

**Identified Challenges (Draft)**

Date Prepared: March 31, 2021

  = staff proposed top priorities

|  | Immediate Challenge<br>(within 5 yrs.) | Impact on District<br>Mission | Proposed Priority<br>Ranking<br>(Low, Med, High) | Related Initiatives Completed /<br>Underway   | Notes  |
|--|--|-------------------------------|--|---|--|
| <b>1 Water Supply Challenges</b>   |  |                               |  |   |  |
| a <b>Water Shortfall</b> - 2020 Bachman Study projects minor shortfall in water supplies in some future years. Projected in 3% of years and up to a max 9% unsourced demand.(±500-700AF). Environmental restriction in Sacramento Delta continue to reduce the availability of SWP supplies (future availability projected to be as low as 41%). Climate experts forecast warmer temperatures; reduced beneficial rainfall; increased drought frequency, duration and intensities; increased high intensity short duration storms. A majority of MWD's water supplies are rainfall dependent making it susceptible to future droughts. Surface water supplies are increasingly unreliable. Large swings in availability year after year. | Possibly                               | Yes                           | Med  | 2020 Future Demands and Water Supply Option Study, 2018 Recycled Water Feasibility Plan, CCWA Supplemental Water Purchase Program   |  |
| b <b>Limited local water storage</b> (south of the Santa Ynez Mountain)  | No                                     | Possibly                      | Med  | Groundwater Augmentation Feasibility Study (2019) concludes limited ability to inject water into MGWB. Sourcing local desal (WSA) lessens the need for local water storage. |  |
| c <b>Limited regional water storage</b>  | No                                     | Possibly                      | Med  | CCWA studying GW banking opportunities in SB & SLO Counties   |  |
| d <b>Groundwater supply</b> continues to remain slightly above historic low levels   | Yes                                    | Yes                           | -  | Montecito GSA's development of GSP including future implementation  |  |
| <b>2 Water Quality Challenges</b>  |  |                               |  |   |  |
| a <b>Continued compliance with water quality regulations</b> in an environment with increased forest fires and increased storm intensities. (Increased TOC →Increased Disinfection Byproducts)   | Possibly                               | Yes                           | Low  |   | Installation of aeration system (2020) at Bella Vista Treatment Plant          |
| b <b>Toxic algae blooms in local surface water reservoirs.</b>   | Possibly                               | Yes                           | Low/Med  |   |  |
| <b>3 Infrastructure (Operational) Challenges</b>   |  |                               |  |   |  |
| a <b>Aging infrastructure</b> is vulnerable to failure. 15% of distribution system is nearly 100 years old (approx. 20 miles of 1920s pipe). 40's and 50s pipe is reaching its 80 yr. life.  | Yes                                    | Yes                           | Med  | Capital Improvement Program   | Should the pace of replacement be accelerated?                                 |
| b <b>Susceptible to natural disasters.</b> Critical infrastructure, i.e. storage tanks, not designed to handle large seismic events.   | Possibly                               | Yes                           | -  | Pursuing ASADRA funding for Reservoir replacement/retrofit  |  |
| c <b>Susceptible to manmade disasters</b> (physical and cyber attacks)   | Possibly                               | Yes                           | Med  |   |  |
| d <b>Bottleneck in SWP</b> deliveries into Lake Cachuma  | No                                     | No                            | Low  |   | Sourcing local desal (WSA) lessens the criticality of this challenge           |
| <b>4 Facilities Challenges</b>   |  |                               |  |   |  |
| a <b>Distribution office/shop area</b> is aging and in disrepair   | No                                     | No                            | Med  |   |  |
| b Treatment in need of <b>additional storage space</b> at Bella Vista TP   | No                                     | No                            | Low  |   |  |
| c <b>Admin work area is at max capacity.</b> No room for additional staffing if needed. Office lacks sufficient breakroom and restroom facilities  | No                                     | No                            | Low  |   |  |
| d <b>Boardroom is small</b> and lacks sufficient space to accommodate public attendance at meetings in excess of approx. 15  | No                                     | No                            | Low  |   |  |
| <b>5 Human Resources Challenges</b>  |  |                               |  |   |  |
| a <b>Succession Planning</b> - Replacement of retiring employees and transferring the institutional knowledge  | No                                     | Yes                           | Low  |   |  |
| b <b>Retirement Liability</b> - Increasing with increased retirements expected   | Yes                                    | No                            | Low  |   |  |
| c <b>Ensuring competitive pay and benefits</b> to retain high-quality employees  | No                                     | Yes                           | -  |   | 2020 Compensation Study concluded rates and benefits are currently competitive |
| d <b>Keeping employees trained</b> in a rapidly changing environment (customer service, technical needs, etc.)   | Yes                                    | Yes                           | Med  |   |  |
| e <b>Increasing future retirement and pension costs</b>  | Yes                                    | Yes                           | Low  |   |  |
| f <b>Outsourcing data analysis and modeling</b>  | Yes                                    | No                            | Low  |   |  |

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| <b>6 Policy Challenges</b>  |  |                               |  |  |  |
| a <b>Actual Water Use vs. State Mandated Limitations</b> -SBX7-7 and potential future water use budgets. Acquiring various credits to increase available water use above these limitations (desal and recycled water credits). More accurately representing community population (Colleges, 2nd homes). How to maintain the communities semi-rural character. | Yes                                    | Yes                           | Med  | 2020 UWMP Update (June 2020)   |  |
| c <b>Protecting water rights on the Santa Ynez River</b> from environmental actions. Increasing regulatory hurdles/restrictions placed on existing surface water supplies. (Biological Opinion for Cachuma)   | Yes                                    | Yes                           | -  | CCRB is actively working to protect water rights on Santa Ynez River                               |  |
| d <b>Competing interests in available Cachuma Project</b> supplies reducing water availability, i.e. County's interest in reducing the annual yield of the project, limiting carryover water  | Yes                                    | Yes                           | Med  |  |  |
| e <b>CCWA not being the SWP contract holder.</b> County's resistance to contract reassignment to CCWA. County attempting to manage water supplies for all water purveyors. County objection to transfers (sale) of water outside the County.  | Yes                                    | Yes                           | -  | CCWA is actively pursuing SWP contract reassignment with County                                    |  |
| f <b>Difficultly influencing public policy making</b> provided the District's small size.   | Yes                                    | Yes                           | Med  |  |  |
| <b>7 Financial Challenges</b>   |  |                               |  |  |  |
| a <b>Keeping Water Rates Equitable</b> - Reconsidering the criteria for establishing equitable water rates based on changing priorities, escalating costs, and potentially undervalued facilities and services provided. i.e. fire protection rates, recycled water, etc.   | No                                     | No                            | Low  |  |  |
| b <b>Balancing reasonable and competitive water rates with enhanced water supply reliability</b>  | Yes                                    | Yes                           | Med  |  |  |
| c <b>Financial Instability</b> - Water rates based on approx. 30/70 fixed/variable cost split while actual fixed/variable cost split is 70/30.  | Possibly                               | Possibly                      | Low  |  | Surcharge could be instituted if needed  |
| d <b>Avoiding the postponement of CIP</b> due to other unforeseen challenges  | No                                     | Yes                           | Low  |  |  |
| e <b>Developing alternative means of funding CIP</b> , i.e. financing in lieu of paying cash  | No                                     | Yes                           | -  | District pursue financing for replacement/retrofit of storage reservoir through the ASADRA program |  |
| f <b>Ability to transfer (sell) surplus SWP water</b> to offset the cost of other local and more reliable water supplies (WSA w/ City of SB)  | Yes                                    | Yes                           | Med  |  |  |
| g <b>Having sufficient cash</b> or liquid funds for emergency use.  | No                                     | Yes                           | Low  |  |  |
| <b>8 Environmental Challenges</b>   |  |                               |  |  |  |
| a <b>Reduction of carbon footprint.</b> Shifting focus to be more "green".  | No                                     | No                            | Low  |  | Will continue to keep this as a leading value, part of mission.  |
| <b>9 Management Challenges</b>  |  |                               |  |  |  |
| a <b>Dependence on other agencies</b> (SWP, WSA, Semitropic, CCWA). Limited control and influence.  | Yes                                    | Possibly                      | Low  |  | Relationships with other agencies is both a strength and a weakness. Interagency collaboration is also a value highlighted in mission. |