ 95%	
\$	2,335,597.24	Ending A/R	
	\$	448,295	Increase in A/R

**MONTECITO WATER DISTRICT
MEMORANDUM**

SECTION: 5-C

DATE: JUNE 26, 2018

TO: BOARD OF DIRECTORS

FROM: BUSINESS MANAGER

SUBJECT: CACHUMA CONSERVATION RELEASE BOARD FY 2018/19 BUDGET

RECOMMENDATION:

That the Board of Directors ratify the Cachuma Conservation Release Board (CCRB) FY 2018/19 Budget with the District's share in the amount of \$139,062.

DISCUSSION:

Attached is a copy of the CCRB 18/19 FY Budget for review and ratification. The attached executive summary prepared by Peter Cantle, CCRB Executive Director, details the budgetary components and associated cost.

ATTACHMENTS:

Cachuma Conservation Release Board (CCRB) FY 2018/19 Budget



**CACHUMA
CONSERVATION
RELEASE BOARD**

City of Santa Barbara

Goleta Water District

Montecito Water District

April 12, 2018

(Letter sent by Email)

Ryan Drake, Water Supply and Conservation Manager
Goleta Water District
4699 Hollister Avenue
Goleta, CA 93110

Kelley Dyer, Water Supply Manager
City of Santa Barbara
630 Garden Street
Santa Barbara, CA 93101

Nick Turner, General Manager
Montecito Water District
583 San Ysidro Road
Montecito, CA 93108

RE: CCRB FISCAL YEAR 2018/2019 BUDGET FOR RATIFICATION

Dear Mr. Drake, Ms. Dyer and Mr. Turner:

The Cachuma Conservation Release Board (CCRB) approved its proposed fiscal year 2018/2019 (FY19) operating budget yesterday in a noticed, public meeting. The complete budget, including line item accounts and Member Units' quarterly and annual contributions, is found in Attachment 1 to this document. Pursuant to the Joint Powers Authority agreement under which CCRB is formed, the approved budget is to be submitted to and ratified by each Member Agency's governing body. This letter provides the approved budget to you for presentation to your decision-makers for consideration and ratification. Following Member Agencies' ratification, the CCRB budget becomes final for the new fiscal year.

As you know, while many of CCRB's costs are easily estimated, there are also critically important state and federal regulatory processes relating to the Cachuma Project that require considerable professional expertise and support from legal, regulatory advisory and technical consultants. There is significant risk that some or all of these state and federal regulatory processes will eventually wind up in litigation in state or federal courts. The importance to CCRB's Member Agencies of achieving acceptable outcomes in these state and federal processes, and the unpredictable but significant consulting workload that is associated with achieving such outcomes, makes budgeting these categories a "best estimate" effort.

Because of this unpredictability, the consulting costs in Table 1 are necessarily based on several assumptions. The assumptions themselves are derived from discussions with CCRB's legal and technical representatives regarding likely or potential scenarios that could result from decisions made or actions taken by the

P.O. Box 3767
Santa Barbara, CA 93105

www.ccrb-board.org

state and federal agencies that ultimately control the regulatory processes in which CCRB is involved. CCRB's board members closely considered these potential scenarios, regulatory processes and the associated anticipated workload before unanimously approving the budget contained herein.

Fiscal Analysis

As shown in Table 1 (Attachment 1), the CCRB approved budget for FY19 is \$1,062,350. The quarterly and annual cost allocations to CCRB Member Agencies based on established allocation percentages are shown in Table 2 (Attachment 1). The account code amounts that make up the proposed budget and the assumptions on which they are based are discussed below.

Code 5050: Storage Space. Currently, CCRB pays Patterson Avenue Storage for space that accommodates multiple four-drawer file cabinets and banker's boxes of files that range in date from 1980's to 2015. The \$4800 budgeted cost is based on \$400/month x 12 months.

Code 5100: Audit. The audit firm of Bartlett, Pringle & Wolf is currently auditing CCRB's FY17 financial records, after having recently completed FY15 and FY16. Thus, projected costs in the current year are higher than budgeted. In FY19, the budgeted \$8000 assumes a single-year audit (FY18) will be performed.

Code 5200: Insurance. CCRB's board members and certain liabilities are insured through the Special Districts Risk Management Association (SDRMA). To access coverage through SDRMA, CCRB must be a member of and pay dues to the California Special Districts Association (CSDA). In FY19, CSDA dues are projected at \$1300, while the SDRMA insurance premium is expected to be \$4000 (\$5300 total).

Code 5301: Executive Director Salary. The budgeted amount (\$165,000) assumes one half year at current salary, with potential for the Board to consider an increase mid-year, as allowed by the terms of the contract between the Executive Director and CCRB.

Code 5304: Administrative/Accounting Support. Accountability Plus provides bookkeeping, invoicing and accounting services to CCRB through this code. The budgeted amount (\$9600 total) anticipates an average of \$800/month during the fiscal year.

Code 5312: Miscellaneous Administrative Expenses. This code serves as a contingency for any unanticipated overages in administrative service codes. The budgeted amount (\$4000) is unchanged from the previous fiscal year.

Code 5313: Communications/Computer. This code provides funds for CCRB email and website hosting, cell phone, internet and related information technology costs. The budgeted amount (\$6000) is unchanged from the previous fiscal year.

Code 5316: Admin Fixed Assets. This code provides for job-related hardware and material purchases. In the coming fiscal year, anticipated purchases may include a computer monitor and a color printer/scanner/fax. The budgeted amount (\$4000) is unchanged from the previous fiscal year.

Code 5330: Admin Travel. This code covers travel costs to attend professional conferences representing CCRB. The budgeted amount (\$8000) is unchanged from the previous fiscal year.

Code 5331: Travel Expenses Federal and State Meetings. This code covers Executive Director travel-related costs for attending anticipated meetings in Fresno, Sacramento, Washington DC and possibly elsewhere regarding the state and federal regulatory processes that are underway.

Code 5332: Transportation. This code covers minor transportation travel costs that may be incurred during the year. The budget amount (\$1000) is unchanged from the previous fiscal year.

Code 7000: General Legal Activities. This code provides for general counsel services through the year, including attendance at board meetings, review of board agenda materials, preparation of resolutions, employment matters and contract review.

Code 7001: BO Reconsultation Support Activities. This code includes estimated general counsel costs related to the draft Biological Opinion (DBO) reconsultation underway with US Bureau of Reclamation (USBR) and the National Marine Fisheries Service (NMFS) pursuant to Sec. 7 of the Endangered Species Act. Additionally, the code includes estimated biological, hydrological, and regulatory advisory costs associated with the DBO reconsultation. These costs are not discussed in detail as they represent work that is protected from disclosure under the attorney work product privilege and related statutory and common law privileges, and may implicate the confidentiality requirements of the settlement reached in *California Trout, Inc. v. U.S. Bureau of Reclamation, et al.*, Case No. CV 14-7744.

Code 7002: SWRCB Water Rights Activities. This code includes estimated general counsel costs associated with the State Water Resources Control Board's (SWRCB) ongoing water rights proceeding relating to the Santa Ynez River. The estimate assumes that the SWRCB will issue a final order in this proceeding during FY19. Additionally, the code includes estimated biological, hydrological, and regulatory advisory costs, as well. These costs are not discussed in detail because they represent work that is protected from disclosure under the attorney work product privilege and related statutory and common law privileges due to the potential that litigation related to the final order may be necessary.

Code 6500: Contingency. The contingency budgeted herein is a calculated buffer representing 10% of the sum of Codes 7000, 7001, and 7002. The contingency is intended to address unanticipated yet necessary expenditures that may arise during the fiscal year.

If you will let me know the timing, I will be pleased to attend any committee and/or Board or Council meetings at which this approved budget is to be presented for consideration. Please advise if there is anything else I can provide to assist you in carrying the CCRB FY19 budget forward for ratification.

Sincerely,

A handwritten signature in blue ink, appearing to read "Peter Cantle", is written over a light blue rectangular background.

Peter Cantle, Executive Director
Cachuma Conservation Release Board

Attachment 1. Cachuma Conservation Release Board FY19 Budget

ATTACHMENT 1

**CACHUMA CONSERVATION RELEASE BOARD
FY19 BUDGET**

<u>TABLE 1</u> Cachuma Conservation Release Board <i>Proposed FY 2018/2019 Budget</i>			
Account Code	Account Name	Approved FY17/18 *	Proposed FY18/19
ADMINISTRATIVE			
5050	Storage Space	9,000	4,800
5100	Audit	8,000	8,000
5200	Liability Insurance	4,200	5,300
5301	Executive Director salary	162,000	165,000
5304	Administrative/Accounting Support	7,800	9,600
5312	Misc. Admin. Exp.	4,000	4,000
5313	Communications/Computer	6,000	6,000
5316	Admin Fixed Assets	4,000	4,000
5330	Admin. Travel	8,000	8,000
5331	Travel Exp. Federal & State Meetings	20,000	20,000
5332	Transportation	1,000	1,000
Subtotal		\$234,000	\$235,700
LEGAL			
7000	General Legal Activities	10,000	40,000
7001	BO Reconsultation Support Activities	60,000	546,500
7002	SWRCB Water Rights Activities	100,000	165,000
6500	Contingency (10%)	0	75,150
Subtotal		\$170,000	\$826,650
SHARED CONSULTANT ACTIVITIES			
6001	BO Reconsultation Activities	81,642	**
7200	SWRCB Proceedings Support	39,789	**
Subtotal		\$121,431	**
CCRB CONSULTANT ACTIVITIES			
7300	Public Outreach Program	0	**
7400	Legislative & Regulatory Analyst	175,000	**
7500	Hydrologic Technical Support	82,123	**
6500	Contingency	9,287	**
Subtotal		\$266,410	**
TOTAL BUDGET		\$791,841	\$1,062,350

Table Footnotes:

* As modified by CCRB Board on October 18, 2017.

** Costs for biological, hydrological, and legislative/regulatory support are included under LEGAL account codes

TABLE 2

Cachuma Conservation Release Board FY 2018/2019 Member Unit Cost Allocations

MEMBER UNIT	Pro Rata Percent	FY18/19 Budget	Annual
Goleta Water District	0.4603	1,062,350	489,000
City of Santa Barbara	0.4088	1,062,350	434,289
Montecito Water District	0.1309	1,062,350	139,062
<i>TOTAL ANNUAL</i>	100.00%	\$1,062,350	\$1,062,350
Quarterly Assessment			Amount
Goleta Water District			122,250
City of Santa Barbara			108,572
Montecito Water District			34,765
<i>TOTAL QUARTERLY</i>			\$265,588

**MONTECITO WATER DISTRICT
MEMORANDUM**

SECTION: 5-D-i

DATE: JUNE 26, 2018

TO: BOARD OF DIRECTORS

FROM: BUSINESS MANAGER

**SUBJECT: RESOLUTION NO. 2165 – DETERMINING THAT CHARGES, RATES,
AND FEES ARE NOT “PROCEEDS OF TAXES”**

RECOMMENDATION:

That the Board of Directors adopt Resolution No. 2165 determining that District's Charges, Rates, and Fees are not "Proceeds of Taxes" under Article XIII B of the Constitution of the State of California.

DISCUSSION:

To comply with Government Code, and Article XIII of the Constitution of the State of California, the District needs to adopt a resolution on an annual basis making a declaration that its Charges, Rates and Fees are not proceeds of taxes.

ATTACHMENT:

Draft Resolution No. 2165 – Determining that charges, rates, and fees are not proceeds of taxes under article XIII B of the Constitution of the State of California.

RESOLUTION NO. 2165

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE MONTECITO WATER DISTRICT
DETERMINING THAT ITS CHARGES, RATES AND FEES ARE NOT
"PROCEEDS OF TAXES" UNDER ARTICLE XIII B OF THE CONSTITUTION
OF THE STATE OF CALIFORNIA**

WHEREAS, the Governing Board of the Montecito Water District hereby finds and determines that the limits of appropriation under Article XIII B of the Constitution of the State of California are not applicable to the District for fiscal year 2018/19 for the reason that the proceeds of the District's various user charges, rates and fees for said fiscal year do not exceed the costs reasonably borne by the District in providing the services for which the charges, rates and fees are made and collected; and

WHEREAS, the Board further finds and determines that said fees, rates and charges are not "proceeds of taxes" under Article XIII B; and

WHEREAS, the effective date of this resolution shall be the date of adoption set forth below.

PASSED AND ADOPTED by the Board of Directors of the Montecito Water District this 26th day of June, 2018 by the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

W. Douglas Morgan, President

ATTEST:

Nicholas Turner, Secretary

**MONTECITO WATER DISTRICT
MEMORANDUM**

SECTION: 5-D-ii

DATE: JUNE 26, 2018

TO: BOARD OF DIRECTORS

FROM: FINANCE COMMITTEE

SUBJECT: RESOLUTION NO. 2166 – 2018/19 INVESTMENT POLICY

RECOMMENDATION:

That the Board adopt Resolution No. 2166, the District's Investment Policy for the FY 2018/19.

DISCUSSION:

To comply with Government Code Section 53646 the Investment Policy is to be reviewed and updated on an annual basis. The Investment Policy has been reviewed by legal counsel. The District adopted Resolution No. 2153 last fiscal year.

Per the existing Investment Policy, funds are currently held in Charles Schwab, which facilitates safety, liquidity, and a return on investment meeting the objectives of the current District Resolution.

ATTACHMENT:

Draft Resolution No. 2166 - Investment Policy for FY 2018/19

RESOLUTION NO. 2166
RESOLUTION OF THE BOARD OF DIRECTORS OF
MONTECITO WATER DISTRICT CONCERNING THE
ANNUAL INVESTMENT POLICY FOR THE 2018/19 BUDGET

POLICY

WHEREAS; the Legislature of the State of California has declared that the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern (California Government Code “CGC” §53600.6 and §53630.1); and

WHEREAS; the legislative body of a local agency may invest surplus moneys not required for the immediate necessities of the local agency in accordance with the provisions of CGC §§53600 et seq. and §5920 et seq.; and

WHEREAS; the Treasurer (or designated fiscal officer) of the Montecito Water District (MWD) shall annually prepare and submit a statement of investment policy and such policy, and any changes thereto, shall be considered by the District Board of Directors at a public meeting (CGC §53646(a)(2)).

NOW THEREFORE; it shall be the policy of the MWD to invest funds in a manner that will not impair principal, will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the District and will conform to all statutes governing the investment of MWD funds.

SCOPE

This investment policy applies to all financial assets of the MWD. 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.

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, Treasurer, 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.

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 MWD 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 MWD 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.

DELEGATION OF AUTHORITY

Authority to manage the investment program is derived from CGC §§53600, et seq. Management responsibility for the investment program is hereby delegated to the Treasurer, who shall establish written procedures for the operation of the investment program consistent with this 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 Treasurer. The Treasurer 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.

ETHICS AND CONFLICTS OF INTEREST

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS

The Treasurer will maintain a list of financial institutions, selected on the basis of credit worthiness, 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 credit worthiness 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 Treasurer 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 Treasurer shall have received from said firm a signed Certification Form. This form shall attest that the individual responsible for the MWD's account with that firm has reviewed the MWD's Investment Policy and that the firm understands the policy and intends to present investment recommendations and transactions to the MWD that are appropriate under the terms and conditions of the Investment Policy.

AUTHORIZED AND SUITABLE INVESTMENTS

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

- A. Bonds issued by the MWD.
- 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 banks or associations. Not more than 30% of surplus funds can be invested in certificates of deposit.

G. Any other investment security authorized under the provisions of CGC §5922 and §53601.

Prohibited Investments. Under the provisions of CGC §53601.6, the MWD 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.

COLLATERALIZATION

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

SAFEKEEPING AND CUSTODY

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

DIVERSIFICATION

The MWD will diversify its investments by security type and institution. It is the policy of the MWD 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.

REPORTING

In accordance with CGC §53646(b) (1), the Treasurer 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 MWD 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 MWD will meet its expenditure obligations for the next six months as required by CGC §53646 (b) (2) and (3), respectively. The Treasurer shall maintain a complete and timely record of all investment transactions.

ANNUAL INVESTMENT POLICY REVIEW

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

PASSED AND ADOPTED by the Board of Directors of the Montecito Water District this 26th day of June, 2018, by the following roll call vote:

AYES:

NOES:

ABSENT:

APPROVED:

W. Douglas Morgan, President

ATTEST:

Nicholas Turner, Secretary

**MONTECITO WATER DISTRICT
MEMORANDUM**

SECTION: 5-D-ii

DATE: JUNE 26, 2018

TO: BOARD OF DIRECTORS

FROM: FINANCE COMMITTEE

SUBJECT: RESOLUTION NO. 2166 – 2018/19 INVESTMENT POLICY

RECOMMENDATION:

That the Board adopt Resolution No. 2166, the District's Investment Policy for the FY 2018/19.

DISCUSSION:

To comply with Government Code Section 53646 the Investment Policy is to be reviewed and updated on an annual basis. The Investment Policy has been reviewed by legal counsel. The District adopted Resolution No. 2153 last fiscal year.

Per the existing Investment Policy, funds are currently held in Charles Schwab, which facilitates safety, liquidity, and a return on investment meeting the objectives of the current District Resolution.

ATTACHMENT:

Draft Resolution No. 2166 - Investment Policy for FY 2018/19

RESOLUTION NO. 2167

**RESOLUTION RESCINDING RESOLUTION NO. 2154 AND ESTABLISHING
EMPLOYEE CLASSIFICATION AND SALARY RANGE SCHEDULES EFFECTIVE
WITH THE PAYPERIOD ENDING JULY 6, 2018**

WHEREAS, the Board of Directors of the Montecito Water District hereby resolve: That the employee classification, number of employees in each classification, the salary range number and applicable biweekly salary range schedules as shown on Schedule A be approved, effective with the payperiod ending July 6, 2018.

PASSED AND ADOPTED by the Board of Directors of the Montecito Water District this 26th of June 2018 by the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

W. Dougals Morgan, President

ATTEST:

Nicholas Turner, Secretary

MONTECITO WATER DISTRICT
BI-WEEKLY SALARY RANGE AND POSITION CONTROL SCHEDULE
Effective June 23, 2018 (for the pay period ending July 6, 2018)
Board Approval Considered on June 26, 2018
Schedule A

Classification	Number of Positions	Range #	Low	-	High*
General Manager, District Engineer, & Secretary	1	GM	6328	-	8284
Engineering Manager	1	317	4492	-	5880
Business Manager & Assistant Secretary	1	310	4301	-	5629
Financial Analyst/IT Specialist	1	263	3209	-	4200
Engineering Assistant	2	227	2564	-	3356
Administrative Assistant/Office Technician	1	212	2335	-	3057
Public Information Officer	1	221	2470	-	3233
Senior Office Technician/Staff Accountant	1	223	2501	-	3274
Office Technician/Engineering Aide	1	186	1986	-	2600
Office Technician	1	181	1925	-	2520
Distribution Superintendent	1	290	3797	-	4970
Treatment & Production Superintendent	1	290	3797	-	4970
Treatment Chief Operator	1	259	3130	-	4097
Control System Technician/Treatment Operator	1	250	2959	-	3874
Treatment Plant Operator	2	223	2501	-	3274
Distribution Chief Operator IV	1	259	3130	-	4097
Distribution Operator III	2	223	2501	-	3274
Distribution Operator II	4	206	2250	-	2945
Distribution Operator I	0	179	1901	-	2489
Water Conservation Specialist, Dist. Operator/Grounds Keeper	1	210	2306	-	3019
Mechanic/Distribution Operator I	1	214	2365	-	3095
Dam Caretaker	1	174	1843	-	2413
Total Employees	27				

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

**MONTECITO WATER DISTRICT
MEMORANDUM**

SECTION: 5-E

DATE: JUNE 26, 2018

TO: BOARD OF DIRECTORS

FROM: GENERAL MANAGER / BUSINESS MANAGER

SUBJECT: ADOPTION OF FISCAL YEAR 2018/19 BUDGET

RECOMMENDATION:

That the Board of Directors adopt the 2018/19 Fiscal Year budget;

DISCUSSION:

Each fiscal year, the Board of Directors approves an annual budget as the foundational financial plan for the District. The budget functions as an information, planning and policy document and forms the basis of understanding our current financial condition. The detail contained in the budget ensures that the District has the critical information needed to properly account for and responsibly manage District funds. The budget projects revenues and expenditures needed in the 2018/19 fiscal year for operations, maintenance, administration, debt service, and capital expenditures and allocates those to the various departments including treatment, distribution, engineering and administration. The budget also facilitates the Board's priorities in order to achieve the District's short and long-range goals and objectives and to meet the water supply needs of our customers.

The preliminary FY 2018/19 budget was reviewed by the Finance Committee at their May 4, 2018 meeting. The Operations Committee reviewed the staff-recommended capital expenditures included in the draft budget at their May 14, 2018 meeting and the Committee concurred with the recommendations. The Board of Directors held a Special Board Workshop on May 30, 2018 to review and provide input to staff on the proposed draft budget.

The draft FY 2018/19 budget, herein attached is modified only minimally from that presented at the May 30, 2018 Board Workshop to address comments and questions received during the meeting.

ATTACHMENTS

1. Draft Fiscal Year 2018/19 Budget

**MONTECITO WATER
DISTRICT**

**FISCAL YEAR
2018/19 BUDGET**

Adopted:





OUR MISSION

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 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

W. Douglas Morgan, President

Floyd Wicks, Vice President

Richard Shaikewitz

Samuel Frye

Tobe Plough

This budget was prepared under the direction of:

General Manager/Board Secretary

Nicholas Turner

Staff Contributors

Daryl Smith, Business Manager

Adam Kanold, Engineering Manager

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Marla Perez, Financial Analyst

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EXECUTIVE SUMMARY

Introduction

The financial projections in this document describe the annual fiscal year (FY) budget beginning July 1, 2018 and ending June 30, 2019. This budget is a foundational financial document that projects revenues and expenditures including capital improvements and debt service for the upcoming fiscal year. It represents a short-term financial plan consistent with Montecito Water District's (District) combined *Five Year Financial Plan, Cost of Service Analysis and Updated Rate Structure* that was adopted in August 2013, the *5-Year Capital Improvement Program* dated December 2012 and the *2015 Urban Water Management Plan Update* that was adopted in May 2017.

This FY 2018/19 budget forecasts \$19,543,454 in Revenue, \$16,542,492 in Expenditures, \$2,088,157 in Debt Service (non-operating) and \$2,712,570 in Capital Improvements. The total net cash impact is forecasted to be a \$523,993 deficit which include \$1,379,840 of carryover expenses from FY 2017/18. Table 3 on page 27 provides a summary of the FY 2018/19 budget including FY 2017/18 forecasted actuals.

Forecasted actuals moving in to FY 2018/19 provide for \$8.87M allocated to reserves. This includes \$3.47M in debt reserves and \$5.4M in Board-designated reserves. These reserve balances are in compliance with District's Reserve Policy adopted by the Board of Directors on June 28, 2017.

Projected Water Sales/Revenue

Projected total water sales for FY 2017/18 are expected to be approximately 3,800 acre feet (AF) as compared to 3,127 AF of sales in FY 2016/17. The FY 2018/19 budget projects water sales to be 4,015 AF, a 17% increase over FY 2016/17 and 6% over FY 2017/18 projected sales. The projected minor increase in water sales is anticipated as customers continue to adapt to the District's 2017 repeal of monthly customer water use allocations and penalties and conservation becomes more relaxed. The District projects having sufficient water supplies available to accommodate this level of customer demands.

In January 2018, Montecito experienced arguably the worst natural disaster to ever hit the South Coast. On January 9, a storm of record intensity, near 500-year frequency, centered over Montecito, dumping between 0.5 – 1.0 inch of rainfall in 5 minutes on steep slopes completely stripped of vegetation in the Thomas Fire the previous month. The result was significant runoff and massive debris flow causing extensive destruction and casualties. As many as 400 water services were shut off after being damaged or destroyed by the debris flow. As recovery progresses, damaged water services are being repaired and brought back online. As of June 2018, approximately 60 water services remain temporarily shut off. An assessment of the impact of this reduction in services indicates a temporary loss of approximately 1.5% of monthly water sales and meter service charge revenue. It is



anticipated that many of these remaining services will be turned back on in the coming months.

As explained above, the FY 2018/19 budget forecasts a slight decrease in water sales and meter service charge revenue as a result of the Thomas Fire related disaster. Connection and capital cost recovery fees are expected to decrease as the demand from eligible applicants for new water services, as experienced in FY 2017/18, decreased significantly from budget and is not expected to change in FY 2018/19. Revisions to Ordinance 92 in March 2017 and subsequent Board adoption of Ordinance 95 in August 2017 allow for new meters to be issued to applicants with pre-Ordinance 89 service commitments from the District.

On March 24, 2015, the District adopted Resolution No. 2124 instituting a temporary Water Shortage Emergency (WSE) Surcharge to generate sufficient revenue to cover expenses while water sales are reduced as a result of ongoing drought conditions. In accordance with the resolution, the Board can take action to adjust the WSE Surcharge as it deems necessary to balance revenues and expenses. The surcharge is projected to remain in place until either water supply conditions have returned to normal and all drought-related costs have been recovered or an updated finance plan and cost of service study with updated rates is prepared and implemented. An updated finance plan and cost of service study is underway with targeted completion by the end of 2018.

Drought Update & Water Supply Outlook

Due to below-normal rainfall statewide and in particular in Santa Barbara County this past winter, historic drought conditions continue for the seventh consecutive year. In accordance with the District's Water Shortage Contingency Plan, the District remains in a Stage II drought emergency. According to the Santa Barbara County Flood Control District, the percentage of rainfall for Santa Barbara County is 53% of normal for water year 2017/18. In Montecito and at Jameson Lake, rainfall accumulation for water year 2017/18, according to District records, are 59 and 48% respectively, of average. In addition, the snowpack condition in the Sierras in 2017/2018 was far below that of an average year. The National Oceanic and Atmospheric Administration continues to predict above-average temperatures and below-average rainfall for Santa Barbara County. Despite the partial reprieve that Santa Barbara County experienced in 2017 and the recent storm events in early 2018, extraordinary drought conditions remain. The U.S drought monitor indicates D2 severe drought intensity exists for nearly all of Santa Barbara County, these conditions worsening since 2017.

The District's three-year water supply planning forecasts water supply availability through mid-2020 under drought conditions with customer conservation continuing at or above 30%. The District projects having approximately 9,000 AF of water available at the start of FY 2018/19 from a combination of sources, including Jameson Lake, Doulton Tunnel, Lake Cachuma, State Water Project, groundwater and purchased supplemental water. Until the drought is over or the District successfully acquires new local reliable supplies, the District will continue to be heavily reliant on the State Water Project (SWP) and its facilities for



delivery of SWP water and supplemental water deliveries to meet reduced customer demands.

The District 2018 SWP allocation is 35% or 1155 AF. In May 2018, the District acquired 2,800 AF of supplemental water through the Central Coast Water Authority's 2018 Supplemental Water Purchase Program to offset the reduction in surface water supplies. Until surface water supply conditions improve, the District projects a need for approximately 2,000 AF per year.

Deliveries from Jameson Lake are temporarily suspended, as a result of the December 2017 Thomas Fire, until treatment process upgrades are completed in mid-summer 2018. The largest fire in California's modern history, the Thomas Fire burned the entire watershed for Jameson Lake, resulting in an increased level of organics in the lake requiring higher levels of treatment.

Inflow into Lake Cachuma in both 2017 and 2018 may result in an initial WY 2019 Cachuma Project allocation between 10 and 40% or 265 to 1060 AF depending on the final assessment of available water. A WY 2019 Cachuma Project allocation will be issued by the United States Bureau of Reclamation (USBR) in October 2018.

Deliveries of groundwater and infiltration in Doultton tunnel combined total approximately 55 AF per month.

Water in excess of the projected annual demands of 4,015 AF will be stored in surface water reservoirs, i.e. Lake Cachuma and/or San Luis Reservoir or placed in a regional groundwater storage bank. In 2017, the District finalized an agreement whereby the District purchased rights to store and extract water annually as part of the Semitropic Water Storage District Groundwater Banking and Exchange Program (Semitropic). The District forecasts having approximately 1,000AF of surplus water stored in San Luis Reservoir at the end of 2018, which may be at risk of spill or loss if winter weather conditions result in inflow into the reservoir. To mitigate this risk, the District plans to place this water in Semitropic for protection against continuing or future droughts. Banking surplus water during wet periods in Semitropic for use during future periods of drought will help to improve the reliability of the State Water Project in future years.

In May 2017, the District adopted its 2015 Urban Water Management Plan Update. Based on projected customer demands which are compliant with SB X7-7 (20% reduction in urban water use by 2020), and an assumption that drought conditions remain with below-average rainfall for the next several years, the District projects it will have sufficient water supplies to meet customer demands through 2020 with voluntary conservation continuing at or above 30%.

Recognizing the importance of water supply reliability, the District's Board of Directors is placing significant emphasis on enhancing its local, drought-proof water supplies in an effort to lessen the impact of future droughts on the District's ability to deliver a continuous supply of high-quality water to its customers regardless of hydrologic conditions. The District is considering several local, reliable and drought-proof long-term water supply partnership



opportunities, including a water supply arrangement with the City of Santa Barbara and local and regional recycled water partnerships. Diversification is a key component of long-term water supply reliability.

Infrastructure Improvements and Planning

Infrastructure planning and investment is critical to the ongoing reliability of the District's distribution and treatment systems. The proposed capital projects and equipment purchases included in the FY 2018/19 Budget are essential to improve the financial certainty and predictability of operating and maintaining District facilities.

The District's current facilities include approximately 114 miles of pipelines, two surface water treatment plants, 2,556 valves, 922 fire hydrants, 4,605 meters, 51 pressure regulating stations, 12 groundwater wells and 9 pump stations. The ages and materials of District facilities vary greatly and, in turn, the condition and failure risk associated with these facilities varies as well.

The Capital Improvement and Equipment Budget is developed by the General Manager, Engineering Manager, and Business Manager. During FY 2018/19, heavy emphasis will be placed on making permanent repairs to District infrastructure following the January 9, 2018 debris flows that, among other things, damaged pipelines and associated infrastructure at nearly every creek crossing across Montecito. Other, limited, high priority infrastructure replacements and equipment purchases are included in the FY 2018/19 budget. The budget includes \$1,231,570 in capital improvement projects, \$221,000 in equipment purchases, \$9,170,589 in Joint Power Agency (JPA) commitments and \$1,260,000 for remaining regional groundwater storage rights.

Water Shortage Emergency

Santa Barbara County continues in the seventh year of a historic drought, currently designated by the U.S drought monitor as D2 severe drought. The District, County of Santa Barbara, and most other water purveyors within the County remain in a declared water shortage emergency. In accordance with its Water Shortage Contingency Plan, the District remains in a Stage 2 drought Emergency. The February 2017 storms and, to a lesser extent, 2018 storms brought substantial rainfall to Santa Barbara County, resulting in recharge to both local and statewide surface water reservoirs. Conditions have not returned to normal and conservation at 30% or higher is required to ensure adequate supplies are available to meet demands. In addition, the District is required to adhere to California law Senate Bill X7-7 (SBX7-7) mandating that all urban water purveyors achieve a minimum 20% reduction in water consumption by 2020. As a result, the District cannot return to pre-drought sales levels which exceeded 6,100 AF per year. Current water supply projections support a gradual increases in total sales to a maximum of 4,442 AF by 2020. The District's targeted sales for FY2018/19 is 4,015 AF (production of 4,442 AF).

In February 2014, the District declared a Water Shortage Emergency by adopting Ordinance 92, thereby establishing mandatory water use restrictions and penalties for



violating these restrictions. Soon after, the District adopted Ordinance 93 (subsequently replaced by Ordinance 94) establishing monthly customer water use allocations and penalties for water use in excess of those allocations. Ordinance 92 also placed a moratorium on all new water services. In March 2017, recognizing some improvement in both regional and local water supply conditions, the District suspended Ordinance 94 penalties for water use in excess of monthly customer allocations. Ordinances 92 and 94 have both subsequently been repealed and replaced by Ordinance 95 in August of 2017. This budget projects a water shortage emergency condition continuing through FY 2018/19.

Recap

The Montecito Water District FY 2018/19 budget provides the planning, framework, and functions necessary to improve, maintain and manage the District's assets necessary to provide high quality and reliable water supplies to the Montecito and Summerland communities.

When comparing this budget with the projected conclusion of FY 2017/18, the results are:

1. Water sales projected to increase by approximately 3%;
2. The average unit cost of water paid by customers remains the same as prior year;
3. Ordinance 92 and subsequently 93 and 94 allocations and penalties for water use in excess of monthly customer allocations have been repealed and replaced with Ordinance 95 establishing updated water use restrictions;
4. Water Shortage Emergency surcharge is budgeted to decrease in accordance with Resolution 2124 subject to water sales trending on budget;
5. JPA expenses projected to increase by 6.6% primarily as a result of the increased supplemental water expense projected for FY 2018/19.
6. District expenses projected to increase by approximately 7.01% primarily as a result of water supply negotiations
7. District will finalize its investment in regional groundwater banking in Semitropic;
8. FY 2018/19 budget is projecting a net cash deficit of \$523,993, of which \$1.2M is carryover from FY2017/18;

Nicholas Turner, P.E.
General Manager



DISTRICT OVERVIEW

Montecito Water District (District) provides safe and reliable water supplies to approximately 11,370 residents in the Montecito and Summerland communities. 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.

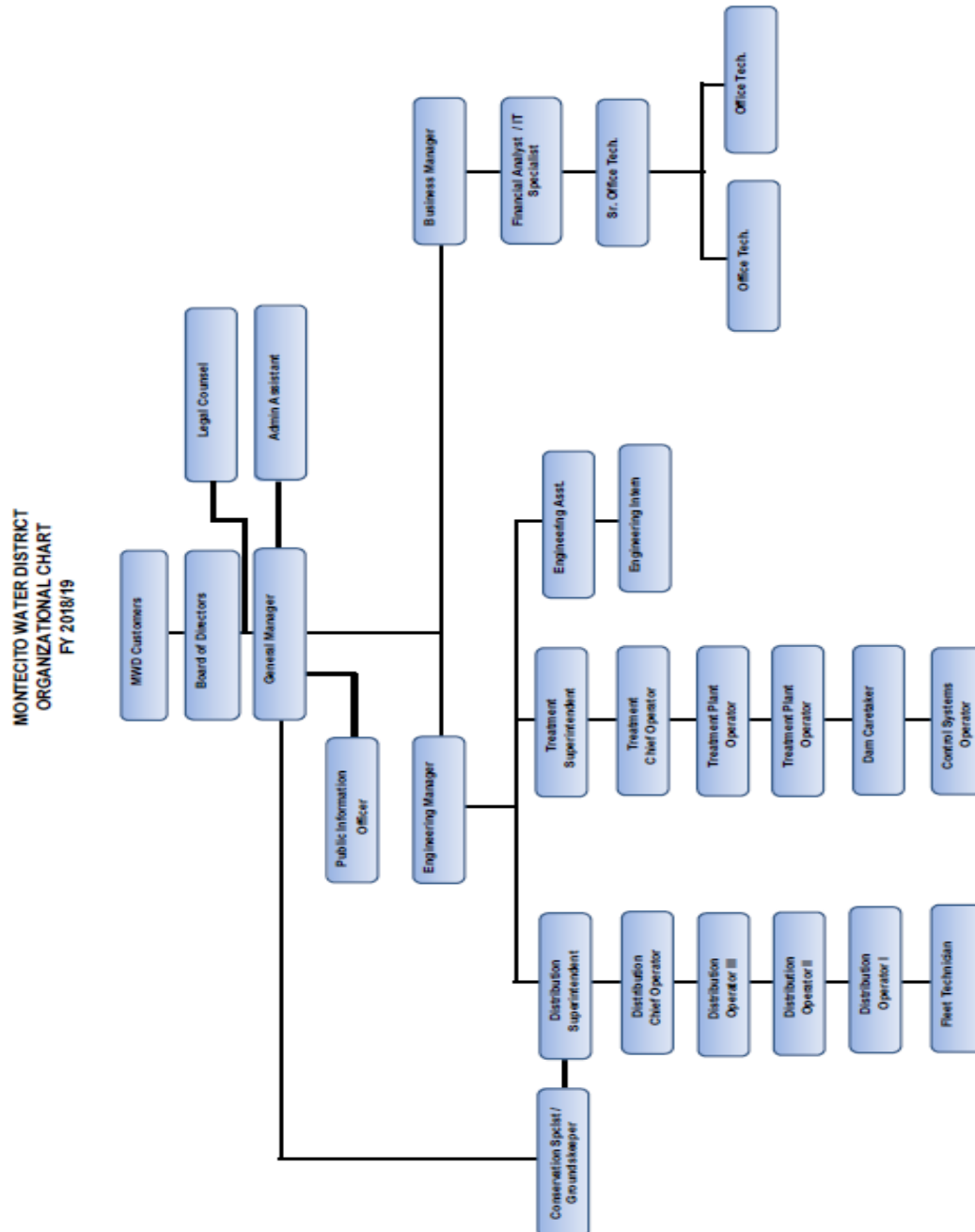
The District is governed by a five-member Board of Directors ("Board") elected by the registered voters of the District to four-year terms. The Board is responsible for setting District policy related to water supply and financial planning, infrastructure investment, water rates and the like. The current Directors and their respective terms are as follows:

Director	Term Expiration
W Douglas Morgan, President	December 2018
Floyd Wicks, Vice President	December 2020
Richard Shaikewitz, Director	December 2018
Samuel Frye, Director	December 2018
Tobe Plough, Director	December 2020

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 Manager oversees day-to-day operations of the different departments which include Water Treatment, Distribution, Engineering and Business. For the 2018/19 fiscal year, the District will have a staff of 27 full time employees, including engineers, certified treatment and distribution operators, water conservation experts, finance and administrative staff.



Figure 1





WATER SERVICE BOUNDARY AND PURPOSE

The District is located in the southern coastal portion of Santa Barbara County bounded by the Santa Ynez Mountains coastal range and the Pacific Ocean between the City of Santa Barbara and the Carpinteria Valley. The District includes the unincorporated communities of Montecito and Summerland, a portion of the Carpinteria Valley on its eastern boundary and a portion of the City of Santa Barbara on its western boundary. The District encompasses an area of about 9,888 acres or 15.4 square miles.

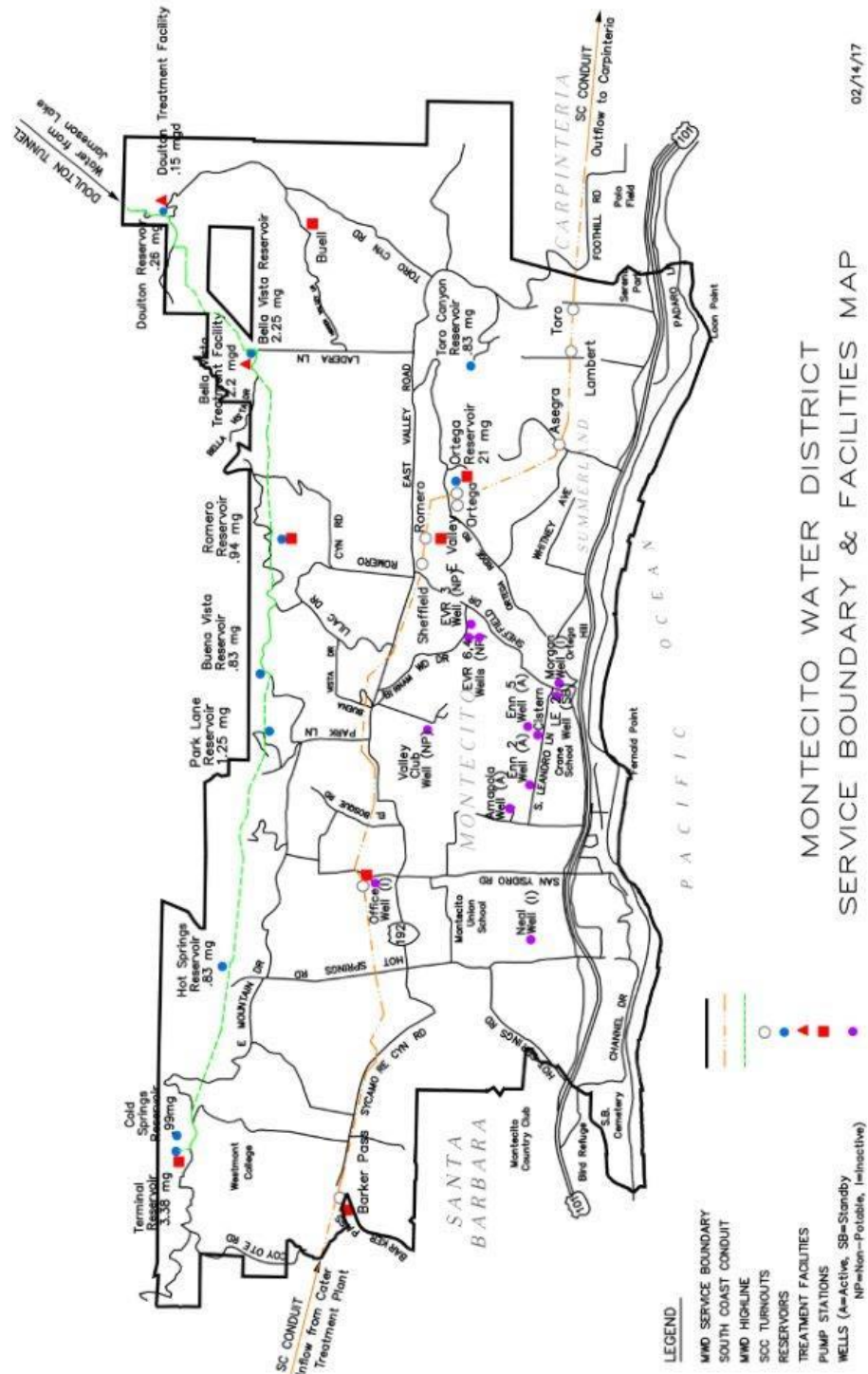
District terrain is relatively steep, varying in elevation from sea level to 1,800 feet. The water system is gravity-fed from a series of nine reservoirs with numerous pressure zones controlled by pressure regulating stations, with water delivered from Jameson Lake, Doulton Tunnel intrusion, groundwater wells and lateral turnouts (including three major pump stations) along the Cachuma Project South Coast Conduit (SCC) delivering water from the Cachuma Project, the State Water Project and supplemental water.

The major activities of the District include acquisition, treatment and delivery of water from multiple sources including Jameson Lake, the Cachuma Water Project, the State Water Project and the Montecito Groundwater Basin. In addition, the District acquires supplemental water on an as-needed basis from various water agencies throughout the State. The District operates water treatment facilities, pump stations, a surface water reservoir (Jameson Lake) and an associated State registered dam (Juncal Dam) on the Santa Ynez River. The major activities also include the sale and delivery of water to domestic, agricultural and commercial customers. The District owns, operates and maintains over 110 miles of pipelines, valves and pressure regulators necessary to deliver water to its customers.

See the District Service Area map on the following page for further information.



Figure 2





CURRENT WATER SUPPLY

GENERAL

The District has a diverse water supply portfolio consisting of a variety of local, regional and imported water supplies totaling approximately 9,000 AF. Actual water availability varies from year to year based on weather conditions, environmental, hydrological and regulatory constraints and is subject to hydraulic constraints. As a result of the State-mandated conservation effort as outlined in SBX7-7, the District's maximum annual production is 4,800 acre feet. The District's 2018/19 budget reflects an anticipated production of 4,442 AF, which equates to approximately 4,015 AF in sales. This projection is based on historical customer usage trends and increased water availability but is highly variable depending on many factors such as customer behaviors and hydrologic conditions.

LOCAL/REGIONAL SOURCES OF WATER SUPPLY

The District's local and regional water supply sources consist of Lake Cachuma, Jameson Lake, infiltration into Doulton Tunnel and groundwater. Due to below-normal rainfall and snowpack in Northern California during WY 2017/18, local water supplies are once again becoming strained.



Jameson Lake - March 2017

Lake Cachuma received minimal inflow during winter 2018, recovering to just above 40% of full storage capacity. Significant inflow to Lake Cachuma during 2017 resulted in the United States Bureau of Reclamation (USBR) issuing a 40% Cachuma Project allocation equating to 1,060 AF. It is anticipated, based on current lake level projections that an allocation of comparable size may be issued for the 2019 water year beginning on October 1, 2018.

District-owned Jameson Lake received approximately 400AF of inflow during winter 2018 and is approximately 62% of its full storage capacity, or nearly 3,200 AF. Deliveries from Jameson Lake are temporarily suspended, as a result of the December 2017 Thomas Fire. The Thomas Fire burned the entire Jameson Lake watershed, resulting in runoff bringing an increased level of organics into the lake, requiring higher levels of treatment. Treatment process upgrades are expected to be completed in mid-summer 2018 at which time lake deliveries will once again commence. During normal conditions, annual diversions from Jameson Lake are limited to a maximum of 2,000 AF as a result of the 1933 Gin Chow decision by the California Supreme Court. The operational rule curve for the reservoir recommends annual diversions of up to approximately 1,200 AF based on the current lake level. Deliveries from Jameson Lake are expected to provide approximately 500 AFY (AF per year). Reduced diversions will increase the longevity and reliability of this locally-controlled District water supply.

The Montecito Groundwater Basin is a locally-controlled and reliable water source for the District. Diversions from the basin make up approximately 10-15% of the District's annual



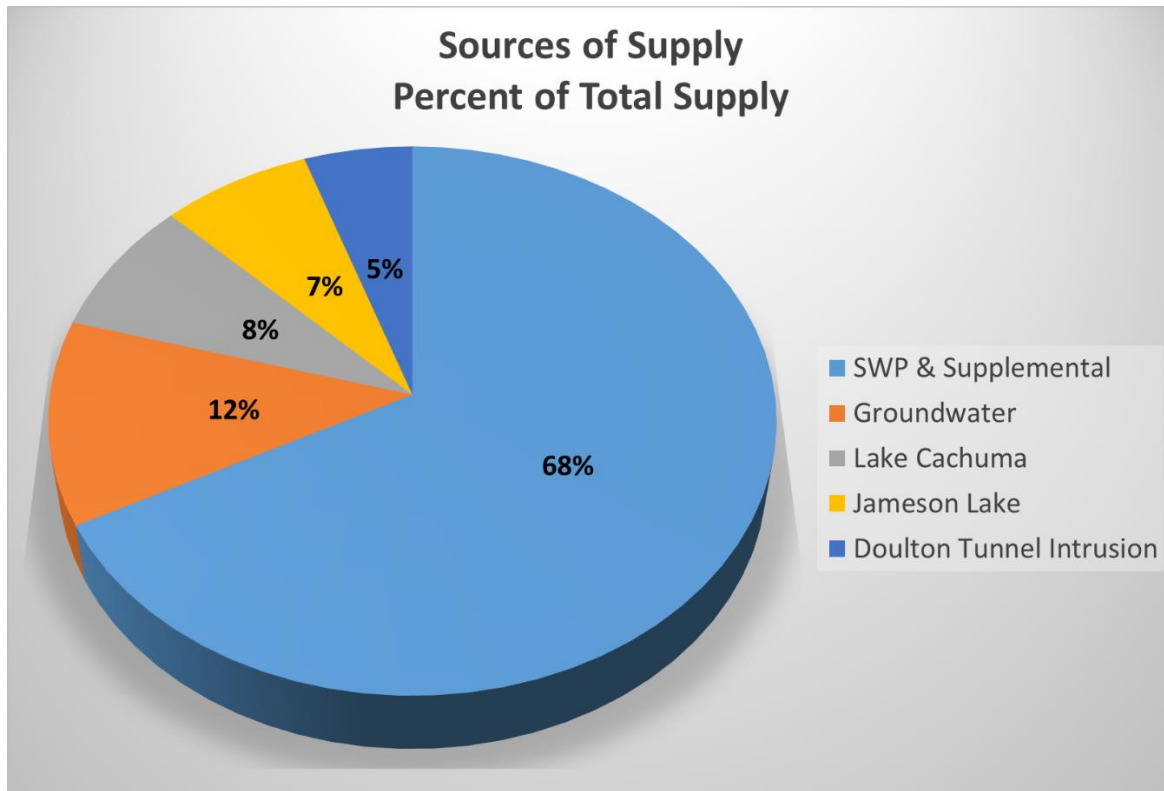
water supply under normal water supply conditions. The District has a total of 12 active groundwater wells, of which 6 are potable and 6 are non-potable. The ongoing drought has put a strain on the basin. Recent measurements indicate some minor recovery since early 2017, when groundwater levels reached near record lows. Deliveries from groundwater sources remain reduced from that of 2017 at approximately 40 acre feet per month to allow the basin to recover, but may increase to 60-70 acre feet per month in late summer 2018 if drought condition persist.

IMPORTED SOURCES OF WATER SUPPLY

In addition to local and regional water supplies, the District imports Table A and Supplemental water through the State Water Project (SWP). The SWP provides the District and other South Coast water agencies with a supplemental water supply source which can be used to offset reductions in local and regional supplies and meet increasing customer water demand levels when they occur. Water deliveries utilizing these facilities are limited due to a capacity restriction in the Coastal Branch of the SWP between the Santa Ynez Pumping Facility and Lake Cachuma. The District's annual deliveries utilizing these facilities are limited to a combined total of approximately 3,300 AFY. Additional capacity may be available depending on other South Coast agencies' use of the pipeline.

The return to below-average rainfall received in Northern California resulted in a decrease in the State Water Project (SWP) Table A allocation. The SWP Table A allocation for 2018, as determined by DWR, is 35% of annual entitlement (or 1,155 AF), which is a 41% decrease from the 2017 allocation.

In addition, MWD is participating in the CCWA 2018 Supplemental Water Purchase Program (SWPP) for the purchase of 2,800 AF of supplemental water from the Mojave Water Agency to be used to supplement the continued reduction in other surface water supplies. A provision of this supplemental water purchase requires the District return 700 AF of water to the Mojave Water Agency within the next 10 years. This water will be stored in San Luis Reservoir until the District is prepared to take receipt of it. The District projects having approximately 1,000AF of surplus water stored in San Luis Reservoir at the end of 2018, which may be at risk of spill or loss if winter weather conditions result in inflow to the reservoir. To mitigate this risk, the District plans to move this water to Semitropic Water Storage District Groundwater Banking and Exchange Program for protection against continuing or future droughts. Banking surplus water during wet periods in Semitropic for use during future periods of drought will help to improve the reliability of the State Water Project in future years. The District continues to analyze its need for additional supplemental water purchases.



WATER SALES

The FY 2018/19 budget projects water sales to be 4,015 AF, a 17% increase over FY 2016/17 and a 6% increase over FY 2017/18 projected sales. The total water production needed to meet this level of water sales is approximately 4,442 AF. Non-revenue water, which is calculated as the difference between total annual water supply production less projected water sales, is estimated at 427 AF or approximately 10% of the total annual production. Non-revenue water is a function of real losses (i.e. leakage) and apparent losses (i.e. meter inaccuracies and/or theft). With the implementation of Automated Metering Infrastructure (AMI) planned for mid FY 2018/19, the District anticipates a reduction in non-revenue water resulting from inaccurate customer meters.

In addition to 4,015 AF of water sales, the District is required under a contractual obligation as part of the 1928 Juncal Dam Transfer Agreement to transfer 300 AFY of water to the City of Santa Barbara. This transfer typically takes place in August or September of each year.

POTENTIAL SOURCES OF WATER SUPPLY

The District is focusing its efforts on supplemental water supply purchase opportunities, the development of new local and drought-proof water supplies such as desalination and recycled water, as well as groundwater storage facilities to help offset the risks associated with prolonged periods of drought.



In addition to acquiring supplemental water, the District continues with discussions/negotiations with the City of Santa Barbara on a long-term water supply agreement in connection with the restart of the City's Charles E. Meyer desalination facility. The addition of desalinated water as a permanent part of the District's water supply would improve water supply reliability and security, providing a water supply that is drought proof. MWD is also in discussions with other local agencies which may provide an additional local and reliable water supply for the District.

AVAILABLE WATER SUPPLY

As of the end of FY 2017/18, the District is projected to have a total available water supply balance of approximately 9,000 AF (See Table 1). The District is projected to have sufficient water supplies through 2020 under drought conditions with customer conservation continuing at or above 30% and a corresponding customer demand (sales) of approximately 4,000 AF per year. This supply projection assumes that water production levels will be consistent with SBX7-7 requirements by 2020. Table 1 below indicates the District's available water supply by source as of the beginning of FY 2018/19. Sources are separated into two distinct supplies, (1) source of stored or banked water and (2) additional sources that produce water supply on a monthly basis.

Table 1

**AVAILABLE WATER SUPPLY (AF)
As of July 1, 2018**

	Source	Water Supply Available (AF)
1	Cachuma Project ¹	1,982
2	Jameson Lake	3,150
3	SWP Table A (35%)	1,155
4	Supplemental Water / Other	2,108
	Total Est. Water Supply Stored	8,395

	Additional Sources	Average Water Supply Available (AF/month)
1	Doulton Tunnel	25
2	Groundwater	45
	Total Est. Monthly Supply²	70 AF/month
	Total Est. Annual Supply	840 AF/yr.

¹ The initial Cachuma Project allocation for WY 2018/19, which is projected to be 1,060 AF (40% allocation) is not included in this total.

² Additional water supply produced and available for use on a monthly basis.

Certain supplemental water purchases carry a return water liability component wherein the District is required to return an agreed-upon quantity of water at a certain time in the future



generally between 5 and 10 years. Table 2 below reflects outstanding water exchange liabilities (AF) as of June 30, 2018.

Table 2

WATER EXCHANGE LIABILITY

Date	Seller	Purchased (AF)	Return Liability (AF)	Amount Returned	Remaining Return Liability
Mar 8, 2018	Mojave Water Agency	2,800	700	0	700

WATER TREATMENT / DISTRIBUTION SYSTEMS

District's potable water treatment and distribution system is comprised of two water treatment plants, Bella Vista and Doulton, nine potable water reservoirs totaling 11.56 million gallon (MG), over 114 miles of pipeline, 12 groundwater wells, and 3 major pumping stations. All District water is treated to meet all federal and state drinking water standards.

All water delivered from Lake Cachuma, whether SWP Table A, Supplemental, Cachuma Project or other water, is treated at the City of Santa Barbara's Cater Water Treatment Plant and subsequently delivered to the District through nine turnouts on the Cachuma Project South Coast Conduit (SCC) water transmission pipeline.

The District's Bella Vista Treatment plant is a 2.2 million gallon (MG) per day (6.7 AF per day) treatment facility that is used to treat water received from Jameson Lake and Doulton Tunnel infiltration. 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 acre-feet 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



Bella Vista Treatment Plant



treatment plant is used to deliver treated water to a small, isolated section of the District's upper Toro Canyon Road service area.

District groundwater production includes six potable groundwater wells capable of producing approximately 75 AF per month. Each potable groundwater well has well head treatment which includes disinfection and in some cases Iron and Manganese removal.

JOINT POWERS AGENCIES (JPAs)

The District currently participates in contractual agreements with other South Coast and Central Coast water agencies for the purchase, management, treatment and delivery of water. Budget items associated with these agreements are determined and controlled by the individual JPAs. For FY 2018/19, the District's combined JPA budgets make up approximately 55% of its total operating expenses.

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 has continued to operate. COMB's member agencies (Cachuma Member Units) include City of Santa Barbara, Goleta Water District, Montecito Water District, Carpinteria Valley Water District, and Santa Ynez River Water Conservation District-Improvement District No. 1. COMB's Board of Directors is made up of elected representatives from each of its member agencies.



Lake Cachuma - January 2016

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 pipeline, flow control valves, meters, and instrumentation at control stations, and turnouts along the South Coast Conduit and at four regulating reservoirs.

The District's percentage of participation for this JPA is 11.45% and 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 US Bureau of Reclamation (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 "County") for the Cachuma Project construction. The District entered into an agreement with the County to purchase water from those facilities. The agreement is to operate and maintain the Cachuma Project facilities at Lake Cachuma, including Bradbury Dam. The current Cachuma Project contract with USBR was most recently renewed in 1995. With the contract set to expire in 2020, the County, USBR and Cachuma Member Units have begun the process of negotiating a new contract, which is expected to take up to 2 years to complete.

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 this JPA is 13.09%.

The JPA organizational change 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. 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's Board of Directors is made up of elected representatives from each of the three remaining member agencies.

CCRB does not have any contractual water rights. The actual Cachuma Project water rights are held by the United States Bureau of Reclamation (USBR). The water rights orders issued by the State Water Resources Control Board include provisions protecting the Santa Ynez River water interests and rights of certain Cachuma Lake downstream parties. In 1990 the State Board 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 that will 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) / State Water Project (SWP)

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 State Water Project Table "A" and drought buffer water supplies to the Central Coast. The actual right to the 45,486 AF of State Water is held by the Santa Barbara County Flood Control District, which acquired the State Water Project 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 Central and South Coast SWP contractors, which include the Cities of Buellton, Guadalupe, Santa Barbara and Santa Maria; Carpinteria Valley Water District; Goleta Water District; Montecito Water District and Santa Ynez River Water Conservation District, Improvement District No. 1. Table "A" water is water made available to SWP contractors on a calendar year basis as established by the Department of Water Resources (DWR). Annual Table "A" allocations vary from year to year due to climate and environmental conditions.

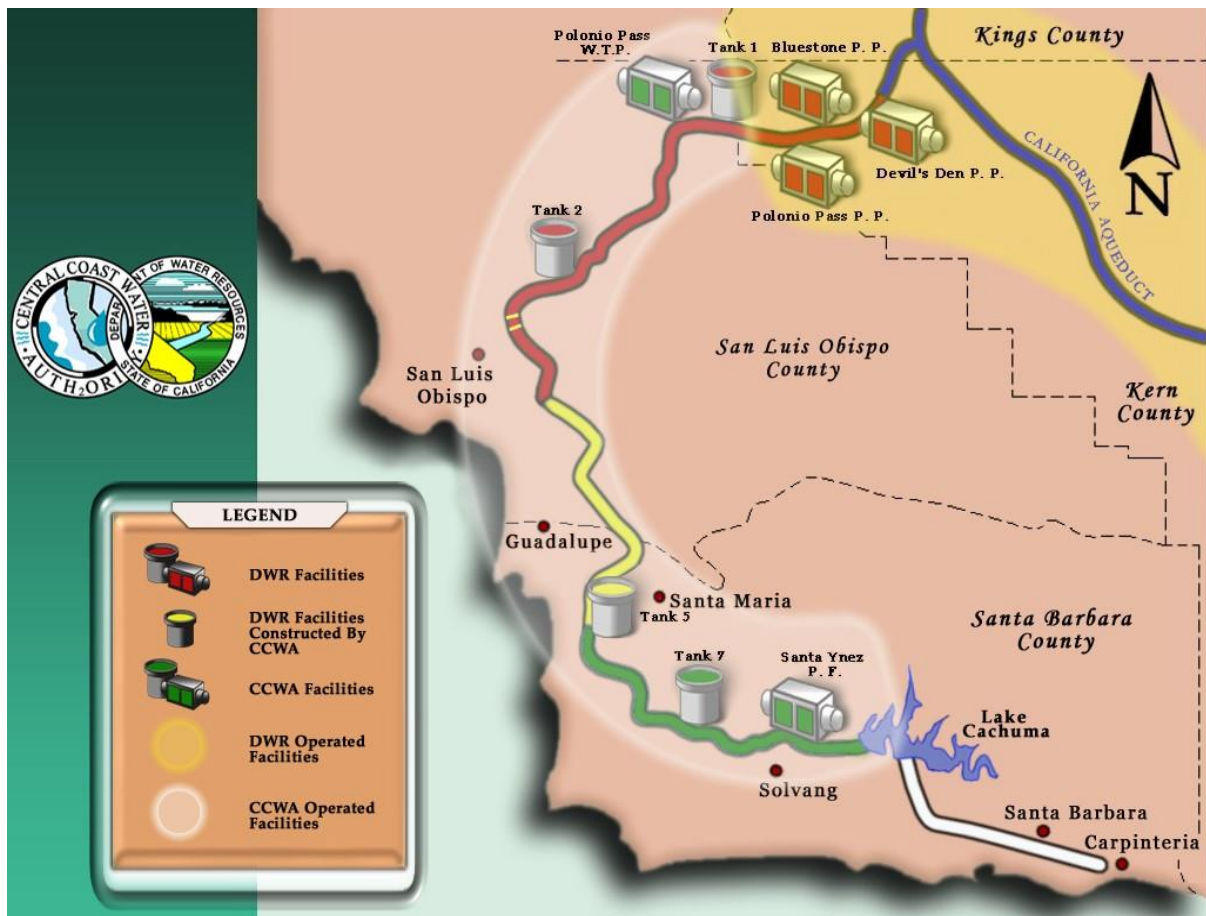
CCWA water treatment and conveyance facilities include the 43 MGD Polonio Pass Water Treatment Plant, transmission pipelines totaling 143 miles, pump stations, five storage tanks, ten turnouts and the CCWA office and maintenance facility in Buellton, CA. CCWA currently has a staff of 31 full time employees. MWD has a voting percentage of 9.5% in CCWA; which is based on MWD's allocated percentage of Table "A" water under the governing rules and obligations of CCWA. The District's full SWP Table "A" allocation is 3,000 AF, including a 300 AF drought buffer. For the 2018 calendar year, DWR has issued an SWP allocation of 35%, which for the District translates to 1,155 AF.

The District is responsible for paying two fixed capital cost components for its share of the construction loan costs for the pipeline and facilities built by the California State Department of Water Resources (DWR) and those facilities built by CCWA. The DWR capital cost debt service payment is for the 101-mile-long Coastal Branch Phase 2 water transmission pipeline. The CCWA capital payment is for the 42-mile-long Mission Hills pipeline extension, the treatment plants, water storage tanks and pump stations. The District also pays a variable water treatment and delivery cost to DWR and CCWA for all State Water ordered at the beginning of the calendar year.

On June 28, 2016, CCWA completed a refinancing of its refunding revenue bonds at a true interest cost of 1.355% resulting in a total interest savings to the CCWA participants of approximately \$5.6 million, or around \$1.1 million per year for the next five years when the bonds will be fully paid. The District's projected savings are estimated to be approximately \$185,000 per year for the next five years.

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 Santa Barbara County SWP Contractors 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

Figure 3



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 State Water Project participant’s share of payments to the State Department of Water Resources (DWR) under the State Water Supply Contract (including capital, operation, maintenance, power and replacement costs of the DWR facilities), debt service on CCWA bonds 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.

CCWA is composed of eight voting State Water Project participants. CCWA was organized and exists under a joint exercise of powers agreement among the various participating public agencies. The Board of Directors is made up of one representative from each participating entity. Votes on the Board are apportioned between the entities based upon each entity's pro-rata share of the water provided by the project.

Cater Treatment Plant

All water delivered from Lake Cachuma, which includes the District's Cachuma Project water, State Water Project water and supplemental water, is treated at the City of Santa Barbara's Cater Treatment Plant located at the northerly terminus of San Roque Road in the City of Santa Barbara.



Cater Treatment Plant

The District entered into a JPA with the City of Santa Barbara and CVWD on July 5, 1978 followed by a contract amendment No. 2 dated September 28, 1983 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 Cater facility.

MWD signed another agreement with the City, 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 plant. 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, 2018 is \$1,532,117. 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, are in excess of the EPA Stage II disinfection byproducts rule maximum contaminant level. This project is being 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 \$276,346 per year thru July 2035.

Contingent Liability

The District was party to a class action claim that includes all customer classes under the District's Ordinance No. 90, except for the District's agriculture class. The class action alleged Proposition 218 violations concerning the adoption of water rates under Ordinance 90, and sought refund, declaratory, and injunctive relief.

On December 10, 2013, the Court certified the class and later bifurcated the case into liability and remedies phases. On September 22, 2015, the liability phase concluded and the Court found the District's rates did not comply with Proposition 218, in part. Plaintiffs and the District entered into a Settlement Agreement that is subject to approval by the Court. A preliminary hearing took place on July 5, 2016.

The projected impact on the District's financial position was estimated to be \$1,775,000 for the fiscal year 2015/16. The final approval hearing took place on August 8, 2017, and in November 2017, settlement checks were mailed to claimants, the claims administrator and attorneys for the final settlement amount of \$1,175,668. As June 5, 2018, the District had approximately \$2,000 of the final checks outstanding and anticipates that there will be no carry-over of this liability into FY2018/19.



FISCAL YEAR 2018/19 BUDGET

Table 3
2018/19 BUDGET SUMMARY

	FY 2017/18 Forecast	FY 2018/19 BUDGET	FAVORABLE (UNFAVORABLE)
REVENUE			
WATER SALES	9,205,916	9,482,932	277,016
WSE SURCHARGE	5,546,226	4,996,976	(549,250)
ORDINANCE 94 PENALTIES	(3,104)	0	3,104
SERVICE CHARGES	3,877,550	4,245,447	367,897
WATER AVAILABILITY CHARGE	303,005	296,945	(6,060)
PRIVATE FIRE HYDRANT	68,772	71,162	2,390
LATE CHARGES	50,306	67,272	16,966
SERVICE CONNECTION FEES	28,004	30,816	2,812
CAPITAL COST RECOVERY FEES	114,994	56,904	(58,090)
INTEREST REVENUE - GENERAL	70,966	200,000	129,034
OTHER REVENUE (LOSS)	133,688	71,000	(62,688)
REIMBURSEMENTS	23,080	24,000	920
TOTAL REVENUE	\$ 19,419,404	\$ 19,543,454	\$ 124,051
OPERATING EXPENSE			
DIRECT EXPENSE			
JPA OPERATING EXPENSE			
CACHUMA OPERATIONS & MAINT BOARD (COMB)	(581,874)	(583,935)	(2,061)
CACHUMA CONSERVATION & RELEASE BOARD (CCRB)	(118,048)	(139,062)	(21,014)
US BUREAU OF RECLAMATION (USBR)	(132,187)	(306,908)	(174,721)
CATER WATER TREATMENT PLANT	(1,378,277)	(1,260,000)	118,277
CENTRAL COAST WATER AUTH. (CCWA) (SWP) - FIXED	(2,231,821)	(2,284,573)	(52,752)
DWR (SWP) - FIXED	(2,699,883)	(2,875,565)	(175,682)
CENTRAL COAST WATER AUTH.(CCWA) (SWP) - VARIABLE	(747,381)	(475,288)	272,093
DWR (SWP) - VARIABLE	(494,516)	(545,258)	(50,742)
SUPPLEMENTAL WATER PURCHASE	(215,525)	(700,000)	(484,475)
TOTAL JPA OPERATING EXPENSE	\$ (8,599,512)	\$ (9,170,589)	\$ (571,077)
MWD EXPENSE			
JAMESON	(173,173)	(168,156)	5,017
TRANSMISSION & DISTRIBUTION	(1,424,918)	(1,427,642)	(2,724)
TREATMENT	(1,170,725)	(1,146,065)	24,661
ENGINEERING	(511,458)	(711,013)	(199,556)
CUSTOMER SERVICE	(423,108)	(363,749)	59,358
PUBLIC INFORMATION / CONSERVATION	(73,757)	(130,339)	(56,582)
FLEET	(195,022)	(206,027)	(11,005)
ADMINISTRATION	(1,666,384)	(1,943,140)	(276,755)
DEPRECIATION	(1,250,123)	(1,275,771)	(25,649)
TOTAL MWD EXPENSES	\$ (6,888,668)	\$ (7,371,903)	\$ (483,235)
TOTAL OPERATING EXPENSE	\$ (15,488,180)	\$ (16,542,492)	\$ (1,054,312)
NET OPERATING SURPLUS / (DEFICIT)	\$ 3,931,224	\$ 3,000,963	\$ (930,262)
NON OPERATING EXPENSE			
2004 DWR ORTEGA LOAN	(590,400)	(590,400)	-
BOND INTEREST EXPENSE	(690,462)	(690,463)	(1)
CATER DWR LOAN	(231,648)	(231,649)	(1)
CATER CAPITAL	(129,669)	(132,300)	(2,631)
CATER OZONE	(276,323)	(276,346)	(23)
AMI METER FINANCING	-	(167,000)	(167,000)
TOTAL NON OPERATING EXPENSE	\$ (1,918,502)	\$ (2,088,157)	\$ (169,655)
NET OPERATING SURPLUS / (DEFICIT)	\$ 2,012,723	\$ 912,806	\$ (1,099,917)



FISCAL YEAR 2018/19 BUDGET

	FY 2017/18 Forecast	FY 2018/19 BUDGET	FAVORABLE (UNFAVORABLE)
CAPITAL EXPENDITURE			
EQUIPMENT (FIXED ASSETS)	(259,301)	(221,000)	38,301
WATER STORAGE PURCHASE	(630,000)	(1,260,000)	(630,000)
MWD SYSTEM PROJECTS (CAPITAL PROJECTS)	(1,000,031)	(1,231,570)	(231,539)
TOTAL MWD CAPITAL EXPENDITURE	\$ (1,889,332)	\$ (2,712,570)	\$ (823,238)
ADD BACK DEPRECIATION EXPENSE (NON-CASH)	\$ 1,250,123	\$ 1,275,771	\$ 25,649
NET CASH IMPACT	\$ 1,373,514	\$ (523,993)	\$ (1,897,506)

REPORTING BASIS

The District utilizes 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 is the Generally Accepted Accounting Principal for financial reporting.

The District reports its activities as an enterprise 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.

BUDGET PROCESS

The mission of the District is to procure and deliver an adequate and reliable supply of high quality potable water to its customers at the most reasonable cost. To fund the purchase and delivery of water to customers, the District relies on water sales and the collection of monthly meter service charges. Additional revenues are generated by a water emergency surcharge, meter connection fees, capital cost recovery fees, interest revenue, the water availability charge and other miscellaneous sources.

District staff estimates the quantity of water that will be sold to meet anticipated customer demand. Service charges are estimated based on the number of meters installed and the size of each meter. Details regarding how each of the revenue sources are estimated for the budget are described in the Budget Summary section of this document.

To determine the annual operating and capital costs necessary to provide water service, the General Manager and the Business Manager received budget requests from department managers and superintendents for their estimated operating expenditures and capital programs. A zero-based budget model was used. Every expense item and capital request was reviewed independent of what expenses may or may not have been in a prior period. The purpose of this was to identify and eliminate extraordinary expenses. Several planning meetings were held to discuss and prioritize capital and operating expenditures which then became part of the draft FY budget. The draft budget or portions thereof were then presented to both the Operations Committee and the Finance Committee for further consideration.



Staff then conducted a budget workshop with the full Board to review projected results and the assumptions contained therein. A final budget and budget package were then prepared and presented to the Board for final review and approval.

Cost of Living Adjustment (2.38%)

Consistent with the past practice of determining the Cost of Living Adjustment (COLA), the District used the Social Security Method which is based on the change in average Consumer Price Index (CPI)^[1] compared to the previous 5-year period for January average. Data reflected Urban Wage Earners and Clerical Workers.

Under this method, the approved COLA increase for FY 2018/19 is 2.38%.

^[1]Data source: <http://data.bls.gov/cgi-bin/surveymost>. Bureau of Labor Statistics Data

Cost of Electricity (4%)

Increase in electricity costs are based on direct communication with Southern California Edison Rate Manager.

Interest Revenue (2%)

Interest Revenue for the upcoming year was estimated to be 2%. This estimate was provided by our investment advisor and stated that it was a conservative estimate based on short-term rates at the time of the discussion.

BUDGET HIGHLIGHTS

Total Revenue	\$19,470,838
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- Water Sales revenue of \$9,482,932 (48.5% of total revenue) which is based on an estimated demand of 4,015 AF. Water sales are budgeted at a 1.1% increase over prior year as a percent of total projected revenue.
- Water Shortage Emergency (WSE) surcharge of \$4,996,976 (25.7% of total revenue) is based on an estimated demand of 4,015 AF at the current WSE rate of \$3.45/HCF for the period of July – December 2018, with the rate projected to decrease to \$2.33/HCF for the period of January – June 2019. The surcharge is temporary and will remain in effect until water supply conditions have returned to normal and drought related costs have been recovered. Under the Resolution, the Board can take action to adjust the WSE Rate as it deems necessary.
- Meter Service Charge revenue of \$4,172,831 (21.4% of total revenue) assumes the number of meters decreases slightly over the prior year as a result of the homes that were damaged or destroyed in the January 9 disaster.
- Water Availability Charge (WAC) is budgeted at \$296,945 (1.5% of total revenue) which is based on a sliding scale charge of \$30 per acre or a portion thereof for each parcel within the District's service boundaries. This charge, collected as a special



FISCAL YEAR 2018/19 BUDGET

tax roll assessment, is subject to an annual public hearing and approval by the Board and can only be used for capital improvements and infrastructure replacements.

- Other operating revenues of \$521,154 (2.7% of total revenue) includes late charges, connection fees, Interest revenue and other miscellaneous income. The budget for these items is based on recent trends in these areas.

Total Operating Expenses **\$16,522,398**

Joint Powers Agencies' (JPA) Operating Expenses are estimated to be \$9,170,589 and comprise about 55.5% of the total operating expenses. JPA expenses in total have increased by 6.6% compared to FY 2017/18 projected amount.

- CCWA – Central Coast Water Authority – Includes State Water Project costs (fixed and variable) of \$6,158,184 and water banking expenses of \$22,500 that comprise 37% of the District's total operating expenses (and 67% of total JPA expenses) and are approximately \$7,083 higher than the projected results of FY 2017/18.
- COMB - Cachuma Operation and Maintenance Board - Includes fixed and variable costs of \$890,843 which include annual water purchases from the United States Bureau of Reclamation (USBR) and the District's annual COMB budget obligation.
- Cachuma Conservation & Release Board (CCRB) costs of \$139,062.
- Cater Treatment Plant – includes \$1,260,000 for operations and maintenance and variable water treatment costs related to all water delivered from Lake Cachuma.

MWD Operating Expenses **\$7,371,903**

Assumptions used to budget MWD Operating expenses include (in comparison to FY 2017/18 projected amounts):

- A salary change of 2.38% is applied to employee wages and salaries (except the General Manager);
- Electricity costs increased by 4.0%;
- Overall, MWD Operating Expenses have increased by 11.9%

Non-Operating Expense (MWD Debt Service) **\$2,088,157**

Includes principal and interest payments for the District's long-term debt including bonds and loans. The slight increase over prior year is the result of anticipated financing costs associated with the Automated Metering Infrastructure(AMI).

MWD Capital, Equipment Expenditures and Water Storage Purchase **\$2,697,570**

Includes \$1,216,570 for capital improvement projects, \$221,000 for equipment purchases and \$1,260,000 for water storage purchase (Semitropic).



BUDGETED OPERATIONS RESULTS

Summary of budgeted operations including revenues and expenses, debt service and capital expenditures result in a budget deficit (after adding back depreciation expense) of \$523,993 of which approximately \$1.2M is carryover from FY2017/18

Total revenue and expense analysis is performed to ensure compliance with bond covenant requirements. The Debt Coverage Ratio calculation is an important indicator of the District's financial condition.

Debt Coverage Ratio: In 2010, the District issued the 2010A Revenue Refunding bonds to refinance bonds issued in 1998. The 1998 bonds were issued to provide funds for the replacement of aging infrastructure, primarily consisting of the replacement of 80-100-year-old distribution pipelines. The bond covenants require a 1.25 debt coverage ratio. The FY 2018/19 budget shows sufficient net operating revenue to meet the required debt service ratio. As shown below, the debt coverage ratio is estimated to be 2.30.

EST. DEBT SERVICE COVERAGE RATIO CALCULATION

Debt Service Payment	\$	1,280,883
Debt Service Requirement	\$	1,601,104
Total Revenue	\$	19,470,838
Total Expense	\$	16,522,398
Net Operating Surplus	\$	2,948,440
Debt Service Coverage	\$	1,347,336
Debt Service Coverage Ratio		2.30

**REVENUE DISCUSSION**

Operating Revenues are required to procure, deliver and maintain infrastructure for providing continuous, reliable water service to its customers.

Table 4
OPERATING EXPENSES

	FY 2017/18 BUDGET	FY 2017/18 Forecast	FY 2018/19 BUDGET	FAVORABLE (UNFAVORABLE)
REVENUE				
WATER SALES	9,589,341	9,205,916	9,482,932	277,016
WSE SURCHARGE	5,117,580	5,546,226	4,996,976	(549,250)
ORDINANCE 94 PENALTIES	0	(3,104)	0	3,104
SERVICE CHARGES	4,274,803	3,877,550	4,245,447	367,897
WATER AVAILABILITY CHARGE	306,499	303,005	296,945	(6,060)
PRIVATE FIRE HYDRANT	66,251	68,772	71,162	2,390
LATE CHARGES	51,018	50,306	67,272	16,966
SERVICE CONNECTION FEES	29,906	28,004	30,816	2,812
CAPITAL COST RECOVERY FEES	232,358	114,994	56,904	(58,090)
INTEREST REVENUE - GENERAL	100,000	70,966	200,000	129,034
OTHER REVENUE (LOSS)	56,000	133,688	71,000	(62,688)
REIMBURSEMENTS	24,000	23,080	24,000	920
TOTAL REVENUE	\$ 19,847,756	\$ 19,419,404	\$ 19,543,454	\$ 124,051

Water Sales **\$9,482,932**

Budgeted water sales of \$9,482,932 are based on a projected consumption of 4,015 AF of water. The budgeted amount of water sales is 3% higher than the projected amount for FY 2017/18 and is based on budgeted production demands of 4,442. District staff will continue to monitor sales and report trends to the Board on a monthly basis.

Water Shortage Emergency Surcharge **\$4,996,976**

On March 24, 2015 the Board adopted Resolution No. 2124 authorizing the implementation of a Water Shortage Emergency (WSE) surcharge as a direct result of 1) a 2013 rate study that did not anticipate extended extraordinary drought conditions, 2) the 2014 implementation of monthly customer water use allocations requiring a significant reduction in overall customer water usage and 3) extraordinary water conservation achieved by District customers. The combination of all of the above resulted in water sales being reduced by nearly 50%. In addition to a decline in water sales, the District has had no option but to purchase expensive supplemental water from various suppliers around the state to offset the loss of its surface water supplies including Jameson Lake, Lake Cachuma and the State Water Project of which the need for supplemental water continues today.

Resolution 2124 states that the WSE surcharge is temporary in nature and will apply until water conditions return to normal and the drought-related expenses incurred by the District are recovered. The District, along with the rest of the South Coast, continues to be experience severe drought conditions with limited water supplies. Although the District experienced partial recovery from extraordinary drought conditions in 2017 and to a much lesser extent in 2018, severe drought conditions remain on the South Coast. Water supply



conditions have yet to return to “normal”. Therefore, the current WSE surcharge will remain at \$3.45/HCF for the time period of July through December 2018, and is projected to decrease to \$2.33/HCF for the time period of January through June 2019 should sales trend at 4,000AF for the year.

Service Charges **\$4,245,447**

The monthly service charge is paid by all customers with an installed water meter. This charge varies during on the size of the water meter. Table 4 below provides a breakdown of the unit monthly service charges and total service charge revenue collected by meter size.

Table 5
Service Charge Revenue

METER SIZE	METERS BILLED	MONTHLY CHARGE	TOTAL CHARGES
3/4	2219	\$ 45	1,187,343
1	1573	\$ 74	1,403,242
1 1/2	513	\$ 134	823,611
2	221	\$ 238	630,752
3	14	\$ 535	89,904
4	2	\$ 892	21,406
6	5	\$ 1,487	89,191
TOTAL	4547		4,245,447

Water Availability Charge **\$296,945**

Subject to an annual public hearing and approval by the Board, the Budget includes the Water Availability Charge, assessed annually on the tax roll, for the sole purpose of capital improvements. In general, the Water Availability Charge assesses a \$30/per acre charge for the first five acres or fraction of an acre. The charge is levied on all properties within the boundaries of the District service area, including those properties not 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 collects the charge on the County tax rolls. To continue this charge, the District must hold a public hearing each year. The annual public hearing for the Water Availability Charge is scheduled for July 24, 2018.

Other Revenue **\$521,154**

Additional revenue classified as *Other Revenue* includes the following:

- Capital Cost Recovery and Connection Fees anticipated to be \$65,892
The capital cost recovery fee represents a "share" of the existing water distribution system and facilities, which have been designed for a limited number of service connections. This system has been paid in part by the existing customer base. A capital cost fee is charged for additions to this system in order to have all customers equally invested, thereby ensuring proper maintenance and improvements.
- Interest Revenue anticipated to be \$200,000



In accordance with the District Investment Policy, unrestricted cash is deposited with Charles Schwab which facilitates safety, liquidity, and a return on investment, meeting the objectives of the current District investment policy. The District has a checking account with Wells Fargo Bank for normal operations and has acquired an additional checking account with American Riviera Bank in preparation for a change in banking institutions. Once the change is complete, Wells Fargo Bank will no longer be used and American Riviera Bank will become the District's primary operations checking account. (See Tables 12 & 13).

- Picay Hydroelectric Plant anticipated revenue is \$20,000.

The Picay Hydroelectric Plant went into service in January 1989 and began producing electrical power for Southern California Edison. In 2004, the Picay facility was turned over to the District along with all revenues and expenses. Revenues generated by Picay are a direct function of water deliveries from Jameson Lake and Doulton Tunnel. Due to the drought and reduced deliveries from Jameson Lake, there is a corresponding reduction in power generation and revenue that is anticipated to continue into FY 2018/19.

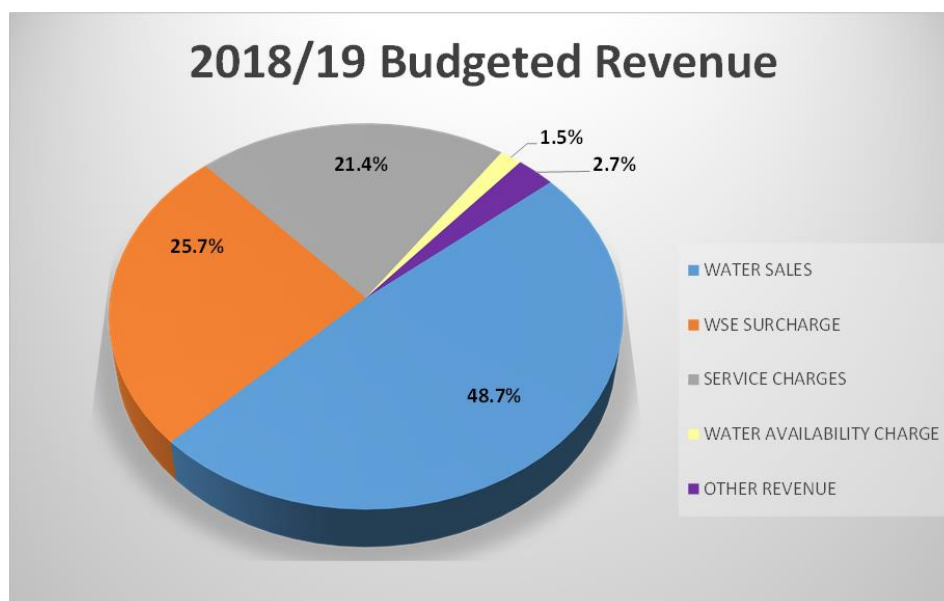
- Rent Revenue is anticipated to be \$36,000.

Revenues from rent include the two rental properties available to qualified employees, as well as the cellular site at the District's Bella Vista Treatment Plant.

- Private fire line revenue anticipated to be \$71,162 based on the current number of private fire lines.
- Miscellaneous income anticipated to be \$128,100.

Includes late charges, service connection fees, gain on the sale of assets and reimbursements.

Figure 4



**OPERATING EXPENSE DISCUSSION**

Total Operating Expenses for the various departments and categories are summarized in Table 5. Operating expenses is broken into two categories, Joint Power Agencies (JPA) expenses and those directly incurred by Montecito Water District (MWD).

Table 6**OPERATING EXPENSES**

	FY 2017/18 Forecast	FY 2018/19 BUDGET	FAVORABLE (UNFAVORABLE)
OPERATING EXPENSE			
DIRECT EXPENSE			
JPA OPERATING EXPENSE			
CACHUMA OPERATIONS & MAINT BOARD (COMB)	(581,874)	(583,935)	(2,061)
CACHUMA CONSERVATION & RELEASE BOARD (CCRB)	(118,048)	(139,062)	(21,014)
US BUREAU OF RECLAMATION (USBR)	(132,187)	(306,908)	(174,721)
CATER WATER TREATMENT PLANT	(1,378,277)	(1,260,000)	118,277
CENTRAL COAST WATER AUTH. (CCWA) (SWP) - FIXED	(2,231,821)	(2,284,573)	(52,752)
DWR (SWP) - FIXED	(2,699,883)	(2,875,565)	(175,682)
CENTRAL COAST WATER AUTH.(CCWA) (SWP) - VARIABLE	(747,381)	(475,288)	272,093
DWR (SWP) - VARIABLE	(494,516)	(545,258)	(50,742)
SUPPLEMENTAL WATER PURCHASE	(215,525)	(700,000)	(484,475)
TOTAL JPA OPERATING EXPENSE	\$ (8,599,512)	\$ (9,170,589)	\$ (571,077)
MWD EXPENSE			
JAMESON	(173,173)	(168,156)	5,017
TRANSMISSION & DISTRIBUTION	(1,424,918)	(1,427,642)	(2,724)
TREATMENT	(1,170,725)	(1,146,065)	24,661
ENGINEERING	(511,458)	(711,013)	(199,556)
CUSTOMER SERVICE	(423,108)	(363,749)	59,358
PUBLIC INFORMATION / CONSERVATION	(73,757)	(130,339)	(56,582)
FLEET	(195,022)	(206,027)	(11,005)
ADMINISTRATION	(1,666,384)	(1,943,140)	(276,755)
DEPRECIATION	(1,250,123)	(1,275,771)	(25,649)
TOTAL MWD EXPENSES	\$ (6,888,668)	\$ (7,371,903)	\$ (483,235)
TOTAL OPERATING EXPENSE	\$ (15,488,180)	\$ (16,542,492)	\$ (1,054,312)

JPA EXPENSE DISCUSSION**Joint Powers Agencies Operating Expenses**

The Joint Power Agencies are each responsible for preparing their own fiscal year budgets which are then passed on to the participating water agencies.

For 2018/19, State Water Project expenses comprise nearly 67.4% of the District's total JPA operating expenses and 37.4% of total District operating expenses. These costs are outside the control of the District, as we are one of many agency participants with minority voting rights.

Cachuma Operation and Maintenance Board (COMB) \$583,935

This is the District's share of the COMB 2018/19 FY proposed budget and represents the District's 11.45% share of the COMB operating costs including the management of the South Coast Conduit and fish passage projects.



Cachuma Conservation and Release Board (CCRB) \$139,062

This represents the District's share of the Cachuma Conservation and Release Board's (CCRB) budget. The majority of this fiscal year's cost is for professional consulting and legal services relating to the Biological Opinion Reconsultation and the SWRCB Water Right Order. The CCRB budget is ratified by the District's Board of Directors on June 26, 2018.

US Bureau of Reclamation (USBR) \$306,908

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. USBR has identified an operating deficit each fiscal year since FY 2014/15. As a result, USBR's budget includes both increased annual operating costs so as to not operate with a loss and increased costs to cover the deficit. This budget change represents an increase of \$123,720 over prior year, including a \$49,000 increase for the next three years to repay the prior deficits of \$147,000. These amounts are based on the proposed COMB budget anticipated to be approved on June 25, 2018.

Cater Treatment Plant \$1,260,000

This amount includes Cater Treatment Plant operations and maintenance costs, the variable water treatment costs related to all water delivered from Lake Cachuma, as well as capital projects. Cost 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. This current amount is based on the FY 2018/19 budget received from the City of Santa Barbara.

CCWA/State Water Project: Fixed Cost Component \$5,160,138

The District pays an annual fixed costs payment to the Central Coast Water Authority for its proportionate share of construction loan costs for the pipeline and 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 2018/19 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. This budget was approved by the CCWA board on April 26, 2018.

CCWA/State Water Project: Variable Cost Component \$1,020,546

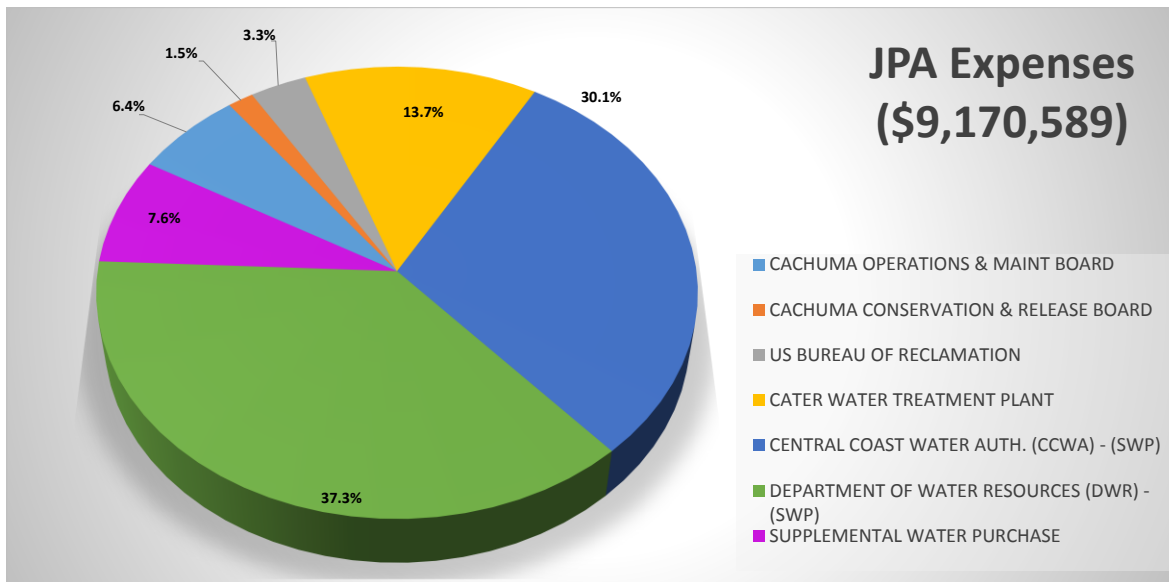
CCWA variable costs include the retreatment of exchange and delivery of State Water into Lake Cachuma. For FY 2018/19, the variable cost to treat water from the State Water Project include the following: CCWA variable cost (\$264/AF), DWR variable cost (\$323/AF) and Warren Act and Trust Funds Payments (\$277/AF). This budget was approved by the CCWA board on April 26, 2018.

Supplemental Water Purchase \$700,000

Although Supplemental water purchases are considered as prepaid water (inventory) and expensed when used, the District anticipates using all of the Supplemental water that is purchased in FY 2018/19 and therefore includes it in expense for the FY 2018/19 budget.



Figure 5



MWD OPERATING EXPENSES

MWD operating expenses comprise about 45% (37% excluding depreciation) of the District's entire operating budget. 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.

Jameson Lake \$168,156

Jameson Lake Operations & Maintenance expenses includes supplies, contracting services and labor for the District's Jameson Lake and Doulton Tunnel facilities.

Transmission and Distribution \$1,427,642

The Transmission and Distribution (T&D) Operations & Maintenance budget includes maintenance of the District's pipelines, meters, reservoirs, valves and fire hydrants. The budgeted amount includes an estimate of supplies and contracted services, as well as budgeted labor costs.

Treatment \$1,146,065

Treatment Operations and Maintenance budget includes the costs to operate and maintain the District's Bella Vista and Doulton water treatment plants. This item also includes the cost of operating and maintaining the District's groundwater wells and consists of labor, supplies, and electricity.



Engineering **\$711,013**

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. Engineering projects in FY 2018/19 include several water main replacement projects, pump station upgrades, and groundwater well improvements.

Customer Service **\$363,749**

This budget item includes costs for outside contracting to read the customer meters, bill printing service, and payroll for customer service personnel and customer utility billing.

Public Information / Conservation **\$130,339**

Includes costs for public outreach events, website development, conservation efforts and legal services.

Fleet **\$206,027**

This item includes the costs to maintain and repair District equipment, including vehicles and heavy machinery. This includes personnel costs, materials and outside services to maintain the District's fleet and heavy machinery such as backhoes and dump trucks.

Administration **\$1,943,140**

General and Administrative costs include the following:

- A salary increase of 2.38% is applied to employee wages and salaries, except the General Manager.
- The District is enrolled with ACWA/JPIA for the District's insurance needs. The amount included in the FY 2018/19 budget is \$78,960 and includes the following policies: General Liability, Property and Fidelity Insurance.
- The District's accounting and billing software license fee and network IT services of \$18,000.
- Bank charges and lockbox fees of \$37,000.
- Audit expense of \$22,765 which is based on contracted price and confirmed with our auditor.
- Local water supply negotiations of \$400,000 (includes \$100,000 for related legal fees).
- Completion of rate study of \$30,000.
- Legal – General costs of \$114,000.
- Legal – Special costs of \$136,000.

**Depreciation****\$1,275,771**

The district has a number of depreciable assets including buildings, dams, treatment facilities and other equipment. This years budgeted depreciation expense takes into account the existing depreciable assets as well as planned purchases for the upcoming year.

NON-OPERATING EXPENSE

The District has issued debt, which includes Bonds and Loans, to assist in the financing of its capital improvement program. The District currently has the following outstanding debt shown in Tables 6 and 7.

Table 7**NON-OPERATING EXPENSES**

	FY 2017/18 Forecast	FY 2018/19 BUDGET	FAVORABLE (UNFAVORABLE)
NON OPERATING EXPENSE			
2004 DWR ORTEGA LOAN	(590,400)	(590,400)	-
BOND INTEREST EXPENSE	(690,462)	(690,463)	(1)
CATER DWR LOAN	(231,648)	(231,649)	(0)
CATER CAPITAL	(129,669)	(132,300)	(2,631)
CATER OZONE	(276,323)	(276,346)	(23)
AMI METER FINANCING	-	(167,000)	(167,000)
TOTAL NON OPERATING EXPENSE	\$ (1,918,502)	\$ (2,088,157)	\$ (169,655)

2004 DWR Ortega Reservoir Improvement Loan

Increasingly stringent water quality regulations from the California Department of Health required the covering of the four acre, 21.2 MG Ortega Reservoir. This reservoir is owned by USBR with all water quality obligations being the responsibility of the District and Carpinteria Valley Water District. In December 2003 MWD, along with Carpinteria Valley Water District, entered into a funding agreement with the Department of Water Resources (DWR) for a loan of \$10,800,000, which was increased to \$19,900,000 in July of 2006. The District's share of this loan is 50% of the total amount, or \$9,950,000. The proceeds from this loan were used to finance the construction of a roof on the Ortega Reservoir to enable the District to meet safe drinking water standards established pursuant to Chapter 4, commencing with Section 116270, of Part 12, of Division 104 of the Health and Safety Code and California Code of Regulations. California Bank & Trust is the fiscal agent responsible for acting as trustee for the loan repayment with semi-annual payments of \$295,210 including principal and interest at an annual rate of 2.5132%. The District is required to fund its share of a reserve fund equal to two semiannual payments. The funds are to be accumulated within a ten year period and be held by a trustee.

**Bond Interest Expense (2010A Refunding Revenue COPs)**

In 2010, \$13,360,000 in 2010A refunding revenue certificates of participation were issued for the purpose of refinancing the 1998A Revenue Certificates of Participation. The 1998 bonds were issued to finance the replacement of aging infrastructure. Scheduled annual interest payments are \$690,462 for the years ending June 30, 2011 through June 30, 2022. Annual principal payments of \$1,385,000 to \$1,990,000, plus interest, are due beginning in FY 2023 and end in FY 2030 with a true interest cost of 5.25% over the life of the bonds.

The 2010A Revenue Refunding COPs were issued in order to level the District's debt service payments in the future to alleviate substantial rate increases that would have begun in 2013 with the added principal repayment component to the 1998A Revenue Bonds. The refunding extends the bond payments and is aligned with the retirement of the other debt and contractual obligations of the District. The District will pay interest-only until 2022 after which it will begin paying principal and interest. The year 2022 is when other District debt and contractual obligations are scheduled to mature.

DEBT SERVICE PAYMENTS FOR DWR ORTEGA AND COPs

The District's Debt Service is based on bond and loan amortization schedules. The District currently has one bond issue and one low interest Department of Water Resource (DWR) loan from the State of California as shown in Table 6 below. Interest and principal payments for all debt are included in the budget in accordance with actual amortization schedules. Debt Service comprises approximately 7% of the District's total proposed budget expenditures, not including capital expenditures.

Table 8**DEBT SERVICE**

FY 2018/19 Debt Service	Principal	Interest	Total
2004 DWR Ortega Loan	\$ 440,272	\$ 150,148	\$ 590,420
Bond Interest Expense	\$ -	\$ 690,462	\$ 690,462
Total Debt Service	\$ 440,272	\$ 840,610	\$ 1,280,882

Bonds & Loan Balances	Maturity	Original Amount	Balance @ 6/30/17	Interest Rate
2004 DWR Ortega Loan	FY 2030	\$ 9,950,000	\$ 6,083,750	2.5132%
Bond Interest Expense	FY 2030	\$ 13,360,000	\$ 13,360,000	5.2500%
Total Debt Service		\$ 23,310,000	\$ 19,443,750	

Cater DWR Loan (JPA Debt)

Surface water supplies received from or through Lake Cachuma are treated at the City of Santa Barbara's Cater Water Filtration Plant. The District entered into a joint powers agreement with the City of Santa Barbara, effective November 1, 2003, in which the District agreed to participate in a California Drinking Water State Revolving Fund contract financing



totaling \$19.2 million to fund improvements required at the Cater Treatment plant. In December 2004, the Cater Treatment Plant project was complete and principal payments on the loan began on January 1, 2006. The District's share is estimated to be 19.7% or \$3.8 million to be financed over 20 years. Interest is paid semiannually at a fixed rate of 2.42% per annum. The District's payments for its share of the obligation are \$225,400 per year.

Cater Capital (JPA Debt)

The District continues its JPA obligation with the City of Santa Barbara (the City) and Carpinteria Valley Water District for the City to treat water from Lake Cachuma at its Cater Treatment Plant. Under the agreement, the District pays 19.7% of the Plant's operating costs and capital costs. The District is billed for its share of the water treated at the Cater Treatment Plant which is reflected in the District's treatment costs. The City has an ongoing capital improvement program for the Cater Treatment Plant; the District pays a portion of those costs, which are charged to the District on a quarterly basis.

Cater Ozone (JPA Debt)

In June 2011, the District entered into a contribution funding agreement, with the City of Santa Barbara for the construction of the Cater Ozone Treatment Facility to comply with the California Department of Health Stage 2 disinfection byproducts rule. The District's share of the \$17.5 million project cost is \$4.3 million (or 24.63%). The City of Santa Barbara financed the obligation over a 20 year period. Principal and interested payments in the amount of \$138,150 are paid semiannually thru the year 2035.

CAPITAL EXPENDITURE BUDGET

Table 9
TOTAL MWD CAPITAL EXPENDITURES

	FY 2017/18 Forecast	FY 2018/19 BUDGET	FAVORABLE (UNFAVORABLE)
CAPITAL EXPENDITURE			
EQUIPMENT (FIXED ASSETS)	(259,301)	(221,000)	38,301
WATER STORAGE PURCHASE	(630,000)	(1,260,000)	(630,000)
MWD SYSTEM PROJECTS (CAPITAL PROJECTS)	(1,000,031)	(1,231,570)	(231,539)
TOTAL MWD CAPITAL EXPENDITURE	\$ (1,889,332)	\$ (2,712,570)	\$ (823,238)

MWD Capital Replacement and Improvement Program

Infrastructure planning and investment is critical to the ongoing reliability of the District's distribution and treatment systems. The capital projects and equipment purchases included in the FY 2018/19 budget are critical to the District's operations and, more important, improve the financial certainty and reliability of operating and maintaining District facilities.

The MWD Capital Replacement and Improvement Program includes those components described in Table 9. Although it appears that pipeline replacement is only 37% of the budgeted capital improvement and replacement program, it must be noted that there are



FISCAL YEAR 2018/19 BUDGET

four Highline and four bridge-crossing permanent repairs that are planned for the upcoming year. These projects are a direct result of the January 9, 2018 disaster and are anticipated to have 93.75% of the costs reimbursed by FEMA. The District has budgeted for the remaining 6.25% that it is responsible for, which would bring the total District costs for pipeline replacements to 52% of the budgeted Capital Improvements.

Table 10
EQUIPMENT (FIXED ASSETS)

Item Description	Total Proposed Budget
TRANSMISSION & DISTRIBUTION - Truck Replacement (Vehicle #155), 78k mi, 2010	\$ 39,000
TRANSMISSION & DISTRIBUTION- Shop Generator	\$ 50,000
TREATMENT - Generators @ Barker Pass & Amapola Well	\$ 95,000
TREATMENT - Truck Replacement (Vehicle #141), 185K mi, 2008	\$ 37,000
TOTAL EQUIPMENT	\$ 221,000

WATER STORAGE PURCHASE

Item Description	Total Proposed Budget
Semitropic Water Storage	\$ 1,260,000
TOTAL INVESTMENT IN WATER STORAGE RIGHTS	\$ 1,260,000

MWD SYSTEM PROJECTS (CAPITAL PROJECTS)

Item Description	2017/18 Carryover	2018/19 Requests	Total Proposed Budget
PIPELINE REPLACEMENT			
ENGINEERING - US 101 Crossing @ Coast Village	\$ -	\$ 200,000	\$ 200,000
ENGINEERING - Small (2") Main Replacements (4 locations)	\$ -	\$ 200,000	\$ 200,000
ENGINEERING - Fernald Point Bridge Pipeline Replacement	\$ 50,000	\$ -	\$ 50,000
RESERVOIR REHABILITATION / REPLACEMENT	\$ 50,000	\$ 400,000	\$ 450,000
PUMPING/WELLS/VALVING/TREATMENT			
TREATMENT -Well Pump and Motor Replacement	\$ -	\$ 25,000	\$ 25,000
TREATMENT -Treatment Enhancements @ Bella Vista TP (GAC/Aeration)	\$ -	\$ 200,000	\$ 200,000
TREATMENT - Doulton /Bella Vista TP's flow control valves (7)	\$ -	\$ 45,350	\$ 45,350
TREATMENT -ATS for Bella Vista, Doulton, Office, Barker Pass and Romero	\$ -	\$ 78,880	\$ 78,880
TREATMENT - Doulton TP Reclaim Tank expansion	\$ 45,000	\$ -	\$ 45,000
TREATMENT - Buena Vista Reservoir Static Mixer	\$ 14,840	\$ -	\$ 14,840
TOTAL PUMPING/WELLS/VALVING/TREATMENT	\$ 59,840	\$ 349,230	\$ 409,070
Water Meter Enhancements			
TREATMENT -New Meters @ Production Facilities (Wells & TP)	\$ -	\$ 10,000	\$ 10,000
TOTAL WATER METER ENHANCEMENTS	\$ -	\$ 10,000	\$ 10,000
Other			
ENGINEERING - MWD 6.25% FEMA/CalOES Match - Thomas Incident	\$ -	\$ 187,500	\$ 187,500
ADMIN - Incode 10 Upgrade (initial Module)	\$ -	\$ 15,000	\$ 15,000
TREATMENT - Jameson Communications Replacement	\$ -	\$ 150,000	\$ 150,000
PUBLIC INFORMATION - Website Development	\$ 10,000	\$ -	\$ 10,000
TOTAL OTHERS	\$ 10,000	\$ 352,500	\$ 362,500
TOTAL CAPITAL IMPROVMENTS	\$ 119,840	\$ 1,111,730	\$ 1,231,570



The FY 2018/19 Capital Improvement Budget includes the following infrastructure improvements and equipment purchases.

Equipment

• **Distribution and Treatment Truck Repair/Replacements** **\$76,000**

The District's *Vehicle Replacement Policy* adopted in November 2004, establishes a replacement criteria of 8 years or 90,000 miles for all utility truck. The policy also recommends that physical condition, maintenance history, safety and functionality be considered when making a determination whether to replace a District vehicle. Replacement of vehicles has been postponed during previous years due to more pressing items such as the drought. For the FY 2018/19 Budget, the District will replace one Distribution Utility truck and one Treatment truck. The Distribution Utility truck does not meet the 90,000 mile criteria, however, it is suffering from major mechanical issues and the repairs will become very costly while reducing the confidence in the vehicle. The Treatment truck is 10 years old with 185,000 miles, so both criteria have been met.

• **Shop Generator** **\$50,000**

The Shop Building is located at the back of the office property and contains the Distribution Department materials storage, personnel break room and restroom facilities. The Shop does not have a source of backup power. The current office generator is on a separate Edison meter from the Shop and cannot be connected to the Shop. This project will implement a small backup generator for the Shop building.

• **Generators for Barker Pass Pump Station and Amapola Well** **\$95,000**

Barker Pass is the last remaining pump station without an emergency generator. None of the District wells have emergency backup generators. This project includes the installation of a new emergency generator at the Barker Pass Pump Station and a second, smaller emergency generator at Amapola Well.

Pipeline Replacement:

• **US 101 Crossing at Coast Village** **\$200,000**

This project includes the installation of a structural pipe liner through a 140-foot section of 6-inch steel water main inside a 12-inch steel casing underneath the US101 highway. Preliminary investigations could not locate the entire length of the 12-inch casing without opening up lanes of the US 101 highway. To avoid impacting US 101 traffic and lanes, the District will hire a contractor to expose the pipe on either side and hire a pipe lining contractor to complete a structural liner within the existing 6-inch steel pipe. The reduction in pipe interior diameter will have minimal impact on the system hydraulics in this area.



- **Small (2") Main Replacements (4 locations) \$200,000**

This project will replace approximately 1,500 linear feet of 2-inch galvanized water mains. Galvanized water mains are very problematic, causing frequent main breaks and temporary water outages in key locations around the District. This project would replace 2-inch galvanized mains with 2-inch copper mains at (1) Hosmer Lane (2) Posilipo Lane (3) San Ysidro Lane and (3) Coast Village Circle.

- **Fernald Point Bridge Water Main Relocation \$50,000**

This is a carryover project from FY 2016/17, due to delays from the County of Santa Barbara over the last several years. The County of Santa Barbara Public Works Department is replacing the Fernald Point Bridge. This project will require the District to relocate its existing 6-inch cast iron water main, originally installed in 1955. The County's schedule for implementation is anticipated to be in early 2018.

Pumping / Wells / Valving / Treatment:

- **Well Pump and Motor Replacement \$25,000**

The District operates 12 groundwater wells to meet potable and non-potable demands in the system. This project includes the replacement of the well pump and motor. The exact location of the pump and motor replacement is to be determined.

- **Treatment Enhancements at Bella Vista TP (GAC/Aeration) \$200,000**

The Thomas Fire in December 2017 burned the entirety of the Jameson Lake watershed, increasing total organic concentrations in lake water. This project would install granular activated carbon (GAC) inside one of the existing sand filters at Bella Vista Treatment Plant to help reduce the additional organic content and install an aeration unit (blower) in the Bella Vista reservoir to reduce the concentration of Disinfection By-Products (THMs & HAAs) in the treated water. The project would also include THM monitoring equipment installation at Bella Vista to allow operators to real-time monitor THM levels.

- **Doulton/Bella Vista TP's flow control valves (7) \$45,350**

This project is the final phase of a multi-year project to replace the treatment plant flow control valves at both Bella Vista and Doulton Treatment Plants. The new electric valves will replace existing pneumatic valves. This project includes the replacement of one 3-inch flow control valve at Doulton Treatment Plant and at Bella Vista Treatment Plant, replace two 3-inch filter to waste valves, two 3-inch effluent valves, and two air valves.

- **ATS for Bella Vista, Doulton, Office, Barker Pass and Romero \$78,880**

The District backup generators power pump stations, treatment plants, and structures. Several of the backup generators are manually transferred from Edison power to backup generator power. This project would install Automatic Transfer Switches (ATS) at five locations including Bella Vista Treatment Plant, Doulton



Treatment Plant, Office Pump Station, Romero Pump Station, and Barker Pass Pump Station.

- **Doulton TP Reclaim Tank expansion** **\$45,000**

Doulton Treatment Plant treats water from the south portal and serves a portion of Toro Canyon residents with treated potable water. This treatment plant operates two filters that require backwashing every 2 days to remove solids buildup on the filters. The backwashing process discharges water into a temporary non-potable tank where sludge builds up over time. The current reclaimed water tank is too small to handle the backwash volume and overflows during normal operations, especially once sludge has built up in the bottom of the tank. The new tank will have adequate capacity for the backwash volume and sludge.

- **Buena Vista Reservoir Static Mixer** **\$14,840**

Buena Vista Reservoir is the District's most vulnerable reservoir for water age making it the most susceptible to creating Disinfection By-Products. Adding the mixer will eliminate flow shortcuts inside the reservoir that create pockets of water that has additional age and risk for meeting State and Federal water quality regulations. Static mixers have proven extremely effective in other District reservoirs. For FY 2017/18, a static mixer will be placed inside the reservoir. The mixer runs using hydraulic energy from the reservoir fill line and will require little to no maintenance and will not need to be monitored during use. It will be maintained and monitored annually to ensure that there is adequate flow.

Water Meter Enhancements

- **New Meters at Production Facilities** **\$10,000**

The District relies on accurate metering of all produced water to properly account for all water entering the system and account for system leaks and losses. Production meters need to be efficiently calibrated/verified on an annual basis. With magnetic flow meters replacing propeller meters, the District will get a long-term investment that meets AWWA standards. This will help minimize errors and repair costs for accurate measurements for production. The District will replace three meters at groundwater well locations in the 2018/19 budget year.

Other Capital Improvements

- **Various Highline and Bridge-crossings at 6.25%** **\$187,500**

During FY2018/19, the District's highline transmission main will be repaired in four locations and District mains across three Caltrans bridges will be replaced. These projects include permanent repairs to water mains at the creek crossings and bridges, required by damages resulting from the January 2018 debris flows. The District has already started the process for FEMA reimbursement for these seven projects and the required match by the District is 6% of the total project cost. With



an estimated total project cost of \$3M, the estimated matching funds required from the District are \$187,500

- **Incode 10 Upgrade** **\$15,000**

The District currently uses Tyler Technologies' Incode 9 for the billing software. This software is outdated and needs to be upgraded to Incode 10. The contract was signed in 2017 and cannot be pushed out past the end of FY 2018/19. The \$15,000 budgeted amount is the anticipated charges to upgrade the first two of 12 modules. The remainder of the upgrade project is anticipated to be completed in FY 2019/20.

- **Jameson Communications Replacement** **\$150,000**

Historically, the District has maintained over 5 miles of utility poles and communications cable between Bella Vista Treatment Plant and Jameson Lake to provide hard wired communications between Jameson Lake equipment and Dam Caretaker and operations on the south side of the Santa Ynez mountains. The poles and cabling are highly susceptible to damage from weathering and unstable slopes and are at the end of their useful life. The District currently has a temporary satellite internet setup but this solution is not cost effective long term with extremely high data transfer costs for satellite internet. This project would implement a "2-hop" radio communications solution between the lake, East Camino Cielo, and Office allowing faster data transfer and providing long term communications solution. Two radio towers would be installed, one at Jameson Lake and one on East Camino Cielo.

- **Website Development** **10,000**

This is a carryover project from FY 2017/18. The District's current website was developed in 1992, and the technology does not allow the District to effectively communicate with District customers. Updating the website will allow the District to have a site that is more stable, secure, efficient and mobile friendly. Additionally, District staff will be able to manage the site with greater ease allowing for more timely communication of information.

Water Availability Charge (WAC)

A key source of revenue to fund ongoing capital infrastructure upgrades is an annual assessment of \$30 per acre or per parcel less than an acre within the District. The assessment is collected along with property taxes as the District's Water Availability Charge (WAC), and is used exclusively to finance water system improvements.



Table 11
MWD CAPITAL PROJECTS FUNDING SOURCES

Total Capital Projects	\$1,231,570
WAC	\$296,945
Unfunded Balance (to be paid by District revenues and reserves)	\$934,625

RESERVES

RESTRICTED RESERVES

As of June 30, 2018, the District is projected to have a total \$12,521,466 in cash and investments in various financial institutions. Required Debt Reserves of \$3,474,205, as shown below in Table 12, are held in trustee accounts to satisfy debt covenants and debt agreements and are not available for operations, debt service or capital projects. The remaining \$9,047,261 is available for District operating, capital needs and reserve balances.

Table 12
RESTRICTED RESERVES

RESTRICTED RESERVES	
CALIFORNIA BANK & TRUST - DWR Loan Reserve	590,398
CCWA - Rate Credit Reserve Fund	1,427,123
BNY MELLON - 2010A COP Reserve Fund	1,456,684
TOTAL RESTRICTED RESERVES	\$ 3,474,205

UNRESTRICTED RESERVES

These funds are legally accessible for use to fund operations and are held in various identified financial accounts shown below.

Table 13
Anticipated Available Reserves (as of 6/30/18)

UNRESTRICTED RESERVES	
Wells Fargo Operating Account	2,743,482
American Riviera Bank	1,255,328
CCWA Credit Fund	137,044
Charles Schwab	4,911,407
TOTAL UNRESTRICTED RESERVES	\$ 9,047,261



Table 14
Board Designated Unrestricted Reserves (as of 6/30/18)

BOARD DESIGNATED RESERVES	
Reserve for Operations (3 months)	3,400,000
Reserve for Emergencies	1,000,000
Reserve for Unanticipated Capital Projects	1,000,000
TOTAL BOARD DESIGNATED RESERVES	\$ 5,400,000

The Board has set the following reserves and is able to change the reserve balances by allocating funds to/from a specific reserve. Maintaining adequate available reserve balances is important to the financial wellbeing of the District. The District has chosen to maintain the previously established reserve balances.

The following provides a description of the Board-Designated Reserve Funds as of June 30, 2018. The Finance Committee reviews any surplus in unrestricted cash at the end of each fiscal year and makes a recommendation to the Board on its application.

Reserve for Operations (3 months) \$3,400,000

The Reserve for Operations' target of three months' total operating expenses was established in the Five Year Financial Plan. As such, the target reserve for FY 2018/19 is \$3,400,000.

As an unrestricted reserve, the Reserve for Operations serves as an alternate short-term or immediate-purpose funding source. Operating reserves meet a variety of potentially competing purposes including paying operating expenses during temporary revenue shortfalls. Operating reserves are also to be used to cover timing differences for periodic expenses paid in advance of collected revenues. The amount of the reserve is based upon 90 days of operational expenses (excluding depreciation). This reserve may be invested with other District funds in an interest bearing account.

On February 20, 2018, the Board authorized the use of the Reserve for Operations fund in response to the increased cash outflows as a result of emergency repairs needed following the January 9, 2018 disaster. In May 2018, District staff made use of approximately \$1,400,000 of these funds to pay for repairs. In June 2018, the District received reimbursement of these funds from FEMA in the amount of \$1,700,000, restoring the reserve balance back to \$3,400,000.

Reserve for Emergencies \$1,000,000

The Reserve for Emergencies target of \$1.0M was established in the Five Year Financial Plan. This reserve has been established to provide protection for losses in the event of a hydrological, meteorological or man-made emergency in which the 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 payout, as well as the deductible. This reserve may be invested with other District funds in an interest bearing account.

On February 20, 2018, the Board also authorized the use of the Reserve for Emergencies funds as a result of the Thomas event. In May 2018, this reserve was depleted to \$700,000 and then restored to \$1,000,000 in June 2018 with the funds received from FEMA.

Reserve for Unplanned Capital Projects	\$1,000,000
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The Reserve for Unplanned Capital Projects target of \$1.8M was established in the Five Year Financial Plan. The Board has elected to reduce the amount of this reserve down to \$1,000,000. This reserve 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, the Ortega Reservoir repair, the potential Oroville Dam liability, etc. This reserve may be invested with other District funds in an interest bearing account.