# GOLETA WATER DISTRICT

GOLETA, CALIFORNIA

## Fiscal Year 2021–22

# FINAL BUDGET

## Mission

To provide a reliable supply of quality water at the most reasonable cost
to the present and future customers within the Goleta Water District

Cover photo: A view of Lake Cachuma, the District's primary source of water supply.

# GOLETA WATER DISTRICT

**Board of Directors**

Kathleen Werner, President

Farfalla Borah, Vice President

Tom Evans

Lauren Hanson

Bill Rosen

**General Manager**

John McInnes

This budget was prepared under the direction of
David Matson, Assistant General Manager

**Staff Contributors**

Francis Chan, Chief Financial Officer

Tom Bunosky, Operations Manager

Ryan Drake, Water Supply and Conservation Manager

Daniel Brooks, P.E., Chief Engineer

KK Holland, Principal Policy Analyst

# Table of Contents

# List of Tables

## Section I Overview



## Section II Revenue and Transfers



## Section III Expenditures



## Appendix

# List of Figures

## Section II Revenue and Transfers



## Section III Expenditures



## Appendix

# List of Acronyms and Abbreviations

| | |
|---|---|
| ACWA | Association of California Water Agencies |
| AF | Acre Feet |
| AFY | Acre Feet per Year |
| AWWA | American Water Works Association |
| BDCP | Bay Delta Conservation Plan |
| CalPERS | California Public Employees' Retirement System |
| CDMWTP | Corona Del Mar Water Treatment Plant |
| CCRB | Cachuma Conservation and Release Board |
| CCWA | Central Coast Water Authority |
| COMB | Cachuma Operation and Maintenance Board |
| COP | Certificates of Participation |
| CUWCC | California Urban Water Conservation Council |
| DWR | Department of Water Resources |
| EPA | Environmental Protection Agency |
| FY | Fiscal Year |
| GIS | Geographic Information System |
| GPM | Gallons per Minute |
| GSD | Goleta Sanitary District |
| GWC | Goleta West Conduit |
| GWD | Goleta Water District |
| HCF | Hundred Cubic Feet |
| ID #1 | Santa Ynez River Water Conservation District, Improvement District #1 |
| IIP | Infrastructure Improvement Plan |
| JPIA | Joint Powers Insurance Authority |
| LAIF | Local Agency Investment Fund |
| NMFS | National Marine Fisheries Service |
| NWSC | New Water Supply Charge |
| O&M | Operations and Maintenance |
| OPEB | Other Post-Employment Benefits |
| PEPRA | Public Employees' Pension Reform Act |
| SCADA | Supervisory Control and Data Acquisition |
| SBCWA | Santa Barbara County Water Agency |
| SEIU | Service Employees International Union |
| SWP | State Water Project |
| USBR | United States Bureau of Reclamation |
| WS&C | Water Supply & Conservation Department |

THIS PAGE INTENTIONALLY LEFT BLANK

# SECTION I – OVERVIEW

## About Goleta Water District

Goleta Water District (District) provides safe and reliable water supplies to over 87,000 residents in the Goleta Valley. Established in 1944 through a vote of the people, the service area spans approximately 29,000 acres along the South Coast of Santa Barbara County between the ocean and the foothills, west from Santa Barbara to El Capitan.

A publicly elected, five-member Board of Directors governs the District. Board members serve four-year terms, with elections held every two years and terms staggered to ensure continuity. In 2022 the District will switch to district-based rather than at-large elections. The Board is responsible for setting District policy on a variety of issues including financial planning, infrastructure investment and water rates. Day-to-day operations are run by the General Manager who oversees a staff responsible for executing ongoing operational and administrative functions. The District employees include certified treatment and distribution operators, water quality scientists, engineers, policy and financial analysts, and administrative staff.

The District delivers water to its customers through a complex treatment and distribution system that includes over 270 miles of pipeline, nine active groundwater wells, a state-of-the-art water treatment plant, nine reservoirs and a host of other critical water transmission and distribution facilities. The District enjoys a diverse water supply portfolio comprised of local supplies from Lake Cachuma, the Goleta Groundwater Basin, and supplemental imported supplies from the California State Water Project (SWP). Additionally, the District provides recycled water for irrigation and has a multi-faceted water conservation program to extend available supplies in the most cost-effective manner possible. The ability to draw from a variety of water supply sources provides flexibility for dealing with supply challenges and financial volatility associated with drought conditions, natural disasters and changing state and federal regulatory requirements.

The local climate is generally characterized as Mediterranean coastal with mild, dry summers and cool winters. High temperatures average about 80 degrees while low temperatures rarely fall below 40 degrees. The area is semi-arid with average rainfall of approximately 18 inches per year, primarily occurring between November and March. Historically, rainfall fluctuates significantly ranging from just under 6 inches in 1990 to more than 40 inches in 1983. Rainfall during the recent historic drought ranged from as low as 7 to a high of 14 inches, and even a few dry years can significantly reduce reservoir levels at Lake Cachuma. This winter's La Niña weather pattern produced another below average year of rainfall.

The ongoing COVID-19 pandemic continues to highlight the District's role as an essential service provider and underscores the importance of conducting operations in a manner that protects and serves the community. In response to the pandemic, the District undertook a number of operational changes such as suspending groundwater production to maintain and isolate licensed treatment personnel at the plant, as well as aggressive efforts to reduce the exposure risk for District employees. The shift to surface water was made possible by

In response to the pandemic the District shut down the groundwater wells and instead relied on surface water from Lake Cachuma to serve customers. Using the wells is resource intensive, and requires increased contact and interactions between District employees and outside vendors.

improved water quality conditions at Lake Cachuma, which as a result of the drought and several wildfires in the watershed has experienced challenging conditions over the past several years.

Even though water quality conditions at the lake improved this past year, the way the District operates its complex water systems remains permanently altered. The vulnerability of the water supply portfolio to drought and water quality issues means that conjunctive use, by which the District relies on the coordinated use of surface and groundwater supplies to meet customer needs, will continue to provide important redundancies. Maintaining the ability to rely on sustainable groundwater reserves will require ongoing investment in the infrastructure necessary to access and replenish it, as well as efforts to protect and safeguard the Goleta Groundwater Basin. Reliance on the District's diverse water supply portfolio also means that the cost of providing water to the Goleta Valley will continue to be more expensive in the future than was historically the case when Lake Cachuma served as the primary and most reliable supply source.

## Water Supply Portfolio

The District's diverse water supply portfolio is comprised of supplies from four distinct sources (local surface water, local groundwater, imported water, and recycled water) with availability averaging 16,472 acre-feet per year (AFY). All water supplies are secured through collaborative agreements with Federal, State, and local partners. Actual water availability varies from year to year based on weather, Lake Cachuma volume, exchange agreements, spill water and State Water Project water.

The Urban Water Management Plan, Water Supply Management Plan, and Groundwater Management Plan – the District's foundational water resource management documents – were last updated in 2017. The District plans on completing its update to the Urban Water Management Plan this fiscal year. These documents govern the use of the water supply portfolio.

### *Local Surface Water – Lake Cachuma*

Under normal conditions, approximately 75% of the average annual planned demand can be met with supplies from Lake Cachuma. In non-drought years, the District is entitled to 9,322 AFY of Cachuma supplies through coordinated agreements with the United States Bureau of Reclamation (USBR), the Santa Barbara County Water Agency (SBCWA) and the other Cachuma Member Units: City of Santa Barbara, Montecito Water District, Carpinteria Valley Water District, and Improvement District Number 1 (ID #1). The availability of Lake Cachuma water varies from year to year as a result of weather, runoff, and drought conditions. The amount of Lake Cachuma water the community uses can vary annually because of exchange agreements, availability of other supplies, and customer demand. The USBR owns the Cachuma Project and is responsible for operating Bradbury Dam. The Cachuma Operation and Maintenance Board (COMB), a Joint Powers Authority comprised of the District, City of Santa Barbara, Montecito Water District and Carpinteria Valley Water District, is responsible for the operations and maintenance of the balance of the Cachuma facilities, including the Tecolote Tunnel, South Coast Conduit, regulating reservoirs and appurtenances. Working with its Member Agencies and USBR, COMB delivers water to the South Coast and maintains project infrastructure to ensure ongoing sustainability of the Cachuma Project.

The USBR holds the Water Rights Permits from the California State Water Resources Control Board for water supply from the Cachuma Project on behalf of the Member Units. The Cachuma Conservation and Release Board (CCRB), a Joint Powers Authority comprised of the Goleta Water District, the City of Santa Barbara and the Montecito Water District, is responsible for protecting Cachuma Water Rights, supplies, and other related interests for the South Coast. CCRB works collectively with its members, USBR, Santa Ynez River Conservation District, and ID #1 to advocate for Cachuma Water Rights at the state and federal level and to ensure the implementation of Water Rights Orders and agreements related to downstream water rights and public trust resources.

### *Local Groundwater – Goleta Groundwater Basin*

The Goleta Groundwater Basin is a critical component of the District's water supply portfolio, especially in times of drought and during emergencies when surface water supplies are reduced or inaccessible. The District pumps and treats groundwater supplies from the Goleta Groundwater Basin through its nine groundwater wells. In response to drought conditions, the District invested significantly in increased groundwater production capabilities. The terms of the 1989 Wright Judgment and the voter-approved 1991 SAFE Ordinance and subsequent 1994 amendments defined the basin yield and set the basin management parameters including pumping limits, storage requirements, how supplies are used, and the establishment and maintenance of a drought buffer. The groundwater basin is integral to the District supply portfolio and management strategy as it provides a locally controlled source of supply in the event of an interruption or reduction in Lake Cachuma or State Water supplies resulting from maintenance needs, natural disasters, drought, or water quality conditions. In FY 2021-22, the District plans to only use groundwater to exercise the wells and keep them in operational order. As such, groundwater is expected to make up approximately 20% of the District's total supply for the year. Maintaining the infrastructure necessary to access the basin is an increasingly important, yet expensive, capital priority. Notably, the District's wells are approaching 50 years of age, which is the expected useful life for a groundwater production well. Significant renewal of the well field is anticipated over the next decade.

Groundwater basin recharge occurs naturally through rain and runoff that percolates into the soil, and water from rivers and streams that infiltrate below ground. It typically takes many years for the basin to return to normal levels naturally after drought periods. Recognizing the critical role of the Goleta Groundwater Basin, the State Water Resource Control Board recently approved the District's permit to inject treated water from Lake Cachuma as part of its Aquifer Storage and Recovery program.

### *Imported Water – State Water Project*

Voters authorized the District to join the State Water Project (SWP) in 1991. The District purchased State water as a member of the Central Coast Water Authority (CCWA), a Joint Powers Authority with responsibility for the

ownership and operations of the treatment and distribution systems delivering SWP supplies in Santa Barbara and San Luis Obispo Counties. Annual State water deliveries vary year-to-year based on water demand, availability of State water and local supplies, and exchange and sales agreements. The District stores any undelivered portion of its annual entitlement in San Luis Reservoir; this supply is available as a drought buffer and emergency supply. For FY 2021-22 the District received an initial 10% allocation of its full State water entitlement, only for the State to reverse its decision. The new allocation of 5%, or approximately 372.5 AF, reflects concerns across the state of another drought, with low snowpack and reservoir levels. In 2020-21 because of the high cost of delivery the District plans to rely primarily on local supply sources and carry over State Water for use in future years, as well as explore further opportunities to reduce the District's current water debt owed as a result of water exchanges during the last drought.

A long-standing exchange agreement with ID #1 will continue in FY 2021-22, under which the District provides a portion of its State water entitlement to ID #1 in exchange for the same amount of Cachuma entitlement supplies from ID #1. This agreement saves both agencies significant energy costs and provides a sustainability benefit by reducing the pumping needed to deliver water to each community.

### *Recycled Water*

The District has delivered recycled water for irrigation use and restroom facilities through a partnership with the Goleta Sanitary District (GSD) since 1995. The University of California, Santa Barbara (UCSB) and several golf courses throughout the service area are the District's largest recycled water customers. The District anticipates delivering 802 AF of recycled water in the coming year. Even though recycled water use was not restricted during the drought, recycled customers conserved at rates similar to urban customers using potable water, and the trend has continued with demand remaining lower than in past decades.

## Customer Demand

Demand is driven by weather, conservation, and economic conditions. Weather driven demand occurs most noticeably when conditions are dry and water supplies are under the greatest pressure. For example, dry conditions caused an uptick in demand to 14,690 AF in FY 2013-14. After the declaration of the water shortage emergency in 2014, sales declined to 12,500 AF in FY 2014-15, and 10,739 AF in FY 2015-16 – a nearly 30% reduction in customer consumption. After making significant reductions in water use for several consecutive years, customer water use behavior changes and efficiency habits (commonly referred to as demand hardening) mean customers have continued to reduce water use, and permanent changes made by households, such as replacing lawns with drought tolerant landscaping and installing efficient plumbing fixtures and irrigation systems suggest these reductions are likely to be permanent. The COVID-19 pandemic has also resulted in further water use reductions by commercial customers, many of whom shut down or even closed, and lower usage system-wide for institutional customers. Even with economic recovery, customer demand is likely to remain below historical use long term.

Water use has declined as a result of the COVID-19 pandemic, with commercial customers seeing the largest reductions in use. These declines are in addition to the already historical low usage that has persisted after the drought.

Approximately 17,000 customer connections fall into eight types of customers: Single Family Residential (SFR), Multi-Family Residential (MFR), Commercial, Institutional, Landscape Irrigation, Urban Agricultural, Goleta West Conduit, and Recycled.

Residential customers make up approximately 89% of customer connections, with single-family homes comprising almost 78% of customer connections and multi-family dwellings accounting for the balance. The over 26,000 UCSB students, many of whom live in Isla Vista dormitories and apartments, represent a large portion of the area's multi-family residential customers.

Over the past year the pandemic led to reduced customer demand, particularly among commercial and institutional customers, with implications for revenue as water use shifted to SFR and MFR usage due to stay at home orders and online learning. As conditions improve and schools and businesses reopen water use is predicted to shift from SFR and MFR back to commercial and institutional accounts, but the full impact of remote work going forward or the nature of the economic recovery itself on area businesses are unknown. This introduces an element of uncertainty to even the best forecasting.

Residential water use is approximately 50% of overall water demand. This proportionally low use is largely due to exceptional conservation over the past many years. Before the drought, residential per capita water use in the District averaged 62 gallons per person per day. With additional conservation activities, the residential per capita use declined further to an average of 53 gallons per person per day. This water-thrifty behavior is particularly evident around changing weather patterns. For every significant rain event in the area, there is a corresponding drop in water demand as customers adjust their irrigation practices and systems accordingly. Other factors contributing to year-over-year fluctuations in residential customer demand include new residential development and connections, economic trends, weather patterns, vacancy rates, drought declarations and heightened conservation programs.

The remaining 50% of demand is attributed to non-residential water use, with agricultural use accounting for 19%, and the remainder comprised of commercial, institutional and landscape irrigation use. These customers also form the diverse economic base of the service area. The District is home to a substantial agriculture industry specializing in crops such as avocados and lemons, UCSB, and a thriving industrial and high-tech commercial industry that includes regional health providers, aerospace, electronics, telecommunications, biomedical, and national security sectors.

Fluctuations in year-over-year water demand for agricultural, landscape irrigation and recycled customers is heavily influenced by weather patterns, while demand changes in the commercial and institutional categories largely follow economic and market trends. Given the ongoing COVID-19 pandemic, the District continues to closely monitoring how water use patterns are changing across all its customer classes. Water use data do not indicate significant changes that would adversely impact District operations.

The District has about 470 customer connections that are dedicated fire service lines. Fire lines are designated water lines connected to the main distribution system to provide fire protection service to a single customer – residential or commercial. Fire service lines are not used for normal delivery of potable water and therefore no water use or sales from these accounts are budgeted.

## Conservation and Efficiency Programs

The District has a long history of implementing successful conservation programs and is a recognized leader statewide. A partner to the California Water Efficiency Partnership (previously CUWCC) since 1994, the District is committed to the shared goal of integrating urban water conservation Best Management Practices into the planning and management of California's water resources. Customer commitment to efficient water use is critical to extending available water supplies as well as the lifespan of distribution and treatment facilities.


The District's Sustainability Plan (as updated each year) provides the framework for efficient water resource management, along with the Water Conservation Plan, and the 2014 Drought Preparedness and Water Shortage Contingency Plan.

Conservation programs include:

- Conservation rates for eligible residential and commercial customers with low water use.
- Residential and commercial incentives for installing high-efficiency toilets, showerheads, irrigation systems, and other water saving devices, as well as advice on water conservation principles and practices.
- Extensive customer conservation and efficiency tools including information on the District website, community and school education programs, water conservation checkups, and an interactive Community Demonstration Garden at the District Headquarters.
- Substantial rebate programs for all customer categories to improve water use efficiency, including the Smart Landscape Rebate Program (SLRP), Water Saving Devices Distribution Program (WSDDP), and free mulch deliveries.

This year funding for conservation rebate programs has been scaled back due to reduced customer interest. In response to the current COVID-19 pandemic, and the cancelation of non-essential site visits, the Smart Landscape Rebate Program was temporarily suspended effective March 18, 2020, but resumed in the fall using google images, photos and videos.

## Customer Service

Ongoing dedication to customer service is a significant part of day-to-day operations at the District. The District strives to be available and responsive to its customers, offering numerous ways to interact with staff and obtain valuable information and assistance.

Over the past year the District has seen significant growth in the adoption of its new online tools, and an increase in customer communications taking place via the Watersmart portal.

While the District Customer Service counter is closed to walk-ins due to the COVID-19 pandemic, staff is available during business hours to provide assistance and support to District customers by phone, email, and messaging through the Watersmart Portal. Customers can also access their accounts and make payments online at any time. Crews can be dispatched throughout the service area to repair leaks, fix damaged or broken meters, and investigate other water-related issues. Additionally, crews are available to respond to water-related emergencies 24 hours a day, seven days a week and customers are encouraged to report issues.

## Goleta Water District Budget

The development and adoption of an annual budget based on expected revenues and expenditures as well as identified projects and programs provides the financial foundation for District activities. The budget serves as a roadmap for ensuring reasonable costs and predictable customer rates. Each year, the Board of Directors approves the District's Budget (Budget) for the following fiscal year, which runs from July 1 through June 30. The Budget blends advanced revenue forecasting and effective expenditure management with the infrastructure investment needed to deliver safe, cost-effective and sustainable water supplies to the community.

The FY 2021-22 Budget also represents a short-term financial plan consistent with the goals outlined in the 2020-2025 Expenditure Forecast and 2020 Cost of Service Study. A vital component of the Expenditure Forecast is the District's commitment to managing controllable costs while planning for and mitigating exposure to the externalities that are beyond the District's control. Together with the recently adopted 2020-2025 Infrastructure Improvement Plan (IIP), District Sustainability Plan, and other foundational documents, the District will continue to meet the water and resource needs of the community today and into the future.

### FY 2020-21 Budget and Accomplishments

Last year was the first year of the District's new Five Year Expenditure Plan. FY 2020-21 saw estimated actual revenues and transfers of $42.9M and expenditures of $41.6M, with a reserve designation of $1.3M. Even with the constraints of working during the COVID-19 pandemic, the District has completed a number of significant projects and initiatives over the last year that contribute to the overall sustainability of the agency. Key FY 2020-21 accomplishments in the area of water quality, infrastructure and operational efficiency upgrades include:

- Successful implementation of the emergency operating plan to avoid business and service interruptions resulting from the global COVID-19 pandemic. This included monthly updates of the plan to incorporate changing Federal and State regulations and public health guidelines.
- A new ten-year Water Supply Permit was received from the State Water Resources Control Board – Division of Drinking Water (DDW) on January 8, 2021 replacing the permit issued by DDW on January 8, 2008. The permit is the result of previous inspections and reviews conducted by DDW in 2020.
- Amended the District's 2020-2025 Infrastructure Improvement Plan to rebalance funding for $50M of the identified $348M in infrastructure improvement and replacement projects through 2025.
- Completed worker safety electrical upgrades at San Marcos Well and other facilities.
- Completed pipeline replacements at Sandspit Road and the Goleta West Conduit, including a 20 foot segment of a 33" main line.
- Geotechnical investigation of the transmission main landslide to determine the most cost-effective solution for securing a critical pipeline.

- Established conditions assessment protocols for different asset classes to inform the District's Asset Preservation Program.
- Began construction of electrical upgrades, a permanent pump station, and an aeration system at Corona Reservoir.
- Successfully performed pilot testing of granular activated carbon (GAC) media and full-scale testing of a filter adsorber at CDMWTP to determine the feasibility of using existing equipment to provide enhanced treatment to reduce total organic carbon levels and trihalomethanes.
- Completed the design of new road construction portion of the CDMWTP Access Road Creekside Erosion Repair and Realignment project.
- Received a permit from the Regional Water Quality Control Board to begin injection of treated water from Lake Cachuma into the groundwater basin as part of the District's Aquifer Storage Recovery program.
- Completed construction of paving and building skin upgrades at Patterson Booster Pump Station.
- Began drafting specifications for obsolete SCADA replacement and completed two radio surveys to inform radio communication system upgrades.
- Collected and analyzed soil samples and pipe samples across the distribution system to inform pipeline conditions and estimated remaining useful life.
- Completed inspection and conditions assessment of all District HVAC equipment.
- Updated and adopted the 2020 Urban Water Management Plan and submitted the District's revised USBR Agricultural Water Management Plan.
- Completed review of the DWR Landscape Area Measurement Project, which will be used to determine District-specific water budgets under Senate Bill 606 and Assembly Bill 1668.
- Significantly increased customer sign-ups for the District's WaterSmart customer portal, which launched in January 2020. To date, about a third of the District's customers are using this customer engagement website and payment portal.

## FY 2021-22 Budget and Key Initiatives

The FY 2021-22 Budget is consistent with policy goals established by the Board of Directors, operational and infrastructure priorities, and other foundational management documents. The Budget reflects an ongoing progression of the District's management and budgeting approach to control costs, minimize unplanned expenditures, limit risk exposure as well as expand investment in projects and programs that provide for the long-term water resources needs of the community.

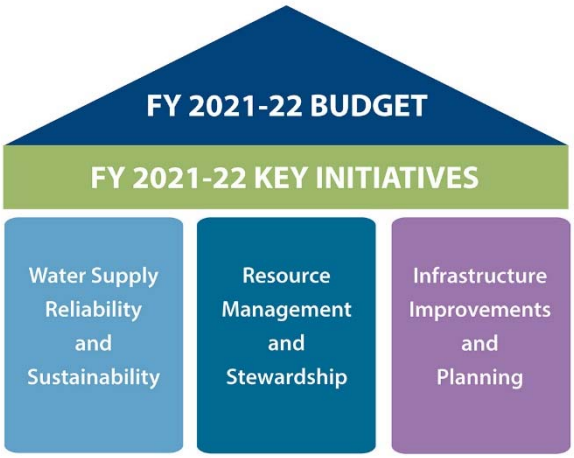
The FY 2021-22 Budget anticipates $45.0M in revenue and transfers, a 2% decrease from the previous year. $43.9M in operational and capital expenditures are planned with $1.1M designated to reserves. Table 1.1 provides an overview of how the District will meet water supply, regulatory, and infrastructure needs, while meeting current challenges and uncertainties. The balance of this document provides detailed analysis of projected revenues and expenditures.

## Table 1.1 FY 2021-22 Budget Summary

| Category | Adopted Budget FY 2020-21 | Estimated Actual FY 2020-21 | Adopted Budget FY 2021-22 | Variance Analysis * $ Higher / (Lower) | Variance Analysis * % Higher / (Lower) |
|---|---|---|---|---|---|
| **Revenues:** | | | | | |
| Monthly Service Charges | $ 12,597,042 | $ 12,384,996 | $ 14,133,441 | $ 1,536,399 | 12% |
| Water Sales | 27,911,254 | 27,285,759 | 29,989,620 | 2,078,366 | 7% |
| Investment Revenue | 40,808 | 51,303 | 42,500 | 1,692 | 4% |
| Conveyance Revenue | 205,058 | 227,964 | 222,686 | 17,628 | 9% |
| Miscellaneous Fees & Charges | 488,100 | 866,601 | 586,615 | 98,515 | 20% |
| **Subtotal:** | **$ 41,242,262** | **$ 40,816,623** | **$ 44,974,862** | **$ 3,732,600** | **9%** |
| **Transfers:** | | | | | |
| CCWA FY 2019-20 Deferral | $ 2,743,921 | $ 2,120,334 | $ 0 | $ (2,743,920) | (100%) |
| Designation from Reserves | 1,703,021 | 0 | 0 | $ (1,703,021) | (100%) |
| **Total Revenue and Transfers:** | **$ 45,689,204** | **$ 42,936,957** | **$ 44,974,862** | **$ (714,341)** | **(2%)** |
| **Expenditures:** | | | | | |
| **Water Supply Agreements:** | | | | | |
| COMB (Lake Cachuma Deliveries) | $ 3,544,206 | $ 2,571,260 | $ 3,171,094 | $ (373,112) | (11%) |
| CCRB (Water Rights) | 562,488 | 275,062 | 527,044 | (35,444) | (6%) |
| SB County (Cloud Seeding) | 0 | 454 | 32,858 | 32,858 | 100% |
| CCWA (State Water Deliveries) | 12,153,722 | 10,576,135 | 8,823,840 | (3,329,882) | (27%) |
| GSD (Recycled Water Production) | 715,000 | 714,084 | 715,000 | 0 | 0% |
| **Subtotal:** | **$ 16,975,416** | **$ 14,136,995** | **$ 13,269,836** | **$ (3,705,580)** | **(22%)** |
| **Personnel:** | | | | | |
| Wages, Benefits and Taxes | $ 10,218,110 | $ 11,050,236 | $ 11,404,846 | 1,186,736 | 12% |
| Other Post Employment Benefits | 517,419 | 507,296 | 562,245 | 44,826 | 9% |
| **Subtotal:** | **$ 10,735,529** | **$ 11,557,532** | **$ 11,967,091** | **$ 1,231,562** | **11%** |
| **Operations & Maintenance:** | | | | | |
| Water Treatment Costs | $ 705,580 | $ 670,486 | $ 713,000 | $ 7,420 | 1% |
| Water Treatment Testing | 279,626 | 332,404 | 311,100 | 31,474 | 11% |
| Insurance, Accounting & Auditing | 262,301 | 269,264 | 260,596 | (1,705) | (1%) |
| Maintenance & Equipment | 1,138,243 | 843,072 | 972,210 | (166,033) | (15%) |
| Legal | 1,014,600 | 2,244,067 | 1,014,600 | 0 | 0% |
| Services & Supplies | 4,129,668 | 2,963,879 | 3,425,753 | (703,915) | (17%) |
| Utilities | 735,128 | 425,755 | 536,870 | (198,258) | (27%) |
| **Subtotal:** | **$ 8,265,146** | **$ 7,748,927** | **$ 7,234,129** | **$ (1,031,017)** | **(12%)** |
| **Total Expenditures before Debt and CIP:** | **$ 35,976,091** | **$ 33,443,454** | **$ 32,471,056** | **$ (3,505,035)** | **(10%)** |
| Debt service | 3,543,113 | 3,544,166 | 3,654,221 | 111,108 | 3% |
| Capital Improvement Projects (CIP) | 6,170,000 | 4,665,000 | 7,770,000 | 1,600,000 | 26% |
| **Total Expenditures:** | **$ 45,689,204** | **$ 41,652,620** | **$ 43,895,277** | **$ (1,793,926)** | **(4%)** |
| **Designation to Reserves:** | **$ 0** | **$ 1,284,337** | **$ 1,079,585** | **$ 1,079,585** | |

** Compares FY 2021-22 Adopted Budget to FY 2020-21 Adopted Budget*

## FY 2021-22 Budget Key Initiatives




The FY 2021-22 Budget includes a portfolio of ongoing and new initiatives that, in combination, will meet District regulatory and critical needs while providing reliable water supplies. Together, these initiatives work to control factors within the District's discretion, while also planning and preparing for externalities beyond its control.

Key initiatives fall into three umbrella categories:

- Water Supply Reliability and Sustainability
- Resource Management and Stewardship
- Infrastructure Improvements and Planning

### *Water Supply Reliability and Sustainability*

In addition to actively managing water supplies consistent with its foundational water management documents, the District partners with the Cachuma Member Units and other Santa Barbara County water agencies to ensure the South Coast is meeting ongoing supply and regulatory needs. Effective planning for water supply losses resulting from drought or regulatory requirements requires collaborative regional approaches and partnerships as well as effective internal District planning.

#### *Changing Water Quality and Supply Conditions*

This Budget provides for critical water quality monitoring and enhanced treatment and operational changes to address a shifting balance of supply sources and flow rates from Lake Cachuma and the SWP. While challenges presented by the inflow of debris into Lake Cachuma from the 2016 Rey Fire, and the Whittier and Thomas fires in 2017 have abated, water quality at Lake Cachuma has proven sensitive to changing temperature and reservoir levels. Public outreach activities will continue to educate customers on both the status of the District's water supply, and challenges inherent to treating and delivering it. Key initiatives ensure the District can provide adequate water to the Goleta Valley for drinking, health and public safety into the future.

#### *Cachuma Project Supply and Water Rights*

The District continues to work with CCRB and USBR on issues related to the issuance of a Cachuma Project Water Rights Order and the National Marine Fisheries Service (NMFS) Biological Opinion Re-consultation. A final draft of Cachuma Water Rights Order was issued by the State Water Resources Control Board on September 17, 2019. USBR petitioned the State Water Resources Control Board to reconsider the order on October 16, 2019. To date, there has been no formal response to the petition for reconsideration. Meanwhile, CCRB works with USBR to assist

in providing information to inform USBR plans that must be submitted to the State under the latest released order. The District and its partners have performed extensive biologic and hydrologic modeling to inform the development of the Biological Opinion and continue to engage an advocacy strategy to protect Cachuma water supplies. Reconsultation on the current Biological Opinion has continued between USBR and the National Marine Fisheries Service (NMFS). Concurrently, the District is working with COMB to implement the existing Biological Opinion and Fish Management Plan for the continued protection of public trust resources and vital water supplies. The Cachuma Master Contract was extended by three years through September 30, 2023, and the Member Units continue to actively negotiate with USBR for a long-term contract extension that protects the District's short and long term water supply. Additionally, the District continues to work with the Cachuma Member Units, County of Santa Barbara and USBR to ensure that all Federal decisions, including annual water allocations, are informed and consistent with existing agreements.

## *Resource Management and Stewardship*

Successfully providing for the water and resource needs of the region requires coupling prudent financial management with innovative leadership. Investing in the most effective technology, appropriate financial programs, emergency response planning, and sustainable practices enables the District to provide the highest possible value to the community at the lowest cost.

### *Sustainability Plan Implementation*

At the end of FY 2020-21 the District will complete the sixth update to the Sustainability Plan Progress Report. Projects highlighted in the report include: the acquisition of battery storage for CDMWTP and the Ellwood reservoir through a California Public Utilities funded self-generation grant program serving disadvantaged communities affected by Public Safety Power Shutoffs; continued water quality treatment research and technology improvements to ensure the continued delivery of quality water to the community; the production of videos and website updates designed to keep customers informed about current water supply challenges. Several projects planned for the FY 2021-22 Budget are directly tied to the Sustainability Plan guiding principles, and will provide improvements needed to meet new regulatory requirements, while offering economic benefits in the form of reduced energy costs, minimizing impacts to natural resources, and supporting a healthy community.

### *Coordinated Energy Management*

Increased energy use as a result of the District's reliance on groundwater, and power costs associated with pumping create an opportunity to re-evaluate how the District is using power and how that cost can be offset. As the District embarks on a variety of energy efficiency and renewable energy projects, a dedicated effort is needed to enhance data tracking, identify specific performance metrics, implement appropriate automated controls and coordinate energy-related projects across District operations. Doing so will ensure the District has the tools necessary to minimize costs and overall energy usage, and enhance resource independence, particularly during

periods of peak demand. This initiative will implement the software and management processes necessary to ensure that project decision-making and operations can fully capture the benefits identified in the Sustainability Plan regarding District energy use.

*Technology Infrastructure Improvement*

Ongoing investment in maintaining and improving District technology is just as important to efficient service delivery as investing in water supply infrastructure. From finance, asset management, network security and data warehousing platforms to GIS and Supervisory Control and Data Acquisition (SCADA) programs, the District will continue to establish a robust technology backbone to ensure ongoing delivery of safe, reliable and cost-effective water supplies.

Investment in technology provides real-time system management to react to unanticipated supply and demand changes.

Investment in technology provides for the real-time system management needed to react to unanticipated supply and demand changes, especially when the District is drawing on its diverse water supply. The ability to monitor and control the system from a centralized location, and coordinate treatment and distribution across a complex system of assets that includes nine groundwater production wells, the CDMWTP, and the recycled water system, is critical. Sustaining continuous water system operations is highly dependent upon the ability to carefully and strategically coordinate sequencing of the numerous motors, pumps, valves and appurtenances that enable water delivery throughout the community as well as ensure increased energy efficiency, reduced maintenance costs, minimization of unanticipated interruptions and abnormal wear, and prevention of serious health and safety issues.

*Infrastructure Improvements and Planning*

The District distribution system includes approximately 270 miles of pipelines, 6,000 valves, 1,500 fire hydrants, 17,000 meters and more than 30,000 appurtenances. The ages and materials of District facilities vary greatly and, in turn, so does the current condition and failure risk associated with these facilities. Aging infrastructure presents increased maintenance and replacement costs. The FY 2021-22 Budget continues to prioritize projects that maintain system reliability for treatment and distribution.

Some of the Infrastructure Improvement Projects planned for FY 2021-22 include:

- $1.0M in upgrades to the District's SCADA system, including developing specifications and selecting a designer-installer, as well as designing and constructing new radio systems and antennae.
- $2.0M dedicated to pipeline projects, including transmission main creek-side erosion mitigation, repairs to exposed pipeline creek crossings, and replacing inoperable components.
- $1.4M for treatment, storage and pumping to replace inoperable chlorination and treatment equipment, pumps, motors, reservoir and recycled water system components, and complete construction of the Corona Reservoir pump station
- $2.0M for the Corona Del Mar Water Treatment Plant and water quality improvements.

## A Look to the Future

The FY 2021-22 Budget recommends expenditures based on prioritized District needs, goals and objectives, and anticipated external costs. By building on comprehensive analyses of factors such as the economy, weather, customer use trends, and infrastructure needs, the Budget provides a roadmap for preparing and addressing the ongoing needs of the community in the coming fiscal year.

Even the most effective forecasting cannot anticipate the effect of uncontrollable circumstances on revenues and expenditures and the ability to provide safe, cost-effective, sustainable water supplies to the community. As the unprecedented COVID-19 pandemic has illustrated, there are a number of externalities that could affect the District by increasing expenditures but whose timing cannot be anticipated with certainty. By managing expenditures within the District's control, mitigating risk from external sources, and planning for the impacts of uncontrollable costs, the FY 2021-22 Budget maximizes the ability to respond to external circumstances while minimizing impacts to customers.

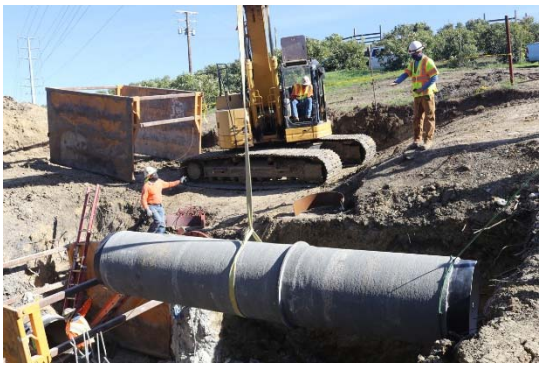
Examples of current issues facing the District include:

- Continued uncertainty around the COVID-19 pandemic and the effect it may continue to have on demand, revenue, and operations introduce an element of uncertainty. The economic recovery is likely to be uneven, with some businesses and sectors returning to normal while others may struggle to recover. Remote work and schooling, if they extend beyond the pandemic in large numbers, could shift water usage between customer classes in ways not yet fully anticipated. Even with vaccines, the ongoing health and wellness of the workforce remains a priority as the ability of licensed employees to report for duty and operate the District's water systems safely and effectively is critical.
- As dry conditions and below average rainfall continue for a second year, uncertainty around the potential for future drought conditions that could impact Lake Cachuma operations remain. While a barge is not currently needed to pump water to elevation for delivery through the Tecolote Tunnel, severe drought conditions could require its reinstallation in the future. Maintaining delivery capabilities via a pumping station is critical to ensuring surface water supplies are available to the community when they are most needed.
- Conditions in the Goleta Groundwater Basin are dynamic and changing. The basin also faces potential threats to water quality similar to many urbanized basins throughout California. Seawater intrusion, agricultural and urban runoff, salts and nutrients, and over-pumping are examples that can have detrimental effects on the quality and quantity of water available from an underground basin. The potential for impacts associated with climate change can only further exacerbate these issues. The provisions of the 1989 Wright Judgment and 1991 SAFE Ordinance, together with the District Groundwater Management Plan, provide a framework for maintaining reliable groundwater supplies from the Goleta Basin. The increased reliance on groundwater has made the stewardship and management of the groundwater basin a major priority. The District has responded by investing in its groundwater model and monitoring program to better inform daily well operations and basin-related capital planning, consistent with recommendations in the District's Groundwater Management Plan.
- The final Cachuma Project State Water Rights Order, issued on September 17, 2019, and anticipated action on the Federal Biological Opinion Reconsultation during FY 2021-22 may significantly affect availability of Cachuma Project water supplies for the Cachuma Member Agencies. The District will continue its ongoing partnership with Cachuma Member Agencies to implement proactive scientific, advocacy, and legal strategies to protect Cachuma water supplies and plan for all potential outcomes.

- SWP supplies continue to face threats from a variety of sources, potentially resulting in increased costs and reduced availability and reliability. Damage to the Oroville facilities resulting from the 2017 storms in Northern California will require assessments to pay for repairs that will be made in future years. State negotiations to develop a Delta Conveyance Project and the associated necessary contract amendments to the State Water Contracts may result in significant additional pass-through costs for State Water supplies from DWR. The State Water Contractors and DWR are continuing to negotiate terms for project costs and participation. Additionally, the loss of supplies because of drought, regulatory requirements, or a considerable failure of the Delta or conveyance infrastructure as a result of a natural disaster, could appreciably curtail supplies available to the region. Ongoing efforts to secure local supplies and encourage efficient water use within the service area help reduce the District's dependence on expensive imported supplies.

- The aging Cachuma Project infrastructure, including Bradbury Dam, the Tecolote Tunnel, and the South Coast Conduit, poses significant financial and water supply risks to the Cachuma Member Agencies. Collectively, the Cachuma Member Agencies are financially responsible for the costs associated with Cachuma infrastructure and any investment needed in response to unexpected infrastructure failure.

- Having provided water service to the community for over 75 years, the risk that aging infrastructure will fail increases. The condition of facilities varies widely based on their age, materials, and exposure to environmental conditions, leaving the system vulnerable to failures and inefficiencies. For example, the recycled water distribution system has experienced significant pipe corrosion, leaving the recycled water lines vulnerable to leaks, breaks and failures. The FY 2021-22 Budget includes the minimum funding necessary to allow the District to respond to system failures and minimize the effects of such events. It does not include funding for proactive replacement.



- The District is firmly committed to meeting and exceeding state and federal regulatory requirements including water quality, environmental review and habitat mitigation, workplace safety, and electrical safety standards, among many others. These requirements change as state and federal legislators and regulators enact new requirements, and become more difficult to meet in the face of changing environmental and climate conditions. In order to ensure ongoing compliance and minimize the impact of costly regulatory changes, the District works with its state and federal partners to monitor regulatory and legislative action and adjusts operations, projects and programs accordingly.

By identifying, understanding and planning for these external risks, the District can limit its exposure, exert authority to influence outcomes, and effectively prepare for the ongoing water resource needs of the region while managing future costs and providing reliable service.

# SECTION II – REVENUE and TRANSFERS

## Introduction

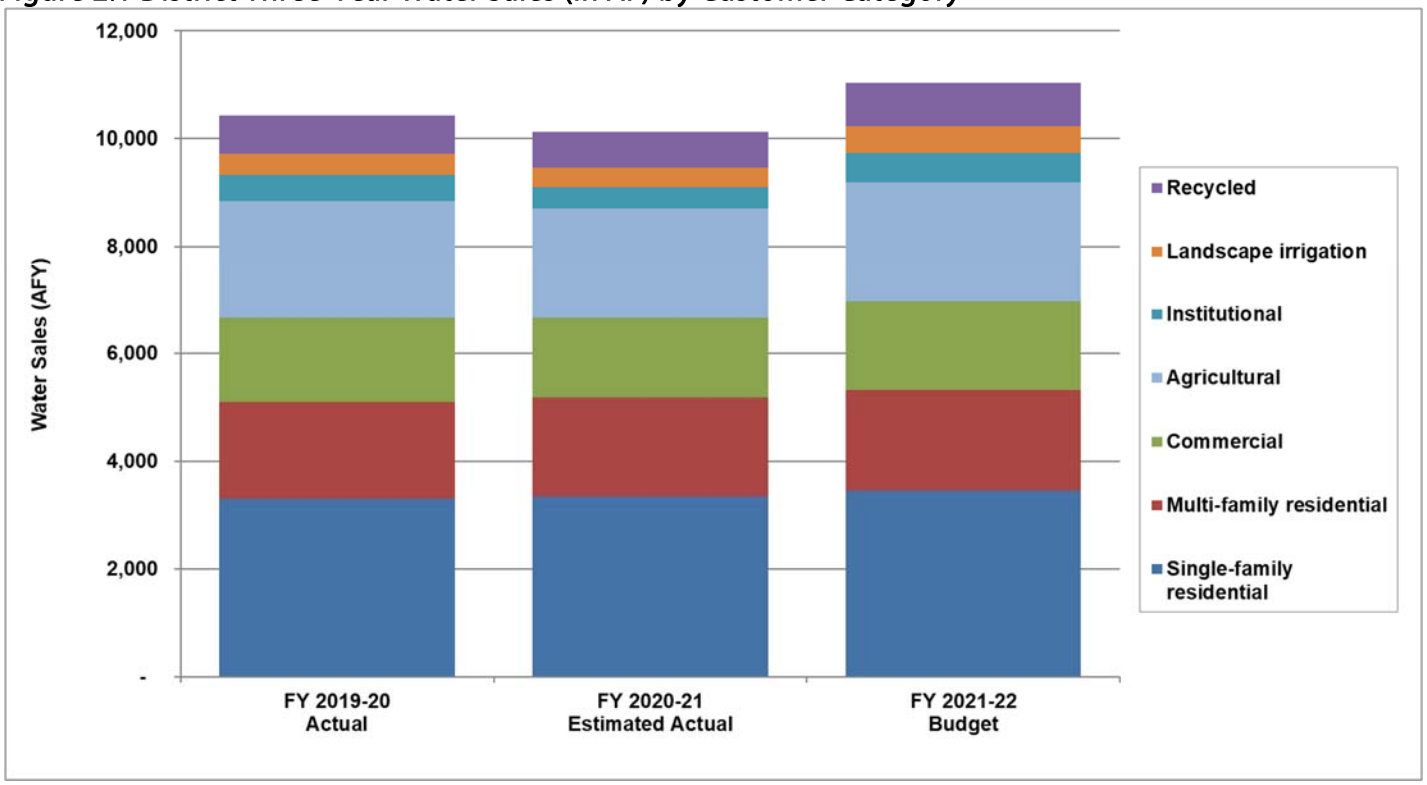
The District provides water service to approximately 17,000 customer accounts in several customer categories: Single Family Residential, Urban (Multi-Family Residential, Commercial, Institutional, and Landscape Irrigation), Agricultural, and Recycled. Other connections include Fire Service Lines, which are not used for normal delivery of potable water and are excluded from revenue projections.

The District receives 98% of its revenue from monthly charges for water service consisting of Water Sales (67%) and Fixed Meter Service Charges (31%). Water Sales, or consumption-based charges, are based on the actual water delivered to each customer, measured in increments of one hundred cubic feet (HCF) or 748 gallons. Fixed Meter Service Charges, or monthly service charges, represent a percentage of each customer's portion of the fixed costs associated with operating and maintaining the water distribution system. These charges are assessed monthly and are based on the size of the water meter, which can range from 5/8 inch to ten inches. For customers with 5/8 inch or 3/4 inch meters, these charges also depend on monthly water consumption.

Revenue from Water Sales and Fixed Meter Service Charges are a function of total water sales volume, the number of active service connections at each meter size, and water rates. The rates for each customer category are based on the cost of providing service to that customer category and how much water each customer category uses. The District offers tiered rates to Single Family Residential customers to incentivize conservation (discussed further in the Water Supply & Conservation Section in the Appendix), therefore, conservation by Single Family Residential customers determines the rate they will be charged. Rates for Agricultural, Recycled, and Landscape Irrigation customers all vary based on the unique characteristics of serving the respective customer category.

Water use behaviors among customer classes can vary significantly, but generally, prevailing weather is the primary factor affecting water usage throughout the District. Figure 2.1 illustrates the proportion of total water use by each customer category over a three year period.

Figure 2.1 District Three-Year Water Sales (in AF) by Customer Category



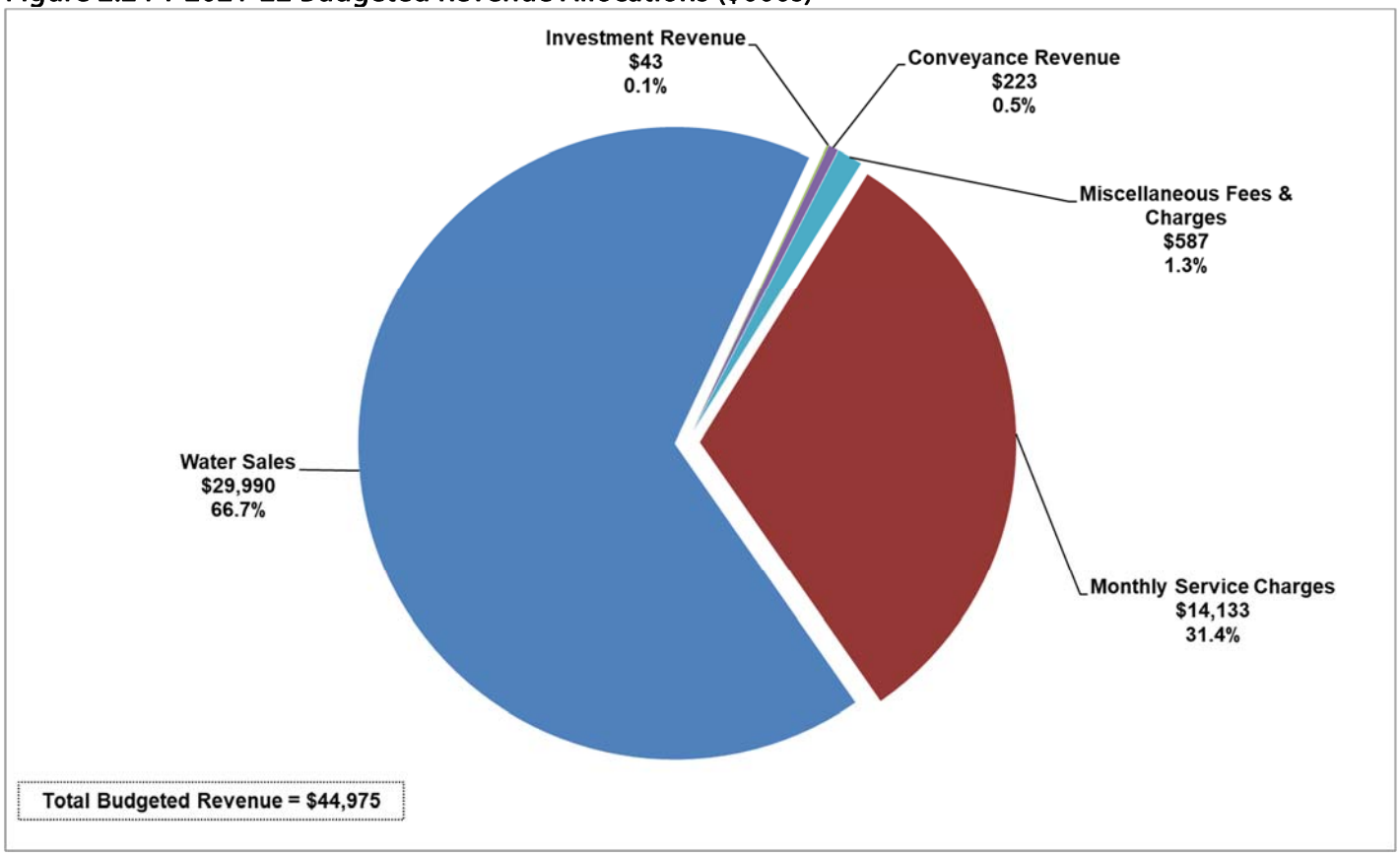

The amount of revenue the District receives from Water Sales varies from year to year, and for each customer category. While District demand analyses are ongoing and periodically updated with the latest data, this year-to-year variation demonstrates the inherrent degree of uncertainty in making projections. Table 2.1 summarizes the year-over-year variance in budgeted revenue. Figure 2.2 shows the relative proportion of each source of revenue to the total annual Budget.

Table 2.1 FY 2021-22 Budgeted Revenue versus FY 2020-21 Budget

| Category | Adopted Budget FY 2020-21 | Estimated Actual FY 2020-21 | Adopted Budget FY 2021-22 | Variance Analysis * $ Higher / (Lower) | Variance Analysis * % Higher / (Lower) |
|---|---|---|---|---|---|
| **Revenue:** | | | | | |
| Monthly Service Charges | $ 12,597,042 | $ 12,384,996 | $ 14,133,441 | $ 1,536,399 | 12% |
| Water Sales | 27,911,254 | 27,285,759 | 29,989,620 | 2,078,366 | 7% |
| Investment Revenue | 40,808 | 51,303 | 42,500 | 1,692 | 4% |
| Conveyance Revenue | 205,058 | 227,964 | 222,686 | 17,628 | 9% |
| Miscellaneous Fees & Charges | 488,100 | 866,601 | 586,615 | 98,515 | 20% |
| **Total Revenue** | **$ 41,242,262** | **$ 40,816,623** | **$ 44,974,862** | **$ 3,732,600** | **9%** |

** Compares FY 2021-22 Adopted Budget to FY 2020-21 Adopted Budget*

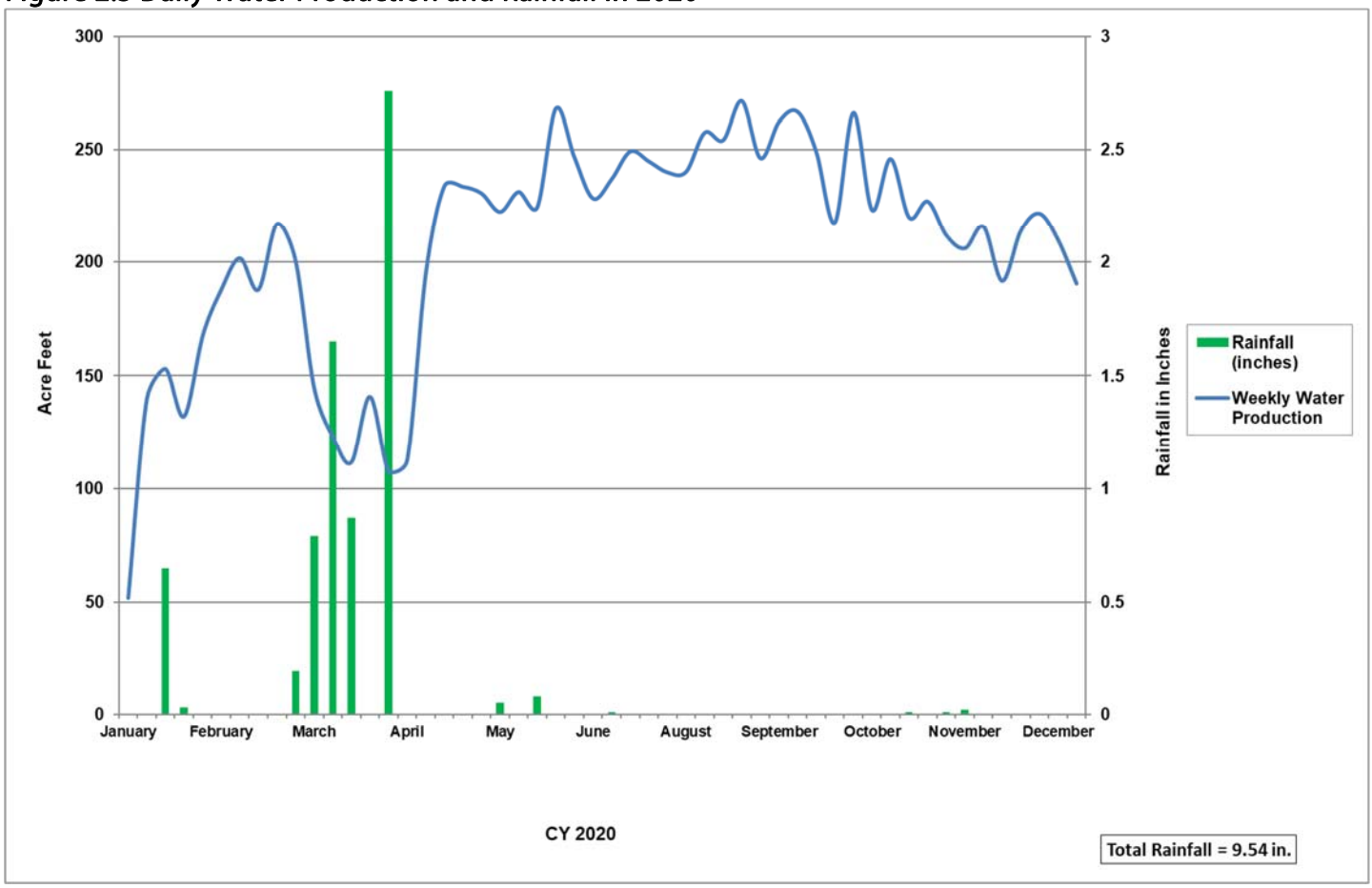
Figure 2.2 FY 2021-22 Budgeted Revenue Allocations ($000s)




District revenue forecasts are developed using recent data about how several key factors will likely influence customer demand in the upcoming year. The primary influencing factors include: 1) weather; 2) observed customer behavior; 3) rate adjustments; and 4) new service connections. The combined effect of these four factors determines the year-over-year change in water use shown in Figure 2.1, as well as the proportion of total water used by each customer category. The ongoing COVID-19 pandemic and its direct impacts to regional mobility and the broader economy add an additional layer of uncertainty to demand projections and revenue forecasts for FY 2021-22.

Weather is traditionally the biggest factor driving water use, as it has a significant affect on outdoor irrigation. District data shows that periods of low water use strongly correlate with wet months, and increased usage with dry hot periods. To increase the accuracy of revenue projections and account for the influence of the weather on water use, the District modeled and analyzed historical water production and customer usage data spanning a 25-year period (1990-2014). The analysis calculated the relative percentages of indoor and outdoor water uses among three customer classes: Single-Family Residentail, Multi-Family Residential, and Commercial. The results showed that, on average, approximately 48% of total potable water in the District is for indoor use, and 52% is attributable to outdoor use. This finding is evident in Figure 2.3 which overlays District water production with rain events. As the figure shows, water production (blue line) declines noticeably after each rain event (green line), particularly in the cooler months.

**Figure 2.3 Daily Water Production and Rainfall in 2020**




Understanding the behavioral water use characteristics of each customer category is also critical to accurately projecting monthly revenue. Behavior varies across categories and seasons; however, less variability has been observed system-wide over the last five years because of significant and sustained reductions in outdoor irrigation and hightened water conservation by customers that has continued even after the end of the drought. Illustrating the relationship between weather conditions and customer water use, the drought significantly altered water use patterns across all customer categories. At the start of the drought, ongoing warm and dry conditions drove customer demand higher, particularly among Single-Family Residential and Agricutural customers using water to irrigate crops and landscaping. However, in response to escalating drought conditions and the declaration of a Stage II and Stage III Water Shortage Emergency by the District in 2014 and 2015, system-wide demand dropped by nearly 30% compared to 2013, as did corresponding District revenue. Even after the drought ended in 2019, customer usage remains 20% below the historical average.

Use reduction is largely due to changes in irrigation habits, and the fact that many customers have taken measures to permanently reduce water use such as installing water-efficient fixtures and appliances, replacing turf with drought-tolerant landscaping, or incorporating greywater systems on their properies. This kind of baseline conservation leads to demand hardening by permanently reducing water use. Given this overall trend of conservation and sustained decrease in water use across all customer classes, as well as uncertainty related to the COVID-19 pandemic, the revenue forecast remains conservative.

Even with an 11% rate increase on July 1, 2021, demand is not expected to be adversely affected since water use remains relatively low as a result of persistent demand hardening and conservation by the District's customers. With the scheduled rate change, the Monthly Service Revenue for FY 2021-22 is projected to be $14.1M, a 12% increase from FY 2020-21 resulting primarily from a small shift in the number of residential customers qualifying for a higher tiered monthly charge. This is offset by an anticipated 7% increase in Water Sales revenue for FY 2021-22 of $30.0M that anticipates higher water use increases in the agricultural customer group (which pays a lower per HCF rate) and a decrease in consumption for urban customers. See additional discussion for both the Monthly Service Charge and Water Sales revenues in their respective sections below.

New service connections projected to be completed in the coming fiscal year also affect revenue forecasts. However, New Water Supply Charges are not expected to influence revenue in FY 2021-22 because of the continued temporary prohibition on new water allocations under the voter-approved SAFE Water Supplies Ordinance. This temporary prohibition became effective October 1, 2014, and even with the end of the Water Shortage Emergency will remain in effect until the necessary conditions identified in the SAFE Ordinance to lift the restrictions on new water entitlements are met. Some new connections are permitted for projects on properties with past or existing water use (water credits) or projects that obtained a water allocation before the moratorium.

Projected changes in revenue from Investments, Conveyance and Miscellaneous Fees and Charges are not expected to materially impact District finances in FY 2021-22.

Budgeted Revenue in FY 2021-22 is $44.97M, an increase of $3.7M (9%) from the FY 2020-21 adopted Budget.

## Monthly Service Charge Revenue

All active water service connections pay a Monthly Service Charge based on the size of the connection that funds the customer's portion of the fixed costs of operating and maintaining the water distribution system. With the current rate structure and customer demand projections in FY 2021-22, approximately 31% of total District revenue will come from the Fixed Meter Service Charge. Approximately 82% of District connections are 3/4 inch or 5/8 inch meters, which carry the lowest volume of water and are charged the lowest monthly rates. Other meter sizes range from one to ten inches according to the customer's actual water needs. For example, large agricultural and commercial customers consume significantly more water than Single Family residences, and as such, require larger meters.

Tiered Monthly Service Charges based on total monthly consumption apply to all District customers with 5/8 inch or 3/4 inch meters, providing a price incentive for conservation. Customers who use up to 6 HCF in a month pay the Tier 1 meter charge; customers who use between 7 and 12 HCF in a month pay the Tier 2 meter charge, and customers who use over 12 HCF in a month pay the Tier 3 meter charge. The charge can vary month-to-month for each customer based on consumption. The conservation tiers can affect both the monthly service charge as well as water consumption related charges. For example, 14,234 customers with 5/8" or 3/4" meters can qualify

for lower monthly service charges by reducing water use. For FY 2021-22 it is anticipated that 47% of meter charges for these customers will qualify for Tier 1, 43% will qualify for Tier 2, and 10% will qualify for Tier 3 – with residential customers more likely to qualify for conservation pricing than commercial customers. Table 2.2 shows how many customers with small meters qualify for each tier, on average. Customers with one inch or larger meters are not eligible for tiered pricing for their Fixed Monthly Service Charge.

**Table 2.2 Monthly Service Connections by Tier for Small (5/8 inch and 3/4 inch) Meters**

| | TIER | | | |
|---|---|---|---|---|
| Customer Category | Tier 1 | Tier 2 | Tier 3 | Total |
| Single Family Residential | 5,530 | 5,423 | 1,234 | 12,187 |
| Multi-Family Residential | 603 | 354 | 158 | 1,115 |
| Commercial | 440 | 285 | 116 | 841 |
| Landscape Irrigation | 77 | 14 | 30 | 121 |
| Recycled Water | 4 | 2 | 3 | 9 |
| **Total Connections:** | **6,654** | **6,078** | **1,541** | **14,273** |

Table 2.3 shows the number of connections by size within each customer category that are expected to be active by July 1, 2021, excluding vacant accounts and new service connections expected to come online during the year.

**Table 2.3 Types and Number of District Customer Connections**

| | Meter Size | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Customer Category | 5/8-3/4" | 1" | 1 1/2" | 2" | 3" | 4" | 6" | 8" | 10" | Total |
| Single-family residential | 12,187 | 1,129 | 52 | 45 | - | - | - | - | - | 13,413 |
| Multi-family residential | 1,115 | 333 | 214 | 136 | 7 | 14 | 12 | 2 | - | 1,833 |
| Commercial | 454 | 204 | 123 | 221 | 3 | 9 | 9 | 3 | 2 | 1,028 |
| Agriculture | 4 | 19 | 20 | 114 | 5 | 4 | 1 | - | - | 167 |
| Institutional | 2 | - | - | 2 | - | - | 1 | 1 | 1 | 7 |
| Landscape irrigation | 121 | 77 | 56 | 34 | 3 | 3 | - | - | - | 294 |
| Recycled | 9 | 3 | 5 | 9 | 5 | 4 | 10 | 2 | - | 47 |
| Fire | 381 | 44 | 45 | 14 | - | - | - | - | - | 484 |
| **Total Connections:** | **14,273** | **1,809** | **515** | **575** | **23** | **34** | **33** | **8** | **3** | **17,273** |

Table 2.4 shows Monthly Service Charge revenue by customer category and the key influencing factors previously discussed. The Behavioral & Tiering Changes category includes revenue adjustments stemming from changes in meter size, and the impact of customers with small meters qualifying for lower or higher tiers because of estimated monthly consumption.

**Table 2.4 FY 2021-22 Budgeted Monthly Service Charge and Influencing Factors**

| | | Influencing Factor | | | | |
|---|---|---|---|---|---|---|
| Customer Category | FY 2020-21 Budget Baseline Revenue | New Development | Rate Change | Behavioral / Tiering Changes | Net Incr. / (Decr.) | FY 2021-22 Budgeted Monthly Service Charge |
| Single-family residential | $ 6,038,112 | $ - | $ 664,192 | $ 557,650 | $ 1,221,842 | $7,259,955 |
| Multi-family residential | 2,739,162 | - | 301,308 | (395,100) | (93,792) | 2,645,371 |
| Commercial | 2,109,943 | - | 232,094 | (84,237) | 147,856 | 2,257,799 |
| Agriculture-Urban | 417,073 | - | 45,878 | 18,334 | 64,212 | 481,285 |
| Agriculture-Goleta West Conduit | 133,659 | - | 14,702 | 10,343 | 25,046 | 158,705 |
| Institutional | 158,654 | - | 17,452 | 10,617 | 28,069 | 186,723 |
| Landscape irrigation | 439,000 | - | 48,290 | (5,244) | 43,046 | 482,046 |
| Recycled | 515,610 | - | 56,717 | 18,495 | 75,212 | 590,822 |
| Fire | 45,828 | - | 5,041 | 19,866 | 24,907 | 70,735 |
| **Total:** | **$ 12,597,042** | **$ -** | **$ 1,385,675** | **$ 150,724** | **$ 1,536,399** | **$ 14,133,441** |

Total Fixed Monthly Service Charge revenue is forecast to increase by $1.5M, or 12% including an 11% rate increase.

## Water Sales

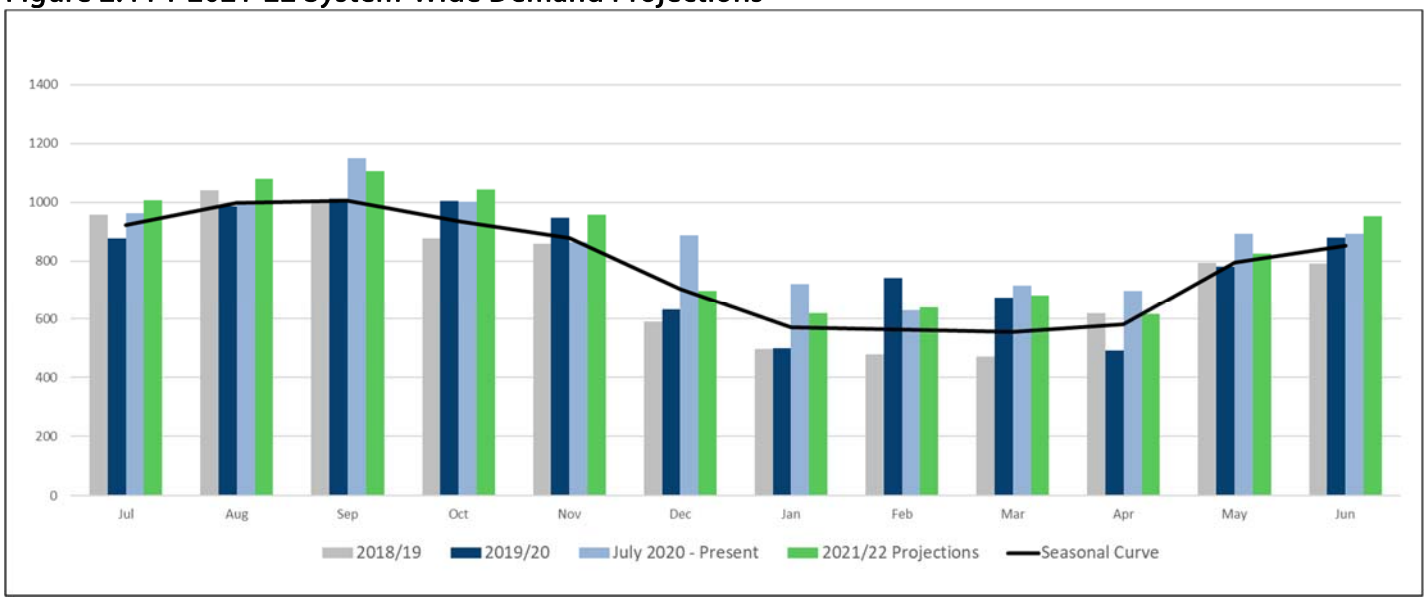
The largest source of District revenue is Water Sales (67%), billed according to the actual volume of water consumed by the customer. The District has distinct water rates for each customer category, which account for the unique factors and costs involved in providing their water service. The volume of water used across customer categories can vary significantly given the widely divergent dynamics associated with each type of customer. For example, historic water production data provides evidence that some District customers are highly responsive to weather conditions, as discussed above (see Figure 2.3). Large swings in usage are particularly common among customers with significant outdoor agricultural or landscape irrigation, and can influence District water sales considerably. This variability in customer water demand throughout the year produces similar cashflow patterns, the timing of which must be incorporated into expenditure plans. Conservation, weather patterns, seasonal variability, rate tiers, and the amount of indoor use versus outdoor use for landscaping or agriculture must all be considered in forecasting water sales for the coming year.

After a second consecutive year of low precipitation statewide, the State Water Resources Control Board (SWRCB) announced in the spring of 2021 that 95% of California is experiencing moderate to exceptional drought conditions. State reservoirs and the Sierra snowpack they depend on are both below average levels. Locally, the Goleta Valley received nearly half of normal rainfall this year, and Lake Cachuma received no inflow over the winter. While statewide and local drought conditions are not expected to significantly affect District water supplies this fiscal year, ongoing warm and dry weather following another dry winter is expected to drive demand higher in FY 2021-22.

Given these conditions Water Sales volume projections for FY 2021-22 were developed using a customer demand analysis of recent trends for each customer category. A five-year average benchmark was included for comparison purposes, then seasonal variability was layered over usage trends to account for any observed demand anomalies. Additionally, to acount for two years of low precipitation and recent announcements by the State, the District further refined its demand projections to reflect anticipated changes in demand given potential drought conditions and the most recent consumption trends. This kind of detailed analysis allows the District to forecast otherwise unpredictable demand as accurately as possible.

Figure 2.4 shows seasonal system-wide potable and west conduit water usage variations for recent years and the projected 2021-22 budget year. A short discussion about the water use characteristics of each customer category and how they inform water sales projections follows.

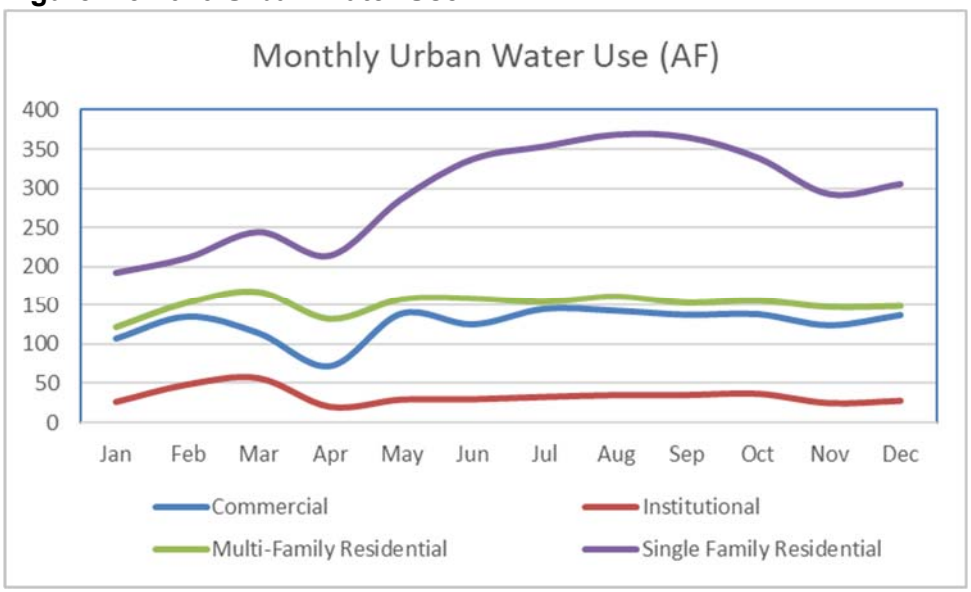
**Figure 2.4 FY 2021-22 System-Wide Demand Projections**




*Urban Water Use*

Urban water use accounts for approximately 75% of total District demand, and urban users have a lower ratio of indoor to outdoor water use than irrigation customers. Residential indoor consumption can generally be characterized by routine household water use, including toilet flushing, showers, clothes-washing, and dishwashing. Factoring in the regional median household size of 2.64, the average single-family household in the District uses approximately 9 HCF (6,732 gallons) per month for basic health and sanitation. Water usage in excess of this base indoor amount can reasonably be attributed to outdoor use, which fluctuates throughout the year based primarily on weather patterns. Given the variety of lot sizes, types of landscaping, efficiency of irrigation systems, and irrigation habits, outdoor water use can also vary significantly across residential households. Single Family Residential consumption alone could vary as much as 100% during summer months compared to the cooler winter months. This larger variation in seasonal water use is evident when compared to other urban customer categories, and reflected in Figure 2.5.

**Figure 2.5 2020 Urban Water Use**

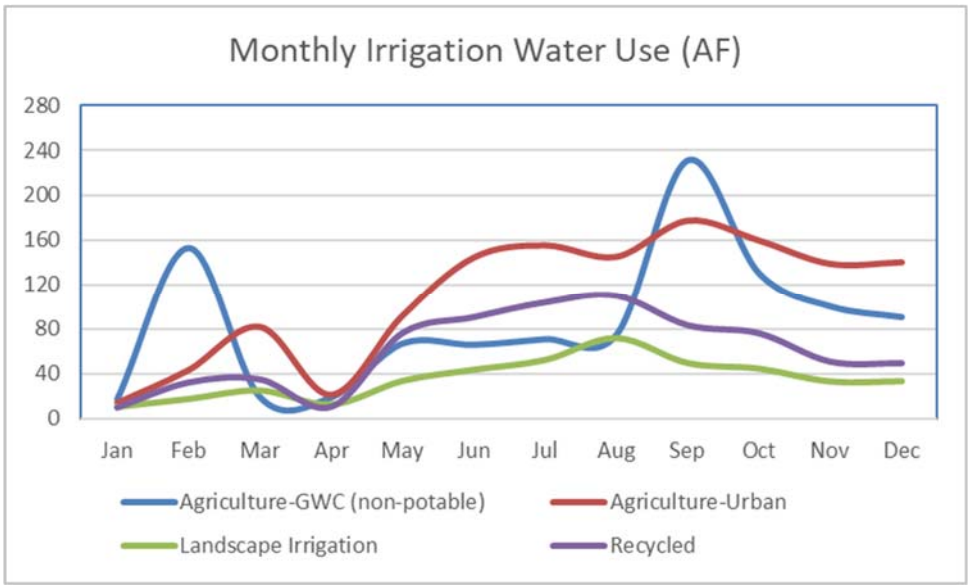



In forecasting the amount of revenue attributable to Water Sales for Single-Family Residential customers, the District's tiered rates must also be considered. The first six (6) HCF of Single Family Residential water use each month make up the low-tier, and cover basic indoor usage for the average District household. A mid-tier rate applies for the next 6 HCF of use each month. This means that customers with an average summer use of 12 HCF per month pay either a low or mid-tier rate throughout the year. The highest rate applies to all use above 12 HCF per month. The differing tiers affect both water consumption-related charges as well as the monthly service charge. As a result of the tiering rate structure, an incremental usage change in Tier 3 will have a larger revenue impact. For example, the District will net a decrease in revenues with higher usage when five Tier 1 customers each increase usage by 1 HCF (at $5.79/HCF) offset against one Tier 3 customer using 5 HCF less (at $9.96/HCF). For FY 2021-22 it is anticipated that 47% of Single Family residential water use will be within Tier 1, 43% will be in Tier 2 and 10% will be in Tier 3.

Rates for all other urban customers are uniform with the same charge applying to each unit of water consumption. Multi-Family Residential customers include high-density student housing in the Isla Vista community, retirement communities, and apartment buildings. Consumption behaviors within this category can vary significantly from customer to customer. The largest indicators of Multi-Family Residential water use are the number of units within a complex and the number of people per household. Multi-Family Residential, Commercial and Institutional water use is driven less by weather than the academic calendar and move-in/move-out schedules associated with the local colleges. Since the vast majority of use among Multi-Family Residential, Commercial, and Institutional water use is indoors, water use is relatively steady throughout the year and exhibits only modest seasonal variation. For example, total consumption for Multi-Family Residential customers with high baseline indoor use varied only 35% between the lowest use month (123 AF in January) and the highest use month (167 AF in March) in 2020. In comparison, the variance for Single Family Residential customers was 92% between the lowest and highest months in 2020. Water use being primarily indoors reduces seasonal variability, thereby increasing the predictability of usage patterns and reliability of revenue forecasts for these customer categories.

*Irrigation Water Use*

**Figure 2.6 2020 Irrigation Water Use**




For the customer categories that use water primarily or exclusively for outdoor irrigation, seasonal water consumption varies considerably. As reflected in Figure 2.6, water production generally increases with warm dry weather conditions as customers rely on water provided by the District. During the fall, winter, and spring months water demand is significantly reduced as cooler temperatures and appreciable rainfall mean landscapes and agriculture need less irrigation. Customer categories with high seasonal variability include potable, non-potable and recycled water use by agriculture and landscape irrigation customers. Rates for these customers all vary based on the unique characteristics of serving each respective customer category. Combined, these customer categories account for 33% of total annual District water use, with about 67% of that usage attributable to agricultural customer accounts. Approximately 4,000 acres in the District's 29,000 acre service area (14%) are used for agricultural activities. Irrigation of crops, nurseries, and pastures comprises 90-95% of total water use for these customer classes, with a small portion used for domestic purposes. Water used to meet basic health and safety needs at residences on agricultural properties comprises approximately 5-10% of agricultural water use in a normal year.

Influencing agricultural demand are the climate, the timing and amount of rainfall, temperature fluctuations, humidity, sunshine, wind, and individual farming practices, leading to highly variable water use. Figure 2.6 illustrates these seasonal water use patterns with Urban Agriculture using 177 AF in September 2020, or more than 12.6 times the 14 AF of use recorded in January. Furthermore, dry warm temperatures and lack of significant rainfall for an extended period can drive up water demand annually. For example, in 2014, a year in which the Goleta Valley experienced record warm temperatures and dry conditions, agricultural water use in the District was 4,400 AFY, which represented over 32% of total District water use, compared with 2011 (a wet year), in which agricultural water use was 2,150 AFY, or 18% of total demand. This represents a 100% swing in year-over-year water use, influenced primarily by prevailing weather conditions. A slight increase in the number of acres reported as being under production also helped account for this difference.

Since outdoor irrigation is significantly affected by the climate (evapotranspiration, precipitation, etc.), usage by these categories is driven to a much greater degree by seasonal weather conditions, making demand difficult to predict and complicating revenue projections. An above average year of rain, an unusually dry year, or rain events in months that are typically dry can influence water sales significantly for these categories. For example, potable water use for irrigation decreased by approximately 40% in 2017, an above-average rain year, compared to an average year. Notably, as use is not primarily for health and safety needs, there is a greater opportunity for water conservation among irrigation customers since changes in irrigation practices can significantly reduce usage.

*Water Sales Summary*

Given the overall trend of conservation and the sustained decrease in water consumption across all customer classes, forecasted revenue from water sales remains conservative. The District is projecting similar monthly distribution of usage by customers as was observed in FY 2020-21, with minor adjustments to account for extreme weather events and consumption anomolies. Tables 2.5 and 2.6 summarize water use and revenue projections that have been developed for FY 2021-22. Water Sales are projected to increase by $2.1M primarily as a result of rate increases.

**Table 2.5 FY 2021-22 Budgeted Water Use by Customer Category (in AF)**

| | | Influencing Factor | | | |
|---|---|---|---|---|---|
| Customer Category | FY 2020-21 Budgeted Water Use | New Development | Behavioral / Tiering Changes | Net Incr. / (Decr.) | FY 2021-22 Budgeted Water Use |
| Single-family residential | 3,418 | - | 35 | 35 | 3,453 |
| Multi-family residential | 2,033 | - | (170) | (170) | 1,863 |
| Commercial | 1,605 | - | (595) | (595) | 1,010 |
| Agriculture-Urban | 1,088 | - | 122 | 122 | 1,210 |
| Agriculture-Goleta West Conduit | 937 | - | 724 | 724 | 1,661 |
| Institutional | 612 | - | (59) | (59) | 553 |
| Landscape irrigation | 413 | - | 65 | 65 | 478 |
| Recycled | 732 | - | 70 | 70 | 802 |
| Fire | - | - | - | - | - |
| **Total:** | **10,837** | **-** | **192** | **192** | **11,029** |

**Table 2.6 FY 2021-22 Budgeted Water Sales Revenue and Influencing Factors**

| | | Influencing Factor | | | | |
|---|---|---|---|---|---|---|
| Customer Category | FY 2020-21 Budget Baseline Revenue | New Development | Rate Change | Behavioral / Tiering Changes | Net Incr. / (Decr.) | FY 2021-22 Budgeted Water Sales Revenue |
| Single-family residential | $ 10,573,307 | $ - | $ 1,163,064 | $ 396,706 | $ 1,559,770 | $ 12,133,076 |
| Multi-family residential | 6,349,454 | - | 698,440 | (198,738) | 499,702 | 6,849,157 |
| Commercial | 5,008,001 | - | 550,880 | (2,057,872) | (1,506,992) | 3,501,009 |
| Agriculture-Urban | 1,113,647 | - | 122,501 | 139,541 | 262,042 | 1,375,689 |
| Agriculture-Goleta West Conduit | 779,756 | - | 85,773 | 675,453 | 761,226 | 1,540,982 |
| Institutional | 1,911,115 | - | 210,223 | (203,154) | 7,069 | 1,918,183 |
| Landscape irrigation | 1,366,082 | - | 150,269 | 241,484 | 391,753 | 1,757,835 |
| Recycled | 806,593 | - | 88,725 | 13,642 | 102,367 | 908,960 |
| Fire | 3,300 | - | 363 | 1,065 | 1,428 | 4,728 |
| **Total:** | **$ 27,911,254** | **$ -** | **$ 3,070,238** | **$ (991,873)** | **$ 2,078,365** | **$ 29,989,620** |

## Other Revenues & Transfers

### *New Water Supply Charges (NWSC)*

The NWSC applies to customers requesting new or expanded water service. NWSC payments benefit existing customers by ensuring new or expanded development pays a fair share to utilize the pre-existing customer-funded infrastructure. Although the amount of new water required from year to year varies depending upon economic factors and project completion schedules, the average annual allocation over the last 15 years has been 26 AF, which equates to less than .5% of normal annual demand. The Budget typically considers specific projects currently in the application process, their historic water allocations, and local economic factors to identify projects likely to remit NWSC fees.

The FY 2021-22 Budget forecasts no revenue from NWSC payments for new potable water allocations because of the moratorium on new service applications under the SAFE Water Supplies Ordinance. Further, no new recycled water connections are anticipated.

### *Investment Revenue*

The investment policies and practices of the District are based on California Government Code provisions that regulate the investment of public funds and prudent portfolio management. Chapter 4.08 of the Goleta Water District Code establishes investment objectives as being, in priority order, Safety, Liquidity and Diversification. For FY 2021-22, District cash balances will be invested in the California Local Agency Investment Fund (LAIF), a pooled money investment vehicle projected to yield about 1% annually, producing approximately $42.5K in investment revenue. Investment Revenue is projected to increase by $1.7K or 4% in FY 2021-22.

### *Conveyance Revenue*

Conveyance revenue is collected from several local businesses and developments that own water rights but not the treatment or distribution facilities needed to deliver their water. The District entered into agreements with these customers to convey these water supplies at a per-acre-foot rate. Conveyance Revenue budgeted for FY 2021-22 is $223K.

### *Miscellaneous Fees and Charges*

The District receives revenue in the form of fees and charges from various sources, including delinquent accounts, backflow inspection, application and initiation fees, connection fees, cell tower site rentals, hydroelectric power generation sales, and customer reimbursable projects. The anticipated revenue from these sources in FY 2021-22 is approximately $587K, which is a increase of $99K from FY 2020-21, resulting from higher estimated customer-funded capital projects and capital dedications.

### *Transfers*

The District maintains a prudent financial reserve to ensure adequate cash flow for operational needs and capital emergencies. Consistent with the 2020-2025 Cost of Service Study, the FY 2021-22 budget anticipates a designation to reserves of $1.1M. The District remains on track to achieve its reserve target by 2025.

# SECTION III – EXPENDITURES

## SUMMARY

FY 2021-22 expenditures are consistent with the 2020-2025 Expenditure Forecast and foundational policy documents adopted by the Board of Directors. Expenditures continue to prioritize projects that maintain water quality and system reliability for treatment and distribution, which are critical to the District's mission to deliver safe and reliable water.

District expenditures are comprised of costs associated with Water Supply Agreements, Personnel, Operations and Maintenance (O&M), Debt Service, and Capital Improvement Projects. Specific expenses are shown in Table 3.1, Table 3.2 and Table 3.3, followed by a full summary of costs in Table 3.4. Water supply portfolio-related costs account for 30% of total District expenditures and include fixed and variable costs associated with District agreements with COMB, CCRB and Santa Barbara County for surface water; CCWA for State Water; and GSD for recycled water. Personnel costs represent 27% of total expenditures, comprised of wages, benefits, and taxes, as well as Other Post-Employment Benefits. Employees of the District are responsible for managing day-to-day operations, including maintenance of the treatment and distribution system, capital infrastructure planning, development of water use efficiency and conservation programs, and providing quality customer service. Operations & Maintenance represent 17% of total expenditures, and include costs related to water treatment and testing, general insurance, legal, maintenance and equipment, as well as services and supplies. Expenses associated with Capital Improvement Projects in the Infrastructure Improvement Plan and debt service make up the balance of total expenditures at 18% and 8% respectively.

The District, like other utilities, is affected by externalities including weather, economic conditions, changing customer preferences, costs of water supplies, and evolving regulatory requirements. While this Budget provides the tools to exert influence over external costs and mitigate known risks, it is important to note that it does not include broad cost increases for unknown inflationary factors, economic changes, or unanticipated events. Where specific price increases are known, appropriate adjustments to the Budget have been made. The District will continue to manage costs within its control and plan for uncontrollable externalities.

In FY 2021-22 Lake Cachuma will provide the primary source of water supply for customers, though the District will continue to draw on its diverse water supply portfolio by exercising its groundwater wells and delivering a portion of its State Water entitlement. Accordingly, water treatment costs at CDMWTP will remain essentially flat. Even with groundwater comprising a smaller portion of the supply portfolio than in years past, investment in the mechanical maintenance of the wells is necessary to maintain both reliable production and access to the District's critical drought buffer. Conservation outreach and incentive-based programs to help customers achieve voluntary conservation will continue through 2021, and into 2022.

## Water Supply Agreements

In an average year, approximately 86% of District water supply entitlements are secured through water supply agreements with federal, state and local partners. The balance of supply is secured from the Goleta Groundwater Basin. Consistent with the adopted Water Supply Management Plan (WSMP), the District employs a strategy of drawing from available water sources in a prioritized manner to maximize supplies and minimize costs.

As illustrated in Table 3.1, FY 2021-22 total water supply costs will decrease by $3.7M, or 22%, largely the result of decreased State Water Project costs compared to FY 2020-21, when the District incurred a significant DWR Fixed Assessment charge and exercised an option to delay payment to assist with cash flow during the COVID-19 pandemic. Overall, costs related to Lake Cachuma delivery, CCRB expenses and recycled water purchases decreased slightly compared to FY 2020-21 Budget. The cost of pumping and treating groundwater is included in O&M and capital costs.

**Table 3.1 FY 2021-22 Budgeted Water Supply Agreement Costs**

| Category | Adopted Budget FY 2020-21 | Estimated Actual FY 2020-21 | Adopted Budget FY 2021-22 | Variance Analysis * $ Higher / (Lower) | Variance Analysis * % Higher / (Lower) |
|---|---|---|---|---|---|
| **COMB (Lake Cachuma Deliveries):** | | | | | |
| Water Entitlement | $ 1,054,790 | $ 906,250 | $ 797,500 | $ (257,290) | (24%) |
| Operations & Maintenance | 2,280,357 | 1,455,951 | 2,164,535 | (115,822) | (5%) |
| Cachuma Renewal Fund | 79,667 | 79,667 | 79,667 | 0 | 0% |
| Safety of Dam Act | 129,392 | 129,392 | 129,392 | 0 | 0% |
| Subtotal - COMB | 3,544,206 | 2,571,260 | 3,171,094 | (373,112) | (11%) |
| **CCRB (Water Rights):** | 562,488 | 275,062 | 527,044 | (35,444) | (6%) |
| **SB County (Cloud Seeding):** | 0 | 454 | 32,858 | 32,858 | 100% |
| **CCWA (State Water Deliveries):** | | | | | |
| Fixed Costs | 10,846,999 | 7,559,988 | 7,559,988 | (3,287,011) | (30%) |
| Variable Costs | 1,306,723 | 3,016,147 | 1,263,852 | (42,871) | (3%) |
| Subtotal - CCWA | 12,153,722 | 10,576,135 | 8,823,840 | (3,329,882) | (27%) |
| **GSD (Recycled Water Production):** | 715,000 | 714,084 | 715,000 | 0 | 0% |
| **Total:** | **$ 16,975,416** | **$ 14,136,995** | **$ 13,269,836** | **$ (3,705,580)** | **(22%)** |

** Compares FY 2021-22 Adopted Budget to FY 2020-21 Adopted Budget*

## COMB (Lake Cachuma Deliveries) and CCRB (Water Rights)

The COMB and CCRB annual budgets are approved by their respective Boards of Directors. Budgeted costs include payments for supply entitlement, Cachuma Project O&M, payments for dam rehabilitation, protection of Cachuma water rights and public trust resources.

Water supply portfolio related costs are a major component of the District's budget, accounting for 30% in FY 2021-22.

By agreement, the District share of COMB expenditures is 39%. This amounts to $3.2M in FY 2021-22, a decrease of $373K or 11% when compared to FY 2020-21. The decrease is primarily the result of paying off the special assessment related to the financing of the temporary pumping barge in FY 2020-21.

CCRB works to protect Cachuma Water Rights and supplies for the South Coast water purveyors. The District share of CCRB costs is 46%, or $527K in FY 2021-22 which is a decrease of $35K, or 6% as compared to FY 2020-21. The decrease is the result of the fact that the State Water Rights Order was adopted in September 2019, and the pace of activity has slowed on costs associated with the Order. Formal reconsultation on the Federal Biological Opinion for the Cachuma Project has been re-initiated, and the costs for CCRB's continued advocacy for the District's water rights in the formal consultation setting are included in CCRB's costs. FY 2021-22 CCRB costs allow for sufficient funding of scientific, legal, and advocacy efforts to minimize the potential financial and supply impacts of these processes.

## CCWA (State Water Deliveries)

The District has access to State Water through its membership in CCWA. State Water expenses are expected to be $8.8M for FY 2021-22, a decrease of $3.3M or 27% due to anomalous cost overrun charges having been included in the previous year leading to lower fixed capital costs, as well as the District taking fewer deliveries of State Water resulting in fewer variable charges incurred in the first quarter. Fixed costs generally include expenses to finance, build and operate the infrastructure necessary to transport the water. Based on the District's adopted Water Supply Management Plan, use of water from Lake Cachuma (the District's cheapest supply source) will be prioritized, and State Water will only be delivered to supplement surface water supplies starting in July, ramping up to full deliveries within District capacity in 2022.

## GSD (Recycled Water Production)

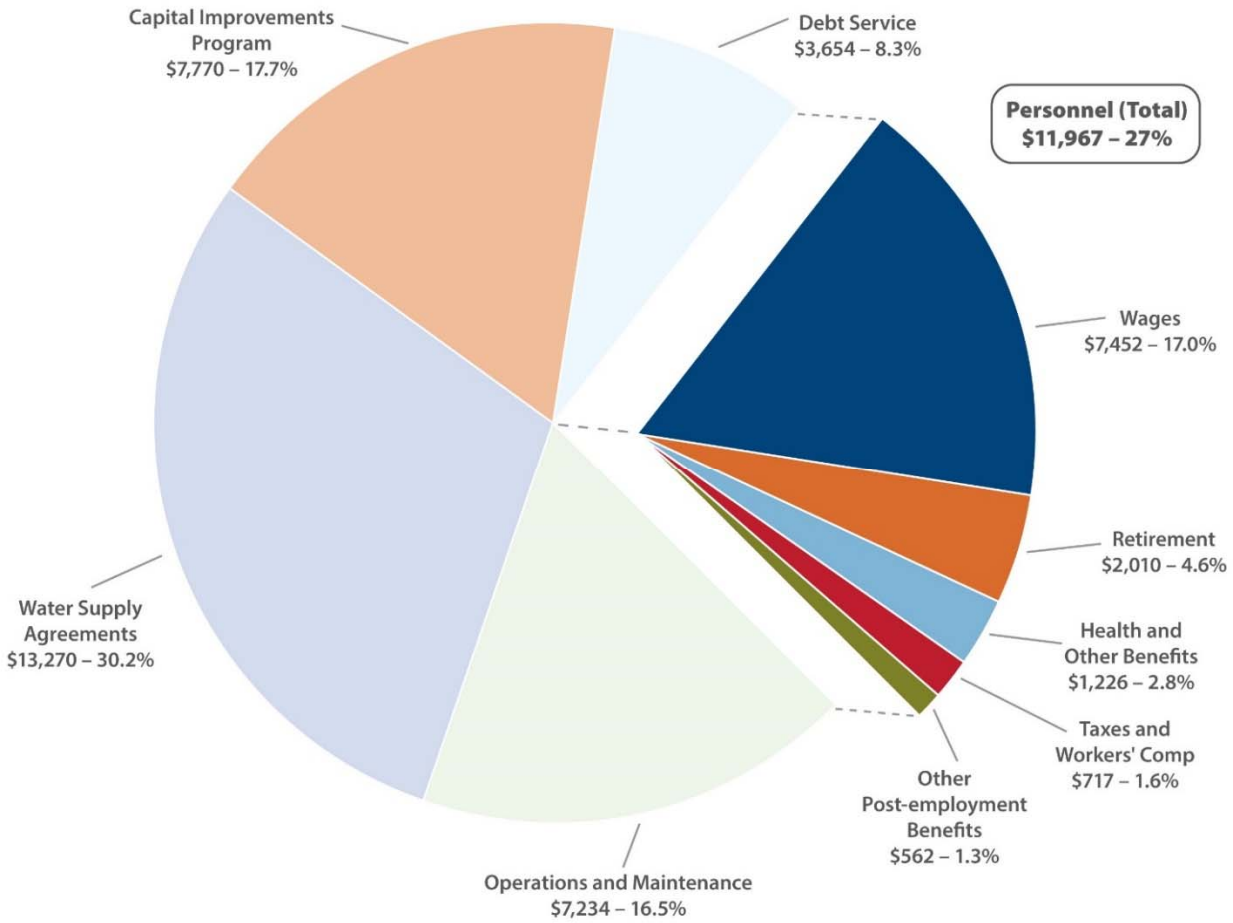
Providing recycled water to 43 customers in the District for irrigation purposes conserves drinking water for potable purposes, improving water supply reliability. Per agreement, the District pays GSD for all O&M costs necessary to produce recycled water. For FY 2021-22 costs are estimated at $715K, which is consistent with District costs in FY 2020-21, and includes costs for necessary treatment upgrades identified in the GSD capital plan.

## Personnel

Recruiting, training and retaining professional employees is critical to meeting District objectives of protecting water supplies and ensuring dependable service to customers. The workforce includes licensed and professional staff to perform a wide variety of activities including operating the state-of-the-art Corona Del Mar Water Treatment Plant, maintaining 270 miles of distribution lines, and reading approximately 17,000 meters monthly. District staff also manage customer billing, provide engineering design services, ensure compliance with all state and federal regulatory requirements, implement conservation and sustainability programs, protect water supplies, and plan for the future needs of the community. The District employs engineers, certified plant operators and distribution specialists, electricians, technicians, analysts, accountants, and experienced professional managers.

Personnel costs in FY 2021-22 total $11.97M, a $1.2M or 11% increase compared to FY 2020-21. This is largely the result of reduced capitalization resulting from the delay of non-essential projects due to COVID-19. These projects could not be done without bringing crews into close contact and increasing the risk of transmission. Personnel costs also include filling three vacant positions to support the increase level of IIP projects and support new-in-house billing efforts, contractual obligations and active efforts to control pension, and health care costs where possible. Figure 3.1 provides an overview of the individual components of Personnel costs, as a portion of overall costs.

**Figure 3.1 FY 2021-22 District Costs, Featuring Budgeted Personnel Costs ($000s)**



Retirement related expenditures associated with the District's 75 year history make up 16.8% of current Personnel costs. Future costs are being managed in an actively controlled manner as the District continues to realize the financial benefits of the California Public Employees' Pension Reform Act of 2013 (PEPRA). PEPRA was signed into law in 2012 limiting pension benefits offered to new employees and increasing cost sharing between new employees and public employers. Additionally, in accordance with the District's agreement with SEIU 620, employees contribute 100% to their retirement plans. As PEPRA is designed to realize mid-term to long-term savings, District financial savings will continue to grow.

The District remains committed to developing and retaining the highly skilled employees needed to deliver safe and reliable water supplies to the community.

## Operations & Maintenance

The District service area spans 29,000 acres and includes more than 270 miles of pipeline, approximately 17,000 customer connections, 8 storage reservoirs, 9 wells, and the Corona Del Mar Water Treatment Plant. To operate these facilities and deliver water to customers, more than 30,000 appurtenances are maintained, including over 6,000 valves and 1,500 fire hydrants. O&M costs include a variety of day-to-day functions from water treatment and testing to insurance, auditing, legal services, as well as the purchase of energy, materials, supplies and equipment needed to run water delivery and treatment systems.

The District will treat and distribute approximately 3.2 billion gallons of potable water in FY 2021-22. This water moves through reservoirs and pipelines that must be continually maintained to ensure safe and reliable delivery. Valve maintenance also plays a particularly important role in controlling the system and is critical to maintaining proper distribution system operations.

Table 3.2 shows the FY 2021-22 O&M costs, which total $7.2M and are down 12% from FY 2020-21. Notable variances within expenditure categories include:

- Water Treatment costs will remain essentialy flat when compared to last year.
- Water Testing costs will increase by $31K or 11% primarily as a result of Title 22 testing that is required every three years.
- Maintenance and Equipment will decrease by $166K or 15% due to a combination of savings from significantly lower well water discharges to Goleta Sanitary District than in the previous year as well as a general reduction in O&M expenditures.
- Services and Supplies costs will decrease by $704K or 17% primarily as a result of a reduction in contracted services.
- Utility expenditures will decrease by $198K or 27% as a result of lower ground water production.

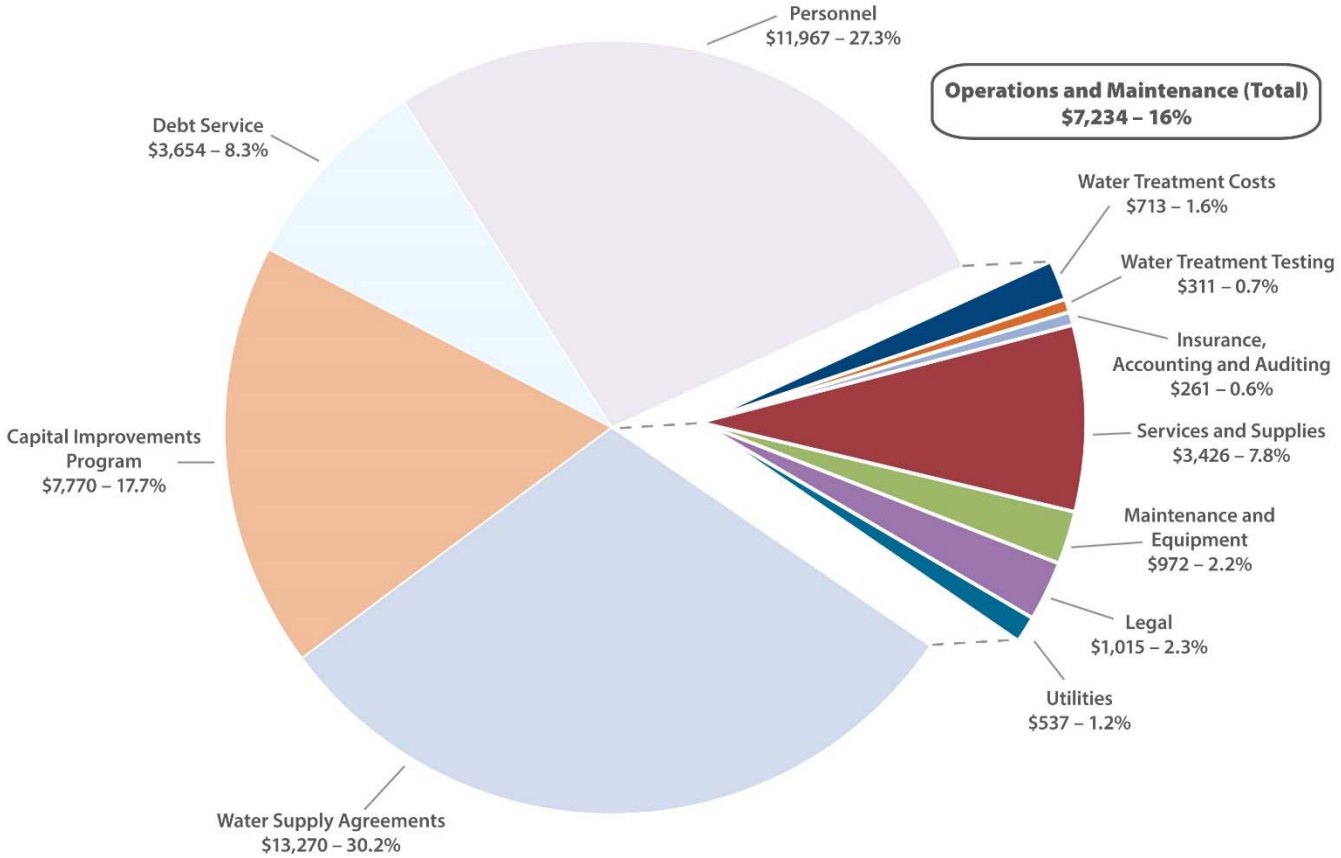
### Table 3.2 FY 2021-22 Budgeted O&M Costs

| Category | Adopted Budget FY 2020-21 | Estimated Actual FY 2020-21 | Adopted Budget FY 2021-22 | Variance Analysis * $ Higher / (Lower) | Variance Analysis * % Higher / (Lower) |
|---|---|---|---|---|---|
| **Operations & Maintenance Costs:** | | | | | |
| Water Treatment | $ 705,580 | $ 670,486 | $ 713,000 | $ 7,420 | 1% |
| Water Testing | 279,626 | 332,404 | 311,100 | 31,474 | 11% |
| Insurance, Accounting, & Auditing | 262,301 | 269,264 | 260,596 | (1,705) | (1%) |
| Maintenance & Equipment | 1,138,243 | 843,072 | 972,210 | (166,033) | (15%) |
| Legal | 1,014,600 | 2,244,067 | 1,014,600 | 0 | 0% |
| Services & Supplies | 4,129,668 | 2,963,879 | 3,425,753 | (703,915) | (17%) |
| Utilities | 735,128 | 425,755 | 536,870 | (198,258) | (27%) |
| **Total:** | **$ 8,265,146** | **$ 7,748,927** | **$ 7,234,129** | **$ (1,031,017)** | **(12%)** |

** Compares FY 2021-22 Adopted Budget to FY 2020-21 Adopted Budget*

Figure 3.2 highlights O&M expenditures across seven primary categories.

### Figure 3.2 FY 2021-22 District Costs, Featuring Budgeted O&M Costs ($000s)



## Debt Service

Debt service costs reflect payments associated with approximately $45.0M of outstanding Certificates of Participation (COPs) that are secured by a pledge of District revenues. These COPs are comprised of issuances in 2010 and 2014, with interest payable semi-annually. The current Five-Year Expenditures Forecast provides sufficient revenues to satisfy debt coverage requirements. The FY 2021-22 debt services is $3.65M based on scheduled principal and interest payments.

## Infrastructure Improvement Plan

In January 2020, the Board of Directors adopted the 2020-2025 Infrastructure Improvement Plan (IIP). The IIP is designed to show how the District will adeptly build, maintain, and manage the assets needed to produce, treat, and distribute water while maintaining the current level of service to customers and balancing costs. This planning tool provides the framework for District infrastructure investments over a five-year horizon, while providing the flexibility to adapt to changing infrastructure needs and opportunities throughout the lifespan of the IIP.


A critical goal of the IIP is to ensure that the District's infrastructure is capable of producing and delivering quality water to customers. Approximately 25% of IIP funds go towards enhancing water quality, while another 20% are directed towards distribution system reliability. These investments are needed to ensure reliable delivery of water supplies for the community, especially when drawing on a diverse mix of water supply sources which all have their own unique delivery infrastructure. The FY 2021-22 Budget includes $7.77M to fund 32 capital projects selected to:

- Meet local, state, and federal regulations for water quality and worker safety, or resolve utility conflicts;
- Maintain level of service by replacing inoperable equipment, and prioritizing projects that reduce the risk of service interruptions to the community and water loss; or
- Address critical deficiencies for which inadequate funding could jeopardize the District's ability to serve customers, such as through reduced water production, major infrastructure failure, or not meeting water quality standards.

Table 3.3 provides a summary of IIP projects planned or FY 2021-22. This includes $1.5M of IIP projects that were previously budgeted in FY 2020-21 but deferred to FY 2021-22 due to delays caused by the COVID-19 pandemic.

### Table 3.3 Infrastructure Improvement Plan Projects Summary FY 2021-22

| Project No. | Capital Project | FY 2021-22 |
|---|---|---|
| P-1 | Worker Safety Electrical Upgrades | $100,000 |
| P-3 | Ekwill, Fowler, and Hollister Infrastructure Relocation | $350,000 |
| P-4 | City, County, Caltrans Relocations Required Projects | $190,000 |
| P-6 | Inoperable Small Meter Replacements | $260,000 |
| P-7 | Inoperable Large AMI Meter Replacements | $210,000 |
| P-8 | Obsolete Reservoir Hatch Replacements | $55,000 |
| P-9 | Transmission Main Relocation: Phase 1 | $825,000 |
| P-10 | Exposed Goleta West Conduit Pipelines | $40,000 |
| P-11 | Inoperable Chlorination and Treatment Equipment Replacements | $90,000 |
| P-12 | Inoperable Pipeline and Service Line Replacements | $415,000 |
| P-13 | Inoperable Cathodic Protection System Replacements | $190,000 |
| P-14 | Inoperable Reservoir and Reservoir Component Replacements | $220,000 |
| P-15 | Inoperable Electrical Power System Replacements | $40,000 |
| P-16 | Inoperable Pump and Motor Replacements | $80,000 |
| P-19 | Well Filter Media Replacements | $70,000 |
| P-20 | Inoperable Above Ground Well Facility Replacements | $110,000 |
| P-21 | Inoperable Interconnect Component Replacements | $10,000 |
| P-22 | Inoperable Valve Replacements | $220,000 |
| P-23 | Inoperable Fire Hydrant Replacements | $180,000 |
| P-24 | Inoperable Recycled Water Facility Replacements | $20,000 |
| P-25 | Inoperable Computer and Electronic Hardware Replacements | $30,000 |
| P-26 | Pavement Replacements | $60,000 |
| P-27 | Inoperable Building Component Replacements | $150,000 |
| P-28 | Required Main Upsizing | $25,000 |
| P-29 | Obsolete SCADA Replacement | $200,000 |
| P-30 | SCADA Antenna (Monopole) Replacement | $750,000 |
| P-31 | Corona Pump Station | $1,000,000 |
| P-32 | Inoperable Light Vehicle Fleet Replacement | $80,000 |
| P-40 | CDMWTP Demonstration Scale GAC Contactor | $100,000 |
| P-41 | Water Quality Maintenance in Distribution System: Phase 1 | $1,115,000 |
| P-47 | CDMWTP Access Road Creekside Erosion Repair and Realignment | $475,000 |
| P-48 | Creek Crossing Inspection and Repair Program: Exposed Pipes | $110,000 |
| | **TOTAL** | **$7,770,000** |

## Summary of District Expenditure Forecast for FY 2021-22

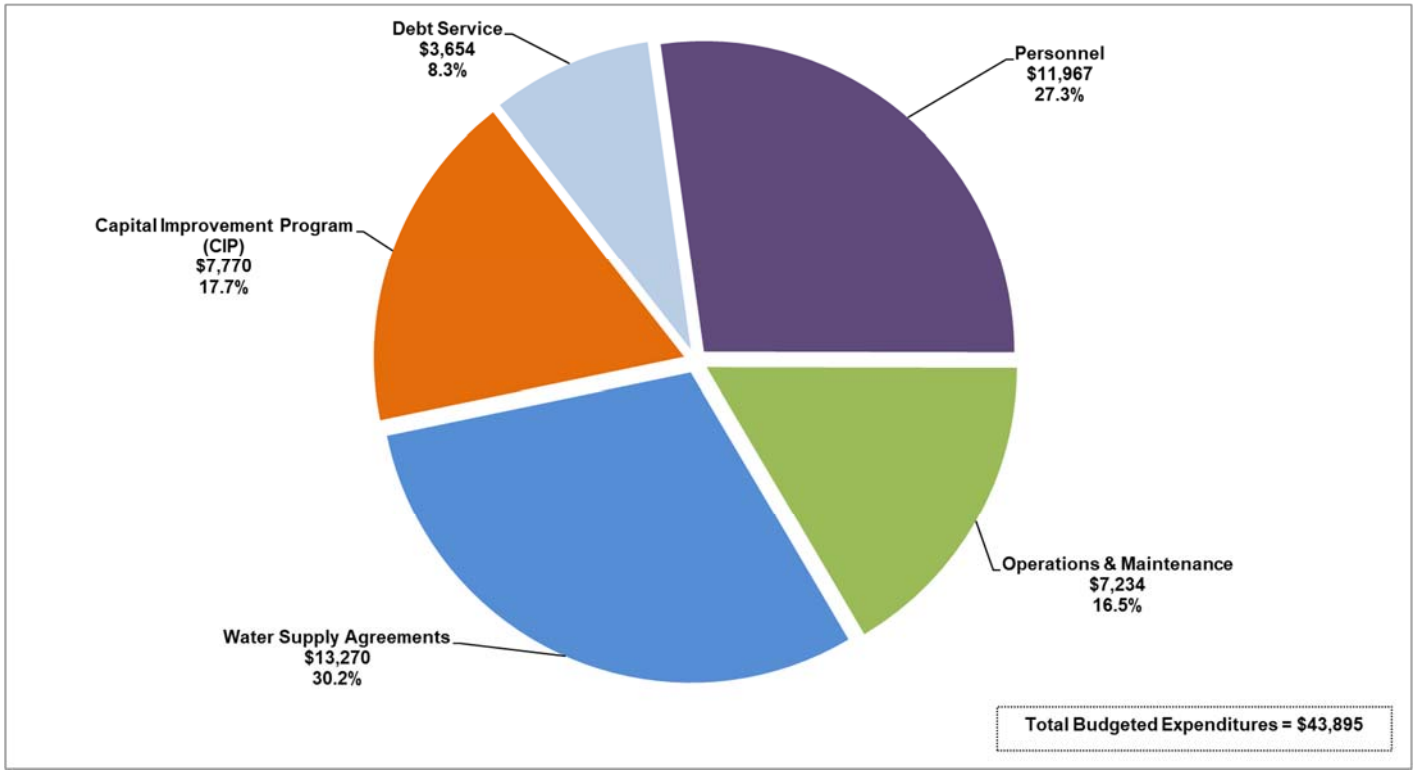
Table 3.4 and Figure 3.3 summarize FY 2021-22 total expenditures of $43.9M. A key component of the annual Budget is to prepare for cash flow variables throughout the year and pace program and project expenditures accordingly. FY 2021-22 expenditures have incorporated customer behaviors and the accompanying seasonality of revenue as described in Section II.

### Table 3.4 FY 2021-22 Budget Expenditures Compared to FY 2020-21 Budget Expenditures

| Category | Adopted Budget FY 2020-21 | Estimated Actual FY 2020-21 | Adopted Budget FY 2021-22 | Variance Analysis * $ Higher / (Lower) | Variance Analysis * % Higher / (Lower) |
|---|---|---|---|---|---|
| **Water Supply Agreements:** | | | | | |
| COMB (Lake Cachuma Deliveries) | $ 3,544,206 | $ 2,571,260 | $ 3,171,094 | $ (373,112) | (11%) |
| CCRB (Water Rights) | 562,488 | 275,062 | 527,044 | (35,444) | (6%) |
| SB County (Cloud Seeding) | 0 | 454 | 32,858 | 32,858 | 100% |
| CCWA (State Water Deliveries) | 12,153,722 | 10,576,135 | 8,823,840 | (3,329,882) | (27%) |
| GSD (Recycled Water Production) | 715,000 | 714,084 | 715,000 | 0 | 0% |
| **Subtotal:** | **$ 16,975,416** | **$ 14,136,995** | **$ 13,269,836** | **$ (3,705,580)** | **(22%)** |
| **Personnel:** | | | | | |
| Wages, Benefits and Taxes | $ 10,218,110 | $ 11,050,236 | $ 11,404,846 | $ 1,186,736 | 12% |
| Other Post Employment Benefits | 517,419 | 507,296 | 562,245 | 44,826 | 9% |
| **Subtotal:** | **$ 10,735,529** | **$ 11,557,532** | **$ 11,967,091** | **$ 1,231,562** | **11%** |
| **Operations & Maintenance:** | | | | | |
| Water Treatment Costs | $ 705,580 | $ 670,486 | $ 713,000 | $ 7,420 | 1% |
| Water Treatment Testing | 279,626 | 332,404 | 311,100 | 31,474 | 11% |
| Insurance, Accounting & Auditing | 262,301 | 269,264 | 260,596 | (1,705) | (1%) |
| Maintenance & Equipment | 1,138,243 | 843,072 | 972,210 | (166,033) | (15%) |
| Legal | 1,014,600 | 2,244,067 | 1,014,600 | 0 | 0% |
| Services & Supplies | 4,129,668 | 2,963,879 | 3,425,753 | (703,915) | (17%) |
| Utilities | 735,128 | 425,755 | 536,870 | (198,258) | (27%) |
| **Subtotal:** | **$ 8,265,146** | **$ 7,748,927** | **$ 7,234,129** | **$ (1,031,017)** | **(12%)** |
| **Total Expenditures before Debt and CIP:** | **$ 35,976,091** | **$ 33,443,454** | **$ 32,471,056** | **$ (3,505,035)** | **(10%)** |
| **Debt Service:** | **3,543,113** | **3,544,166** | **3,654,221** | **111,108** | **3%** |
| **Capital Improvement Projects (CIP):** | **6,170,000** | **4,665,000** | **7,770,000** | **1,600,000** | **26%** |
| **Total Expenditures:** | **$ 45,689,204** | **$ 41,652,620** | **$ 43,895,277** | **$ (1,793,927)** | **(4%)** |

** Compares FY 2021-22 Adopted Budget to FY 2020-21 Adopted Budget*

Figure 3.3 FY 2021-22 Budgeted Expenditure Allocations ($000s)

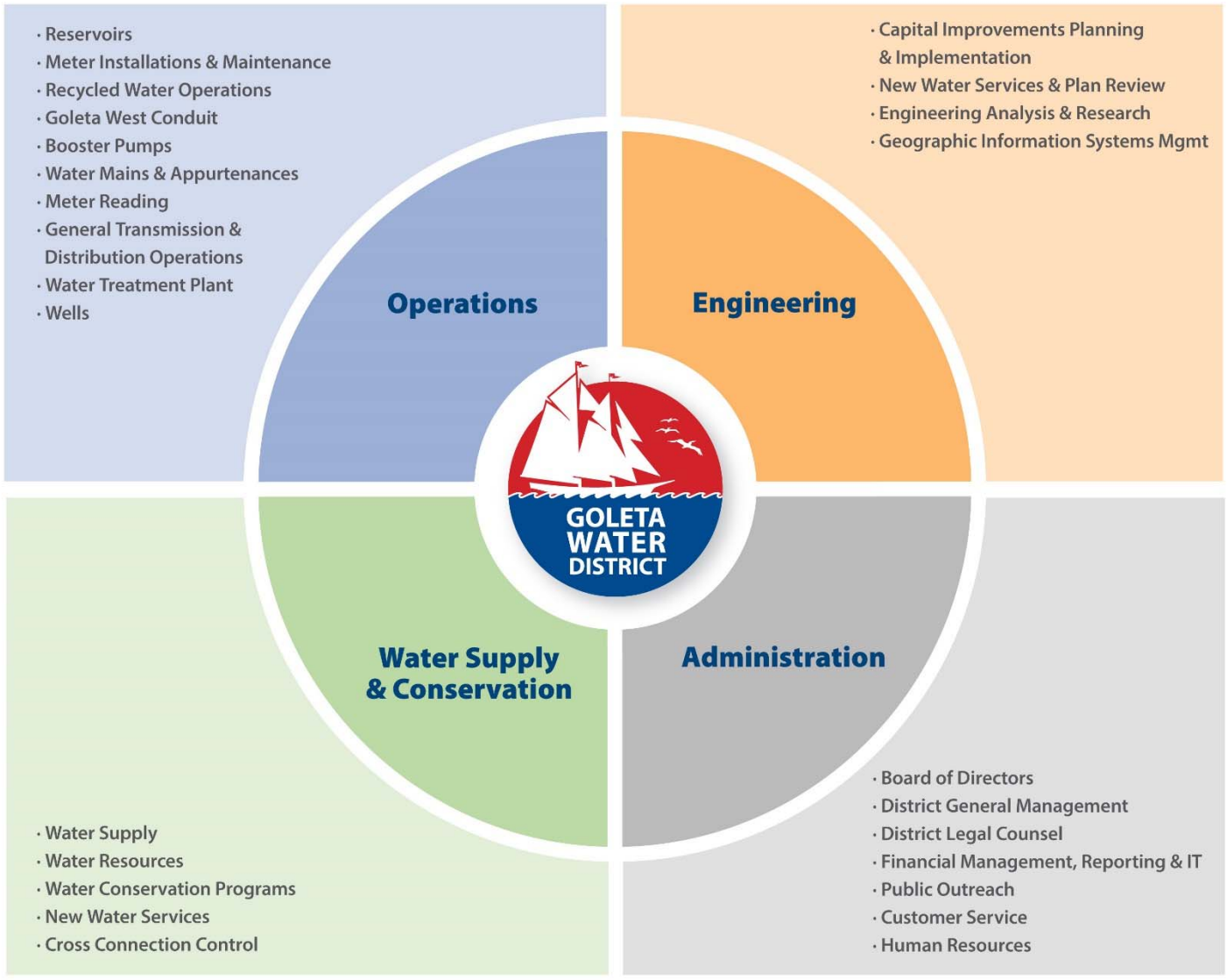


# APPENDIX

## Cost Center Overview

The District tracks disbursements by charging each expenditure to an accounting code associated with a specific function. The 26 programmatic cost centers of the District are categorized into four departmental cost centers: Operations, Engineering, Water Supply and Conservation (WS&C) and General Administration. The following provides an overview of each departmental cost center, outlining how District revenue is spent and the relationship of spending to each functional area of District operations. Figure 4.1 outlines the 26 programmatic cost centers by departmental cost center.

**Figure 4.1 Programmatic Functions by Cost Center**



Cost center expenditures include the operating and personnel costs associated with the programmatic functions in each category. The Office of the General Manager is responsible for managing specific programs within Board-authorized appropriation levels. Detailed discussions of each departmental cost center budget are included in the balance of this section and summarized in Table 4.1 below.

**Table 4.1 FY 2021-22 Budgeted Expenditures by Departmental Cost Center**

| Category | Adopted Budget FY 2020-21 | Estimated Actual FY 2020-21 | Adopted Budget FY 2021-22 | Variance Analysis * $ Higher / (Lower) | Variance Analysis * % Higher / (Lower) |
|---|---|---|---|---|---|
| Operations | $ 11,141,572 | $ 10,236,412 | $ 10,616,365 | $ (525,207) | (5%) |
| Engineering | 708,697 | 637,905 | 897,962 | 189,265 | 27% |
| Water Supply & Conservation | 18,590,871 | 15,810,511 | 15,169,623 | (3,421,248) | (18%) |
| General Administration | 5,534,952 | 6,758,626 | 5,787,107 | 252,155 | 5% |
| **Total Expenditures:** | **$ 35,976,092** | **$ 33,443,454** | **$ 32,471,056** | **$ (3,505,036)** | **(10%)** |

** Compares FY 2021-22 Adopted Budget to FY 2020-21 Adopted Budget*

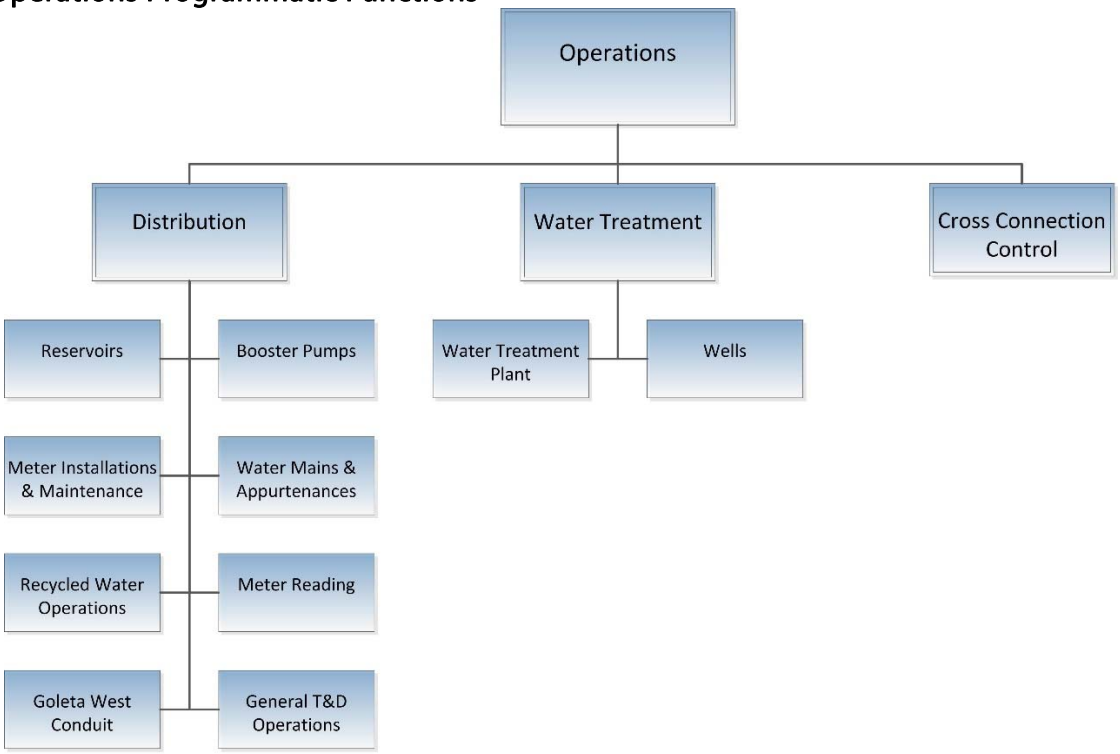
Total FY 2021-22 cost center budgeted expenditures are projected to be $32.5M, which is a decrease of $3.5M or 10%, from the FY 2020-21 budget, including:

- A $525K net decrease in Operations as a result lower O&M expenditures due to lesser groundwater production and reprioritizing programs that can either be deferred or eliminated.
- The increase to the Engineering budget is the result of filling vacant staff positions to support the increased level of IIP projects.
- A decrease of $3.4M in the WS&C budget resulting from the delayed $2.7M SWP payment due to COVID-19, and lower fixed capital costs compared to prior years.
- A $252K or 5% increase in General Administration is primarily the result of reclassifying a half full-time-equivalent staff position in customer service to support in-house billing efforts, increases in personnel costs consistent with overall SEIU negotiated provisions, and higher software fees related to the customer billing and payment processing system.

## Operations Cost Center

The Operations Department is responsible for the operation, maintenance and improvement of three water systems and associated facilities: the Potable Water System, the Goleta West Conduit System and the Recycled Water System. The District treats and delivers approximately 3.2 billion gallons of potable water annually to meet the demand of 87,000 people living in the region. The Department has three distinct functional areas of responsibility: Distribution, Water Treatment and Cross-Connection Control, outlined in Figure 4.2.

**Figure 4.2 Operations Programmatic Functions**




### Distribution

The Distribution cost center is responsible for the facilities that deliver water to customers, including over 270 miles of water mains and appurtenances (i.e. valves, regulating stations and fire hydrants), water storage reservoirs and booster pumping stations, which control the flow and pressure required to maintain high quality service. Each customer is connected to the distribution system through individual service lines that supply water through a meter located at the final point of service. The Distribution team within Operations maintains customer meters, conducts monthly readings to ensure accurate and timely billing, provides regular and emergency service, and investigates water quality complaints reported by customers.

Water quality continues to improve at Lake Cachuma, and the addition of aeration projects coming online over the past year has further enhanced treatment capabilities.

Distribution Operations priorities in FY 2021-22 include:

- Continue water quality monitoring programs designed to detect changing conditions in the distribution system. These efforts also improve understanding around the effect of operational and water supply source changes on overall water quality throughout the system.
- Integrate the Corona Reservoir aerators and new Corona Reservoir pump station into daily operations, and monitor and measure benefits associated with the new facilities.
- Conduct flushing operations system-wide for the first time since 2017. Periodic flushing improves water quality by removing mineral deposits accumulated in the 220 miles of potable pipes throughout the Distribution system.
- Replace inoperable main line valves throughout the distribution system.
- Develop an operating plan to address new water loss control regulations anticipated to be issued by the State Water Resources Control Board in 2021.

Operating protocols, social distancing and other safe guards were implemented to ensure that despite the COVID-19 pandemic the District could continue to maintain essential lifeline water service.

## Water Treatment

The Water Treatment cost center is responsible for the facilities and equipment necessary to produce, treat, test and ensure that the water delivered into the distribution system meets all regulatory standards for water quality set by State and Federal regulations. The potable water system consists of the CDMWTP, which treats water from Lake Cachuma, and treatment facilities at the various groundwater wells. The Goleta West Conduit system provides unfiltered Lake Cachuma water for agricultural irrigation and receives chlorination treatment from two chlorination facilities. Finally, recycled water is treated to meet regulatory standards for outdoor irrigation and restroom facilities.

Water Treatment priorities in FY 2021-22 include:

- Continue implementing the Supervisory Control and Data Acquisition (SCADA) Master Plan to replace obsolete equipment across all sites on a prioritized basis. This project is critical to improving the reliability of automated equipment over the next four years and beyond.
- Complete the hauling of accumulated organic material from the sedimentation basin at CDMWTP.
- Incorporate the upgraded backwash and sludge bed return pumping stations into the daily operations of CDMWTP for improved operational efficiency of both recycling facilities.
- Conduct required testing for the Unregulated Contaminant Monitoring Rule (UCMR5) under the USEPA.

- Perform routine operations and maintenance activities to keep the groundwater wells in operational condition even when not in regular use.
- Conduct Lead and Copper sampling, required every three years, throughout the distribution system. This involves obtaining the required number of customers to voluntarily sample the "first draw" of water in their homes for testing by the District.
- Implement the Well Injection Program to recharge the groundwater basin by injecting treated water from Lake Cachuma under the new permit.

## Cross-Connection Control

The Cross-Connection Control cost center ensures that cross-connections between the potable and recycled water systems do not occur. Annual physical inspections as well as periodic inspections of customer plumbing systems occur to ensure the potable and recycled water systems remain separate. Also, the program is responsible for ensuring all customers on the potable system with a backflow device submit an annual certified test to the District to verify the device is operating properly to prevent any water from flowing back into the potable system.

The District continues to improve and automate the backflow testing program to improve efficiencies for both customers and recordkeeping.

Every year certified backflow inspectors conduct these annual tests on the thousands of devices installed throughout the potable water system. These devices are owned, operated and maintained by the customer; however, the District is responsible for ensuring each device is tested annually and maintaining current regulatory compliance records of annual test results.

Cross-Connection Control priorities in FY 2021-22 include:

- Conduct an annual inspection of all customer recycled water systems to familiarize the new customer Site Supervisors with the District personnel responsible for program compliance.
- Further increase the percentage of annual backflow test results received electronically on time through proactive communication with customers and certified testers. This reduces the time staff spends on ensuring customer compliance with state law.
- Increase surveys of commercial establishments that have changed use to identify locations for backflow device installation.
- Improve communications and relationships with the certified backflow testers by sending reminder notices to the testers of when their certifications and calibration test dates on file with District expire to avoid test results being delayed.
- Implement the necessary changes to the Cross Connection Control Program needed to comply with the Cross Connection Control Policy handbook as issued by the SWRCB in 2021.

## Operations Accomplishments FY 2020-21

During FY 2020-21, Operations completed a number of projects to enhance water supply, improve water treatment, and increase energy and operational efficiency while implementing health and safety protocols to protect employees and ensure a continuous supply of water to customers during the COVID-19 emergency situation, including:

- Provided lifeline water service to the community while continuing to meet all primary water quality standards. Successfully modified operations to reduce exposure and comply with safety practices and protocols. Continued to implement operational strategies, protocols, and procedures in response to the ongoing COVID-19 pandemic.
- Provided regular updates regarding COVID-19-related requirements and actions to comply with evolving Federal, State and Local laws, regulations and guidance; documenting the operational activities and status of the system including critical materials and supplies; and a risk assessment to guide the District's COVID-19 response.
- Maintained the groundwater wells in immediate ready status despite suspension of well operations in March 2020. This included replacement of the filter media at Berkeley and Shirrell wells to improve the removal capacity of iron and manganese resulting in an overall increase in the well's capacity.
- Upgraded the electric service panel and emergency generator connections and related facilities at the Alta Mira and La Vista Pump Stations to improve reliability during emergency operations.
- Cleaned two reservoirs as part of the Reservoir Maintenance Program. The cleaning was accomplished utilizing a commercial diving contractor in order to prevent water waste and avoid prolonged interruptions to operations that would otherwise occur if the reservoirs were taken out of service.
- Completed Certified Water Infrastructure Act requirements to identify natural and human threats to the integrity of the public water supply systems, and completed an Emergency Response Plan to address any identified threats.
- Replaced critical SCADA servers at CDMWTP which control the onsite operations and all the remote sites. This was an interim improvement until the SCADA system is upgraded over the next few years.
- Continued to optimize reservoir storage levels and movement of water during surface water operations to improve water quality throughout the distribution system.
- Completed sampling for PFOS and PFOA at four District wells in compliance with SWRCB-DDW orders. No further testing is required based on the results obtained and submitted to the state.
- Maintained baseline status for oils and grease at the District Headquarters by adhering to the Best Management Practices of the Storm Water Pollution Prevention Program.
- Implemented a water quality monitoring program for Lake Cachuma using satellite imagery, the Cachuma Operations and Maintenance Board (COMB) lake monitoring program, and District sampling program to proactively detect the presence of naturally occurring algal toxins in Lake Cachuma.
- Completed and filed the District's validated Water Loss Audit for compliance with state law. The Infrastructure Leakage Index (ILI) which is used to measure system performance in controlling leakage improved.
- Conducted vibration analysis on large pumps and motors to prevent potential damage and/or failure of equipment.

- Completed the accuracy testing of all source water production meters in the potable and GWC systems as part of the District's Water Loss Control Program.
- Secured two-year chemical delivery contracts through the District's bidding process, and conducted performance evaluations on chemical samples to ensure positive results within the District water quality parameters.
- A new ten-year Water Supply Permit was received from the State Water Resources Control Board – Division of Drinking Water (DDW) on January 8, 2021 replacing the permit issued by DDW on January 8, 2008. The permit typically covers a ten year period and is the result of previous inspections and reviews conducted by DDW in 2020.
- Completed tie in and reactivation of the main line on Berkeley Ave. to improve blending of water from Berkeley well with other supply sources in the distribution system.
- Replaced 20 feet of Goleta West Conduit's 33" main line to repair a leak.


- Relocated 21 service line connections due to the County's road improvement projects.

## FY 2021-22 Operations Cost Center Budget

Table 4.2 details the primary Operations expenditure categories and describes variances between FY 2020-21 Budget and FY 2021-22 budgeted expenditures.

**Table 4.2 FY 2021-22 Operations Cost Center Budget Summary**

| Category | Adopted Budget FY 2020-21 | Estimated Actual FY 2020-21 | Adopted Budget FY 2021-22 | Variance Analysis * $ Higher / (Lower) | Variance Analysis * % Higher / (Lower) |
|---|---|---|---|---|---|
| **Cost Center Expenses - Operations** | | | | | |
| **Personnel:** | **$ 6,037,629** | **$ 6,441,415** | **$ 6,548,995** | **$ 511,366** | **8%** |
| **Operations & Maintenance:** | | | | | |
| Water Treatment | 705,580 | 670,486 | 713,000 | 7,420 | 1% |
| Water Testing | 279,626 | 332,404 | 311,100 | 31,474 | 11% |
| Insurance, Accounting, & Auditing | 100,270 | 111,886 | 103,270 | 3,000 | 3% |
| Maintenance & Equipment | 1,136,087 | 832,457 | 965,500 | (170,587) | (15%) |
| Services & Supplies | 2,147,252 | 1,422,011 | 1,437,630 | (709,622) | (33%) |
| Utilities | 735,128 | 425,755 | 536,870 | (198,258) | (27%) |
| **Subtotal:** | **5,103,943** | **3,794,998** | **4,067,370** | **(1,036,573)** | **(20%)** |
| **Total Expenditures:** | **$ 11,141,572** | **$ 10,236,412** | **$ 10,616,365** | **$ (525,207)** | **(5%)** |

** Compares FY 2021-22 Adopted Budget to FY 2020-21 Adopted Budget*

The Operations budget will decrease in FY 2021-22 by $525K, or 5%. Notable changes from FY 2020-21 Operations Budget to the FY 2021-22 Budget include:

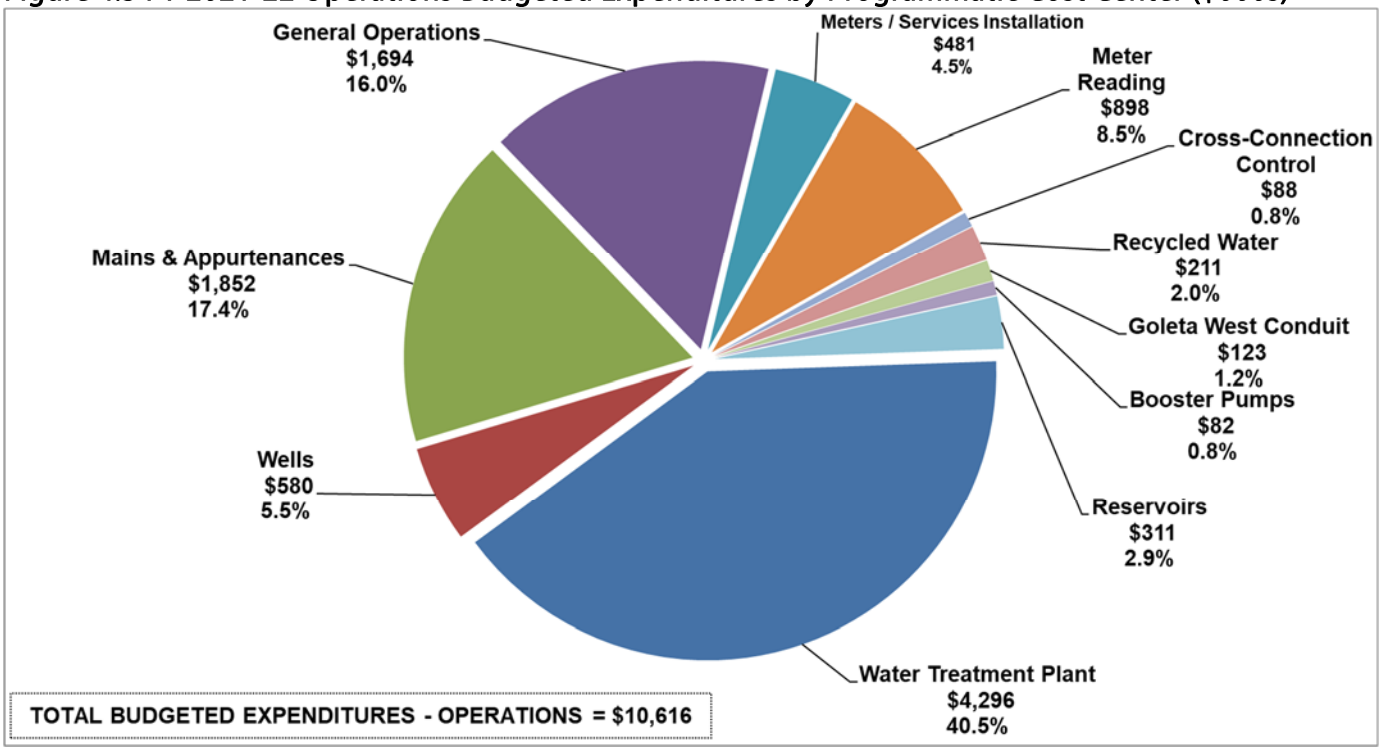
- Operations personnel costs will increase by $511K or 8% in FY 2021-22 because of the lower capitalization of labor resulting from projects being delayed due to the COVID-19 pandemic and costs consistent with overall SEIU negotiated provisions.
- Water Testing costs will increase by $31K or 11% primarily due to Title 22 testing, required every three years.
- Maintenance and equipment costs will decrease by $171K or 15% due to a combination of savings from significantly lower well water discharges to Goleta Sanitary District than in the previous year as well as a general reduction in O&M expenditures in response to lower anticipated demands.
- Services & Supplies will decrease by $710K or 33% primarily as a result of a reduction in contracted services.
- Utilities costs will decrease by $198K or 27% as a result of lower groundwater production.

Table 4.3 and Figure 4.3 provide details of expenditures by programmatic cost center.

### Table 4.3 FY 2021-22 Operations Budgeted Expenditures by Programmatic Cost Center

| Description | Water Treatment Plant | Wells | Mains & Appurtenances | General Operations | Meters / Services Installation | Meter Reading | Cross-Connection Control | Recycled Water | Goleta West Conduit | Booster Pumps | Reservoirs | Total Operations |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Water Treatment | $ 648,900 | $ 33,500 | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 | $ 30,600 | $ 0 | $ 0 | $ 713,000 |
| Water Testing | 234,570 | 73,770 | 0 | 0 | 0 | 0 | 0 | 0 | 2,760 | 0 | 0 | 311,100 |
| Personnel - Wages | 1,513,197 | 105,599 | 949,175 | 707,146 | 195,323 | 515,504 | 42,946 | 78,832 | 42,837 | 7,732 | 51,992 | 4,210,283 |
| Personnel - Benefits | 683,178 | 35,130 | 438,092 | 262,731 | 115,148 | 300,452 | 10,857 | 30,917 | 13,500 | 4,456 | 14,592 | 1,909,054 |
| Personnel - Taxes & W.C. | 166,453 | 10,465 | 97,532 | 67,778 | 21,117 | 45,791 | 3,827 | 6,855 | 4,565 | 902 | 4,373 | 429,658 |
| Insurance and Accounting | 22,700 | 0 | 24,760 | 28,880 | 8,260 | 14,530 | 4,140 | 0 | 0 | 0 | 0 | 103,270 |
| Maintenance & Equipment | 251,260 | 105,580 | 182,700 | 288,560 | 73,770 | 1,000 | 2,740 | 10,160 | 9,290 | 11,620 | 28,820 | 965,500 |
| Services & Supplies | 649,490 | 112,460 | 153,120 | 307,770 | 67,200 | 20,680 | 23,840 | 62,490 | 14,980 | 25,600 | 0 | 1,437,630 |
| Utilities | 125,810 | 103,300 | 6,760 | 31,410 | 0 | 0 | 0 | 22,000 | 4,730 | 31,800 | 211,060 | 536,870 |
| **Total:** | **$4,295,558** | **$ 579,804** | **$ 1,852,139** | **$1,694,275** | **$ 480,819** | **$ 897,957** | **$ 88,350** | **$211,254** | **$123,261** | **$ 82,110** | **$ 310,837** | **$10,616,365** |

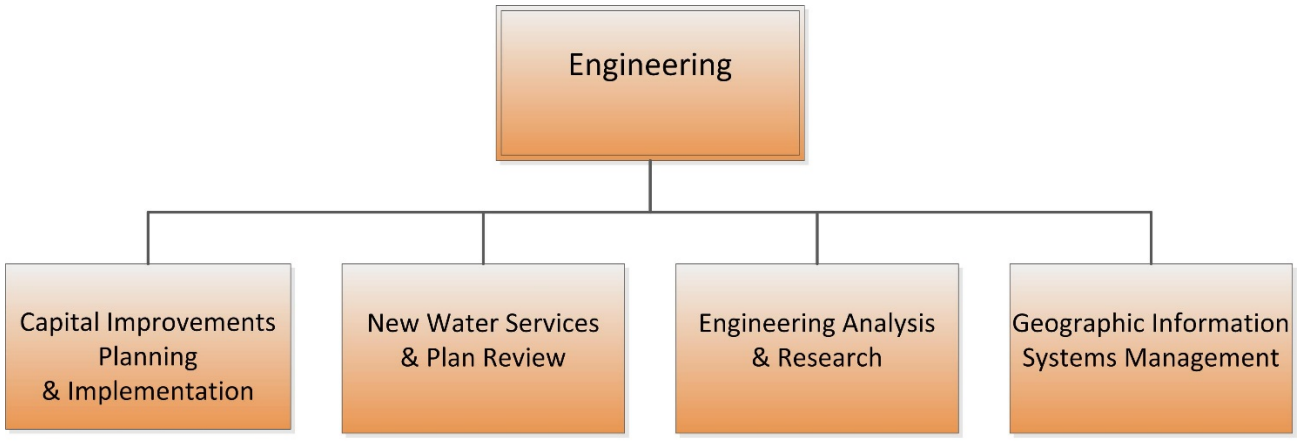
Figure 4.3 FY 2021-22 Operations Budgeted Expenditures by Programmatic Cost Center ($000s)



## Engineering Cost Center

The Engineering cost center includes various programs and functions related to capital infrastructure planning and implementation, review of new water services, engineering research and analysis, and management of GIS. Other programs include Asset Preservation, Cathodic Protection, and Energy and Sustainability, as well as support of Water Quality Compliance, Water Production, System Controls, Emergency Planning and Safety, and Buildings/Roads/Vehicles/Equipment programs. These programs ensure the water treatment and delivery systems are designed, constructed, and maintained to meet industry and regulatory standards and the water supply needs of the community. Figure 4.4 below illustrates the specific programmatic cost centers within Engineering. A majority of expenditures associated with the engineering function are recovered through the capital budget or are reimbursed through developer and related fees and charges.

**Figure 4.4 Engineering Programmatic Functions**




### Capital Improvements Planning & Implementation

The Capital Improvements Planning and Implementation cost center is responsible for capital project management, including implementation of the District's Five-Year Infrastructure Improvement Plan (IIP) and Sustainability Plan. Engineering oversees studies, design, and construction of infrastructure projects. Specific efforts include developing project budgets, cost estimates, and prioritization schedules to meet the needs of the District over the five-year planning horizon. To keep costs stable and prioritize investment, this cost center focuses on the District's Asset Preservation program to maintain current service levels, including planning and delivery of upgrades and replacement of vital infrastructure needed to ensure long-term capital asset integrity.

During FY 2021-22, capital projects will focus on worker safety upgrades, infrastructure relocation as legally required by outside agencies, infrastructure protection from soil erosion, inoperable equipment replacements, communications facilities upgrades for Supervisory Control and Data Acquisition (SCADA), and enhanced treatment and operations to improve removal of organic materials at CDMWTP and Corona Reservoir.

COVID-19 related delays in supply chain, specifically the manufacture of electrical gear, delayed spending on some projects by 1-2 months.

Planning activities will include the development of conditions assessment protocols for different asset classes and performance of some conditions assessments to inform future years' capital spending.

## New Water Services & Plan Review

This cost center focuses on the Developer Program, responsible for review and approval of new water service cost estimates, facility proposals, and determining whether modifications are needed to system capacity. Services also include construction-site inspection of new facilities to ensure conformance with District Engineering Standards and Specifications. While the District temporarily halted the issuing of new water supply connections on October 1, 2014, projects still require processing if they will use the same or less water than the property's historical water credits or if projects have already paid the new water supply charge prior to current moratorium.

## Engineering Analysis & Research

The Engineering Analysis and Research cost center is responsible for several programs, including Asset Preservation, Water Quality Compliance, Energy and Sustainability, Cathodic Protection, and the District's Standards and Specifications. The Standards and Specifications Program ensures consistency with the latest industry standards for construction methods, materials, and design criteria. Engineering Standards and Specifications also address operational integrity, efficiency, and value-engineering techniques to ensure the least-cost methods and materials are used to bring efficient water services to all customers, while meeting regulatory standards and operational goals of the District. In FY 2021-22, engineering analysis and research efforts will continue to collect and analyze data on pipeline conditions, disinfection byproducts and precursors and other constituents, treatment performance, and make minor updates to the Standards and Specifications, which underwent a major overhaul in 2020.

## Geographic Information Systems Management

The GIS cost center is responsible for maintaining the records and drawings associated with all District assets and their timely integration into GIS. This requires diligent maintenance, upgrades, and document management to ensure infrastructure records are complete and accurate. GIS management also provides the analysis, technical research, and recordkeeping process to ensure the integrity and operational capacity of District water systems.

State-of-the-art hydraulic and water quality models of the potable and recycled water distribution systems are linked with GIS. These models provide valuable information related to water flow, system capacity, and impacts of changes to the system and are used to inform operational decisions for long-term planning and capital planning. The potable system model also enables the District to ensure that adequate fire flows and pressures are maintained during peak customer demand periods.

In FY 2021-22, GIS efforts will continue to update newly created layers showing all photographs, easements, service lines, creek crossings, hydrants, and water quality complaints to increase the capabilities and efficiency of District GIS-based asset research and use in the field.

## Engineering Accomplishments FY 2020-21

Key Engineering projects completed in FY 2020-21 included:

- Amended the District's 2020-2025 Infrastructure Improvement Plan to rebalance funding for $50.0M of the identified $348.0M in infrastructure improvement and replacement projects through 2025.
- Completed worker safety electrical upgrades at San Marcos Well and other facilities.
- Completed upgrades of inoperable electrical equipment at La Vista and Debra Booster Pump Stations.
- Completed geotechnical investigation of the transmission main landslide.
- Established conditions assessment protocols for different asset classes to inform the District's Asset Preservation Program.
- Began construction of electrical upgrades, a permanent pump station, and an aeration system at Corona Reservoir.
- Successfully performed granular activated carbon (GAC) media pilot and full scale testing of a filter adsorber at CDMWTP to reduce total organic carbon levels and trihalomethanes.
- Completed design of the new road construction portion of the CDMWTP Access Road Creekside Erosion Repair and Realignment project.
- Received a permit from the Regional Water Quality Control Board to begin injection of treated water from Lake Cachuma into the groundwater basin as part of the District's Aquifer Storage Recovery program.
- Completed construction of paving and building skin upgrades at Patterson Booster Pump Station.
- Began drafting specifications for obsolete SCADA replacement and completed two radio surveys to inform radio communication system upgrades.
- Collected and analyzed soil samples and several pipe samples across the distribution system to inform pipeline conditions and estimated remaining useful life.
- Completed inspection and conditions assessment of all District HVAC equipment.
- Responded to easement encroachments at two locations.
- Conducted numerous staff analyses, plan checks and inspections on private development projects.
- Conducted inspections on outside agency projects.
- Completed analyses of main breaks and service line breaks.

## FY 2021-22 Engineering Budget

Table 4.4 outlines Engineering expenditures and describes variances between FY 2020-21 Budget and FY 2021-22 budgeted expenditures.

**Table 4.4 FY 2021-22 Engineering Cost Center Budget Summary**

| Category | Adopted Budget FY 2020-21 | Estimated Actual FY 2020-21 | Adopted Budget FY 2021-22 | Variance Analysis * $ Higher / (Lower) | Variance Analysis * % Higher / (Lower) |
|---|---|---|---|---|---|
| **Cost Center Expenses - Engineering** | | | | | |
| **Personnel:** | **$ 301,945** | **$ 398,902** | **$ 465,013** | **$ 163,068** | **54%** |
| **Operations & Maintenance:** | | | | | |
| Insurance, Accounting, & Auditing | 12,885 | 14,388 | 13,189 | 304 | 2% |
| Maintenance & Equipment | 1,925 | 4,872 | 6,710 | 4,785 | 249% |
| Services & Supplies | 391,942 | 219,743 | 413,051 | 21,109 | 5% |
| **Subtotal:** | **406,752** | **239,003** | **432,949** | **26,197** | **6%** |
| **Total Expenditures:** | **$ 708,697** | **$ 637,905** | **$ 897,962** | **$ 189,265** | **27%** |

** Compares FY 2021-22 Adopted Budget to FY 2020-21 Adopted Budget*

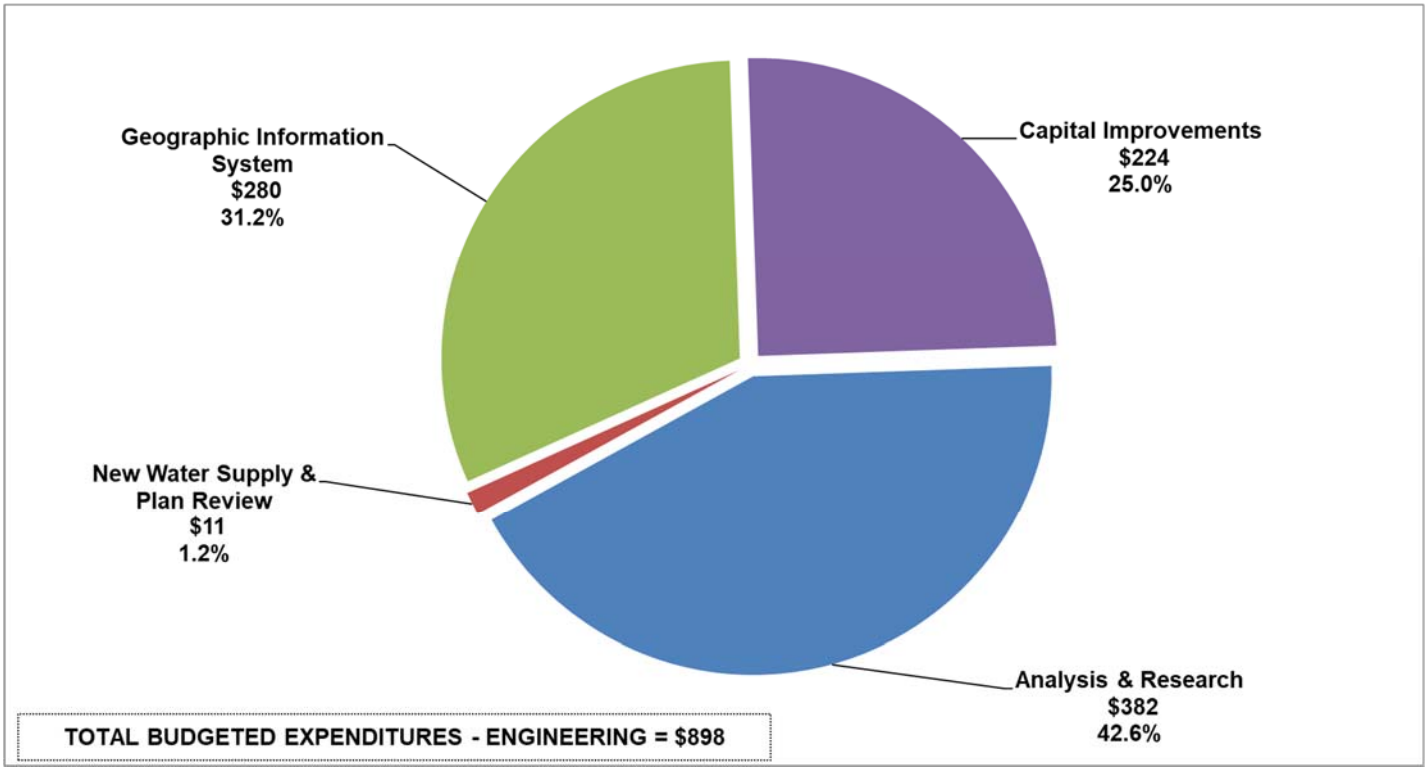
Engineering expenses will increase by $189K, or 27%, in FY 2021-22. The increase is primarily related to the filling of vacant staff positions to support the increased level of IIP projects.

Table 4.5 and Figure 4.5 provide details of Engineering expenditures by programmatic cost center.

**Table 4.5 FY 2021-22 Engineering Budgeted Expenditures by Programmatic Cost Center**

| Description | Analysis & Research | New Water Supply & Plan Review | Geographic Information System | Capital Improvements | Total Engineering |
|---|---|---|---|---|---|
| Personnel - Wages | $ 197,304 | $ 0 | $ 64,118 | $ 53,925 | $ 315,347 |
| Personnel - Benefits | 67,210 | 0 | 40,306 | 11,962 | 119,479 |
| Personnel - Taxes & W.C. | 19,037 | 0 | 5,394 | 5,756 | 30,187 |
| Insurance, Accounting, & Auditing | 7,721 | 2,885 | 0 | 2,582 | 13,189 |
| Maintenance & Equipment | 0 | 4,785 | 425 | 1,499 | 6,710 |
| Services & Supplies | 91,026 | 3,548 | 169,806 | 148,671 | 413,051 |
| **Total:** | **$ 382,299** | **$ 11,218** | **$ 280,050** | **$ 224,394** | **$ 897,962** |

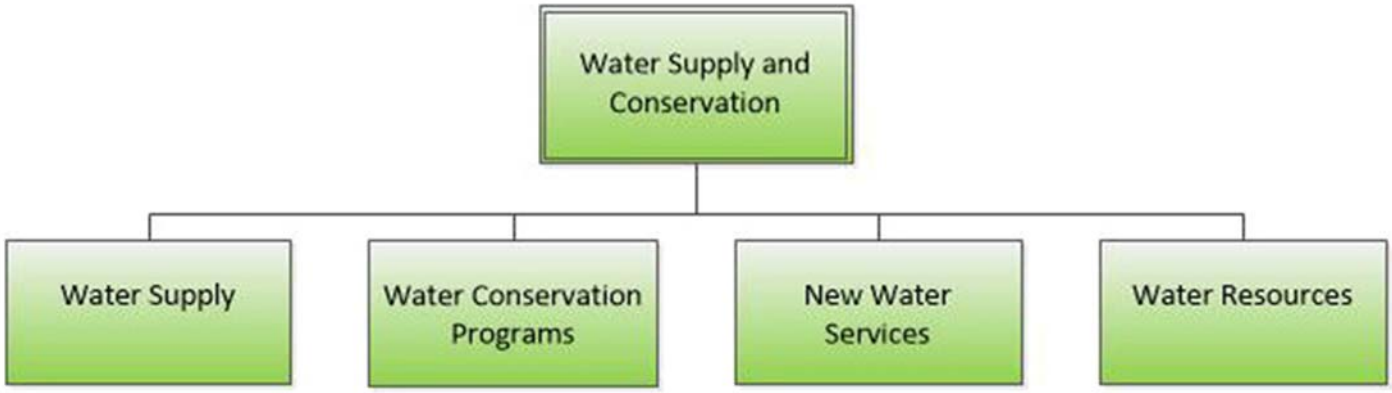
Figure 4.5 FY 2021-22 Engineering Budgeted Expenditures by Programmatic Cost Center ($000s)



## Water Supply & Conservation Cost Center

The WS&C cost center includes the following programmatic cost centers: Water Supply, Conservation Programs, New Water Services, and Water Resources, as shown in Figure 4.6.

**Figure 4.6 Water Supply and Conservation Programmatic Functions**




### Water Supply

The District's diverse water supply portfolio, coupled with the community's commitment to conservation allows the District to meet the needs of 87,000 residential, commercial, and agricultural customers in the Goleta Valley. The Water Supply cost center covers costs related to District water supply entitlements, including significant expenses associated with the State Water Project through CCWA, and Cachuma Project water through COMB. CCWA costs include fixed and variable costs from DWR for State Water supplies and transportation-related expenses. Cachuma Project expenses include the costs of supplying and conveying water from Lake Cachuma, including O&M costs passed through by USBR. Water Supply costs also include water rights and public trust resources protection and advocacy through CCRB. FY 2021-22 priorities include continued work with CCRB and other regional partners to protect surface water rights under existing state and federal orders.

### Water Conservation Programs

Conservation and efficient water use helps preserve and extend water supplies for all District customers. As a long-time leader in conservation practices and partner to the California Water Efficiency Partnership (previously CUWCC), the District works in partnership with agencies and organizations across the region to support customer water use efficiency. As the winter of 2020-21 saw dry conditions, conservation remains a key element of demand

management. While the existing Smart Landscape Rebate and mulch rebate programs will continue to be offered in FY 2021-22, prior rebate programs such as the Water Savings Incentive Program and washing machine rebate program will be suspended due to a lack of customer interest.

## New Water Services

The New Water Services cost center focuses on assisting customers through the New Water Service application process. New real estate development projects and other expansions and modifications of potable and recycled water use are reviewed and coordinated by the District, as well as with surrounding local governments and agencies, to ensure safe, reliable and efficient service to customers. The work of New Water Services involves complex research related to water rights, entitlements and agreements, as well as internal and external coordination of utility construction and development, from start to finish, including project accounting and ultimate closeout.

The current prohibition on approving new water allocations under the voter-approved SAFE Ordinance remains in effect as the District remains unable to commit the required 2,477 acre-feet of groundwater to storage in the Basin under SAFE, known as the "annual drought buffer" commitment.

## Water Resources

The Water Resources program supports the ongoing management of water supply agreements and coordinates updates to the District foundational planning documents, including the Groundwater Management Plan, Water Supply Management Plan, and the Urban Water Management Plan. The Water Resources team provides analytical support as well as special research needed to implement the policies established by the voter-approved SAFE Water Supplies Ordinance, District Code and regulations, water supply agreements, and state and federal laws and regulations. FY 2021-22 priorities include updating the District's Groundwater Management Plan and Water Supply Management Plan. The Water Resources cost center also includes a grant management function and is responsible for seeking out and applying for new grant opportunities. During FY 2021-22, grant activities will be focused on securing funding for projects identified in the District's Sustainability Plan and securing additional capital improvements funding from State and Federal agencies to maintain water quality.

## Water Supply and Conservation (WS&C) Accomplishments FY 2020-21

Key WS&C accomplishments during FY 2020-21, include:

- Adoption of the District's 2020 Urban Water Management Plan.
- An update of the District's USBR Agricultural Water Management Plan.
- Continued compliance with statewide regulations for water conservation mandated by the State Water Resources Control Board, and submission of monthly water production and customer demand data to the State.
- Remote engagement with customers at a virtual Earth Day event and presentations to students at area schools about conservation and ways to eliminate water waste.

- Completed review of DWR Landscape Area Measurement Project for District-specific water budgets.

- Distribution of over 100 rebates through the Smart Landscape Rebate Programand the mulch rebate program.

## FY 2021-22 Water Supply and Conservation Budget

Table 4.6 details the primary FY 2021-22 WS&C budgeted expenditures and variances from the FY 2020-21 Budget.

**Table 4.6 FY 2021-22 Water Supply and Conservation Cost Center Budget Summary**

| Category | Adopted Budget FY 2020-21 | Estimated Actual FY 2020-21 | Adopted Budget FY 2021-22 | Variance Analysis * $ Higher / (Lower) | Variance Analysis * % Higher / (Lower) |
|---|---|---|---|---|---|
| **Cost Center Expenses - WS&C** | | | | | |
| **Water Supply Agreements:** | | | | | |
| COMB (Lake Cachuma Deliveries) | $ 3,544,206 | $ 2,571,260 | $ 3,171,094 | $ (373,111) | (11%) |
| CCRB (Water Rights) | 562,488 | 275,062 | 527,044 | (35,444) | (6%) |
| SB County (Cloud Seeding) | 0 | 454 | 32,858 | 32,858 | 100% |
| CCWA (State Water Deliveries) | 12,153,722 | 10,576,135 | 8,823,840 | (3,329,882) | (27%) |
| GSD (Recycled Water Production) | 715,000 | 714,084 | 715,000 | 0 | 0% |
| **Subtotal:** | **16,975,415** | **14,136,995** | **13,269,836** | **(3,705,578)** | **(22%)** |
| **Personnel:** | **1,198,767** | **1,372,993** | **1,504,917** | **306,150** | **26%** |
| **Operations & Maintenance:** | | | | | |
| Insurance, Accounting, & Auditing | 29,298 | 32,714 | 32,637 | 3,339 | 11% |
| Maintenance & Equipment | 0 | 3,988 | 0 | 0 | 0% |
| Services & Supplies | 387,391 | 263,821 | 362,232 | (25,159) | (6%) |
| **Subtotal:** | **416,689** | **300,523** | **394,870** | **(21,819)** | **(5%)** |
| **Total Expenditures:** | **$ 18,590,871** | **$ 15,810,511** | **$ 15,169,623** | **$ (3,421,248)** | **(18%)** |

** Compares FY 2021-22 Adopted Budget to FY 2020-21 Adopted Budget*

The WS&C cost center Budget will decrease by $3.4M or 18% in FY 2021-22. Notable changes from the FY 2020-21 Budget to FY 2021-22 Budget include:

- Overall costs associated with Water Supply Agreements have decreased by approximately 22%, primarily due to lower State Water costs for DWR Fixed Assessment charges for costs associated with the State Water Project, and anomalous costs the prior year.
- COMB costs will decrease overall by $373K or 11% in FY 2021-22 as the special assessment related to the financing of the temporary pumping barge will be paid off in FY 2020-21.

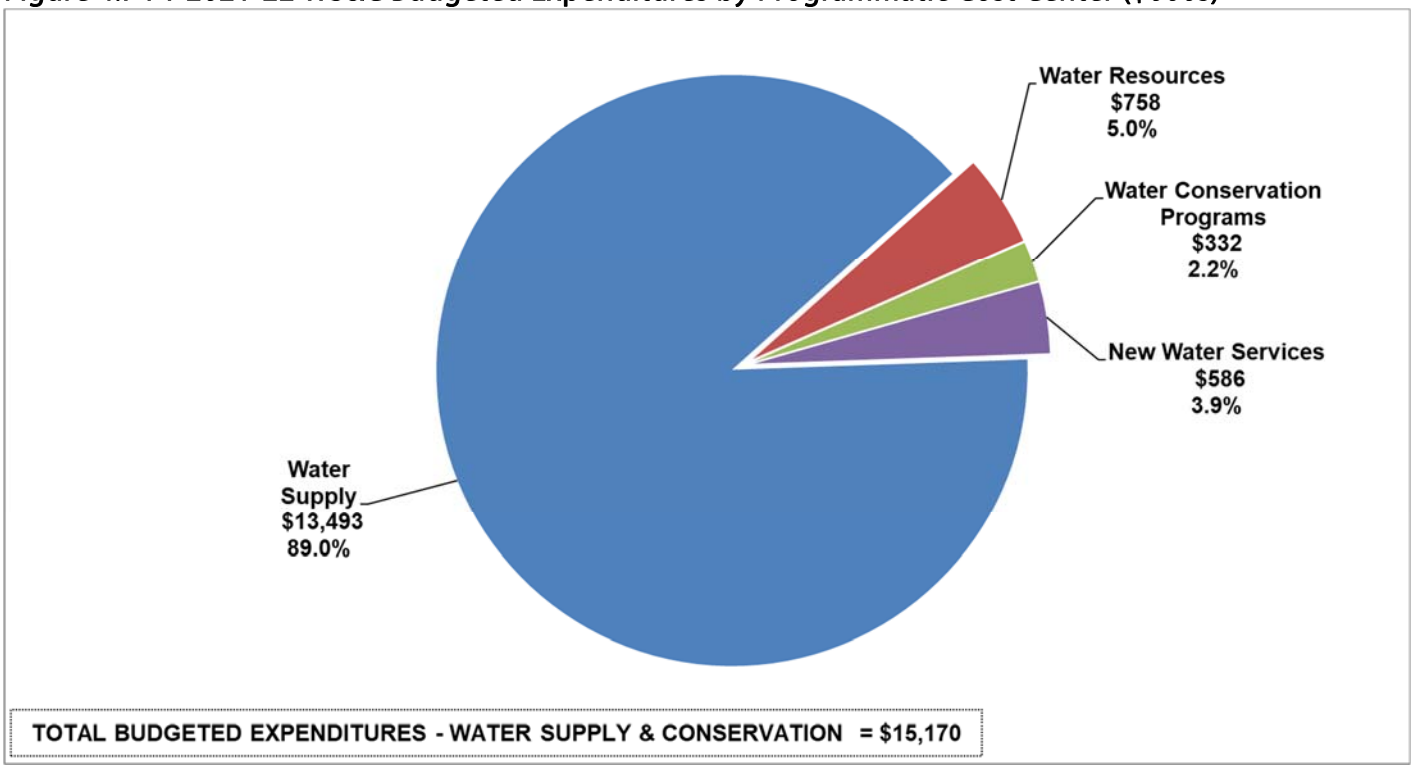
- Personnel costs will increase by $306K or 26% primarily as a result of lower labor capitalization of anticipated customer funded projects and costs consistent with overall SEIU negotiated provisions.

Table 4.7 and Figure 4.7 provide details of WS&C expenditures by programmatic cost center.

**Table 4.7 FY 2021-22 WS&C Budgeted Expenditures by Programmatic Cost Center**

| Description | Water Supply | Water Resources | Water Conservation Programs | New Water Services | Total WS&C |
|---|---|---|---|---|---|
| COMB (Lake Cachuma Deliveries) | $ 3,171,094 | $ 0 | $ 0 | $ 0 | $ 3,171,094 |
| CCRB (Water Rights) | 527,044 | 0 | 0 | 0 | 527,044 |
| SB County (Cloud Seeding) | 32,858 | 0 | 0 | 0 | 32,858 |
| CCWA (State Water Deliveries) | 8,823,840 | 0 | 0 | 0 | 8,823,840 |
| GSD (Recycled Water Production) | 715,000 | 0 | 0 | 0 | 715,000 |
| Personnel - Wages | 155,241 | 315,732 | 145,910 | 362,090 | 978,972 |
| Personnel - Benefits | 53,969 | 125,070 | 81,393 | 177,759 | 438,191 |
| Personnel - Taxes & W.C. | 14,452 | 24,565 | 12,682 | 36,055 | 87,754 |
| Insurance, Accounting, & Auditing | 0 | 26,222 | 606 | 5,810 | 32,637 |
| Maintenance & Equipment | 0 | 0 | 0 | 0 | 0 |
| Services & Supplies | 0 | 266,543 | 91,662 | 4,027 | 362,232 |
| **Total:** | **$ 13,493,498** | **$ 758,131** | **$ 332,253** | **$ 585,741** | **$ 15,169,623** |

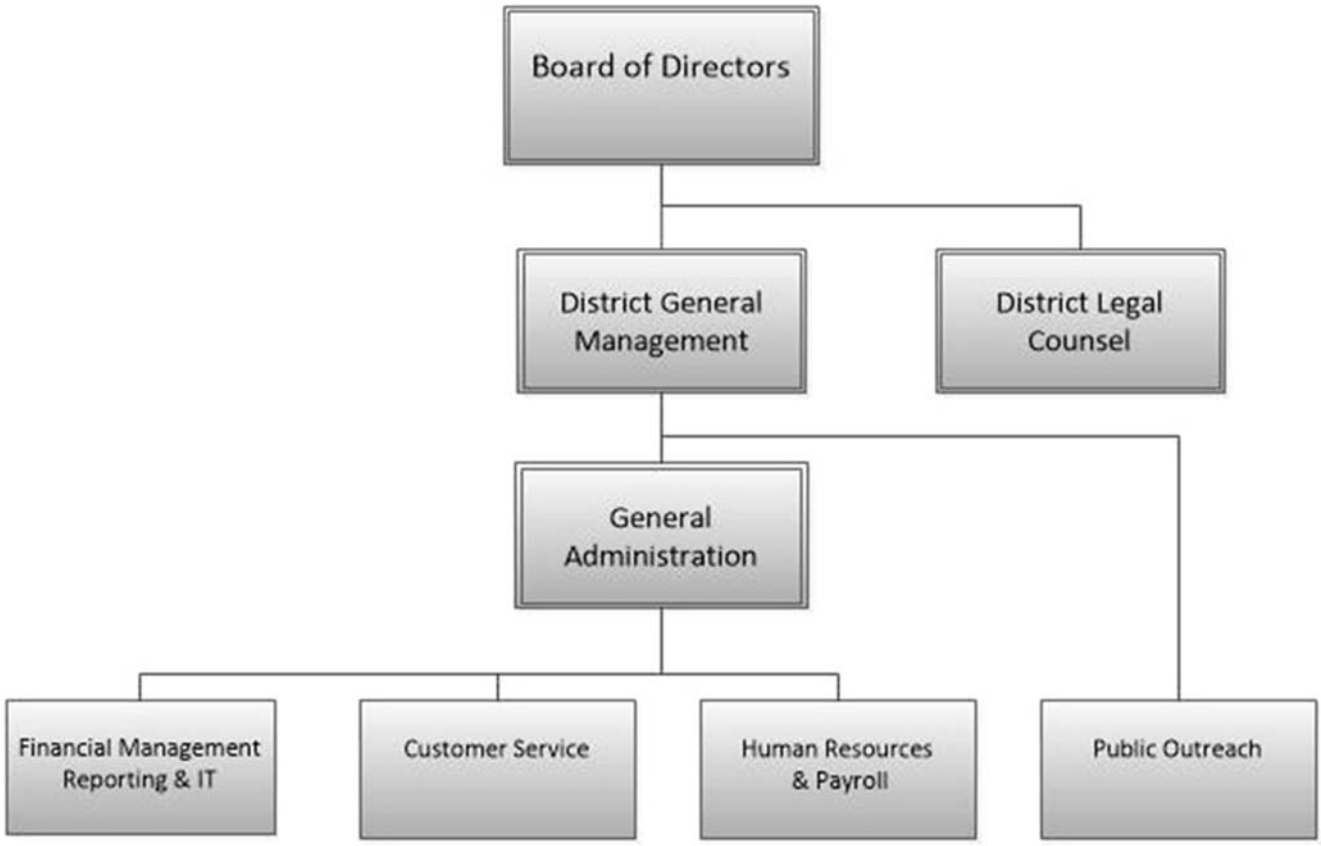
**Figure 4.7 FY 2021-22 WS&C Budgeted Expenditures by Programmatic Cost Center ($000s)**



## General Administration Cost Center

The General Administration cost center includes the Board of Directors, District General Management, District Legal Counsel, and General Administration cost centers including Financial Management, Reporting, Information Technology, Public Outreach, Customer Service, and Human Resources, as outlined in Figure 4.8.

**Figure 4.8 General Administration Programmatic Functions**




### Financial Management, Reporting, & Information Technology (IT)

The Financial Management, Reporting, & Information Technology cost center includes all financial and accounting services to ensure proper controls and processes are in place to accurately collect revenue and disburse expenditures. Routine administration services include customer billings, accounts receivable, accounts payable, investment and cash management, financial reporting, annual budget preparation, monthly budget tracking, cash flow analysis, rate analysis, procurement and contract management, and annual audit report preparation. This cost center is responsible for implementing governmental accounting standards to provide timely, accurate and meaningful financial information to the public and the Board of Directors. Finally, this cost center provides and supports technology tools for internal District operations, as well as District customers. These include network support services, customer information systems, and billing support services, among others. During FY 2021-22, the District will continue to implement process and system improvements that will enhance operational efficiencies with a specific focus on migrating to processes using digital and/or electronic documentation.


## Customer Service

The Customer Service center is the initial point of contact for the community, handling incoming calls, responding to electronic inquiries, and managing the billing and collection process for the District's 17,000 customers. For FY 2021-22, Customer Service will continue promoting the District's customer portal (Watersmart) to increase customer participation in electronic and automatic payment and increasing paperless billing especially during the challenges associated with the COVID-19 pandemic.

## Human Resources and Payroll

Human Resources works closely with District management to recruit, train, and retain the most qualified personnel for the District. Human Resources also coordinates risk management activities, including the Workplace Safety Program and the Employee Wellness Program, to ensure a safe and healthy work environment for employees and analyzes and coordinates insurance matters in cooperation with the District insurance provider, Association of California Water Agencies (ACWA)/Joint Points Insurance Authority (JPIA). Additionally, Human Resources administers all payroll and benefit processes.

## Public Outreach

Public Outreach and Public Information functions include all District communications, media relations, press releases, special outreach, newsletters, and oversight of the District's website, social media, and internet presence. This effort ensures customers are equipped with reliable, timely, and objective information, enabling a clear understanding of District issues and activities. Ongoing implementation of the District's Sustainability Plan and coordination of ongoing inter-departmental initiatives are also housed in this cost center. FY 2021-22 public outreach will continue educating customers on key aspects of District operations and the future challenges ahead. The District will identify innovative and effective communication methods, including expanded use of WaterSmart, to engage with and understand the needs of District customers, ensuring that services align with those needs and values.


## General Administration Accomplishments FY 2020-21

Significant highlights achieved during FY 2020-21 included:

- Completion of the District's Comprehensive Annual Financial Report (CAFR) and receipt of an unmodified ("clean") opinion on its audited financial statements.
- Successful design and implementation of an emergency operating plan to avoid business and service interruptions resulting from the global COVID-19 pandemic. The plan included procuring and redistributing computers, deploying effective security technologies for staff working remotely, and ensuring the safety of District staff and customers.
- Uninterrupted continuity and continued timely issuance of customer bills and payment processing during the COVID-19 pandemic.

- Successfully completed the comprehensive COVID-19 Prevention Program (CPP) as required by the California Code of Regulations, Title 8, Section 3205(c). The District's CPP includes the identification and evaluation of COVID-19 hazards along with the documented process to control and correct hazards, the investigation and response to COVID-19 cases, and the communication to District staff to ensure they are informed of reporting and testing protocols, accommodations for staff with medical or other conditions that may put them at risk of severe COVID-19 illness, the process to limit transmission in the workplace in the event of a COVID-19 case and the related return-to-work criteria.
- As part of the District's ongoing efficiency initiatives, implemented an electronic on-boarding system through ADP to facilitate the electronic provision and tracking of documents and forms. The system allows the District to provide staff with digital copies of handbooks, memos, and updates and facilitates record keeping to track the distribution of required documents for compliance.
- Significantly increased customer sign-ups for the District's WaterSmart customer portal, which was newly implemented in January 2020. To date, almost one third of the District's customers are using this internet-based customer engagement website and payment portal.
- Reached over 33,000 District customers and residents with the Autumn 2020 Newsletter.
- Maintained the District website as a resource for customers with over 95,000 page views, a significant increase over the previous year, with customer online access and customer service ranking as the most popular items.
- Developed new website pages, feature articles, videos and updates for critical topics to provide timely information of relevance.
- Received two ACWA JPIA President's Special Recognition awards for achieving a low loss ratio in both the Liability and Property Insurance programs.

## FY 2021-22 General Administration Budget

Table 4.8 compares General Administration budget variances between FY 2020-21 and FY 2021-22.

### Table 4.8 FY 2021-22 General Administration Cost Center Budget Summary

| Category | Adopted Budget FY 2020-21 | Estimated Actual FY 2020-21 | Adopted Budget FY 2021-22 | Variance Analysis * $ Higher / (Lower) | Variance Analysis * % Higher / (Lower) |
|---|---|---|---|---|---|
| **Cost Center Expenses - General Admin.** | | | | | |
| **Personnel:** | **$ 2,679,770** | **$ 2,836,927** | **$ 2,885,921** | **$ 206,151** | **8%** |
| **Other Post Employment Benefits:** | **517,419** | **507,296** | **562,245** | **44,826** | **9%** |
| **Operations & Maintenance:** | | | | | |
| Insurance, Accounting, & Auditing | 119,848 | 110,277 | 111,500 | (8,348) | (7%) |
| Legal | 1,014,600 | 2,244,067 | 1,014,600 | 0 | 0% |
| Services & Supplies | 1,203,315 | 1,060,059 | 1,212,840 | 9,525 | 1% |
| **Subtotal:** | **2,337,763** | **3,414,403** | **2,338,940** | **1,177** | **0%** |
| **Total Expenditures:** | **$ 5,534,952** | **$ 6,758,626** | **$ 5,787,107** | **$ 252,155** | **5%** |

** Compares FY 2021-22 Adopted Budget to FY 2020-21 Adopted Budget*

The General Administration Budget will increase by $252K, or 5% in FY 2021-22. Notable General Administration changes from FY 2020-21 to FY 2021-22 Budget include:

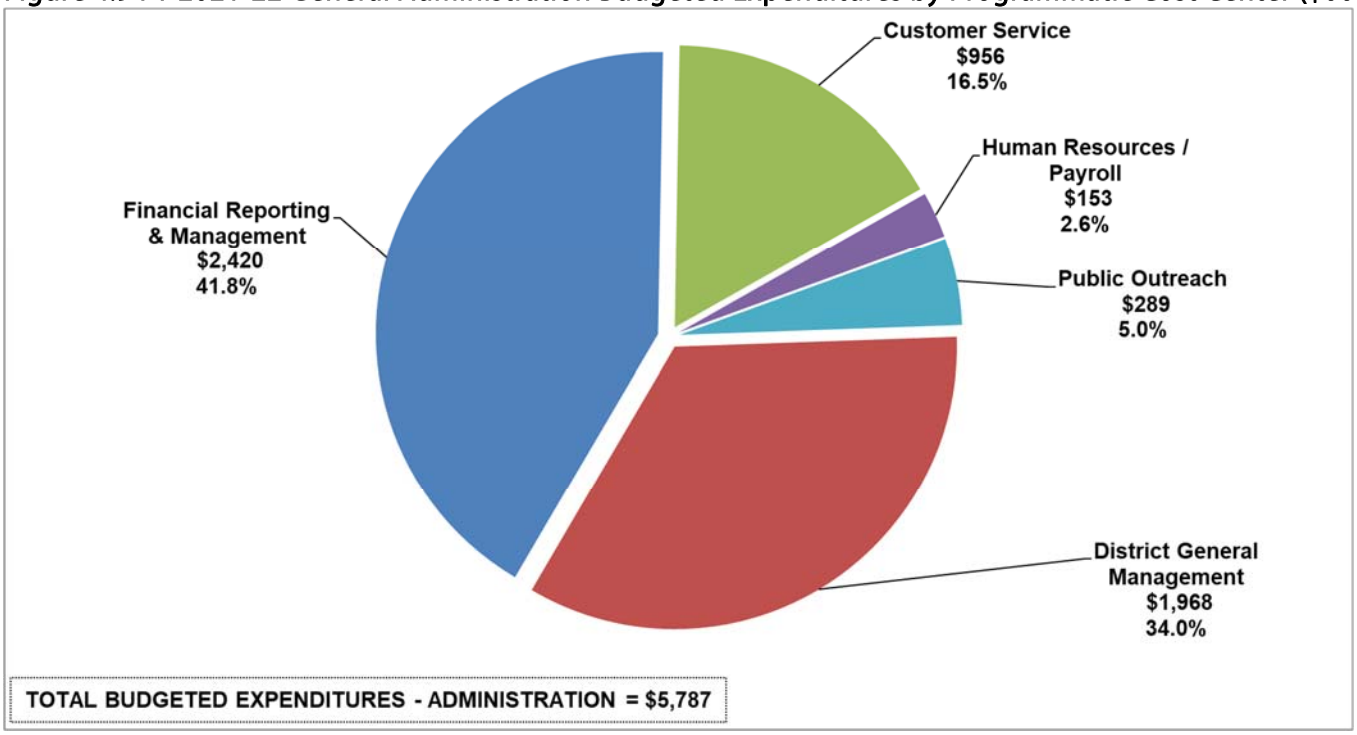
- Personnel costs will increase by $206K or 8% primarily resulting from reclassifying half a full-time-equivalent staff position in customer service to support in-house billing, and costs consistent with overall SEIU negotiated provisions.
- District-wide OPEB costs will increase by $45K or 9% resulting from changes in the retiree pool and health insurance costs.
- Service & Supplies will increase by $10K or 1% as a result of higher software fees related to the customer billing and payment processing system.

Table 4.9 and Figure 4.9 provide a detailed breakdown of General Administration expenditures by programmatic cost center.

**Table 4.9 FY 2021-22 General Administration Budgeted Expenditures by Programmatic Cost Center**

| Description | District General Management | Financial Reporting & Management | Customer Service | Human Resources / Payroll | Public Outreach | Total Administration |
|---|---|---|---|---|---|---|
| Personnel - Wages | $ 412,640 | $ 1,056,944 | $ 179,201 | $ 112,973 | $ 141,692 | $ 1,903,451 |
| Personnel - Benefits | 233,420 | 431,813 | 84,681 | 25,216 | 51,162 | 826,292 |
| Personnel - Taxes & W.C. | 25,562 | 85,610 | 16,844 | 14,887 | 13,275 | 156,178 |
| Other Post Employment Benefits | 0 | 562,245 | 0 | 0 | 0 | 562,245 |
| Insurance, Accounting, & Auditing | 40,650 | 67,000 | 2,000 | 0 | 1,850 | 111,500 |
| Legal | 1,014,600 | 0 | 0 | 0 | 0 | 1,014,600 |
| Services & Supplies | 241,580 | 216,400 | 673,420 | 0 | 81,440 | 1,212,840 |
| **Total:** | **$ 1,968,452** | **$ 2,420,012** | **$ 956,147** | **$ 153,076** | **$ 289,419** | **$ 5,787,107** |

**Figure 4.9 FY 2021-22 General Administration Budgeted Expenditures by Programmatic Cost Center ($000s)**

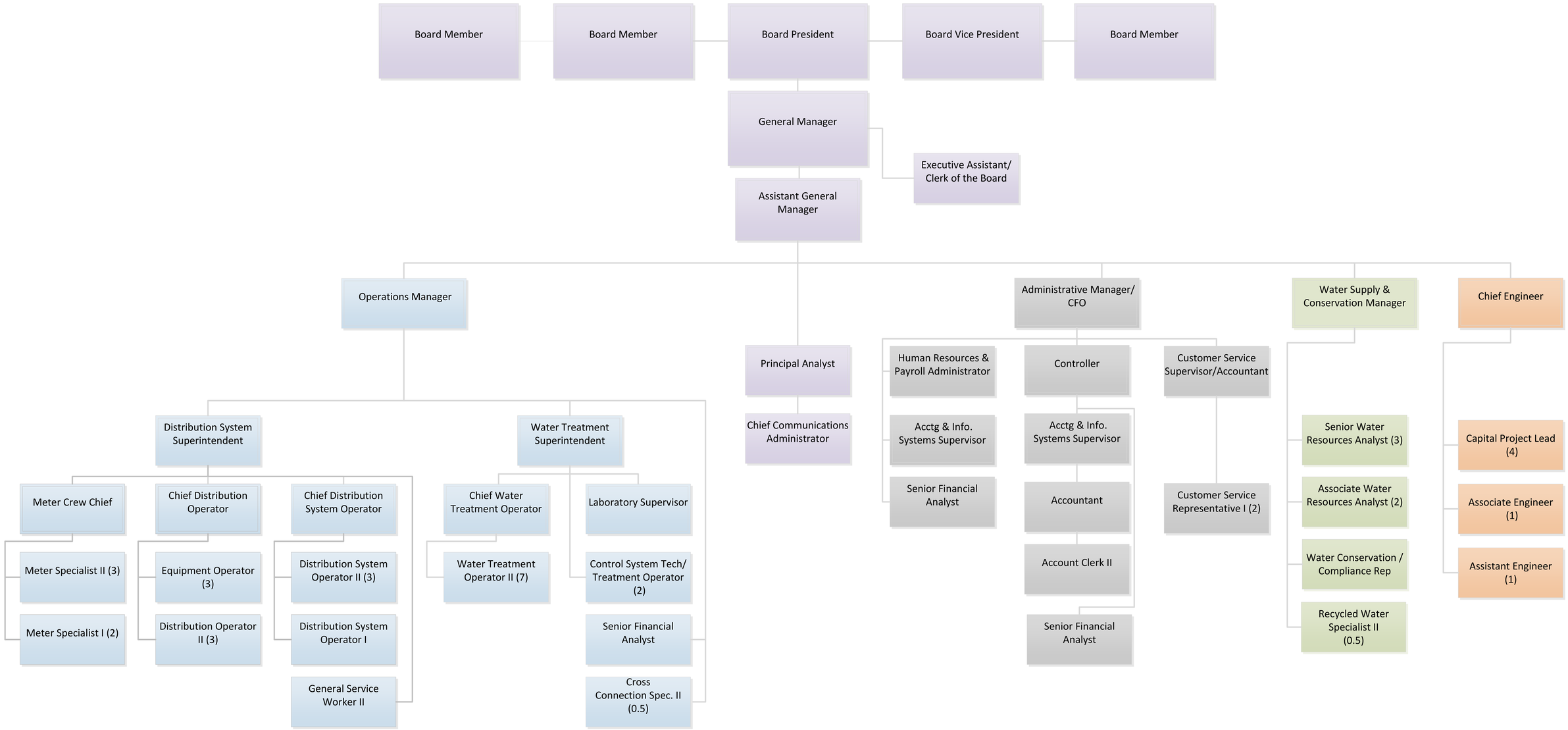


## District Organization

The District is governed by a five-member, publicly elected Board of Directors. The Office of the General Manager is responsible for the day-to-day policy implementation and operations of the District, including Public Outreach and the activities of the four departments: Operations, Engineering, WS&C, and General Administration. Each department is responsible for specific programmatic functions to provide safe and reliable water supplies to the region at predictable rates. A detailed organizational chart is provided in Appendix Figure 4.10.

Figure 4.10 Organizational Chart by Department and Position

**Figure 4.10 Organizational Chart by Department and Position**



GOLETA WATER DISTRICT

Goleta Water District
4699 Hollister Avenue
Goleta, CA 93110
**www.GoletaWater.com**