

GOLETA WATER DISTRICT

GOLETA, CALIFORNIA



Fiscal Year 2024–25 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 a full Lake Cachuma. The lake, which is the District's primary source of water supply, filled to capacity and spilled marking the first time since 2006 that the lake has spilled in two consecutive years.

GOLETA WATER DISTRICT

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List of Acronyms and Abbreviations

ACWA	Association of California Water Agencies
AF	Acre-Feet
AFY	Acre-Feet per Year
AMI	Advanced Metering Infrastructure
AWWA	American Water Works Association
CalPERS	California Public Employees' Retirement System
CDMWTP	Corona Del Mar Water Treatment Plant
CCRB	Cachuma Conservation 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
E&I	Engineering & Infrastructure Department

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SECTION I – OVERVIEW

A NOTE ON THE BUDGET

Each year, the District Board of Directors adopts a budget for the forthcoming fiscal year. This budget anticipates revenue and establishes spending priorities within the limits of the adopted Five-Year Financial Plan.

Budgeted expenditures continue to prioritize projects that maintain water quality and system reliability, including production, treatment, and distribution, which are critical to the District’s mission to deliver safe and reliable water to the community. Projects include the design and construction of treatment facilities for the new Hope Well, treatment upgrades at University Well and the Corona Del Mar Water Treatment Plant, and replacement of the District’s Supervisory Control and Data Acquisition (SCADA) system, which is essential to the District’s operations. As the District prepares to celebrate its 80th Anniversary in November, the ongoing replacement of inoperable equipment and infrastructure nearing its end of anticipated life remains a top priority.

The District employs a zero-based budget, which requires a thorough reevaluation of all expenses during each budget cycle. Rather than simply updating the budget, all expenses must be justified and approved for every fiscal year. This best practice is critical for the District as costs associated with water supply, treatment, distribution, and infrastructure investment can fluctuate significantly from year to year. During drought periods, expenses associated with drawing on a diverse water supply mean that energy usage and the costs to deliver water increase significantly. During wet years, changing water quality conditions at Lake Cachuma and ongoing operations and maintenance associated with keeping the District’s groundwater wells in ready condition result in significantly different expenditure needs. Adapting to dynamic and changing conditions requires a budget built from the ground up, safeguarding rates by prioritizing investments and spending to maintain current service levels and ensure the long-term sustainability of the District. Priorities for FY 2024-25 focus on maintaining current levels of service to customers, with a 9% increase in water rates and charges for all customers effective July 1, 2024.

Over the past three years, supply chain disruptions and inflation have significantly increased the costs of infrastructure projects and ongoing operations and maintenance. Even as these factors have begun to abate, prices remain significantly higher. Responding to these pressures, the District has adjusted spending to ensure continued alignment with the overall spending levels outlined in the Board’s financial policies. Additionally, during FY 2023-24, the District secured over \$2.4M in grant funding and refinanced its outstanding debt to capitalize on lower interest rates, resulting in a net present value savings of \$5.4M in District payments over the next 10 years. Looking ahead, the District will continue to offset expenses by aggressively pursuing grants and exploring opportunities for alternative revenue sources, creating added value for District customers now and into the future.

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. The District holds elections by district, in which voters elect a single board member to represent their specific district or area. 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. District employees include certified treatment and distribution operators, water quality scientists, engineers, policy and financial analysts, and administrative professionals.

The District delivers water to its customers through a complex treatment and distribution system that includes over 270 miles of pipeline, eight permitted groundwater wells, a state-of-the-art water treatment plant, eight reservoirs, and a host of other critical water transmission and distribution facilities. The District benefits from 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 a sustainable manner. 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.

Another year of above-average rainfall led to Lake Cachuma filling to capacity and spilling, marking the first time since 2006 that the lake has spilled in two consecutive years.

The local climate is generally characterized as coastal Mediterranean 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 has fluctuated 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.

A second year of above average rainfall has continued to improve the District’s water supply outlook. Lake Cachuma filled for a second consecutive year and the District resumed the active injection of treated spill water into the Goleta Groundwater Basin (Basin). The District has continued to rest the Basin, operating wells at the minimal level required to maintain them in ready status. This active injection combined with the significant winter rainfall will support enhanced recharge of the groundwater basin and ensure this critical drought buffer continues to be available in the future.

Even as the improved water supply outlook has allowed the District to offset some of these uncertainties by relying primarily on lower cost surface water supplies from Lake Cachuma, increased capital investment is necessary to maintain an aging system as the District approaches its 80th Anniversary on November 17, 2024. Maintaining the ability to rely on sustainable groundwater reserves for future dry periods and emergencies requires ongoing investment in the infrastructure necessary to access and replenish it, and efforts to protect and safeguard the Goleta Groundwater Basin are similarly resource intensive.



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 Groundwater Management Plan, one of the District’s foundational water resource management documents, was updated in 2023. The District completed an update to its Water Supply Management Plan (last updated in 2017), this fiscal year. These documents guide 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 Lake 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 Santa Ynez Water Conservation District 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 (SWRCB) for water supply from the Cachuma Project on behalf of the Member Units. The Cachuma Conservation 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 currently pumps and treats groundwater supplies from the Goleta Groundwater Basin through eight active groundwater wells. In response to drought conditions, the District invested significantly in increased groundwater production capabilities over the past decade. 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 2024-25, the District will exercise the wells for monthly maintenance but does not plan to rely on groundwater production to meet customer demand. Maintaining the infrastructure necessary to access the basin is an increasingly important and 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. In FY 2023-24 the District drilled the first new well in over forty years. The Hope Well represents an important step in replacing and rehabilitating an aging well field. Significant renewal of the well field is anticipated over the next decade.



Protecting the health and sustainability of the basin is an equally important priority. 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 SWRCB approved the District’s permit to inject treated water from Lake Cachuma as part of its Aquifer Storage and Recovery program, and the District was able to inject 863 acre-feet (AF) in FY 2022-23 and 338 AF in FY 2023-24 (as a result of changing water quality conditions that limited the number of wells that could be used).

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 2024 the District received an initial 5% allocation of its full State Water entitlement, which was subsequently increased to 30% in March and to 40% in April in response to statewide water supply conditions. The District does not anticipate taking delivery of any State Water until 2025 and will continue to store carryover water in San Luis Reservoir. In spring of 2024 the District completed full repayment of its outstanding water debt (incurred in FY 2014-15 through the purchase of supplemental water during the last drought).

A long-standing exchange agreement with ID #1 will continue in FY 2024-25, 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 840 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.

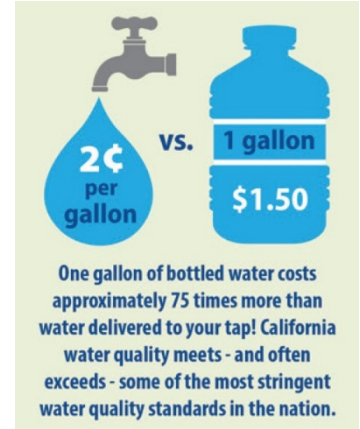


District Service Area and Customer Socioeconomic Information

Over the last century, the land use characteristics within the District's service territory have largely transitioned from being primarily rural and agricultural into a mix of diverse urban communities. The District service area is typical of coastal communities in California and is mainly residential, but also includes a variety of institutional and commercial uses, while retaining pockets of agricultural land, open space, and recreational areas. UCSB is the largest institution in the District's service area; commercial land uses in the Goleta area are in the Old Town and Northeast Community Center neighborhoods. Approximately 38% of the population in the District's service area resides within the Goleta city limits. According to the most recent Census data, the median household income is \$113,889, with an average family size of 3.26 and a 51.2% homeownership rate. The unemployment rate currently stands at 5.1% as of March 2024, similar to Santa Barbara County and the State of California.

Customer Demand

Demand is driven by weather, conservation, and economic conditions. Since a large portion of water use in the District is attributable to outdoor irrigation of crops, orchards, and ornamental landscapes, weather-driven demand occurs most noticeably when conditions are extreme. During the last drought, from 2012-2019, irrigation initially increased and caused dramatic spikes in water use. Conservation by customers and water use behavior changes and efficiency habits over time (commonly referred to as demand hardening) exerted significant downward pressure on water use, and water use has never fully recovered to pre-drought levels. Beginning in late 2022, water use plummeted further following record wet weather that saw multiple atmospheric rivers over the winter. A second consecutive wet winter in late 2023 and early 2024 again left the ground heavily saturated into spring, keeping water use low.



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 campus dormitories and Isla Vista apartments, represent a large portion of the area’s multi-family residential customers. Residential water use represents approximately 49% of overall water demand. This proportionally low use is largely due to exceptional conservation over the past decade. 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 56 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 economic trends, weather patterns, vacancy rates, drought declarations, and heightened conservation programs.



The remaining 51% of demand is attributed to non-residential water use, with agricultural use accounting for 23%, 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 lemon; 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. The District will continue to closely monitor how water use patterns are changing across all its customer classes, but water use data do not currently indicate significant changes that would adversely affect District operations.

The District currently has 479 active 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 (updated annually) provides the framework for efficient water resource management, along with the Water Conservation Plan, and the Drought Preparedness and Water Shortage Contingency Plan (most recently updated in 2021).

Conservation programs include:

- Conservation rates for eligible residential and commercial customers with low water use.
- Extensive customer conservation and efficiency tools including information on the District website, community and school education programs, virtual water conservation checkups, leak detection calls and outreach to customers through the Customer Class Scorecard Program, and an interactive Community Demonstration Garden at the District Headquarters.
- Rebate programs for all customer categories to improve water use efficiency, including the Smart Landscape Rebate Program (SLRP), and free mulch deliveries.

Customer Service

Ongoing dedication to customer service is a significant part of day-to-day operations. The District strives to be available and responsive to its customers, offering numerous ways to interact with staff and obtain valuable information and assistance. Staff is available during business hours to provide assistance and support to District customers in person, as well as by phone, email, and messaging through the WaterSmart Portal. A self-service kiosk was installed in the Customer Service Lobby the previous fiscal year and provides customers with a convenient self-service option. Crews are 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.



District customers can access their accounts and make payments online at any time. Approximately 30% of customers use the District’s online account management tools to submit payments electronically, and over half of all customers are enrolled in the WaterSmart Portal, which is one of the highest rates of online enrollment among water providers using this software. This web-based customer service platform enables customers to access their account information, electronic bills, and historical water use, as well as initiate payment electronically. The District has also continued to promote the State-funded Low Income Household Water Assistance Program (LIHWAP) to assist customers experiencing financial hardship with paying their bills and offers payment plans. In January 2024 the District installed a new Electronic Agenda Board outside of the customer service entrance. The new board provides a full color interactive touch screen display that allows customers to access agendas, view information about the District, download materials and visit the WaterSmart customer portal via QR codes on their phone. The electronic agenda board also serves as a customizable point-of-sale display on which important information can be highlighted for visitors.

GOLETA WATER DISTRICT BUDGET



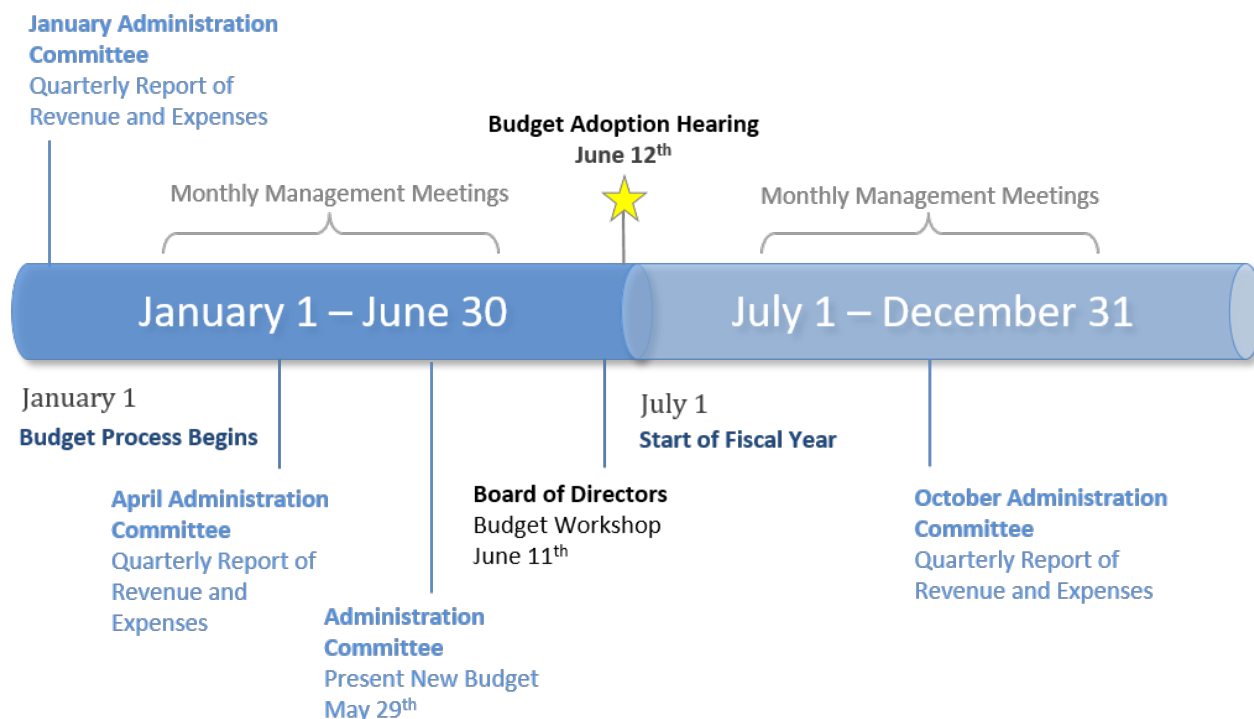
The development and adoption of an annual budget based on expected revenues and expenditures as well as identified projects and programs provides the financial foundation for District activities. The budget serves as a planning roadmap for ensuring reasonable costs and predictable customer rates. The 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.

Each year, the Board of Directors approves the District’s Budget for the following fiscal year, which runs from July 1 through June 30. The District budget is prepared internally over a six-month period beginning in January of each year. The District uses a zero-based budget approach, with worksheets developed from the ground-up using input from each Department to address the goals and objectives for the following fiscal year. Meetings are held with the executive management team to review each Department’s actual and projected expenses and develop revenue projections (see Section II for more details).

A full draft budget is presented to the Administration Committee for initial review in May. The Board reviews the budget at their annual budget workshop on the second Tuesday in June, with a second final budget adoption hearing the following day. Meetings are publicly noticed on the District’s website and on the electronic agenda board on the front of the building, and members of the public are encouraged to attend and provide comment.

After adoption of the Budget, the Executive team is presented with comprehensive monthly reports to track and monitor expenditures against individual program budgets for each of the District’s 24 cost centers. Additionally, a quarterly summary report of revenue and expenses is presented to the Board Administration Committee and subsequently to the Board of Directors. The adopted Budget may be amended as necessary by Board action, through a publicly noticed meeting. However, the Board traditionally addresses any budgetary shortfalls or increases by adjusting capital spending through the amendment of the Infrastructure Improvement Plan annually at their regularly scheduled meeting on the second Tuesday in March.

Budget Process Timeline



The FY 2024-25 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 externalities that are beyond the District’s control.

Financial Policies and Controls

The District’s financial policies serve as guidelines for the District to establish goals and targets for each fiscal year. The Board of Directors and the District’s Executive team monitor the performance of the District’s financial operations according to its financial policies, revenue policies, and expenditure policies.

The District’s budget and financial planning policies are consistent with foundational District documents, including the 2020 Cost-of-Service Study that developed a five-year rate schedule, the Board-adopted five-year Infrastructure Improvement Plan updated on March 12, 2024, the Groundwater Management Plan, and the Water Supply Management Plan. During the budget planning cycle for each fiscal year, the Budget is built from the ground up, under the cash basis method of accounting, with revenues recognized when they become available, and Expenditures recognized when they are incurred. Forecasted revenue is based on projected demand, with expenditures determined to ensure that revenue either equals expenses or exceeds them, with any surplus funding allocated to the District’s reserves, creating a balanced budget.

The District recently adopted a Debt Management Policy (detailed below) which together with the Investment Policy provides goals for the use of debt instruments and establishes policies and procedures for the issuance of debt to finance infrastructure needs. The District also maintains a Reserve Policy, in which the target amount of the reserves is

updated every year during the budget process. The reserve targets are set in the Five-Year Financial Plan to provide the District with (i) an unrestricted contingency reserve necessary to meet significant unexpected capital project requirements, (ii) a cash equivalent for a fixed period of operations and maintenance expenditures, and (iii) such other reserves as the Board of Directors deems appropriate.

Enterprise Fund

The District operates as a single enterprise fund dedicated to the distribution of potable water, which constitutes its sole business activity. Consequently, it consolidates both the Operating and Non-Operating Budgets within a singular fund. This fund documents expenditures related to water operations, capital enhancements, and debt service obligations.

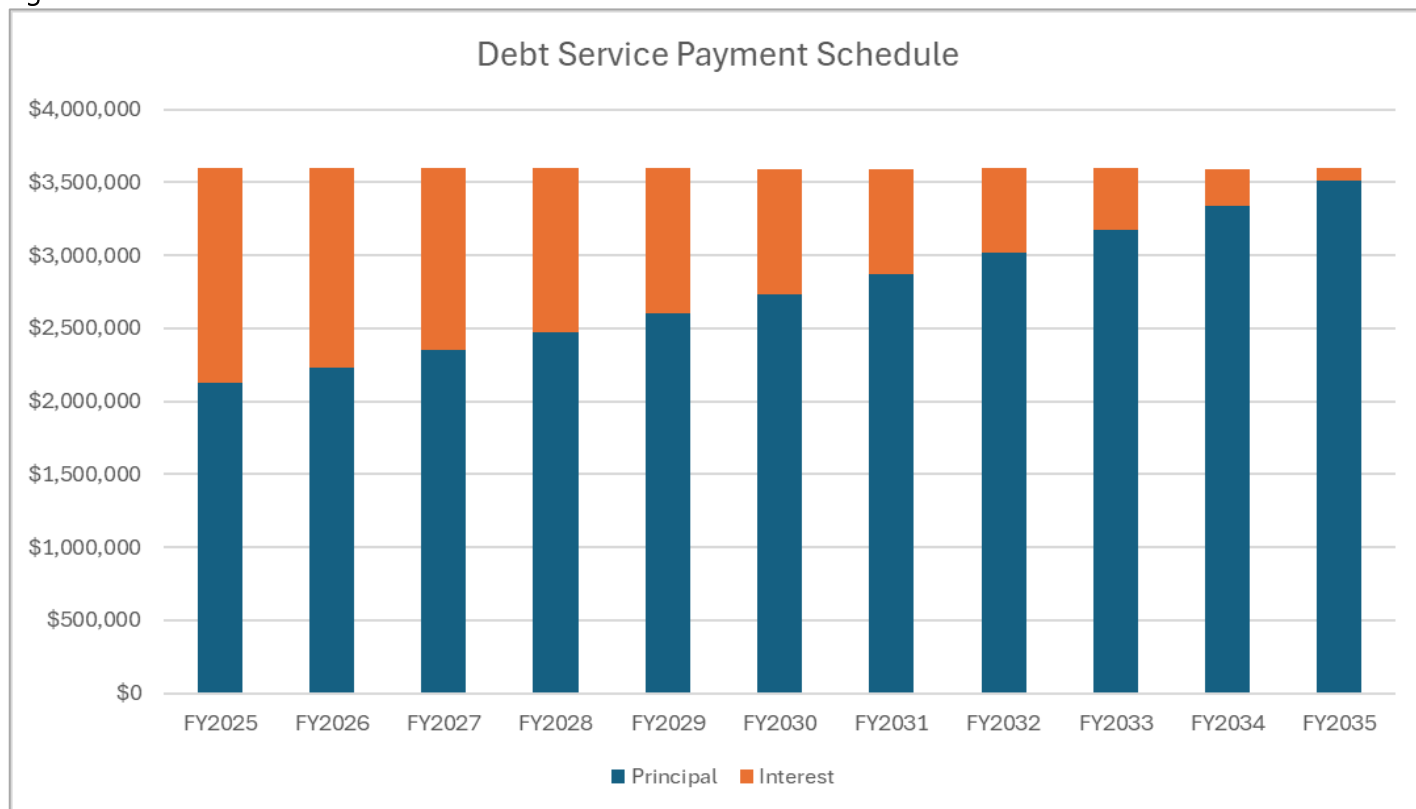
Debt

On November 14, 2023 the Board adopted a Debt Management Policy for the purpose of managing long-term debt. The purpose of the Debt Management Policy is to (1) identify debt policy objectives, (2) improve the quality of decision-making processes, (3) provide a basis for the determination of the appropriate structures, (4) diversify the District's debt portfolio to support its financial needs, and (5) demonstrate a commitment to best practices in municipal debt management planning and execution. The District can only issue new debt if its prior audited Fiscal Year shows at least 1.25x coverage and can maintain the 1.25x coverage when new debt service is included. The District is rated by Standard & Poor's as A+ with a Positive Outlook credit rating.

In 2023, the District took advantage of favorable market conditions in order to refund and refinance its 2010A and 2014A Certificates of Participation. This resulted in a net present value savings of \$5.4M for the District in debt payments over the next 10 years. Figure 1.1 below shows the Debt Service payment schedule for Series 2023A.

The Series 2023A Bonds were issued to provide funds to (1) refund all of the outstanding District Refunding Revenue Certificates of Participation, Series 2014A, (2) refund all of the outstanding District Revenue Certificates of Participation, Series 2010A, (3) purchase a municipal bond insurance policy to guarantee the scheduled payment of principal and interest on the Insured Bonds, and (4) to pay costs incurred in connection with the issuance of the Bonds.

Figure 1.1 Debt Service



Strategic Goals for FY 2024-25

The Board adopted District mission is to provide a reliable supply of quality water at the most reasonable cost to present and future customers. The annual Budget, together with the 2020-2025 Infrastructure Improvement Plan (IIP), District Sustainability Plan, and other foundational documents such as the Urban Water Management Plan, Water Supply Management Plan, and Groundwater Management Plan, serve as a Strategic Plan that allows the District to meet the water resource needs of the community today and into the future. Goals are designed to be clear and achievable while allowing for adaptability to changing conditions. The District’s strategic goals and the actions required to achieve provide the context for shaping the District’s annual budget. Strategic goals for the years ahead are summarized below:

Strategic Goal: Maintain Water Production and Distribution Reliability

- Complete design and begin construction of treatment and pumping systems for Hope Well, the District’s newest and largest groundwater production and injection well and begin acquisition of another new well site.
- Collaborate with federal and local contract administrators and Cachuma Member Units to implement proactive scientific, advocacy, and legal strategies to protect Cachuma water supplies and plan for all potential outcomes.
- Advance Information Technology (IT) capabilities with the following initiatives:

- Continue to upgrade and implement technology necessary to support the ongoing delivery of safe, reliable, and cost-effective water supplies.
- Complete design and begin implementation of critical Supervisory Control and Data Acquisition (SCADA) system upgrades to ensure reliability of automated treatment processes and monitoring of remote facilities. This equipment is 20-25 years old and no longer supported, requiring parts to be purchased on the secondary market for repairs.
- Complete planning and procurement activities for District-wide replacements of aging, under-reporting meters with modern Advanced Metering Infrastructure (AMI).

For copies of the District's foundational planning documents that together serve as a Strategic Plan, please visit:

www.GoletaWater.com/Documents

Strategic Goal: Maintain Water Quality

- Continue to meet all Primary State and Federal Drinking water standards.
- Track changing water quality conditions for both surface and groundwater.

Strategic Goal: Maintain Current Service Levels

- Complete approved Infrastructure Improvement Projects for FY 2024-25.
- Develop an updated five-year Infrastructure Improvement Plan for 2025-2030.
- Develop an updated five-year Financial Plan and Cost of Service Study to establish adequate rates for 2025-2030.
- Promptly repair or replace any treatment or distribution infrastructure that becomes inoperable.

FY 2023-24 Budget and Accomplishments

Last year was the fourth year of the District's Five-Year Expenditure Plan. FY 2023-24 saw estimated actual revenue of \$54.0M and expenditures of \$52.5M, with a reserve designation of \$1.5M. 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 2023-24 accomplishments in the area of water quality, infrastructure, and operational efficiency upgrades include:

- Completed construction of the Hope Well, the District's first new well in over 40 years, including drilling to a depth of 1,100 feet, installing screen, casing and filter media, and performing pump testing. The project involved significant public outreach and installation of temporary sound walls to minimize noise in the neighborhood. Maintained eight groundwater wells in immediate ready status, preserving past investments in critical infrastructure and ensuring continued access to the District's drought buffer. This allowed for the injection of 338 AF of treated surface water into District groundwater wells following the spill of Lake Cachuma for the second consecutive year.



- As part of the District's efforts to become a net zero energy user, completed designs and procurement for solar power generation at three District properties and for large scale battery storage at CDMWTP.
- Completed the relocation of a key segment of the District's 42-inch transmission main away from an eroded creek bank, reducing the risk of landslide-related damage to this critical pipeline that conveys treated water to a majority of the District's distribution system.
- Completed treatment system upgrades at Anita Well to improve the quality of raw groundwater and began filtration treatment equipment upgrades at University Well to treat increasing levels of iron and manganese.
- Completed pavement maintenance and repairs at the CDMTWP access road, Garrett Van Horne Reservoir, and the Headquarters customer parking lot, ensuring the integrity of District roads and safe access to facilities.
- Replaced 111 old, poorly functioning fire hydrants and repaired 194 aging fire hydrants, ensuring emergency services personnel have continued access to reliable hydrants with sufficient water pressure and flow rates to fight fires. This ensures that the 1,520 hydrants remain in peak operating condition.
- Purchased 18 electric vehicles and three gasoline powered trucks and installed electrical vehicle charging stations at CDMWTP, resulting in increased utilization of electric vehicles compared to gasoline and diesel vehicles, saving fuel and maintenance costs while also reducing greenhouse gas emissions.



- Installed new roof systems at three CDMWTP buildings, prolonging the useful lives of the buildings and reducing energy use and operational costs.
- Obtained grants from multiple agencies to offset District costs of projects and studies, including a \$2.0M grant from USBR for the Hope Well, a grant from Cal OES for \$367K covering 90% of costs associated with seismic vulnerability assessments of critical infrastructure, and \$43K in funding from the Santa Barbara Air Pollution Control District for the purchase of new electric vehicle charging stations.

Performance Measures

In addition to highlighting key accomplishments, District Performance Measures also track and evaluate progress toward achieving the District’s mission, goals, and objectives.

Table 1.1 District Performance Measures and Outputs

Performance Measure	Performance Measure Output	FY 2022-23	FY 2023-24	FY 2024-25 Target
Maintain Current Service Levels*	Prepare and implement IIP	100%	100%	100%
Replace Inoperable Equipment	Complete scheduled projects and prioritize projects that reduce the risk of service interruptions	100%	100%	100%
Groundwater Well Reliability	Maintain all groundwater wells in immediate ready status	100%	100%	100%
Reliable Supply of Water*	Effective planning and collaboration	100%	100%	100%
Groundwater Replenishment	Inject treated surface water into District groundwater wells	100%	100%	100%
Distribution System Maintenance and Upgrades	Maintain and upgrade facilities required to maintain existing service levels	100%	100%	100%
Meet Primary Fed and State Drinking Water Quality Standards*	Water quality monitoring and treatment/ technology upgrades	100%	100%	100%
Treatment System Maintenance and Upgrades	Design and construct treatment system upgrades, maintain current system	100%	100%	100%
Meet Regulatory Requirements	Meet all state, federal, and local regulatory requirements and obligations	100%	100%	100%
Complimentary Water Conservation Checkups	Respond to and complete all customer requests for conservation checkups	100%	100%	100%
Scorecard Program	Reach out to all customers with leak detection concerns	100%	100%	100%
Public Outreach	Maintain outreach program levels and accessibility to important District information to all customers in an easy-to-understand format	100%	100%	100%
Sustainability Planning and Implementation	Update the Plan and complete a progress report annually	100%	100%	100%
Social Media Engagement	Post important information and notices on various topics including water supply, District news, and history	100%	100%	100%

*Performance Measures that are linked with the District’s Strategic Goals

FY 2024-25 Budget and Key Initiatives



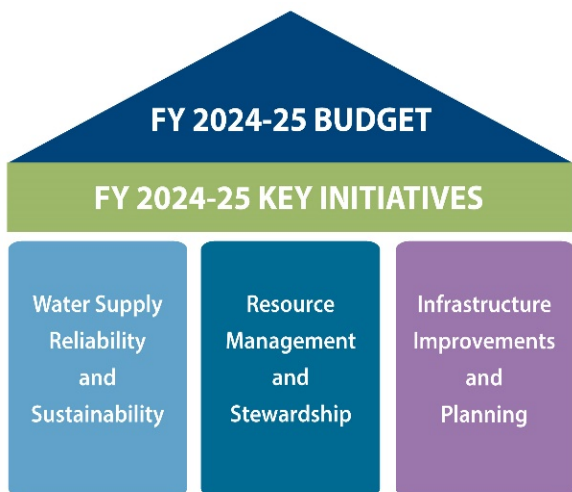
The FY 2024-25 Budget is consistent with the Board of Director's adopted foundational management documents. The Budget reflects an ongoing progression of the District's management and budgeting approach to control costs, minimize unplanned expenditures, limit risk exposure as well as expand investment in projects and programs that provide for the long-term water resource needs of the community.

The FY 2024-25 Budget anticipates \$59.1M in revenues, a 3% increase from the previous year, less than the level of inflation measured in the national Consumer Price Index. \$54.4M in operational and capital expenditures are planned with \$4.7M designated to reserves. Table 1.2 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 a detailed analysis of projected revenues and expenditures.

Table 1.2 FY 2024-25 Budget Summary

Category	Adopted Budget	Adopted Budget	Estimated Actual	Adopted Budget	Variance Analysis *	
	FY 2022-23	FY 2023-24	FY 2023-24	FY 2024-25	\$ Higher / (Lower)	% Higher / (Lower)
Revenue:						
Monthly Service Charges	\$ 15,154,813	\$ 15,325,090	\$ 15,934,504	\$ 16,327,611	\$ 1,002,520	7%
Water Sales	32,824,226	36,537,142	34,124,891	38,004,006	1,466,864	4%
New Water Supply Charges	0	3,628,880	2,089,071	3,036,760	(592,120)	(16%)
Investment Revenue	20,023	629,441	695,884	807,761	178,320	28%
Conveyance Revenue	207,962	253,090	152,444	155,824	(97,267)	(38%)
Miscellaneous Fees & Charges	933,881	797,526	1,028,519	747,484	(50,042)	(6%)
Total Revenue:	\$ 49,140,905	\$ 57,171,169	\$ 54,025,313	\$ 59,079,445	\$ 1,908,276	3%
Expenditures:						
Water Supply Agreements:						
COMB (Lake Cachuma)	\$ 3,481,850	\$ 2,942,831	\$ 2,486,951	\$ 3,560,149	\$ 617,318	21%
CCRB (Water Rights)	565,709	552,360	456,161	662,372	110,012	20%
Cloud Seeding & Overlap	32,858	0	57,975	57,975	57,975	100%
CCWA (State Water)	7,274,171	8,568,126	7,763,957	7,546,001	(1,022,125)	(12%)
GSD (Recycled Water)	790,054	790,054	658,501	790,054	0	0%
Subtotal:	\$ 12,144,642	\$ 12,853,371	\$ 11,423,545	\$ 12,616,551	\$ (236,820)	(2%)
Personnel:						
Wages, Benefits and Taxes	\$ 11,891,929	\$ 12,165,349	\$ 12,307,310	\$ 13,309,405	1,144,056	9%
Other Post Employment Benefits	567,695	576,155	532,434	587,298	11,142	2%
Subtotal:	\$ 12,459,624	\$ 12,741,504	\$ 12,839,744	\$ 13,896,703	\$ 1,155,199	9%
Operations & Maintenance:						
Water Treatment Costs	\$ 1,452,000	\$ 1,451,410	\$ 1,048,656	\$ 1,422,300	\$ (29,110)	(2%)
Water Treatment Testing	339,200	383,290	239,976	388,170	4,880	1%
Insurance, Accounting & Auditing	301,394	488,400	487,575	726,068	237,668	49%
Maintenance & Equipment	1,225,660	1,299,030	1,083,980	1,305,298	6,268	0%
Legal	410,000	390,000	174,223	390,000	0	0%
Services & Supplies	4,480,635	4,819,806	4,098,450	5,019,408	199,603	4%
Utilities	1,188,150	940,740	804,742	808,578	(132,162)	(14%)
Subtotal:	\$ 9,397,039	\$ 9,772,676	\$ 7,937,602	\$ 10,059,823	\$ 287,147	3%
Total Expenditures before Debt and CIP:	\$ 34,001,305	\$ 35,367,551	\$ 32,200,891	\$ 36,573,077	\$ 1,205,525	3%
Debt service	5,065,863	5,071,113	4,572,641	3,598,250	(1,472,863)	(29%)
Capital Improvement Projects (CIP)	8,745,000	16,245,000	15,691,194	14,182,876	(2,062,124)	(13%)
Total Expenditures:	\$ 47,812,168	\$ 56,683,664	\$ 52,464,726	\$ 54,354,203	\$ (2,329,462)	(4%)
Designation to Reserves:	\$ 1,328,736	\$ 487,504	\$ 1,560,587	\$ 4,725,243	\$ 4,237,738	

* Compares FY 2024-25 Adopted Budget to FY 2023-24 Adopted Budget



FY 2024-25 Budget Key Initiatives

The FY 2024-25 Budget includes a portfolio of ongoing and new initiatives that, in combination, will meet District regulatory and critical needs while providing reliable water supplies and maintaining current service levels. Key initiatives ensure the District can provide adequate water to the Goleta Valley for drinking, health, and public safety into the future. 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 required water quality monitoring. With Lake Cachuma filling and spilling for a second winter in a row, water quality conditions at the lake have improved significantly. Increased turbidity during significant storm events stirred up sediment and presented the greatest challenge, requiring the District to suspend deliveries from the lake for short periods but resolved as soon as the lake settled. History has shown that the lake is sensitive to changing temperatures, organic matter, and reservoir levels. Accordingly, the District will continue to monitor changing water quality conditions and conduct public outreach to educate customers on both the status of the District’s water supply and the challenges inherent to treating and delivering it.



Cachuma Project Supply and Water Rights

The District continues to work with CCRB and USBR on issues related to the Cachuma Project Water Rights Order (CPWRO) and the National Marine Fisheries Service (NMFS) Biological Opinion Re-consultation. A final draft of the Cachuma Water Rights Order was issued by the State Water Resources Control Board (SWRCB) on September 17, 2019. USBR petitioned the SWRCB to reconsider the order on October 16, 2019. The SWRCB issued a draft order denying USBR’s petition for reconsideration in April of 2024, and CCRB and USBR submitted comments asking that the SWRCB

decline to adopt the draft order as final. 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 the USBR and 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.



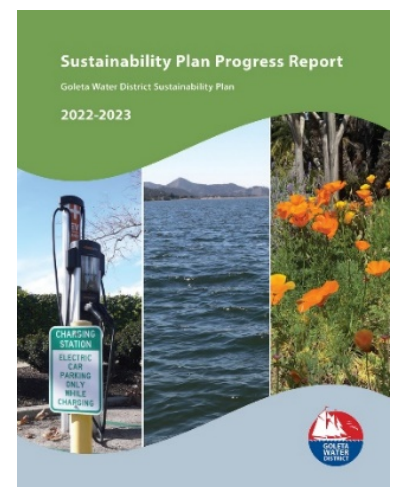
The Cachuma Master Contract was extended by an additional three years after the original extension was set to expire on September 30, 2023. Under the second amendment to the contract, the term now runs through September 30, 2026. The Member Units continue to actively negotiate with USBR for a long-term contract extension that protects the District's short and long-term water supply. In the summer of 2022, CCWA secured an extended Warren Act contract to import and store State Water in Lake Cachuma until September 2024. The District is collaborating with CCWA to obtain another extension, which is anticipated to be a short-term extension aligned with the Master Contract extension. 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

In early 2024, the District completed its latest annual update to the Sustainability Plan, originally adopted by the Board of Directors in June 2012. This year's Sustainability Plan Progress Report provides an update on District sustainability efforts over FY 2022-23, with a particular emphasis on how District investments ensure long-term water service reliability, energy independence, and enhanced disaster preparedness and resiliency. As the District prepares to celebrate its 80th anniversary, the report provides updates on several ambitious projects underway, such as design and construction of the new replacement well project (Hope Well), critical upgrades to the SCADA system, and the Net Zero Initiative that will install solar power systems on three District properties to offset its average annual baseline energy use, as well as the addition of 7 electric vehicles to the District's fleet in FY 2022-23,. Several projects planned for the FY 2024-25 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 a diverse water supply portfolio, and power costs associated with pumping and delivering groundwater, create an opportunity to re-evaluate how the District is using power and how that cost can be offset. As the District makes progress 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. Increased data collection and analysis will improve energy management and conservation decisions to achieve goals set forth in the Sustainability Plan.

Asset management remains a top priority for the District. Digital tools currently under development will enhance data analysis and support the District's ability to monitor and maintain an aging distribution system. Keeping pace with technological advancements will support asset management implementation and planning, while ensuring smart investment and reliable delivery of quality water to the community.

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 the District's Geographic Information System (GIS) and 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 for the real-time system management needed to react to unanticipated supply and demand changes, especially when the District is relying on a complex system of infrastructure to deliver its diverse water supply. The ability to monitor and control the system from a centralized location, and coordinate treatment and distribution across a system of assets that includes eight permitted 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 the 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, 6,500 valves, 1,520 fire hydrants, 17,300 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 2024-25 Budget continues to prioritize projects that maintain system reliability for treatment and distribution.

Highlights of the Infrastructure Improvement Projects planned for FY 2024-25 include:

- Complete design and begin implementation of critical SCADA upgrades to ensure reliability of automated treatment processes and monitoring of remote facilities.
- Complete design and begin construction of treatment and pumping systems for Hope Well, the District's newest and largest groundwater production and injection well that will replace production lost at other locations and restore the District's ability to meet minimum community health and safety demand of 6 million gallons per day.
- Complete planning and procurement activities for large-scale meter replacements of aging, under-reporting meters that are costing the District \$600K-\$800K in lost revenue each year.
- Complete construction of solar power generation equipment and CDMWTP battery installation to make the District a net-zero energy consumer.
- Complete the next Infrastructure Improvement Plan 2025-2030.

A LOOK TO THE FUTURE



The FY 2024-25 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 challenges of the past few years have 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 2024-25 Budget maximizes the ability to respond to external circumstances while minimizing impacts to customers.

Examples of current issues facing the District include:

- Having provided water service to the community for nearly 80 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 2024-25 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 or service augmentation.
- Succession planning will continue to be of strategic importance in the year ahead given the increasing number of retirement-eligible employees. Identifying critical positions in the organization that may be vacated, creating a talent pipeline by preparing existing qualified employees to fill vacancies, prioritizing employee training and

development, retaining current employees, as well as building in-house expertise to reduce the costs of outsourcing professional services, will help ensure organizational continuity and the long-term success of the District.

- Conditions in the Goleta Groundwater Basin are dynamic and changing. While the basin has experienced recharge from both injection and infiltration following two wet winters, the basin also faces potential threats to water quality, similar to many urbanized basins throughout California. Pollutants, 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 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 2024-25 may significantly affect the 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. 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 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.
- 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. 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.

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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 92% of its revenue from Water Sales (64%) and Monthly Service Charges (28%). 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.

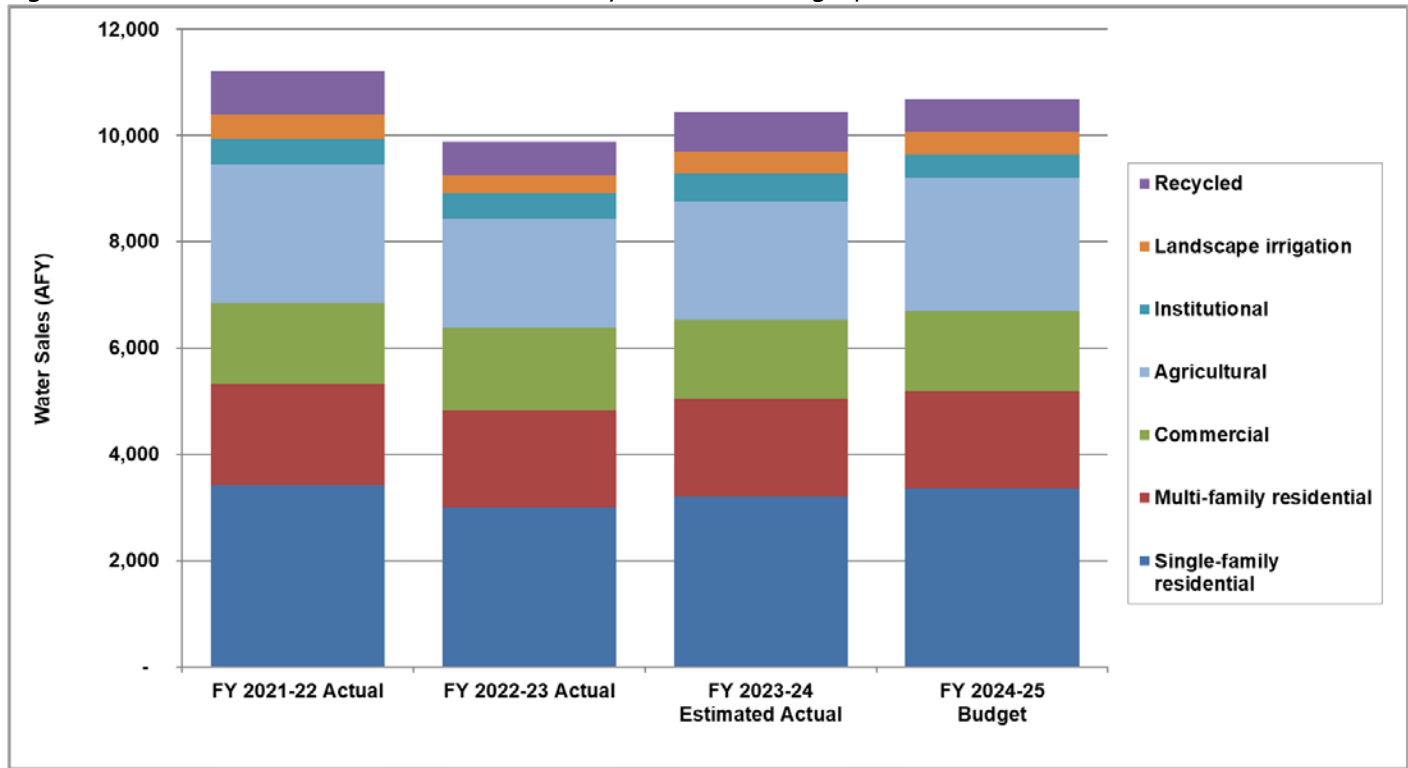
Monthly Service Charges, or fixed meter charges, represent a percentage of each customer's portion of the fixed costs associated with operating and maintaining the water distribution system. These charges are assessed monthly and are based on the size of the water meter, which can range from 5/8 inch 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 Monthly 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.

The District receives no property tax revenue and collects the majority of its operating revenue through user charges, such as water sales and monthly service charges.

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 four-year period.

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



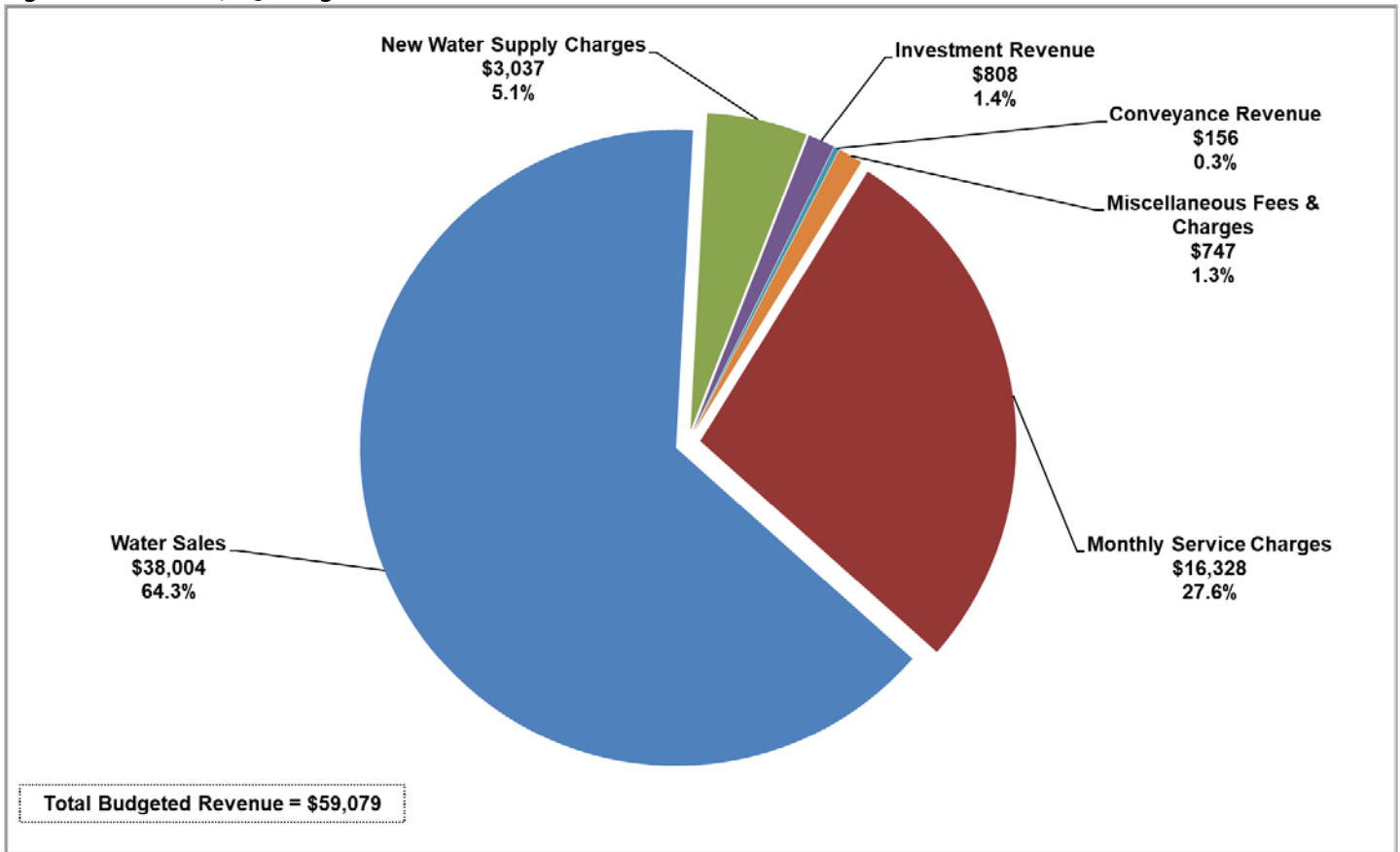
The amount of revenue the District receives from Water Sales varies from year to year and for each customer category. While District demand analyses are ongoing and periodically updated with the latest data, this year-to-year variation demonstrates the inherent degree of uncertainty in making projections. 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 2024-25 Budgeted Revenue versus FY 2023-24 Budget

Category	Adopted Budget	Adopted Budget	Estimated Actual	Adopted Budget	Variance Analysis *	
	FY 2022-23	FY 2023-24	FY 2023-24	FY 2024-25	\$ Higher / (Lower)	% Higher / (Lower)
Revenue:						
Monthly Service Charges	\$ 15,154,813	\$ 15,325,090	\$ 15,934,504	\$ 16,327,611	\$ 1,002,520	7%
Water Sales	32,824,226	36,537,142	34,124,891	38,004,006	1,466,864	4%
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Total Revenue	\$ 49,140,905	\$ 57,171,169	\$ 54,025,313	\$ 59,079,445	\$ 1,908,276	3%

* Compares FY 2024-25 Adopted Budget to FY 2023-24 Adopted Budget

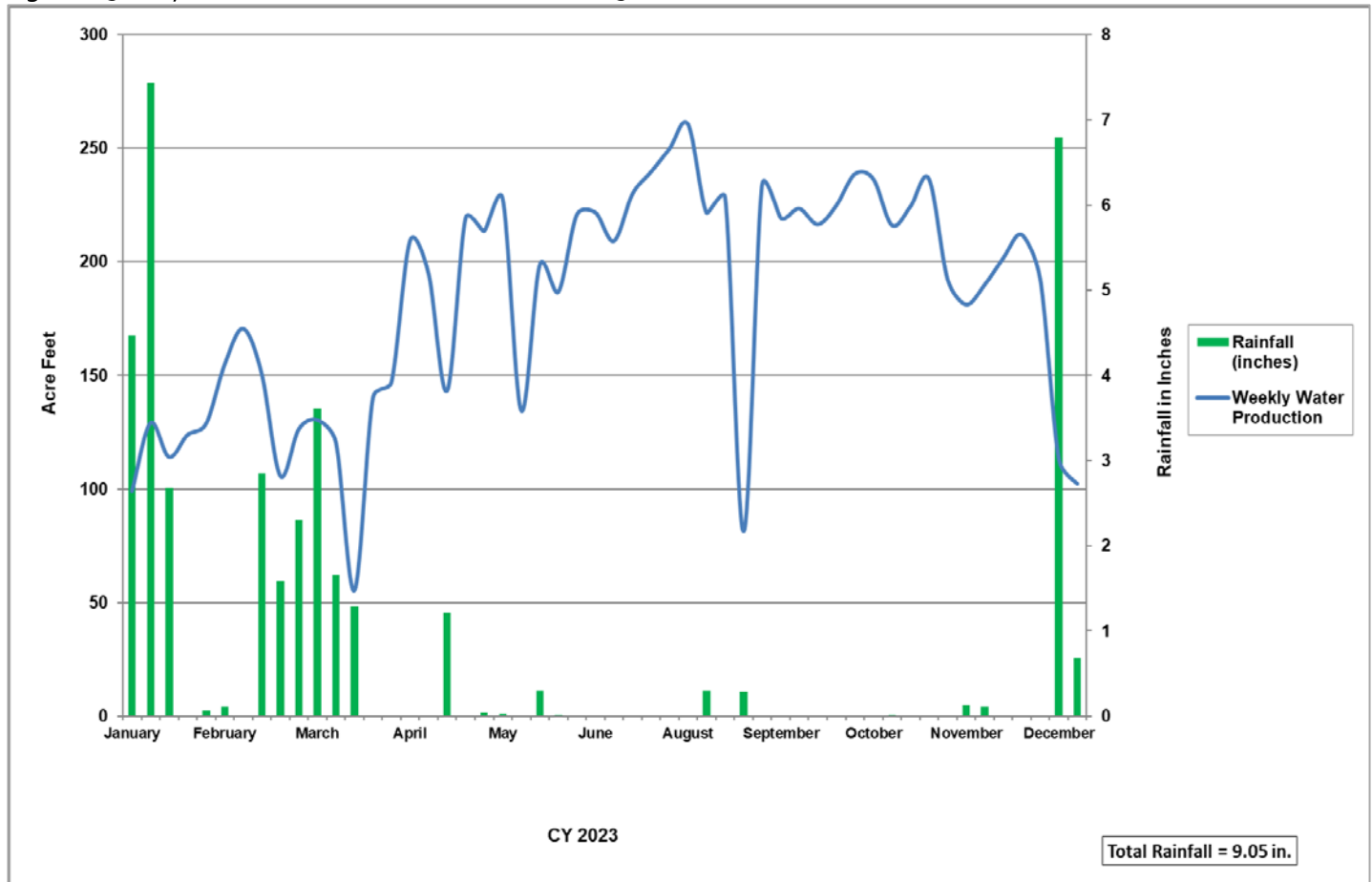
Figure 2.2 FY 2024-25 Budgeted Revenue Allocations (\$000s)



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.

Weather is traditionally the biggest factor driving water use, as it has a significant effect 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 created a model analyzing historical water production and customer usage data spanning a 25-year period. The analysis calculated the relative percentages of indoor and outdoor water uses among three customer classes: Single-Family Residential, Multi-Family Residential, and Commercial. The results indicate 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.

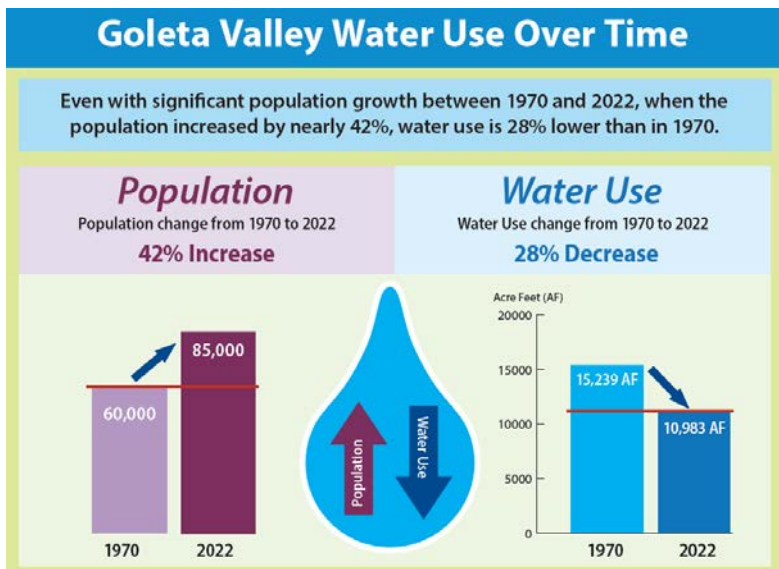
Figure 2.3 Daily Water Production and Rainfall in 2023



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 six years because of significant and sustained reductions in outdoor irrigation and heightened 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 recent drought significantly altered water use patterns across all customer categories. At the start of the drought in 2012, ongoing warm and dry conditions drove customer demand higher, particularly among Single-Family Residential and Agricultural 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 water shortage emergency 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 properties. 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, the revenue forecast remains conservative.

Even with a 9% rate increase on July 1, 2024, 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 2024-25 is projected to be \$16.3M, a 7% increase from FY 2023-24 resulting primarily from the 9% rate increase. This is augmented by an anticipated \$38.0M, or 4% increase in Water Sales revenue for FY 2024-25. The small projected increase is based on analysis of 2021 and 2022 demand (due to the similar anomalous weather in 2023), adjusted for the more recent customer class and seasonal use trends observed in 2023. There is an assumption of closer to “average” weather and customer responses evident over the last 10 years, but with adjustments down to account for the permanent demand hardening observed particularly in 2021 and 2022. Higher water use is expected in the agricultural customer group (which pays a lower per HCF rate) with a slight increase in consumption projected for urban customers. Additional discussion for both the Monthly Service Charge and Water Sales revenues is detailed in the respective sections below.



New service connections projected to be completed in the coming fiscal year also affect revenue forecasts. The projected revenue from New Water Supply Charges (NWSC) in FY 2024-25 is \$3.0M based on an analysis indicating 48 AF of demand for new and expanded water service requests. All NWSC-generated revenue is deposited into a dedicated capital facilities account and is only used to recover a portion of the District’s costs related to water supplies and facilities, pursuant to the District Code.

Projected changes in revenue from Investments, Conveyance, and Miscellaneous Fees and Charges are not expected to materially impact District finances in FY 2024-25.

Budgeted Revenue in FY 2024-25 is \$59.1M, an increase of \$1.9M (3%) from the FY 2023-24 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 2024-25, approximately 28% of total District revenue will come from the Monthly Service Charge. Approximately 83% 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

The District Monthly Service Charge funds a customer's portion of the fixed operations and maintenance costs of the water distribution system.

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, and experiences significant seasonal variability since weather conditions influence outdoor irrigation. The conservation tiers can affect both the monthly service charge as well as water consumption related charges. For example, 14,194 customers with 5/8" or 3/4" meters can qualify for lower monthly service charges by reducing water use. For FY 2024-25 it is anticipated that 57% of meter charges for these customers will qualify for Tier 1, 28% will qualify for Tier 2, and 15% will qualify for Tier 3 – with residential customers more likely to qualify for conservation pricing than commercial customers. Table 2.2 shows the number of customers with small meters that qualify for each tier, on average. Customers with one inch or larger meters are not eligible for tiered pricing for their Monthly Service Charge.

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

Customer Category	TIER			Total
	Tier 1	Tier 2	Tier 3	
Single Family Residential	6,777	3,664	1,682	12,123
Multi-Family Residential	633	279	244	1,156
Fire Service	377	1	0	378
Commercial	268	56	88	412
Landscape Irrigation	85	9	30	124
Recycled Water	7	0	4	11
Goleta West Conduit	0	0	1	1
Urban Agricultural	0	0	1	1
Total Connections:	8,147	4,009	2,050	14,206

Table 2.3 shows the number of connections by size within each customer category that are expected to be active by July 1, 2024, excluding vacant accounts and new service connections expected to come online during the year.

Table 2.3 Types and Number of District Customer Connections

Customer Category	Meter Size									Total
	5/8-3/4"	1"	1 1/2"	2"	3"	4"	6"	8"	10"	
Single-family residential	12,123	1,141	49	45	-	-	-	-	-	13,358
Multi-family residential	1,156	333	215	137	7	13	12	2	-	1,875
Commercial	412	192	118	196	16	9	9	2	2	956
Agriculture	2	17	22	115	4	4	1	-	-	165
Institutional	-	-	-	2	-	-	1	1	1	5
Landscape irrigation	124	77	57	44	3	3	-	-	-	308
Recycled	11	3	4	7	5	4	10	2	-	46
Fire	378	40	45	14	-	-	-	1	1	479
Total Connections:	14,206	1,803	510	560	35	33	33	8	4	17,192

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 2024-25 Budgeted Monthly Service Charge and Influencing Factors

Customer Category	Influencing Factor					FY 2024-25 Budgeted Monthly Service Charge
	FY 2023-24 Budget Baseline Revenue	New Development	Rate Change	Behavioral / Tiering Changes	Net Incr. / (Decr.)	
Single-family residential	\$ 7,841,380	\$ -	\$ 705,724	\$ (389,067)	\$ 316,657	\$8,158,038
Multi-family residential	2,850,738	-	256,566	(24,865)	231,701	\$3,082,439
Commercial	2,464,486	-	221,804	(4,174)	217,630	\$2,682,115
Agriculture-Urban	517,276	-	46,555	6,923	53,478	\$570,754
Agriculture-Goleta West Conduit	150,865	-	13,578	4,590	18,168	\$169,033
Institutional	197,231	-	17,751	(3,325)	14,426	\$211,656
Landscape irrigation	551,170	-	49,605	3,322	52,927	\$604,097
Recycled	634,629	-	57,117	(10,425)	46,692	\$681,321
Fire	56,181	-	5,056	(5)	5,051	\$61,232
Temporary Meters	61,135	-	5,502	40,288	45,790	\$106,926
Total:	\$ 15,325,090	\$ -	\$ 1,379,258	\$ (376,738)	\$ 1,002,520	\$ 16,327,611

Total Monthly Service Charge revenue is forecast to increase by \$1.0M, or 7%, including a 9% rate increase.

WATER SALES

The largest source of District revenue is Water Sales (64%), 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 cash flow 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.



Photo by Mike Eliason

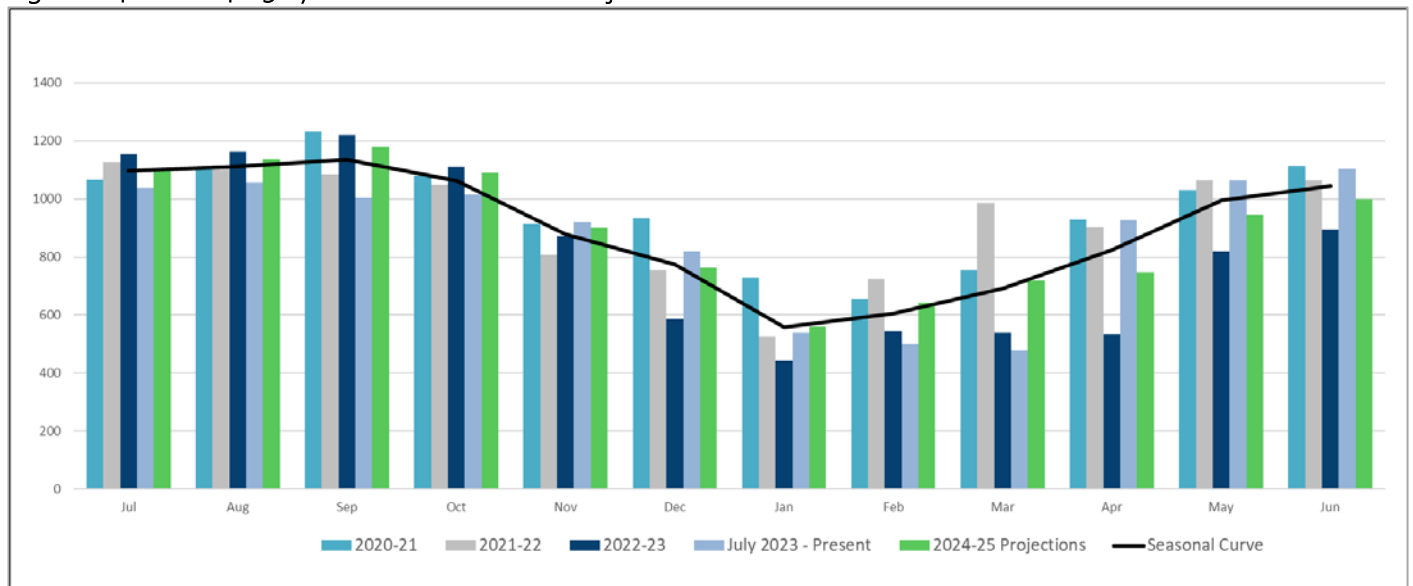
As a result of a historically wet winter, state reservoirs and the Sierra snowpack they depend on are both now above average levels, and the Department of Water Resources has announced a 40% allocation of State Water. Locally, the Goleta Valley has received approximately 138% of normal rainfall to date this year, and Lake Cachuma received significant inflow from consecutive winter storms driven by several atmospheric rivers.

Water Sales volume projections for FY 2024-25 were developed using a customer demand analysis of the most recent five years, with a focus on the last two years to reflect recent trends in consumption for each customer category. Analysis showed that annual demand has remained relatively steady since the last drought, and particularly over the last several years as customer water use behaviors normalized following the height of the pandemic in 2020. Accordingly, a two-year average benchmark was included for comparison purposes, then seasonal variability was layered over usage trends to account

for any observed demand anomalies, including the below average consumption in months with record rainfall. This allows the District to forecast otherwise unpredictable demand as accurately as possible.

Figure 2.4 shows seasonal system-wide potable and GWC water usage variations for recent years and the projected 2024-25 budget year. A short discussion about the water use characteristics of each customer category and how they inform water sales projections follows.

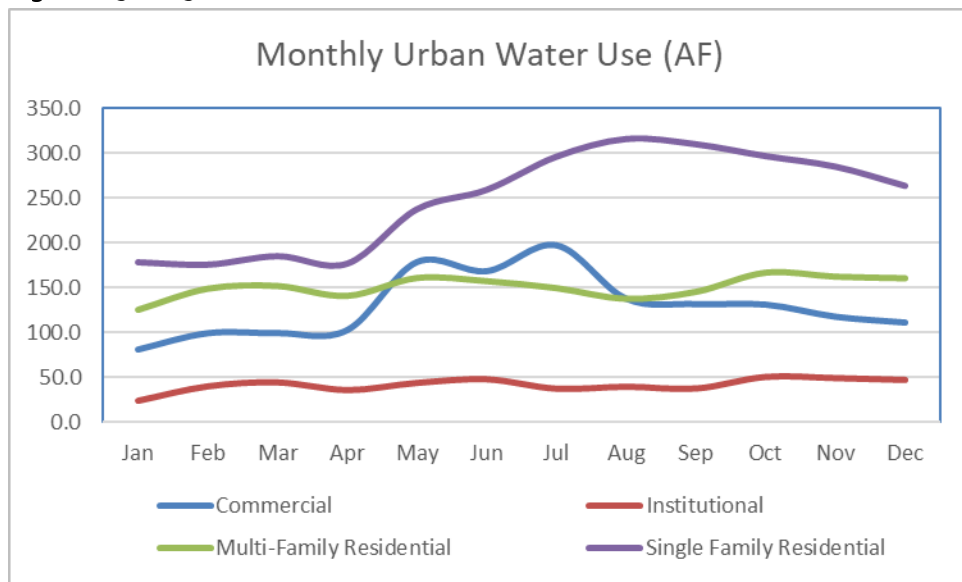
Figure 2.4 FY 2024-25 System-Wide Demand Projections



Urban Water Use

Urban water use accounts for approximately 75% of total District demand (calendar year 2023), and urban users have a higher 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 6 HCF (4,488 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, as reflected in Figure 2.5.

Figure 2.5 2023 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

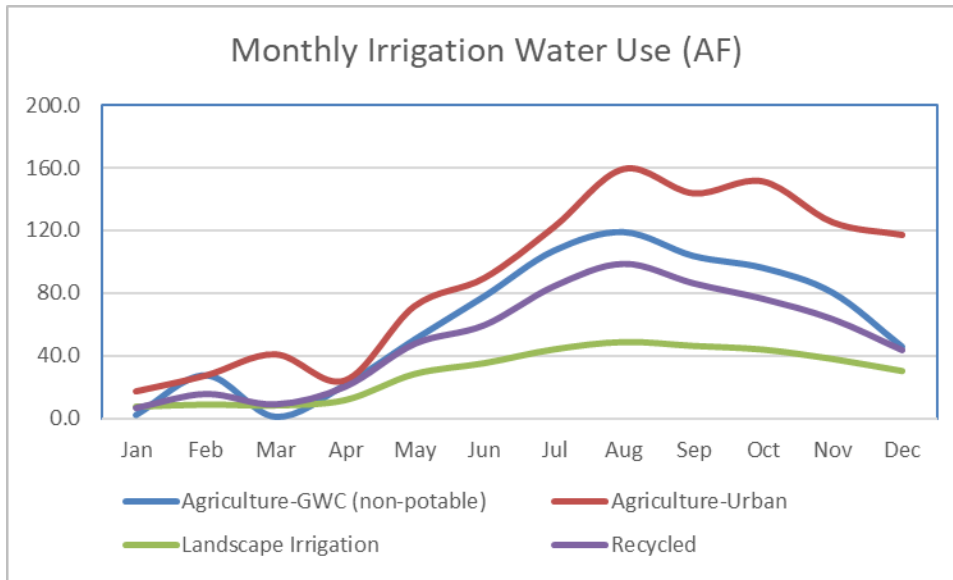
differing tiers affect both water consumption-related charges as well as the monthly service charge. As a result of the tiered rate structure, an incremental usage change in Tier 3 will have a larger revenue impact. For example, the District will net a decrease in revenues with higher usage when five Tier 1 customers each increase usage by 1 HCF (at \$8.34/HCF) offset against one Tier 3 customer using 5 HCF less (at \$14.34/HCF). For FY 2024-25 it is anticipated that 58% of Single-Family residential water use will be within Tier 1, 23% will be in Tier 2 and 19% 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 34% between the lowest use month (125 AF in January) and the highest use month (167 AF in October) in 2023. In comparison, the variance for Single Family Residential customers was 81% between the lowest and highest months in 2023. Water use being primarily indoors reduces seasonal variability, thereby increasing the predictability of usage patterns and reliability of revenue forecasts for these customer categories.

The District’s tiered water rates mean that seasonal changes in water use can produce significant fluctuations in revenue as customer usage moves between various tiers for meter charges and per unit water sales. All of these changes are modeled and forecasted as part of revenue projections.

Irrigation Water Use

Figure 2.6 2023 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 35% of total annual District water use, with about 68% 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 160 AF in August 2023, or more than 60 times the 20 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 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. 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 conservation trend and subsequent 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 2023-24, with minor adjustments to account for extreme weather events and consumption anomalies. Tables 2.5 and 2.6 summarize water use and revenue projections that have been developed for FY 2024-25. Water Sales are projected to increase by \$1.5M primarily as a result of rate increases, and a return to more usual weather patterns.

Table 2.5 FY 2024-25 Budgeted Water Use by Customer Category (in AF)

Customer Category	FY 2023-24 Budgeted Water Use	Influencing Factor			FY 2024-25 Budgeted Water Use
		New Development	Behavioral / Tiering Changes	Net Incr. / (Decr.)	
Single-family residential	3,406	-	(39)	(39)	3,367
Multi-family residential	1,891	-	(61)	(61)	1,830
Commercial	1,537	-	(32)	(32)	1,505
Agriculture-Urban	1,492	-	(90)	(90)	1,402
Agriculture-Goleta West Conduit	1,139	-	(45)	(45)	1,094
Institutional	507	-	(65)	(65)	442
Landscape irrigation	431	-	(8)	(8)	423
Recycled	841	-	(220)	(220)	621
Fire	0	-	1	1	1
Total:	11,244	-	(559)	(559)	10,685

Table 2.6 FY 2024-25 Budgeted Water Sales Revenue and Influencing Factors

Customer Category	FY 2023-24 Budget Baseline Revenue	Influencing Factor			FY 2024-25 Budgeted Water Sales Revenue
		New Development	Rate Change	Behavioral / Tiering Changes	
Single-family residential	\$ 14,099,103	\$ -	\$ 1,268,919	\$ (558,748)	\$ 14,809,274
Multi-family residential	7,775,129	-	699,762	(267,897)	8,206,993
Commercial	6,351,188	-	571,607	(137,637)	6,785,159
Agriculture-Urban	2,011,489	-	181,034	(131,954)	2,060,569
Agriculture-Goleta West Conduit	1,253,915	-	112,852	(52,904)	1,313,864
Institutional	2,086,223	-	187,760	(291,709)	1,982,274
Landscape irrigation	1,873,880	-	168,649	(37,105)	2,005,424
Recycled	1,081,128	-	97,301	(346,362)	832,067
Fire	5,089	-	458	2,836	8,383
Total:	\$ 36,537,142	\$ -	\$ 3,288,343	\$ (1,821,478)	\$ 38,004,006

OTHER REVENUES & TRANSFERS

New Water Supply Charge (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 historical 15-year average allocation prior to the moratorium implemented under the SAFE Water Supplies Ordinance in 2014 has been 26 AF, which equates to approximately 0.2% 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.

Development is approved by agencies given land use authority under the State Constitution, such as the City of Goleta and the County of Santa Barbara. The District does not approve or deny projects or determine whether a project will have an adverse effect on the community.

With the improved water supply portfolio, the conditions of the SAFE Water Supplies Ordinance were met for the first time since 2014. Starting January 1, 2024 new water was available for allocation and the District began receiving applications. Before an Applicant can pay a NWSC, they must first 1) submit a complete Water Service Application, and 2) have already received their Land Use Permit from the County of Santa Barbara or City of Goleta. As of May 14, 2024, 5.8 AF had been allocated, fewer than anticipated due to the fact that many projects have not yet completed their Land Use Permitting and Water Service Application processes. The FY 2024-25 Budget forecasts \$3.0M in NWSC payments for new potable water allocations, based on an estimated 48 AFY of new water allocations at the current cost per AF of new water entitlement. The NWSC revenue is dependent on the pace at which developers complete their planning and application processes, as well as how soon they are able to make the NWSC

payment. The District completed an update of the NWSC this fiscal year to account for increased water supply costs since the charge was last updated in 2011.

The estimated 48 AF of allocation over the next fiscal year is based upon projects pending with the City of Goleta and County of Santa Barbara Planning Departments that may receive Land Use Permits, as well as New Water Services staff interaction with and feedback from potential applicants. The estimate includes projects such as: a long-delayed 60-unit workforce housing project, an additional 60-unit Single-Family Residential Project, multiple Single-Family Residences as well as free-standing new ADUs, four significant Commercial developments in the City of Goleta, new agricultural employee dwellings on multiple parcels, and three Multi-Family housing projects in Isla Vista. 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. In FY 2023-24 the Board approved a strategy of investing in a more diverse mix of higher yielding options authorized in the District Code to take advantage of higher-than-average returns resulting from historically high interest rates. Additionally, to take advantage of historic market conditions, the District refinanced approximately \$37.0M of the 2010A and 2014A Certificates of Participation through a public offering, achieving a net present value debt savings of \$5.4 million over the next 10 years while keeping debt service payments level. The District also earned \$459K during the escrow period.

For FY 2024-25, District unrestricted cash balances will continue to be invested in the California Local Agency Investment Fund (LAIF), a pooled money investment vehicle managed by the State Treasurer's Office, and laddered T-Bills or Certificates of Deposit. The projected interest ranges from 4.0 to 4.5% annually, producing approximately \$807K in investment revenue subject to fluctuations. Investment Revenue is projected to increase by \$178K, or 28%, in FY 2024-25 as a result of increased interest rates.

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 2024-25 is \$156K, with a \$97K, or 38%, decrease due to lower water use by these customers and a decrease in the calculated cost per acre-foot.

Miscellaneous Fees and Charges

The District receives revenue in the form of fees and charges from various sources, including delinquent accounts, backflow device inspections, application and initiation fees, connection fees, cell tower site rentals, hydroelectric power generation sales, and customer reimbursable projects. The anticipated revenue for FY 2024-25 is approximately \$747K, a decrease of \$50K, or 6%, from the FY 2023-24 Budget.

Transfers

The District continues to maintain 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 2024-25 budget anticipates a designation to reserves of \$4.7M. The District remains on track to achieve its reserve target by 2025.

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SECTION III – EXPENDITURES

SUMMARY

FY 2024-25 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 production, 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 23% 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 26% 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 19% 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 26% and 7%, 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. Supply chain disruptions and inflationary pressures on chemical costs, materials, and construction have abated, but continued to present significant challenges in the form of higher prices compared to several years ago. The net effect of several years of increases remains evident in both materials and labor costs. 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 sudden events. Where specific price increases are known, appropriate adjustments to the Budget have been made, though even in the past year the cost of inflation has varied widely across virtually all areas of the District budget. The District will continue to manage costs within its control and plan for uncontrollable externalities.

In FY 2024-25 Lake Cachuma will serve as the principal source of supply to serve customers. The District will continue to operate and maintain the wells to ensure their reliability, but groundwater and State Water will not be used to meet customer needs. However, 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 improve their water use efficiency will continue through 2024 and into 2025.

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 2024-25 total water supply costs will decrease by \$237K or 2%, primarily due to anticipated increases in DWR Fixed Assessment charges being more than offset by decreased energy and operational costs associated with the State Water Project as a result of decreased state water deliveries. Costs for CCRB will increase 20% and reflect ongoing advocacy related to the Biological Opinion for the Cachuma Project and state Endangered Species Act proceedings. COMB O&M costs will increase due to planned capital improvement projects and the increased cost of materials. The cost of pumping and treating groundwater is included in O&M and capital costs.

Table 3.1 FY 2024-25 Budgeted Water Supply Agreement Costs

Category	Adopted	Adopted	Estimated	Adopted	Variance Analysis *	
	Budget FY 2022-23	Budget FY 2023-24	Actual FY 2023-24	Budget FY 2024-25	\$ Higher / (Lower)	% Higher / (Lower)
COMB (Lake Cachuma):						
Water Entitlement	\$ 836,049	\$ 797,500	\$ 797,500	\$ 1,012,126	\$ 214,626	27%
Operations & Maintenance	2,488,015	1,987,545	1,480,392	2,390,237	402,692	20%
Cachuma Renewal Fund	62,939	62,939	79,667	62,939	0	0%
Safety of Dam Act	94,847	94,847	129,392	94,847	0	0%
Subtotal - COMB	3,481,850	2,942,831	2,486,951	3,560,149	617,318	21%
CCRB (Water Rights):	565,709	552,360	456,161	662,372	110,012	20%
Cloud Seeding & Overlap:	32,858	0	57,975	57,975	57,975	100%
CCWA (State Water):						
Fixed Costs	5,631,042	5,231,819	5,231,819	6,834,809	1,602,990	31%
Variable Costs	1,643,129	3,336,307	2,532,138	711,192	(2,625,115)	(79%)
Subtotal - CCWA	7,274,171	8,568,126	7,763,957	7,546,001	(1,022,125)	(12%)
GSD (Recycled Water):	790,054	790,054	658,501	790,054	0	0%
Total:	\$ 12,144,642	\$ 12,853,371	\$ 11,423,545	\$ 12,616,551	\$ (236,820)	(2%)

* Compares FY 2024-25 Adopted Budget to FY 2023-24 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 water supply entitlement, Cachuma Project O&M, payments for dam rehabilitation, protection of Cachuma water rights and public trust resources.

By agreement, the District share of COMB expenditures is 40.42%. This amounts to \$3.6M in FY 2024-25, an increase of \$617K or 21% when compared to FY 2023-24. This increase is the result of increased charges for COMB capital improvement projects included in the COMB 2025-29 Infrastructure Improvement Plan, including projects required to maintain current levels of service and to address critical deficiencies in the COMB system. These projects include elevator repair at the North Portal, North Portal Intake Tower seismic assessments, and critical control valve and road repairs.



CCRB works to protect Cachuma Project water rights and supplies for the South Coast water purveyors. The District share of CCRB costs is 46%, or \$662K in FY 2024-25 which is an increase of \$110K, or 20% as compared to FY 2023-24. This reflects ongoing advocacy on the Federal Biological Opinion for the Cachuma Project, the State Water Rights Order, and proposed listing of *O. mykiss* (steelhead trout) under the California Endangered Species Act. FY 2024-25 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 \$7.5M for FY 2024-25, a decrease of \$1.0M or 12% due to anticipated increases in DWR Fixed Assessment charges offset by decreased energy and operational costs associated with the State Water Project. Based on the District's adopted Water Supply Management Plan, water from Lake Cachuma (the District's least expensive supply source) will serve as the principal source of supply in FY 2024-25 given improved conditions at the lake, and the balance of State Water remaining after repayment of the water debt will be stored in San Luis Reservoir for use in future years when local supply availability is reduced.

GSD (Recycled Water Production)

Providing recycled water to 46 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 2024-25 costs are estimated at \$790K. This includes costs for treatment upgrades identified in the GSD capital plan, which are necessary for GSD to meet its regulatory requirements in the State recycled water criteria and its General Permit.

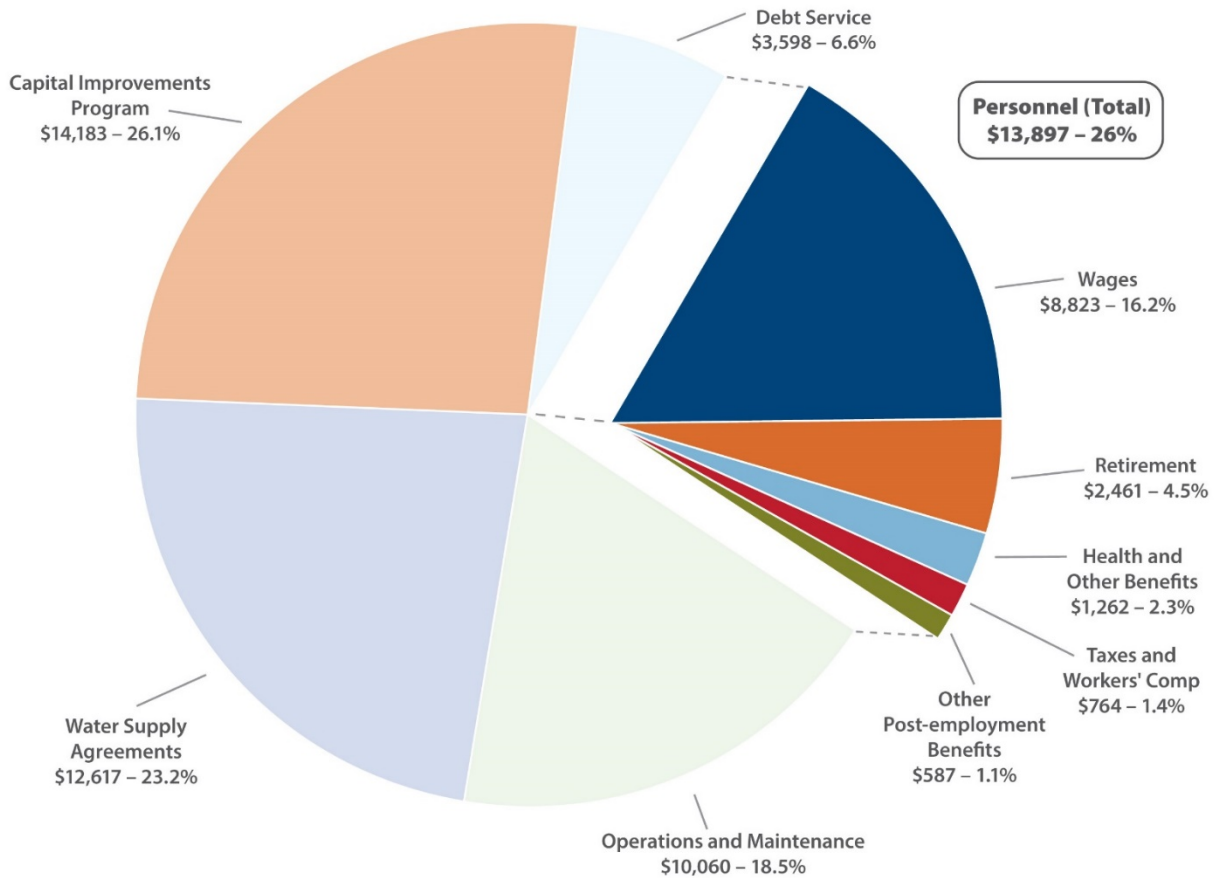


PERSONNEL

Recruiting, training, and retaining professional employees is critical to meeting District objectives of protecting water supplies and ensuring dependable service to customers. The District remains committed to developing and retaining the highly skilled employees needed to deliver safe and reliable water supplies to the community. 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 qualifications of the District’s workforce are extensive, including engineers, certified plant operators and distribution specialists, electricians, technicians, analysts, accountants, and experienced professional public administrators.

Personnel costs in FY 2024-25 rose moderately compared to FY 2023-24, totaling \$13.9M, or 9% (\$1.2M) higher than last fiscal year as the District brought staffing levels to pre-COVID levels and increased resourcing to manage increased capital spending and additional regulatory and inspection programs. Figure 3.1 provides an overview of the individual components of Personnel costs, as a portion of overall costs.

Figure 3.1 FY 2024-25 District Costs, Featuring Budgeted Personnel Costs (\$000s)



Retirement related expenditures associated with the District's nearly 80-year history make up 4.5% 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 non-pension retirement plans. As PEPRA is designed to realize mid-term to long-term savings, District financial savings will continue to grow.

OPERATIONS & MAINTENANCE



The District service area spans 29,000 acres and includes more than 270 miles of pipeline, 17,000 customer connections, eight storage reservoirs, eight permitted groundwater 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 6,800 valves and 1,520 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 3.1 billion gallons of potable water in FY 2024-25. 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 hydraulics.

Table 3.2 shows the FY 2024-25 O&M costs, which total \$10.1M and are up \$287K, or 3%, from FY 2023-24. Notable variances within expenditure categories include:

- Water Testing costs will increase by \$5K or 1%, reflecting increases in lab analytical costs being mostly offset by fewer samples being required for the District's groundwater wells as a result of decreased groundwater production now that the wells have been placed into stand-by mode as a result of the District relying on surface water supplies.
- Insurance, Accounting, and Auditing will increase by \$238K or 49% due to insurance industry trends that have seen premiums increase by 20-30% as a result of inflation, increased costs of vehicle repairs, and a rise in Cyber Liability claims, as well as increased accounting support fees for automations and process improvements.
- Maintenance and Equipment is flat with inflation-related cost increases being offset by fuel and fleet maintenance savings associated with electrification of the District's fleet.
- Services and Supplies costs will increase by \$200K or 4% reflecting inflationary cost increases.
- Utility expenditures will decrease by \$132K or 14% resulting from anticipated cost savings from solar power generation and battery storage.

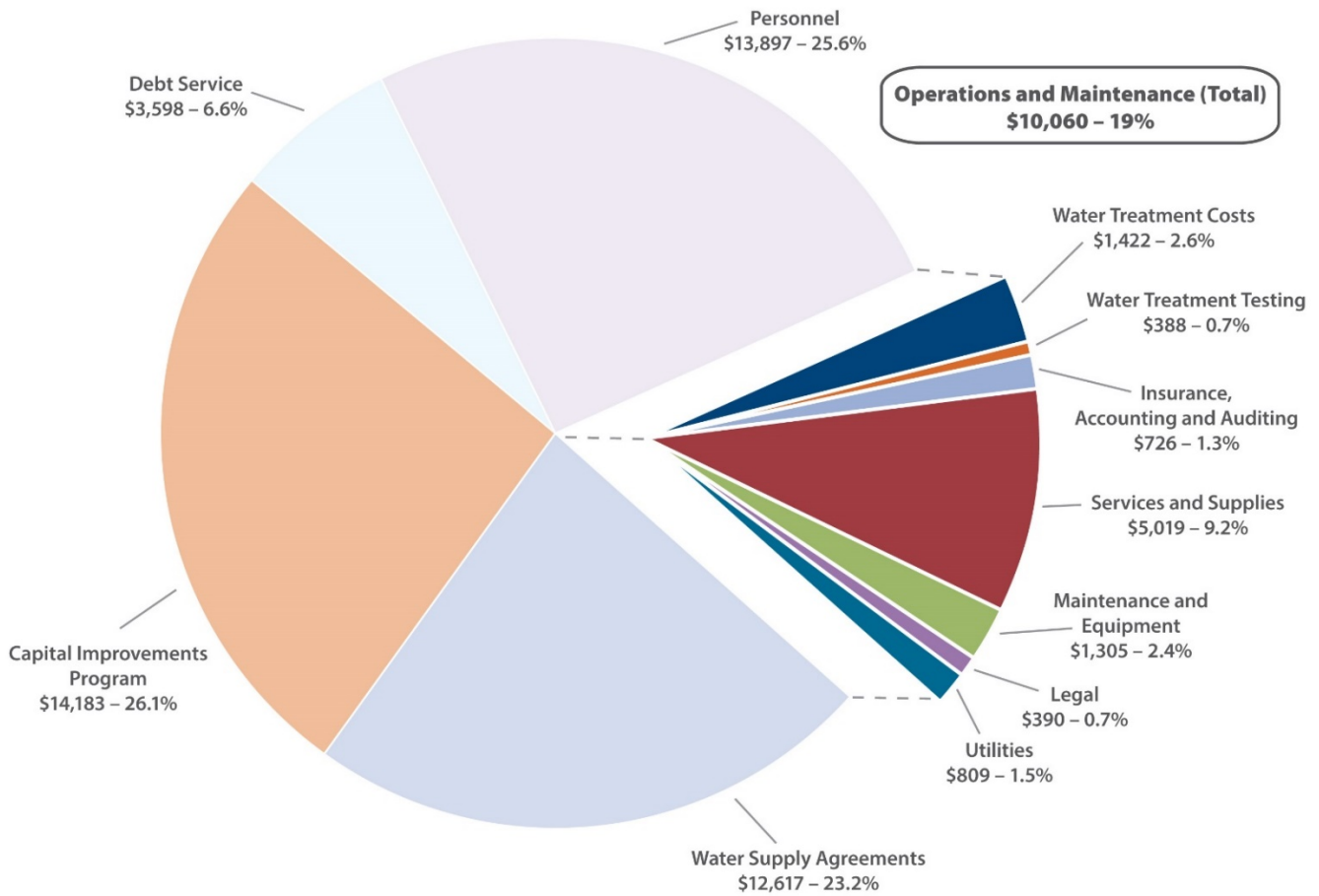
Table 3.2 FY 2024-25 Budgeted O&M Costs

Category	Adopted Budget	Adopted Budget	Estimated	Adopted Budget	Variance Analysis *	
	FY 2022-23	FY 2023-24	Actual FY 2023-24	FY 2024-25	\$ Higher / (Lower)	% Higher / (Lower)
Operations & Maintenance Costs:						
Water Treatment	\$ 1,452,000	\$ 1,451,410	\$ 1,048,656	\$ 1,422,300	\$ (29,110)	(2%)
Water Testing	339,200	383,290	239,976	388,170	4,880	1%
Insurance, Accounting, & Auditing	301,394	488,400	487,575	726,068	237,668	49%
Maintenance & Equipment	1,225,660	1,299,030	1,083,980	1,305,298	6,268	0%
Legal	410,000	390,000	174,223	390,000	0	0%
Services & Supplies	4,480,635	4,819,806	4,098,450	5,019,408	199,603	4%
Utilities	1,188,150	940,740	804,742	808,578	(132,162)	(14%)
Total:	\$ 9,397,039	\$ 9,772,676	\$ 7,937,602	\$ 10,059,823	\$ 287,147	3%

* Compares FY 2024-25 Adopted Budget to FY 2023-24 Adopted Budget

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

Figure 3.2 FY 2024-25 District Costs, Featuring Budgeted O&M Costs (\$000s)



INFRASTRUCTURE IMPROVEMENT PLAN

In January 2020, the Board of Directors adopted the Infrastructure Improvement Plan 2020-2025 (IIP) which was last amended in March 2023. The IIP is designed to show how the District will adeptly build, maintain, and manage the capital 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, and the flexibility to adapt to changing infrastructure needs and opportunities throughout the lifespan of the IIP. The District budget includes the necessary funds to build, maintain, and improve capital assets approved for the upcoming fiscal year.

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 toward enhancing water quality, while another 30% are directed toward 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 2024-25 Budget includes \$14.2M to fund 31 capital projects which will:



Every five years, the District reviews and ranks all of its capital projects in order of criticality to identify and prioritize projects for funding in the next Infrastructure Improvement Plan. As priorities change, annual revisions are adopted to guide capital investments. For a full list of all identified projects and ranking criteria, visit:

www.GoletaWater.com/2020-2025-IIP.

- Meet local, state, and federal regulations for water quality and worker safety, or resolve utility conflicts;
- Maintain levels of service by replacing inoperable infrastructure and 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 for FY 2024-25. Specific project totals may vary from estimates listed in Table 3.3 as a result of project timing, new information, supply chain delays, inflation, or other unanticipated events.

Table 3.3 Infrastructure Improvement Plan Projects Summary FY 2024-25

Project No.	Capital Project	FY 2024-25
P-1	Worker Safety Electrical Upgrades	\$50,000
P-3	Ekwil, Fowler, and Hollister Infrastructure Relocation	\$625,000
P-4	City, County, Caltrans Relocations Required Projects	\$220,000
P-6	Inoperable Small Meter Replacements	\$295,000
P-7	Inoperable Large AMI Meter Replacements	\$590,000
P-10	Exposed Goleta West Conduit Pipelines	\$50,000
P-11	Inoperable Chlorination and Treatment Equipment Replacements	\$900,000
P-12	Inoperable Pipeline and Service Line Replacements	\$470,000
P-13	Inoperable Cathodic Protection System Replacements	\$200,000
P-14	Inoperable Reservoir and Reservoir Component Replacements	\$300,000
P-15	Inoperable Electrical Power System Replacements	\$150,000
P-16	Inoperable Pump and Motor Replacements	\$85,000
P-19	Well Filter Media Replacements	\$75,000
P-20	Inoperable Above Ground Well Facility Replacements	\$125,000
P-21	Inoperable Interconnect Component Replacements	\$10,000
P-22	Inoperable Valve Replacements	\$1,000,000
P-23	Inoperable Fire Hydrant Replacements	\$200,000
P-24	Inoperable Recycled Water Facility Replacements	\$25,000
P-25	Inoperable Computer and Electronic Hardware Replacements	\$35,000
P-26	Pavement Replacements	\$30,000
P-27	Inoperable Building Component Replacements	\$915,000
P-28	Required Main Upsizing	\$30,000
P-29	Obsolete SCADA Replacement	\$3,570,000
P-32	Inoperable Light Vehicle Fleet Replacement	\$500,000
P-36	CDMWTP New Solids Drying Bed Pump Station	\$900,000
P-41	Water Quality Maintenance in Distribution System: Phase 1	\$10,000
P-42	CDMWTP and Wells pH Control Upgrades	\$20,000
P-43	Distribution Main Tie-ins for Improved Water Quality & Flows	\$500,000
P-44	University Well Treatment	\$1,002,876
P-46	New Replacement Well	\$1,000,000
P-48	Creek Crossing Inspection and Repair Program: Exposed Pipes	\$300,000
	TOTAL	\$14,182,876

DEBT SERVICE

Debt service costs reflect payments associated with approximately \$30.0M of outstanding Certificates of Participation (COPs) Series 2023A from the recent refinance of Series 2010A and 2014A. These new COPs have principal and interest payable semi-annually, during the months of March and September of each year, with the last payment in September 2034. The current Five-Year Expenditures Forecast provides sufficient revenues to satisfy debt coverage requirements. The FY 2024-25 debt service is \$3.6M, down 29% based on scheduled principal and interest payments resulting from the recent refinance through a public offering.

SUMMARY OF DISTRICT EXPENDITURE FORECAST FOR FY 2024-25

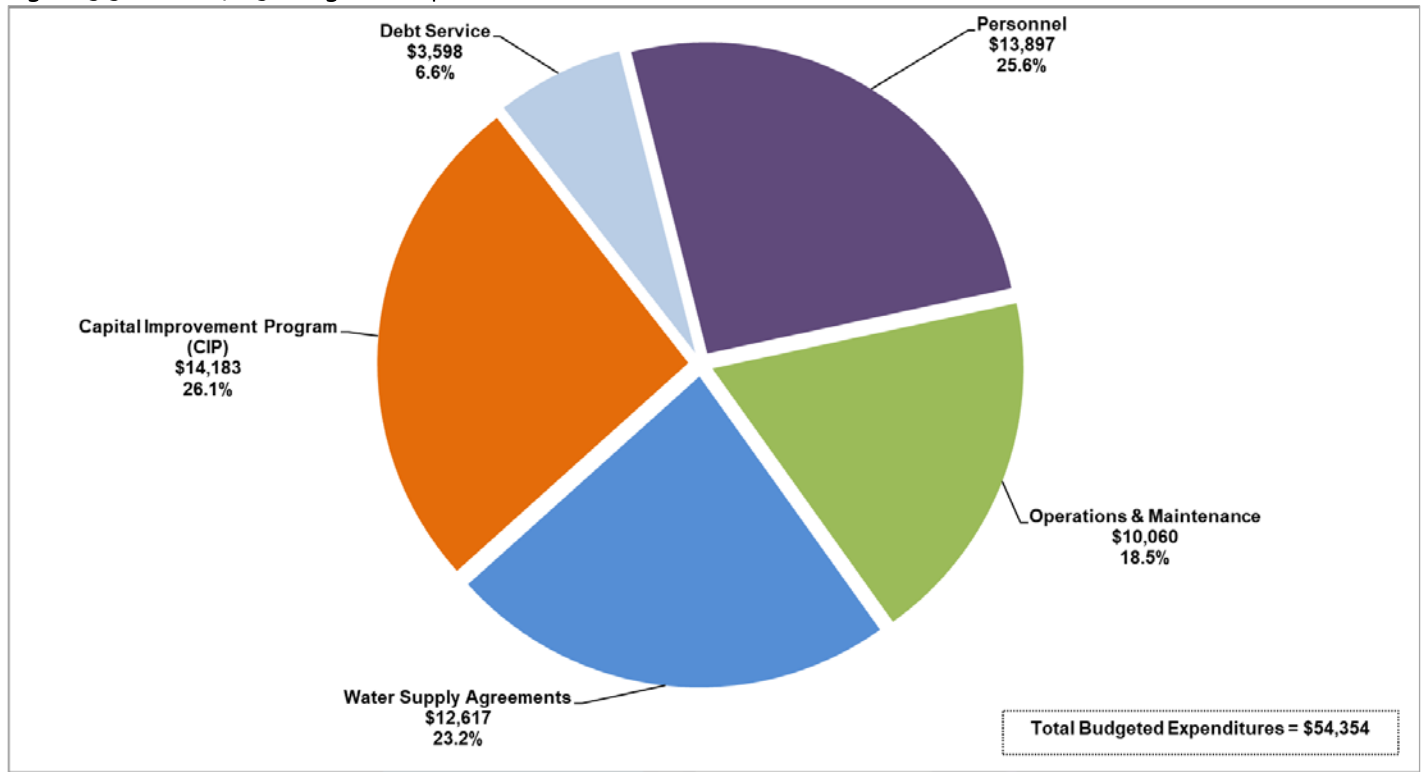
Table 3.4 and Figure 3.3 summarize FY 2024-25 total expenditures of \$54.4M. A key component of the annual Budget is to prepare for cash flow variables throughout the year and pace program and project expenditures accordingly. FY 2024-25 expenditures have incorporated customer behaviors and the accompanying seasonality of revenue as described in Section II.

Table 3.4 FY 2024-25 Budget Expenditures Compared to FY 2023-24 Budget Expenditures

Category	Adopted Budget FY 2022-23	Adopted Budget FY 2023-24	Estimated Actual FY 2023-24	Adopted Budget FY 2024-25	Variance Analysis *	
					\$ Higher / (Lower)	% Higher / (Lower)
Water Supply Agreements:						
COMB (Lake Cachuma)	\$ 3,481,850	\$ 2,942,831	\$ 2,486,951	\$ 3,560,149	\$ 617,318	21%
CCRB (Water Rights)	565,709	552,360	456,161	662,372	110,012	20%
Cloud Seeding & Overlap	32,858	0	57,975	57,975	57,975	100%
CCWA (State Water)	7,274,171	8,568,126	7,763,957	7,546,001	(1,022,125)	(12%)
GSD (Recycled Water)	790,054	790,054	658,501	790,054	0	0%
Subtotal:	\$ 12,144,642	\$ 12,853,371	\$ 11,423,545	\$ 12,616,551	\$ (236,820)	(2%)
Personnel:						
Wages, Benefits and Taxes	\$ 11,891,929	\$ 12,165,349	\$ 12,307,310	\$ 13,309,405	\$ 1,144,056	9%
Other Post Employment Benefits	567,695	576,155	532,434	587,298	11,142	2%
Subtotal:	\$ 12,459,624	\$ 12,741,504	\$ 12,839,744	\$ 13,896,703	\$ 1,155,199	9%
Operations & Maintenance:						
Water Treatment Costs	\$ 1,452,000	\$ 1,451,410	\$ 1,048,656	\$ 1,422,300	\$ (29,110)	(2%)
Water Treatment Testing	339,200	383,290	239,976	388,170	4,880	1%
Insurance, Accounting & Auditing	301,394	488,400	487,575	726,068	237,668	49%
Maintenance & Equipment	1,225,660	1,299,030	1,083,980	1,305,298	6,268	0%
Legal	410,000	390,000	174,223	390,000	0	0%
Services & Supplies	4,480,635	4,819,806	4,098,450	5,019,408	199,603	4%
Utilities	1,188,150	940,740	804,742	808,578	(132,162)	(14%)
Subtotal:	\$ 9,397,039	\$ 9,772,676	\$ 7,937,602	\$ 10,059,823	\$ 287,147	3%
Total Expenditures before Debt and CIP:	\$ 34,001,305	\$ 35,367,551	\$ 32,200,891	\$ 36,573,077	\$ 1,205,525	3%
Debt Service:	5,065,863	5,071,113	4,572,641	3,598,250	(1,472,863)	(29%)
Capital Improvement Projects (CIP):	8,745,000	16,245,000	15,691,194	14,182,876	(2,062,124)	(13%)
Total Expenditures:	\$ 47,812,168	\$ 56,683,664	\$ 52,464,726	\$ 54,354,203	\$ (2,329,462)	(4%)

* Compares FY 2024-25 Adopted Budget to FY 2023-24 Adopted Budget

Figure 3.3 FY 2024-25 Budgeted Expenditure Allocations (\$000s)

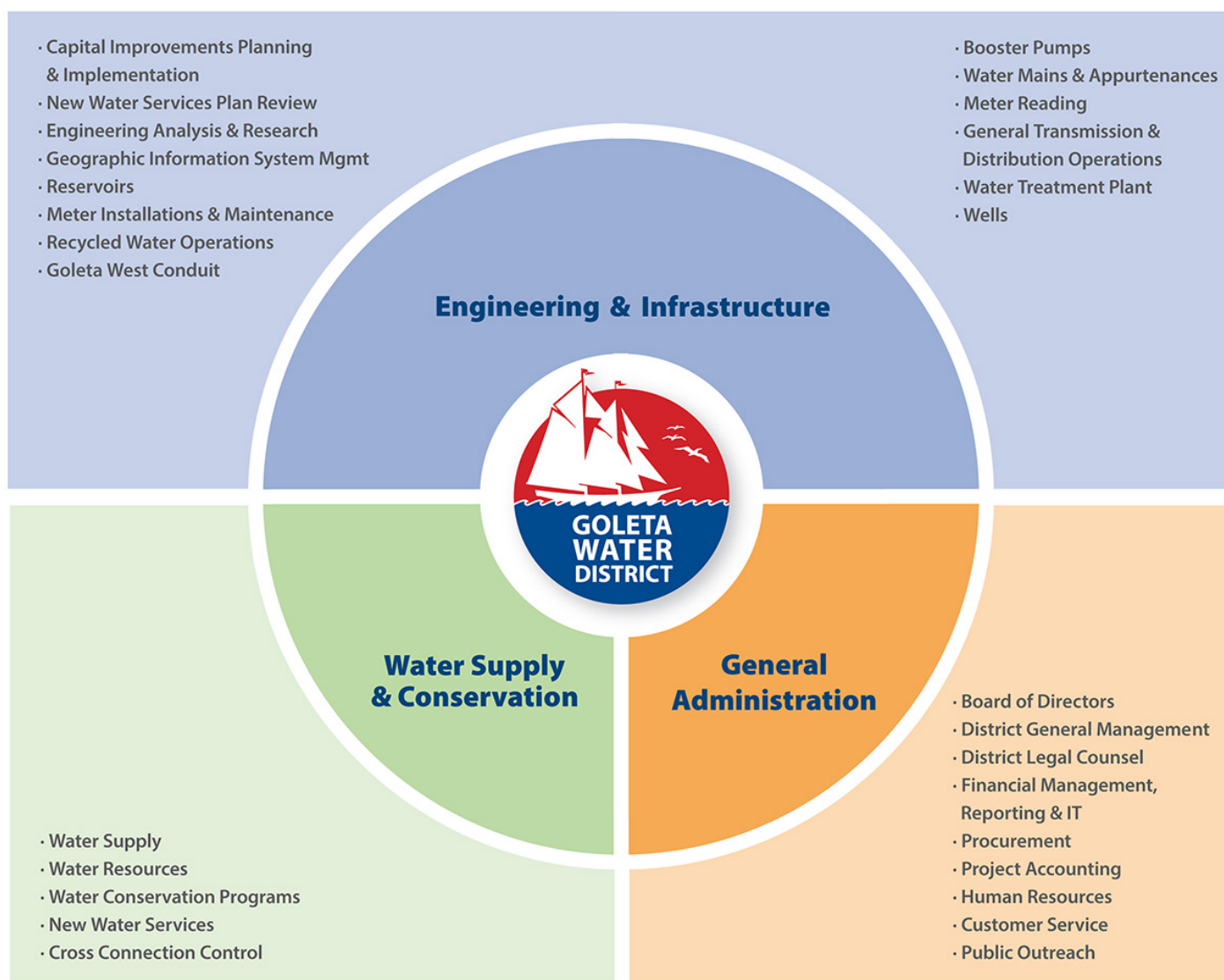


APPENDIX

COST CENTER OVERVIEW

The District tracks disbursements by charging each expenditure to an accounting code associated with a specific function. The 24 programmatic cost centers of the District are categorized into three departmental cost centers: Engineering and Infrastructure (E&I), 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 programmatic functions by the corresponding 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 this section and summarized in Table 4.1 below.

Table 4.1 FY 2024-25 Budgeted Expenditures by Departmental Cost Center

Category	Adopted Budget	Adopted Budget	Estimated Actual	Adopted Budget	Variance Analysis *	
	FY 2022-23	FY 2023-24	FY 2023-24	FY 2024-25	\$ Higher / (Lower)	% Higher / (Lower)
Engineering & Infrastructure	\$ 14,488,269	\$ 14,588,229	\$ 13,091,747	\$ 15,431,463	\$ 843,234	6%
Water Supply & Conservation	13,928,624	14,812,334	13,244,875	14,574,315	(238,019)	(2%)
General Administration	5,584,412	5,966,987	5,864,269	6,567,299	600,312	10%
Total Expenditures:	\$ 34,001,305	\$ 35,367,550	\$ 32,200,891	\$ 36,573,077	\$ 1,205,526	3%

* Compares FY 2024-25 Adopted Budget to FY 2023-24 Adopted Budget

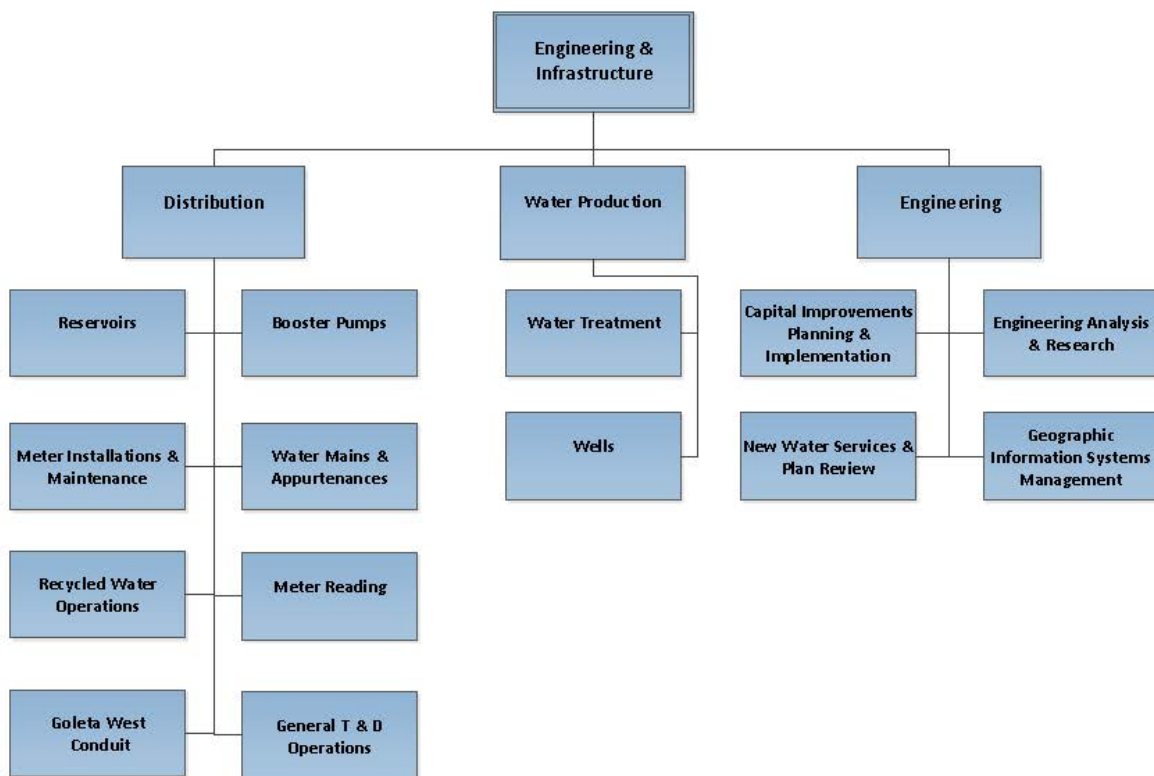
Total FY 2024-25 cost center budgeted expenditures are projected to be \$36.6M, which is an increase of \$1.2M or 3%, from the FY 2023-24 budget, including:

- An increase of \$843K or 6% in Engineering & Infrastructure is the result of changing staffing needs related to new infrastructure and the addition of procurement tasks, reduced use of outside consultants, enhanced regulatory and reporting requirements, the hydrant maintenance program, increased utility marking, and asset management activities.
- A decrease of \$238K or 2% in WS&C resulting from lower fixed and variable CCWA costs due to reduced water delivery estimates, offset by increased charges for COMB capital improvement projects and increased costs for CCRB to protect water rights in ongoing state and federal proceedings.
- An increase of \$600K or 10% in General Administration resulting from upgrading computerized accounting systems and software work, a planned Cost of Service Study, and steep increases in insurance costs that have been averaging 20-30% a year across the industry.

ENGINEERING & INFRASTRUCTURE COST CENTER

The Engineering & Infrastructure (E&I) Department oversees the operation and maintenance of three water systems and associated facilities: the Potable Water System, the Goleta West Conduit System, and the Recycled Water System. Additionally, the E&I Department manages the District's capital improvement projects, review of new water service applications and plans, engineering research and analysis, and the Geographic Information System (GIS). The District treats and delivers over 3 billion gallons of potable water annually to meet the demand of 87,000 people living in the region. The Department is organized into three functional areas of responsibility: Distribution, Water Production, and Engineering, as outlined in Figure 4.2.

Figure 4.2 Engineering & Infrastructure Programmatic Functions



Water Production

The Water Production cost centers are responsible for the facilities necessary to produce, treat, test, and ensure that the water delivered into the potable distribution system meets all state and federal primary drinking water standards. The potable water system consists of CDMWTP, which treats water from Lake Cachuma, and groundwater wells and their treatment facilities. The Goleta West Conduit system provides unfiltered Lake Cachuma water for agricultural irrigation that is disinfected at two chlorination facilities. Recycled water is treated by Goleta Sanitary District to meet regulatory standards for outdoor irrigation and restroom facilities. The Water Production cost center is also responsible for electrical, instrumentation, and control systems for all District facilities.



Water Production priorities in FY 2024-25 include:

- Designing and installing a new SCADA system to replace obsolete equipment at all sites. This project is critical to continued regulatory compliance and improving the reliability of automated equipment for the next 20 years.
- Designing and beginning construction of a wellhead, pipeline, and treatment system for the new Hope Well. Treatment system installations are anticipated to occur in 2025, with the well projected to be producing water for the community in 2026.
- Beginning construction of an upgraded solids drying bed pump station and a treatment system at University Well.
- Removing accumulated solids from existing drying beds for offsite disposal.
- Continuing water quality monitoring programs at the treatment plant, in the distribution system, in groundwater wells, and in monitoring wells down gradient of injection wells to detect any changing conditions in the distribution system and aquifer.
- Performing routine operations and maintenance activities to keep the groundwater wells in operational condition.
- Injecting treated surface water into District groundwater wells to replenish the groundwater basin when surface water supplies are available and as injection permits allow.

Distribution

The Distribution cost centers are responsible for the facilities that deliver water to customers, including over 270 miles of water mains and appurtenances (i.e. valves, pressure regulating stations, blowoff facilities, air release valves, and fire hydrants), service lines, meters, water storage reservoirs, and the booster pump stations needed to move water to higher elevations or sustain pressures. Each customer is connected to the distribution system through an individual service line that supplies water through a meter connected to the customer's privately owned plumbing system. The Meter Crew maintains meters and meter boxes, conducts monthly readings to ensure accurate and timely billing, provides regular and emergency service, and investigates water complaints reported by customers. The Distribution group is also responsible for District-owned buildings, roads, vehicles, equipment, and the regulatory compliance associated with them.

Distribution priorities in FY 2024-25 include:

- Providing uninterrupted water delivery while continuing to meet all State and Federal primary drinking water standards, which includes minimizing the duration of service interruptions associated with planned and unplanned system repairs or upgrades.
- Exercising valves and replacing inoperable main line valves throughout the distribution system.
- Inspecting all hydrants and repairing or replacing hydrants as needed to maintain operability.
- Testing meters, replacing inoperable or broken meters and meter boxes, and fulfilling State-required water loss control obligations.
- Maintaining the District's vehicle fleet, replacing aging vehicles with electric vehicles, and expanding electric vehicle charging infrastructure.

Engineering

The Engineering cost centers include programs and functions related to capital infrastructure planning and implementation, review of new water service applications and plans, engineering research and analysis, and management of the GIS. Other programs include Asset Preservation, Cathodic Protection, 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. A majority of expenditures associated with the Engineering function are recovered through the capital budget (Infrastructure Improvement Plan) or are reimbursed through developer fees and charges.

Capital Improvements Planning & Implementation

The Capital Improvements Planning and Implementation cost center is responsible for capital project management, including the implementation of the District's five-year Infrastructure Improvement Plan (IIP). Engineering oversees studies and the 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 2024-25, capital projects will include worker safety upgrades, infrastructure relocation as legally required by outside agencies, inoperable asset replacements, SCADA upgrades, CDMWTP solids handling upgrades, and new and upgraded treatment systems at groundwater well facilities, and acquisition of a new groundwater well site. District staff will also oversee the construction of three new solar power generating plants at District facilities.

While supply chain disruptions have largely abated, certain types of equipment continue to have long lead times.

Planning activities will include the development of conditions assessment protocols for different asset classes and the 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 the 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. This cost center is seeing an uptick in activity, following the end of a near ten-year moratorium on new service connections.

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 maintaining 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 requirements and operational goals of the District. In FY 2024-25, staff will continue to collect and analyze data on pipeline conditions, disinfection byproducts and other constituents, treatment performance, make minor updates to the Standards and Specifications, and complete a seismic vulnerability assessment of critical infrastructure. The Engineering Analysis & Research cost center also includes a grant management function and is responsible for seeking out and applying for new grant opportunities.

Geographic Information Systems Management

The GIS cost center is responsible for maintaining the records and drawings associated with all District assets and their integration into GIS. This requires diligent maintenance, upgrades, and document management to ensure infrastructure records are complete and accurate. GIS management staff also manage the analysis, technical research, and record-keeping 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 the 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 2024-25, GIS efforts will include a major upgrade of the GIS system, and continued efforts to update asset and data layers to increase the capabilities and efficiency of District GIS-based asset research and use in the field. Computerized maintenance management/asset management tools will also be developed in-house to increase efficiency of inspections, workflow processes, capital planning, and prolonging the service life of existing assets.

The District continues to develop its asset management capabilities to maximize the efficiency of internal processes and capital planning and prolong the service life of existing assets. This year, these improvements include implementation of a Computerized Maintenance Management System and new field data collection portals to digitize conditions assessment data.

Engineering & Infrastructure Accomplishments FY 2023-2024

During FY 2023-24, E&I completed a number of projects to enhance water supply, improve water treatment, and increase energy and operational efficiency while ensuring a continuous supply of water to customers, which include:

- Providing lifeline water service to the community while continuing to meet all primary water quality standards.
- Maintaining the groundwater wells in immediate ready status.
- Injecting treated surface water into District groundwater wells to help replenish the aquifer.
- Continuing to monitor Lake Cachuma using satellite imagery, the Cachuma Operations and Maintenance Board (COMB) lake monitoring program, and the District sampling program to proactively detect the presence of naturally occurring algal toxins in Lake Cachuma.
- Relocating a key segment of the District's 42-inch transmission main that conveys treated water to a majority of the District's distribution system away from a landslide and eroded creek bank.
- Drilling, constructing, and testing the new Hope groundwater well, the District's first in forty years.
- Completing treatment system upgrades at Anita Well and commencing treatment system upgrades at University Well.
- Completing construction of new solids drying bed and reclaimed water pipeline for improved treatment.
- Completing installation of new rectifier and deep anode bed at Cathedral Oaks for cathodic protection improvements.
- Completing pavement maintenance and repairs at CDMWTP access, the CDMTWP access road, Garrett Van Horne Reservoir, and the headquarters customer parking lot.
- Continuing design and purchasing equipment for a once-in-a-generation overhaul of the District's entire SCADA system.
- Maintaining baseline status for storm water oils and grease at the District Headquarters by adhering to the Best Management Practices of the Storm Water Pollution Prevention Program.
- Completing and filing the District's validated Water Loss Audit for compliance with state law.
- Investigating and replacing more than 900 malfunctioning water meters to ensure accurate billing.
- Performing 64 water main shutdowns for 44 planned repairs for system improvements and 20 unplanned water main leak repairs.
- Performing 120 repairs to leaking service laterals.
- Replacing 111 old poorly functioning fire hydrants and repairing 194 aging fire hydrants to improve operating efficiency or prevent rust.
- Replacing 72 broken water main valves to improve reliability of water delivery.



- Purchasing 18 electric vehicles and three gasoline powered trucks and installing electrical vehicle charging stations at CDMWTP, resulting in increased utilization of electric vehicles compared to gasoline and diesel vehicles.
- Installing new roof systems at three CDMWTP buildings to prolong the useful lives of the buildings.
- Obtaining grants from multiple agencies to offset costs related to the new well project, seismic vulnerability assessments of critical infrastructure, and new electric vehicle charging stations.

FY 2024-25 Engineering & Infrastructure Cost Center Budget

Table 4.2 details the various Engineering & Infrastructure expenditure categories and describes the variances between FY 2023-24 Budget and FY 2024-25 budgeted expenditures.

Table 4.2 FY 2024-25 Engineering & Infrastructure (E&I) Cost Center Budget Summary

Category	Adopted Budget FY 2022-23	Adopted Budget FY 2023-24	Estimated Actual FY 2023-24	Adopted Budget FY 2024-25	Variance Analysis *	
					\$ Higher / (Lower)	% Higher / (Lower)
Cost Center Expenses - Engineering & Infrastructure						
Personnel:	\$ 7,319,707	\$ 7,084,599	\$ 7,004,615	\$ 7,973,306	\$ 888,707	13%
Operations & Maintenance:						
Water Treatment	1,452,000	1,451,410	1,048,656	1,422,300	(29,110)	(2%)
Water Testing	339,200	383,290	239,976	388,170	4,880	1%
Insurance, Accounting, & Auditing	131,560	250,484	275,315	308,824	58,339	23%
Maintenance & Equipment	1,222,921	1,297,660	1,083,105	1,305,298	7,638	1%
Services & Supplies	2,834,731	3,180,046	2,635,338	3,224,987	44,942	1%
Utilities	1,188,150	940,740	804,742	808,578	(132,162)	(14%)
Subtotal:	7,168,563	7,503,630	6,087,132	7,458,157	(45,473)	(1%)
Total Expenditures:	\$ 14,488,270	\$ 14,588,229	\$ 13,091,747	\$ 15,431,463	\$ 843,234	6%

* Compares FY 2024-25 Adopted Budget to FY 2023-24 Adopted Budget

The Engineering & Infrastructure budget will increase in FY 2024-25 by \$843K, or 6%. Notable changes from FY 2023-24 Operations and Engineering Budgets to the FY 2024-25 Budget include:

- Engineering & Infrastructure personnel costs will increase by \$889K, or 13%, in FY 2024-25 to support a variety of increased responsibilities related to increased capital spending, additional regulatory requirements, and to accommodate the increase in new infrastructure and additional activities. This includes a number of procurement tasks related to approved capital spending that were moved from Administration to Engineering & Infrastructure, as well as an additional project manager to deliver these capital projects and accommodate the increase in customer and developer projects. Increased regulatory requirements for water loss control will require greater reporting to the State and testing of meters, and the Dig Alert program now requires one full time equivalent Distribution System Operator due to the increased number of utility marking requests. The District also has more infrastructure to maintain, including fire hydrants since the Santa Barbara County Fire Department suspended its inspection program; new aeration systems at three reservoirs; new pump station at Corona Reservoir; new well treatment systems; and the new Hope well. Finally, an analyst has been hired to

help build asset management, computerized maintenance management, and conditions assessment digital tools, which will ultimately save the District money by prolonging the useful life of infrastructure.

- Water Treatment costs will decrease by \$29K, or 2%, when compared to FY 2023-24 due to improved Lake Cachuma water quality, obviating the need for CDMWTP filter media replacements. These savings more than offset increases in chemical costs.
- Insurance, Accounting, and Auditing will increase by \$58K, or 23%, primarily as a result of insurance industry increases that have been averaging 20-30% a year.
- Utility costs will decrease by \$132K, or 14%, as a result of sustainability investments coming online in late 2024; specifically, the lower-cost solar power generation and cost-saving battery storage at CDMWTP.

Tables 4.3a-e and Figure 4.3 provide a detailed breakdown of E&I expenditures by programmatic cost center.

Table 4.3a FY 2024-25 E&I Budgeted Expenditures by Programmatic Cost Center

Description	Water Treatment Plant				Wells				Mains & Appurtenances			
	FY 2023-24	FY 2024-25	Variance		FY 2023-24	FY 2024-25	Variance		FY 2023-24	FY 2024-25	Variance	
Water Treatment	\$ 1,387,010	\$ 1,357,300	\$ (29,710)	-2.1%	\$ 7,300	\$ 7,600	\$ 300	4.1%	\$ 0	\$ 0	\$ 0	0.0%
Water Testing	319,830	305,100	(14,730)	-4.6%	60,440	80,000	19,560	32.4%	0	0	0	0.0%
Personnel - Wages	1,568,323	1,738,086	169,763	10.8%	259,418	264,181	4,764	1.8%	877,477	914,076	36,599	4.2%
Personnel - Benefits	732,001	877,237	145,236	19.8%	127,563	119,841	(7,721)	-6.1%	346,076	445,144	99,068	28.6%
Personnel - Taxes & W.C.	177,328	170,677	(6,651)	-3.8%	28,479	25,533	(2,946)	-10.3%	98,390	91,286	(7,105)	-7.2%
Insurance and Accounting	79,422	93,546	14,124	17.8%	0	0	0	0.0%	85,531	100,778	15,247	17.8%
Maintenance & Equipment	442,900	402,100	(40,800)	-9.2%	114,870	125,300	10,430	9.1%	219,940	222,000	2,060	0.9%
Services & Supplies	1,283,399	1,288,917	5,518	0.4%	391,070	397,600	6,530	1.7%	240,640	241,550	910	0.4%
Utilities	160,100	130,000	(30,100)	-18.8%	111,450	93,450	(18,000)	-16.2%	9,100	9,270	170	1.9%
Total:	\$ 6,150,313	\$ 6,362,964	\$ 212,650	3.5%	\$ 1,100,589	\$ 1,113,505	\$ 12,916	1.2%	\$ 1,877,155	\$ 2,024,104	\$ 146,949	7.8%

Water Treatment Plant

- Personnel costs increased \$170K, or 11%, from FY 2023-24 as a result of more control systems technician time needed for treatment plant maintenance. Increased personnel benefits in this cost center reflect higher CalPERS costs for longer-tenured water treatment operators because of how certain costs for unfunded liabilities are distributed among active pre-PEPRA employees.
- Maintenance and equipment costs decreased \$40K, or 9%, from FY 2023-24, and reflect savings in vehicle fuel and maintenance as the District shifts away from gasoline-powered vehicles to low-maintenance electric vehicles.
- Utility costs decreased \$30K, or 19%, from FY 2023-24, with savings attributed to new solar power generation and battery storage systems being commissioned in late 2024.

Wells

- Water Testing costs will increase by \$20K, or 32%, reflecting increased lab sample costs to add new injection wells to the District's permit.

Mains & Appurtenances

- Increased personnel benefits in this cost center reflect higher CalPERS costs for longer-tenured distribution and system operators because of how certain costs for unfunded liabilities are distributed among active pre-PEPRA CalPERS employees.
- Higher costs for Insurance and Accounting are a result of insurance industry increases that have been averaging 20-30% a year.

Table 4.3b FY 2024-25 E&I Budgeted Expenditures by Programmatic Cost Center

Description	General Operations				Meters / Services Installation				Meter Reading			
	FY 2023-24	FY 2024-25	Variance		FY 2023-24	FY 2024-25	Variance		FY 2023-24	FY 2024-25	Variance	
Water Treatment	\$ 0	\$ 0	\$ 0	0.0%	\$ 0	\$ 0	\$ 0	0.0%	\$ 0	\$ 0	\$ 0	0.0%
Water Testing	0	0	0	0.0%	0	0	0	0.0%	0	0	0	0.0%
Personnel - Wages	543,661	662,473	118,812	21.9%	191,397	195,625	4,228	2.2%	487,676	486,108	(1,568)	-0.3%
Personnel - Benefits	197,240	166,545	(30,695)	-15.6%	70,040	79,817	9,777	14.0%	232,611	292,439	59,828	25.7%
Personnel - Taxes & W.C.	57,253	57,783	530	0.9%	21,255	18,904	(2,351)	-11.1%	45,604	40,698	(4,907)	-10.8%
Insurance and Accounting	24,438	28,788	4,350	17.8%	0	0	0	0.0%	24,438	28,788	4,350	17.8%
Maintenance & Equipment	344,990	346,090	1,100	0.3%	103,520	103,300	(220)	-0.2%	1,600	1,700	100	6.2%
Services & Supplies	524,967	584,040	59,073	11.3%	121,570	127,500	5,930	4.9%	23,810	24,900	1,090	4.6%
Utilities	50,710	53,598	2,888	5.7%	0	0	0	0.0%	0	0	0	0.0%
Total:	\$ 1,743,258	\$ 1,899,316	\$ 156,059	9.0%	\$ 507,782	\$ 525,146	\$ 17,364	3.4%	\$ 815,739	\$ 874,633	\$ 58,893	7.2%

General Operations (includes staff training, fleet maintenance, permit fees, regulatory compliance, procurement, and property maintenance)

- Higher personnel costs reflect a number of procurement tasks being shifted to the E&I Department to support the efficient delivery of a high volume of purchases, contracts, and advertised procurements.
- Higher services & supplies costs reflect safety and skills training for new staff, higher costs and more frequent repairs for maintaining an aging HVAC system, fence and security repairs at headquarters, and demolition of unused tanks and cleanup of the Castilian Drive building and converting it to a PVC pipe storage facility.

Meters/Service Installation

- Costs remained relatively flat compared to FY 2023-24.

Meter Reading

- Higher personnel benefits costs reflect higher CalPERS costs for longer-tenured meter specialists because of how certain costs for unfunded liabilities are distributed among active pre-PEPRA CalPERS employees.

Table 4.3c FY 2024-25 E&I Budgeted Expenditures by Programmatic Cost Center

Description	Recycled Water				Goleta West Conduit				Booster Pumps			
	FY 2023-24	FY 2024-25	Variance		FY 2023-24	FY 2024-25	Variance		FY 2023-24	FY 2024-25	Variance	
Water Treatment	\$ 0	\$ 0	\$ 0	0.0%	\$ 57,100	\$ 57,400	\$ 300	0.5%	\$ 0	\$ 0	\$ 0	0.0%
Water Testing	0	0	0	0.0%	3,020	3,070	50	1.7%	0	0	0	0.0%
Personnel - Wages	79,791	83,685	3,893	4.9%	144,157	143,575	(582)	-0.4%	79,678	122,636	42,958	53.9%
Personnel - Benefits	35,705	41,634	5,929	16.6%	66,849	72,659	5,810	8.7%	31,342	44,144	12,801	40.8%
Personnel - Taxes & W.C.	8,757	8,332	(425)	-4.9%	16,139	14,254	(1,885)	-11.7%	8,822	12,115	3,293	37.3%
Insurance and Accounting	0	0	0	0.0%	0	13,720	13,720	0.0%	0	0	0	0.0%
Maintenance & Equipment	11,550	11,800	250	2.2%	15,390	42,200	26,810	174.2%	12,690	14,000	1,310	10.3%
Services & Supplies	49,850	51,900	2,050	4.1%	18,750	31,150	12,400	66.1%	26,300	71,000	44,700	170.0%
Utilities	36,210	34,670	(1,540)	-4.3%	6,450	6,400	(50)	-0.8%	142,130	55,360	(86,770)	-61.0%
Total:	\$ 221,863	\$ 232,020	\$ 10,157	4.6%	\$ 327,854	\$ 384,428	\$ 56,574	17.3%	\$ 300,962	\$ 319,255	\$ 18,293	6.1%

Recycled Water

- Overall Recycled Water costs are flat rising by \$10K or 5% from FY 2023-24.

Goleta West Conduit

- Maintenance and Equipment costs increased due to higher main break repair costs, more maintenance needed on combination air valves, and brush clearing equipment.
- Services and Supplies costs reflect more maintenance painting needed for aboveground piping and chlorination station buildings.

Booster Pumps

- Services and Supplies costs reflect more brush clearing and maintenance painting needed for aboveground piping and buildings.
- Utilities costs decreased due to sustainability investments coming online in late 2024; specifically, lower-cost solar power generation.

Table 4.3d FY 2024-25 E&I Budgeted Expenditures by Programmatic Cost Center

Description	Reservoirs				Analysis & Research				New Water Supply & Plan Review			
	FY 2023-24	FY 2024-25	Variance		FY 2023-24	FY 2024-25	Variance		FY 2023-24	FY 2024-25	Variance	
Water Treatment	\$ 0	\$ 0	\$ 0	0.0%	\$ 0	\$ 0	\$ 0	0.0%	\$ 0	\$ 0	\$ 0	0.0%
Water Testing	0	0	0	0.0%	0	0	0	0.0%	0	0	0	0.0%
Personnel - Wages	56,838	67,454	10,615	18.7%	131,331	191,718	60,387	46.0%	45,197	40,981	(4,216)	-9.3%
Personnel - Benefits	23,171	23,886	715	3.1%	51,810	69,749	17,939	34.6%	10,105	8,185	(1,919)	-19.0%
Personnel - Taxes & W.C.	6,180	6,628	448	7.2%	11,226	15,341	4,115	36.7%	3,774	3,086	(688)	-18.2%
Insurance and Accounting	0	0	0	0.0%	18,328	21,603	3,275	17.9%	0	0	0	0.0%
Maintenance & Equipment	25,210	26,600	1,390	5.5%	0	0	0	0.0%	5,000	5,208	208	4.2%
Services & Supplies	81,000	82,471	1,471	1.8%	90,200	93,200	3,000	3.3%	2,200	2,300	100	4.5%
Utilities	424,590	425,830	1,240	0.3%	0	0	0	0.0%	0	0	0	0.0%
Total:	\$ 616,989	\$ 632,869	\$ 15,879	2.6%	\$ 302,894	\$ 391,611	\$ 88,716	29.3%	\$ 66,276	\$ 59,760	\$ (6,516)	-9.8%

Reservoirs

- Overall spending on reservoirs is flat. Personnel costs reflect a \$10K increase, or 19%, for brush clearing that will be performed by District staff.

Analysis and Research

- Analysis and Research is up \$89K, or 30%, resulting from higher personnel costs associated with hiring an additional project manager to deliver on the increased volume of capital projects approved by the Board in the Infrastructure Improvement Plan 2020-25 for the next fiscal year, grant writing, and increased customer/developer projects.

New Water Supply & Plan Review

- Personnel costs related to New Water Supply and Plan Review are lower than the previous year, reflecting enhanced efficiency in staff reviews following the training and experience gained by recent hires.

Table 4.3e FY 2024-25 E&I Budgeted Expenditures by Programmatic Cost Center

Description	Geographic Information System				Capital Improvements				Total Engineering & Infrastructure			
	FY 2023-24	FY 2024-25	Variance		FY 2023-24	FY 2024-25	Variance		FY 2023-24	FY 2024-25	Variance	
Water Treatment	\$ 0	\$ 0	\$ 0	0.0%	\$ 0	\$ 0	\$ 0	0.0%	\$ 1,451,410	\$ 1,422,300	\$ (29,110)	-2.0%
Water Testing	0	0	0	0.0%	0	0	0	0.0%	383,290	388,170	4,880	1.3%
Personnel - Wages	128,410	210,462	82,052	63.9%	37,676	67,933	30,257	80.3%	4,631,030	5,188,992	557,962	12.0%
Personnel - Benefits	23,063	42,168	19,105	82.8%	8,705	13,701	4,996	57.4%	1,956,280	2,297,150	340,870	17.4%
Personnel - Taxes & W.C.	10,915	17,306	6,392	58.6%	3,167	5,222	2,055	64.9%	497,289	487,164	(10,125)	-2.0%
Insurance and Accounting	12,219	14,417	2,198	18.0%	6,109	7,185	1,075	17.6%	250,484	308,824	58,339	23.3%
Maintenance & Equipment	0	5,000	5,000	0.0%	0	0	0	0.0%	1,297,660	1,305,298	7,638	0.6%
Services & Supplies	205,200	75,309	(129,891)	-63.3%	121,090	153,150	32,060	26.5%	3,180,046	3,224,987	44,942	1.4%
Utilities	0	0	0	0.0%	0	0	0	0.0%	940,740	808,578	(132,162)	-14.0%
Total:	\$ 379,806	\$ 364,662	\$ (15,144)	-4.0%	\$ 176,748	\$ 247,191	\$ 70,443	39.9%	\$ 14,588,229	\$15,431,463	\$ 843,234	5.8%

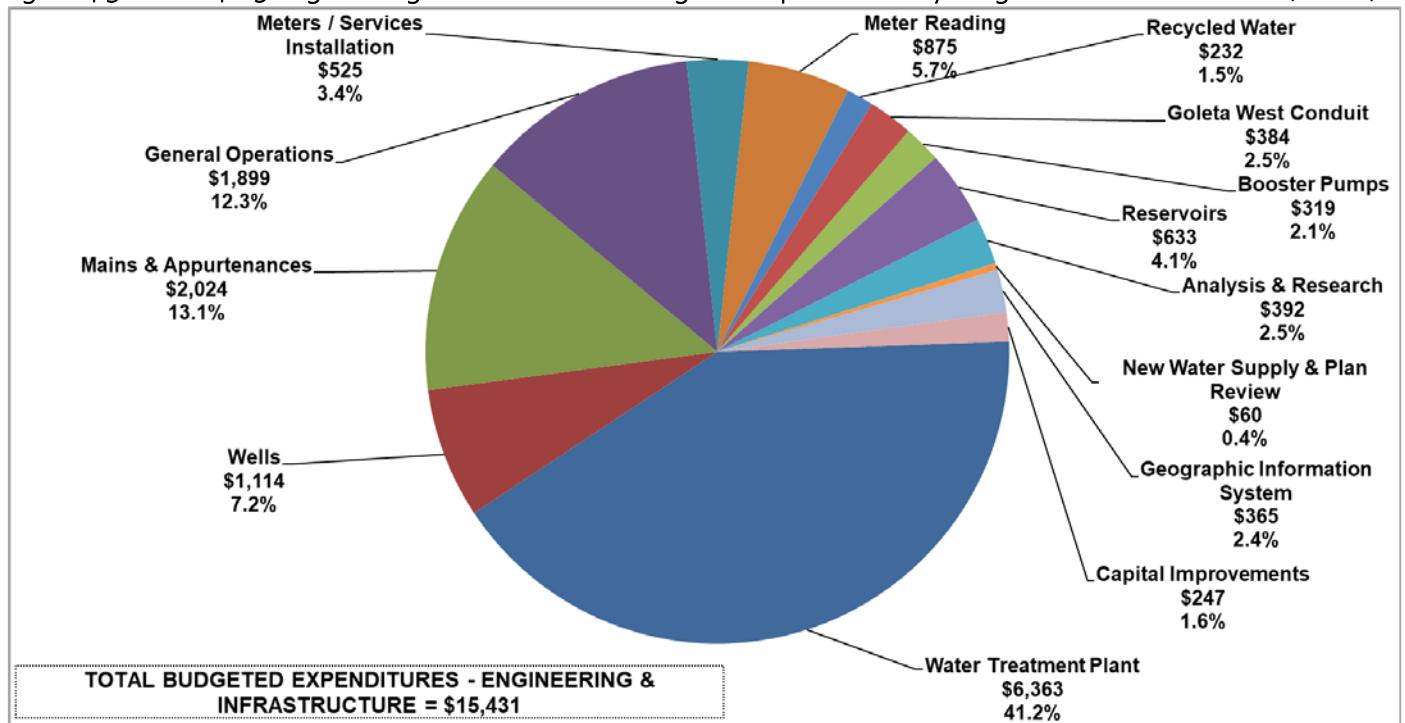
Geographic Information Systems

- Lower costs for Services & Supplies are largely the result of relying less on consultants for asset management efforts, with costs shifting to personnel instead as the District develops these tools and expertise in-house.

Capital Improvements

- Higher personnel costs reflect the planned development of the next five-year Infrastructure Improvement Plan 2025-2030.
- Higher Services & Supplies costs are a result of additional conditions assessment services necessary to develop the Improvement Plan.

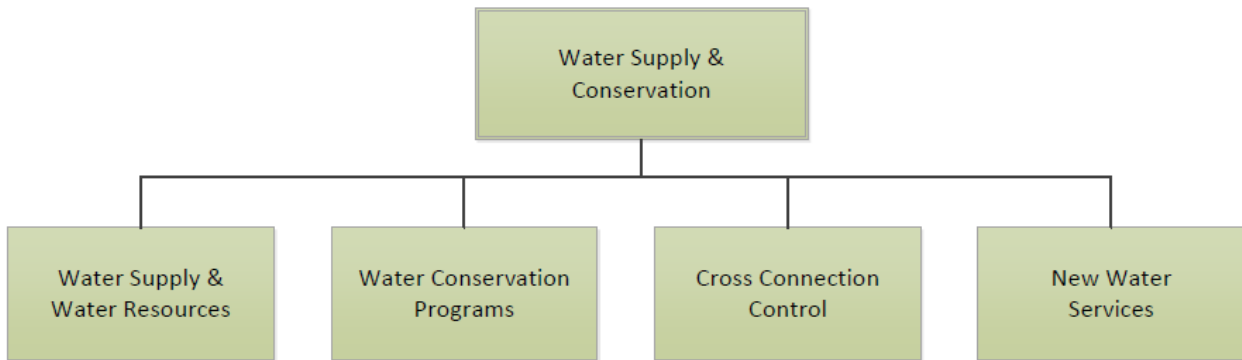
Figure 4.3 FY 2024-25 Engineering & Infrastructure Budgeted Expenditures by Programmatic Cost Center (\$000s)



WATER SUPPLY & CONSERVATION COST CENTER

The WS&C cost center includes the following programmatic cost centers: Water Supply, Conservation Programs, New Water Services, Water Resources, and Cross Connection Control as shown in Figure 4.4.

Figure 4.4 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 includes 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 2024-25 priorities include continued work with CCRB and other regional partners to protect surface water rights under existing state and federal orders, as well as State administrative hearings.

For the first time in nearly 10 years, all conditions necessary to issue new water allocations under the SAFE Water Supplies Ordinance were met for 2024, allowing the Board to lift the temporary prohibition on new water allocations effective January 1, 2024. The District’s multiple water supply planning documents ensure sufficient supplies are available to serve existing and future demand based on City and County development projections.

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 2024-25 priorities include continued implementation of the District’s Water Supply

Management Plan and Groundwater Management Plan, and evaluating additional opportunities for District injection into the Basin for expansion of the District's Aquifer and Storage Recovery (ASR) Program.

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. While two years of wet conditions in FY 2022-23 and FY 2023-24 significantly altered the District's water supply outlook, the local climate means the District continues to plan for future droughts and ongoing conservation remains a key element of demand management. The District offers a Smart Landscape Rebate and a mulch rebate program to support customers in their conservation efforts. The District also assists customers with leak detection outreach and promotes best practices for efficient water use, including through the Customer Scorecard Program that provides targeted outreach to large water users across all customer classes.

The relocation and temporary service outage of the District's 42" transmission main required a significant targeted outreach effort to minimize system-wide water demand. Drawing on 10 years of Scorecard Program customer contacts, the District was able to successfully complete the shutdown with no interruptions to customer water service.

The administration of the District's recycled water program is also a function of the Water Supply and Conservation Department, as replacing potable water use with recycled water use is a critical function of the District's water supply management and conservation efforts.

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 other 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 closure.

Water Supply and Conservation (WS&C) Accomplishments FY 2023-24

The key WS&C accomplishments completed during FY 2023-24 include:

- Updating 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.
- Distributing over 80 rebates through the Smart Landscape Rebate Program and the mulch rebate program.



- Completing 50 conservation check-ups for Single Family Residential customers and providing them with a complimentary analysis of water use on their account, a review of landscaping via aerial imagery, assistance with programming sprinkler timers, and a list of suggestions by email for saving water.
- Leak detection outreach to customers through the District’s Scorecard Program accounts for an estimated 9 AF in water savings per year.
- Interacting with more than 2,500 customers at conservation outreach events to educate the community on where their water comes from, statewide water use restrictions, and ways to eliminate water waste and conserve water.

FY 2024-25 Water Supply and Conservation Budget

Table 4.4 details the primary WS&C budgeted expenditures and describes the variances between FY 2023-24 Budget and FY 2024-25 budgeted expenditures.

Table 4.4 FY 2024-25 Water Supply and Conservation (WS&C) Cost Center Budget Summary

Category	Adopted Budget	Adopted Budget	Estimated Actual	Adopted Budget	Variance Analysis *	
	FY 2022-23	FY 2023-24	FY 2023-24	FY 2024-25	\$ Higher / (Lower)	% Higher / (Lower)
Cost Center Expenses - WS&C						
Water Supply Agreements:						
COMB (Lake Cachuma)	\$ 3,481,850	\$ 2,942,831	\$ 2,486,951	\$ 3,560,149	\$ 617,318	21%
CCRB (Water Rights)	565,709	552,360	456,161	662,372	110,012	20%
Cloud Seeding & Overlap	32,858	0	57,975	57,975	57,975	100%
CCWA (State Water)	7,274,171	8,568,126	7,763,957	7,546,001	(1,022,125)	(12%)
GSD (Recycled Water)	790,054	790,054	658,501	790,054	0	0%
Subtotal:	12,144,641	12,853,371	11,423,545	12,616,551	(236,820)	(2%)
Personnel:	1,348,463	1,508,818	1,565,810	1,655,090	146,272	10%
Operations & Maintenance:						
Insurance, Accounting, & Auditing	45,999	36,656	38,442	36,018	(638)	(2%)
Maintenance & Equipment	2,740	1,370	875	0	(1,370)	(100%)
Services & Supplies	386,781	412,120	216,203	266,656	(145,464)	(35%)
Subtotal:	435,520	450,146	255,520	302,674	(147,472)	(33%)
Total Expenditures:	\$ 13,928,624	\$ 14,812,335	\$ 13,244,875	\$ 14,574,315	\$ (238,020)	(2%)

* Compares FY 2024-25 Adopted Budget to FY 2023-24 Adopted Budget

The WS&C cost center Budget will decrease by \$238K in FY 2024-25. Notable changes from the FY 2023-24 Budget to FY 2024-25 Budget include:

- Overall costs associated with Water Supply Agreements have decreased slightly by approximately \$237K primarily due to anticipated increases in DWR Fixed Assessment charges for costs associated with the State Water Project offset by decreased variable costs from decreased State Water deliveries.

- COMB O&M costs will slightly increase due to increased cost of materials and services for capital projects necessary to maintain the COMB system, including major repair projects related to the South Coast Conduit and appurtenances.
- Costs for CCRB will increase by 20% over last year, reflecting ongoing advocacy efforts related to the Biological Opinion for the Cachuma Project, State Water Rights Order, and proposed listing of *O. mykiss* (steelhead) under the California Endangered Species Act.
- The \$58K or 100% increase in Cloud Seeding & Overlap is a result of repayment for treatment costs under the Overlap Agreement as cloud seeding is not occurring this year due to a full Lake Cachuma.
- Personnel costs have increased by approximately \$146K or 10% associated with MOU-related step increases and previously negotiated SEIU provisions.
- Services & Supplies decrease of \$145K or 35% is a result of Water Resources planning costs, which are significantly lower compared to FY 2023-24 due to the District completing the Water Supply Management Plan update in FY 2023-24.

Tables 4.5a-b and Figure 4.5 provide a detailed breakdown of WS&C expenditures by programmatic cost center.

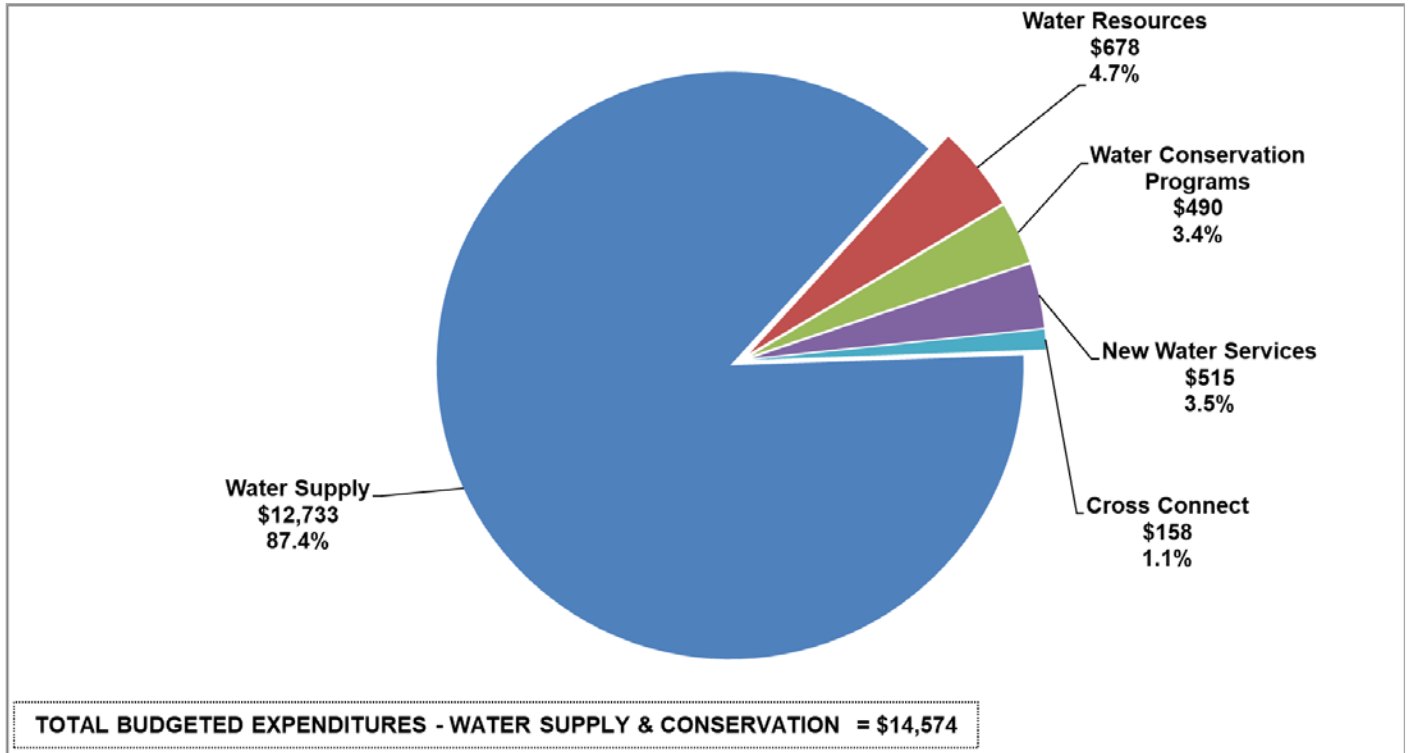
Table 4.5a FY 2024-25 WS&C Budgeted Expenditures by Programmatic Cost Center

Description	Water Supply				Water Resources				Water Conservation Programs			
	FY 2023-24	FY 2024-25	Variance		FY 2023-24	FY 2024-25	Variance		FY 2023-24	FY 2024-25	Variance	
COMB (Lake Cachuma)	\$ 2,942,831	\$ 3,560,149	\$ 617,318	21.0%	\$ 0	\$ 0	\$ 0	0.0%	\$ 0	\$ 0	\$ 0	0.0%
CCRB (Water Rights)	552,360	662,372	110,012	19.9%	0	0	0	0.0%	0	0	0	0.0%
Cloud Seeding & Overlap	0	57,975	57,975	0.0%	0	0	0	0.0%	0	0	0	0.0%
CCWA (State Water)	8,568,126	7,546,001	(1,022,125)	-11.9%	0	0	0	0.0%	0	0	0	0.0%
GSD (Recycled Water)	790,054	790,054	0	0.0%	0	0	0	0.0%	0	0	0	0.0%
Personnel - Wages	106,023	80,991	(25,031)	-23.6%	355,899	387,899	32,000	9.0%	163,230	203,789	40,559	24.8%
Personnel - Benefits	43,220	29,263	(13,956)	-32.3%	82,010	91,377	9,367	11.4%	113,819	156,625	42,806	37.6%
Personnel - Taxes & W.C.	8,657	6,431	(2,226)	-25.7%	25,337	28,032	2,696	10.6%	13,873	16,565	2,692	19.4%
Insurance, Accounting, & Auditing	0	0	0	0.0%	12,219	14,417	2,198	18.0%	6,109	7,185	1,075	17.6%
Maintenance & Equipment	0	0	0	0.0%	0	0	0	0.0%	0	0	0	0.0%
Services & Supplies	0	0	0	0.0%	291,447	156,447	(135,000)	-46.3%	95,398	106,014	10,616	11.1%
Total:	\$13,011,270	\$12,733,237	\$ (278,034)	-2.1%	\$ 766,912	\$ 678,172	\$ (88,740)	-11.6%	\$ 392,430	\$ 490,178	\$ 97,748	24.9%

Table 4.5b FY 2024-25 WS&C Budgeted Expenditures by Programmatic Cost Center

Description	New Water Services				Cross Connect				Total WS&C			
	FY 2023-24	FY 2024-25	Variance		FY 2023-24	FY 2024-25	Variance		FY 2023-24	FY 2024-25	Variance	
COMB (Lake Cachuma)	\$ 0	\$ 0	\$ 0	0.0%	\$ 0	\$ 0	\$ 0	0.0%	\$ 2,942,831	\$ 3,560,149	\$ 617,318	21.0%
CCRB (Water Rights)	0	0	0	0.0%	0	0	0	0.0%	552,360	662,372	110,012	19.9%
Cloud Seeding & Overlap	0	0	0	0.0%	0	0	0	0.0%	0	57,975	57,975	0.0%
CCWA (State Water)	0	0	0	0.0%	0	0	0	0.0%	8,568,126	7,546,001	(1,022,125)	-11.9%
GSD (Recycled Water)	0	0	0	0.0%	0	0	0	0.0%	790,054	790,054	0	0.0%
Personnel - Wages	283,854	283,717	(137)	0.0%	107,240	119,466	12,226	11.4%	1,016,246	1,075,862	59,617	5.9%
Personnel - Benefits	151,815	190,110	38,295	25.2%	22,348	29,786	7,438	33.3%	413,212	497,161	83,949	20.3%
Personnel - Taxes & W.C.	21,809	22,073	263	1.2%	9,684	8,965	(719)	-7.4%	79,360	82,066	2,706	3.4%
Insurance, Accounting, & Auditing	12,219	14,417	2,198	18.0%	6,109	0	(6,109)	-100.0%	36,656	36,018	(638)	-1.7%
Maintenance & Equipment	0	0	0	0.0%	1,370	0	(1,370)	-100.0%	1,370	0	(1,370)	-100.0%
Services & Supplies	4,446	4,195	(251)	-5.6%	20,829	0	(20,829)	-100.0%	412,120	266,656	(145,464)	-35.3%
Total:	\$ 474,143	\$ 514,511	\$ 40,368	8.5%	\$ 167,580	\$ 158,217	\$ (9,363)	-5.6%	\$14,812,335	\$14,574,315	\$ (238,020)	-1.6%

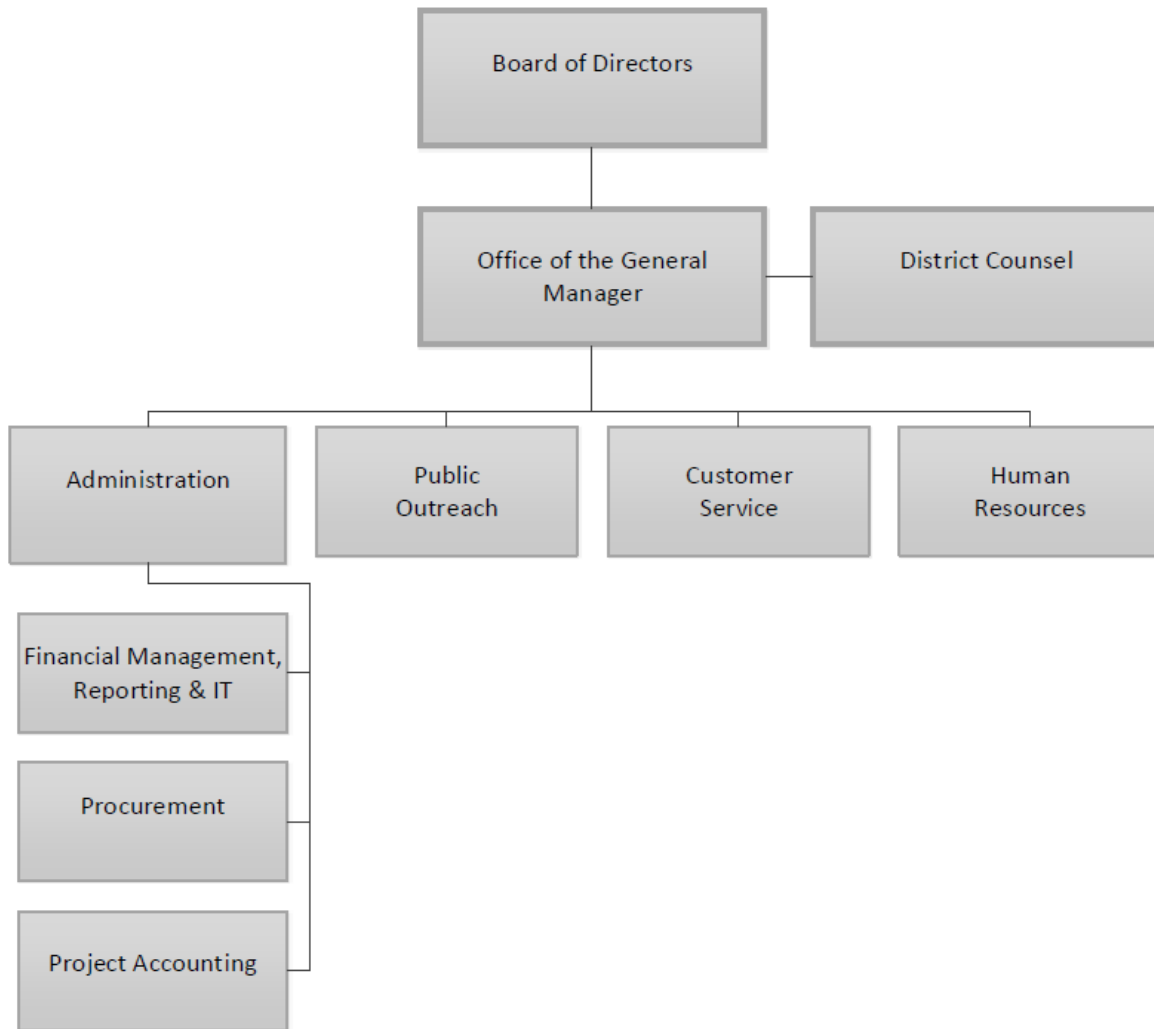
Figure 4.5 FY 2024-25 WS&C Budgeted Expenditures by Programmatic Cost Center (\$'000s)



GENERAL ADMINISTRATION COST CENTER

The General Administration functional cost center includes the Board of Directors, District General Management, District Legal Counsel, and General Administration cost centers including Financial Management, Reporting & Information Technology, Procurement, Project Accounting, Public Outreach, Customer Service, and Human Resources, as outlined in Figure 4.6.

Figure 4.6 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, payroll, investment and cash management, financial reporting, annual budget preparation, monthly budget tracking, in-house data warehouse and inter-department data management, cash flow analysis, rate analysis, 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 2024-25, 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.

Procurement and Contract Management

The Procurement and Contract Management cost center serves as a centralized repository for District contracts, purchase orders, and vendor management, ensuring related processes are streamlined and consistent across the organization. Procurement staff manage Notices Inviting Bids, Requests for Proposals, and Requests for Quotes processes. Procurement staff also provide departmental assistance with the execution and oversight of various vendor agreements required to operate District facilities, deliver water to customers, improve District infrastructure, and support other internal District operations and administration. Close coordination with District management and current or potential vendors ensures procurement policies and practices are consistent with the District Code. In FY 2024-25, some aspects of procurement related to Requests for Proposals and bids, as well as Contract coordination, associated with capital improvement projects will be handled directly by Engineering & Infrastructure to accommodate the increased cadence and technical needs associated with approved capital spending in FY 2024-25.

Working closely with District Counsel, Contract Management staff streamline the creation, negotiation, execution, compliance, storage, and renewal of contracts across all District departments. Other aspects of contract management include tracking contract spending, and collecting, reviewing, and filing supporting documents for the procurement process, such as insurance, bonds, and Department of Industrial Relations project registrations.

Project Accounting

The District's Project Accounting team tracks costs associated with internal (District) projects and external (Developer) projects. Project durations can range from a few days to several years and generally result in an asset that is recorded on the District's financials. The District's accounting system has a specific module that is used to record and track costs associated with individual projects. The accounting system captures labor, equipment, inventory and vendor costs that are incurred throughout the span of a project. This system assists the District in billing Developers for external projects and recording the assets upon project completion.

Succession planning and cross training are critical for an industry experiencing significant retirements and an aging workforce. Attracting and retaining credentialed operators and talented staff while maintaining the team of professionals necessary to ensure continuity is a key focus of Human Resources.

Human Resources

Human Resources staff work closely with District management to recruit, train, and retain the most qualified personnel for the District. Human Resources staff also coordinate risk management activities, including the Workplace Safety Program and the Employee Wellness Program, to ensure a safe and healthy work environment for employees. Additionally, Human Resources staff administer all benefit processes and analyze and coordinate insurance matters in cooperation with the District insurance provider, Association of California Water Agencies (ACWA)/Joint Points Insurance Authority (JPIA). Given the difficult recruiting environment, and industry-wide trends in the water workforce that mean a growing number of employees are retirement eligible, succession planning, employee training and development, as well as efforts to retain current employees will continue to be of strategic importance.

Customer Service

The Customer Service cost 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 customer accounts. For FY 2024-25, Customer Service will continue encouraging customers to use the District's customer portal (WaterSmart) and participate in electronic and automatic payment, which increases paperless billing.

Public Outreach



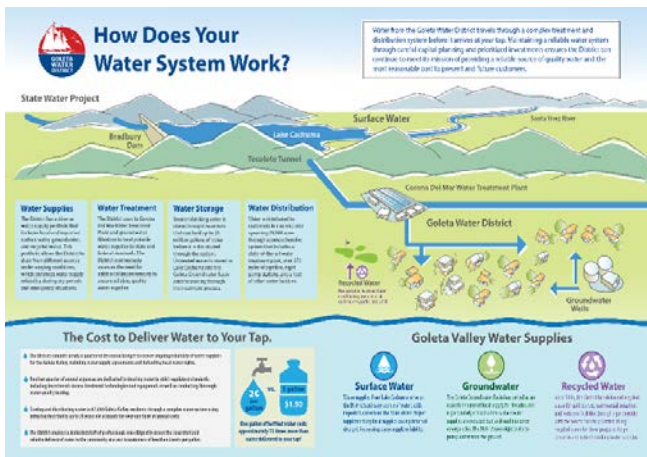
Public Outreach and Public Information functions include all District communications, media relations, press releases, special outreach, newsletters, and oversight of the District's website, social media, and internet presence. This effort ensures customers are equipped with reliable, timely, and objective 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. In FY 2024-25, public outreach staff will continue educating customers on key aspects of District operations, including the Net Zero initiative, as well as the future challenges ahead. The District will continue to 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 2023-24

Significant highlights achieved during FY 2023-24 included:

- Refinancing of approximately \$37.0M of the 2010A and 2014A Certificates of Participation. Through this process, the District achieved net present value debt savings of \$5.4M over the next 10 years while keeping debt service payments level.
- Implementing a new banking product called "E-Box" which allows for Bill-pay checks to be electronically transmitted to the District's bank, reducing the amount of paper checks received for processing,
- Installing a fiber optic internet line to improve the District's overall internet speed and reliability.
- Upgrading of the entire District's phone system to a cloud-based technology solution that streamlines communication.
- Completing the District's Annual Comprehensive Financial Report (ACFR) and receipt of an unmodified ("clean") opinion on its audited financial statements.
- Successfully recruiting and filling 14 positions resulting primarily from a series of retirements to ensure adequate staffing coverage across the organization, especially for critical positions requiring licensed and/or credentialed staff.
- Installation of a new full color interactive touch screen display Electronic Agenda Board outside of the customer service entrance that allows customers to access agendas, view information about the District, download materials and visit the WaterSmart customer portal via QR codes on their phone.
- Continued participation in the State of California's Low Income Household Water Assistance Program and promoted the availability of this direct assistance to customers experiencing financial hardship.

- Continuing timely issuance of over 200,000 customer bills and payment processing.
- Reaching over 67,800 District customers and residents with the Fall/Winter 2023 and Spring/Summer 2024 Newsletters. Reaching over 33,900 District customers and residents with the 2023 Consumer Confidence Report (CCR) Postcard Notice and posting the 2023 CCR to the website.
- Transitioning the District website to a new WordPress-based content management system that significantly increases the ability of staff to update the website in-house and with additional beneficial features.
- Maintaining the District website as a resource for customers with over 116,000 page views. Employment, Online Customer Service and Payment Portal, Doing Business, Agendas and Minutes, Documents and Conservation were ranked as the most popular items.
- Developing five online featured articles, three new webpages, and multiple website updates for critical topics to provide timely information to customers. Increasing outreach on the District's sustainability efforts including the most recent Sustainability Plan Progress Report with a sustainability focused social media campaign to guide the public to the latest report and promote the District's Sustainability section of the website.
- Developing a new Working Toward Net Zero public outreach program that includes infographics, a social media campaign, featured article, and information in the District newsletters. Topics included the water-energy nexus, energy use, solar energy, electric vehicles, hydropower, public-private partnerships, and supporting State of California Net Zero goals.
- Designing and producing public outreach materials for the District's new Hope Well project, including public notices, site signage, and a dedicated project update web page with regularly updated fact sheets relating to the drilling and construction process and status.
- Coordinating a site visit and press event marking National Groundwater Awareness Week with the Department of the Interior (DOI) Acting Water Deputy Secretary Laura Daniel-Davis and officials from the US Bureau of Reclamation (USBR) to showcase the District's latest critical project, the Hope Well.
- Developing social media outreach campaigns for Winter Water Wise Planting, and Spring Irrigation and Conservation.



- Placing over 90 social media posts on various topics including water supply, lake levels, storm updates, public outreach events, District news, customer service, District history, and links to partner campaigns.
- Producing public notices and site signage for various District infrastructure improvement projects, including construction and rehabilitation work at Anita and University Wells.
- Creating infographics and posters for the Lemon Festival and Earth Day Festival updating customers on the District's water system infrastructure and water supply outlook. Infographics and poster graphics were also features in the District newsletter and on the website.

- Receiving an ACWA JPIA President's Special Recognition award for achieving a low loss ratio in the Property Insurance program.

FY 2024-25 General Administration Budget

Table 4.6 details the primary General Administration budgeted expenditures and describes the variances between FY 2023-24 Budget and FY 2024-25 budgeted expenditures.

Table 4.6 FY 2024-25 General Administration Cost Center Budget Summary

Category	Adopted Budget FY 2022-23	Adopted Budget FY 2023-24	Estimated Actual FY 2023-24	Adopted Budget FY 2024-25	Variance Analysis *	
					\$ Higher / (Lower)	% Higher / (Lower)
Cost Center Expenses - General Admin.						
Personnel:	\$ 3,223,758	\$ 3,571,932	\$ 3,736,885	\$ 3,681,010	\$ 109,078	3%
Other Post Employment Benefits:	567,695	576,155	532,434	587,298	11,142	2%
Operations & Maintenance:						
Insurance, Accounting, & Auditing	123,835	201,259	173,818	381,226	179,967	89%
Legal	410,000	390,000	174,223	390,000	0	0%
Services & Supplies	1,259,124	1,227,640	1,246,909	1,527,765	300,125	24%
Subtotal:	1,792,959	1,818,899	1,594,950	2,298,991	480,092	26%
Total Expenditures:	\$ 5,584,412	\$ 5,966,987	\$ 5,864,269	\$ 6,567,299	\$ 600,312	10%

* Compares FY 2024-25 Adopted Budget to FY 2023-24 Adopted Budget

The General Administration Budget will increase by \$600K, or 10% in FY 2024-25. Notable General Administration changes from FY 2023-24 to FY 2024-25 Budget include:

- Insurance, Accounting, and Auditing costs will increase by 89% or \$180K driven largely by anticipated upgrades to the accounting software, and by insurance industry trends that have seen premiums increase by 20-30%.
- Legal costs will remain flat as a result of the reduced need for legal services.
- Services and Supplies will increase by \$300K or 24% as a result of increased costs for automation and process improvements, Data Warehouse, and GIS systems, and a Cost of Service Study for analysis of water and fixed charges rate structures.

Tables 4.7a-b and Figure 4.7 provide a detailed breakdown of General Administration expenditures by programmatic cost center.

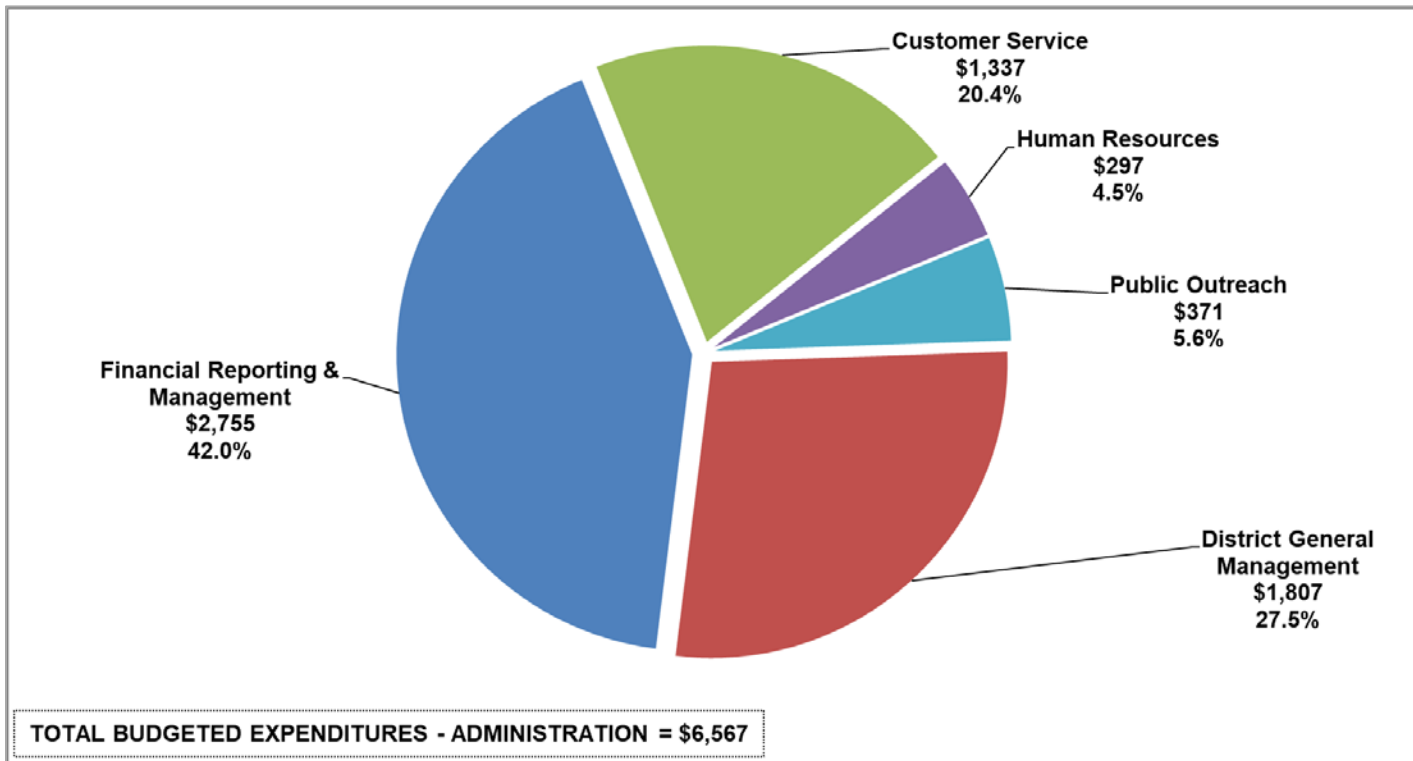
Table 4.7a FY 2024-25 General Administration Budgeted Expenditures by Programmatic Cost Center

Description	District General Management				Financial Reporting & Management				Customer Service			
	FY 2023-24	FY 2024-25	Variance		FY 2023-24	FY 2024-25	Variance		FY 2023-24	FY 2024-25	Variance	
Personnel - Wages	\$ 492,914	\$ 604,849	\$ 111,935	22.7%	\$ 1,289,958	\$ 1,165,267	\$ (124,691)	-9.7%	\$ 258,594	\$ 341,760	\$ 83,166	32.2%
Personnel - Benefits	267,219	384,525	117,306	43.9%	555,116	317,962	(237,154)	-42.7%	109,752	194,740	84,987	77.4%
Personnel - Taxes & W.C.	31,640	39,801	8,161	25.8%	109,357	90,590	(18,767)	-17.2%	20,850	27,170	6,320	30.3%
Other Post Employment Benefits	0	0	0	0.0%	576,155	587,298	11,142	1.9%	0	0	0	0.0%
Insurance, Accounting, & Auditing	59,438	63,741	4,304	7.2%	117,384	288,698	171,314	145.9%	12,219	14,417	2,198	18.0%
Legal	360,000	360,000	0	0.0%	0	0	0	0.0%	0	0	0	0.0%
Services & Supplies	161,260	354,561	193,301	119.9%	241,300	305,244	63,944	26.5%	736,580	759,200	22,620	3.1%
Total:	\$ 1,372,471	\$ 1,807,479	\$ 435,008	31.7%	\$ 2,889,271	\$ 2,755,059	\$ (134,212)	-4.6%	\$ 1,137,995	\$ 1,337,287	\$ 199,292	17.5%

Table 4.7b FY 2024-25 General Administration Budgeted Expenditures by Programmatic Cost Center

Description	Human Resources				Public Outreach				Total Administration			
	FY 2023-24	FY 2024-25	Variance		FY 2023-24	FY 2024-25	Variance		FY 2023-24	FY 2024-25	Variance	
Personnel - Wages	\$ 184,274	\$ 192,415	\$ 8,141	4.4%	\$ 137,588	\$ 180,321	\$ 42,732	31.1%	\$ 2,363,328	\$ 2,484,612	\$ 121,284	5.1%
Personnel - Benefits	37,619	40,836	3,217	8.6%	51,617	71,463	19,846	38.4%	1,021,323	1,009,526	(11,797)	-1.2%
Personnel - Taxes & W.C.	14,619	15,364	745	5.1%	10,814	13,946	3,131	29.0%	187,281	186,872	(410)	-0.2%
Other Post Employment Benefits	0	0	0	0.0%	0	0	0	0.0%	576,155	587,298	11,142	1.9%
Insurance, Accounting, & Auditing	6,109	7,185	1,075	17.6%	6,109	7,185	1,075	17.6%	201,259	381,226	179,967	89.4%
Legal	30,000	30,000	0	0.0%	0	0	0	0.0%	390,000	390,000	0	0.0%
Services & Supplies	12,020	10,700	(1,320)	-11.0%	76,480	98,060	21,580	28.2%	1,227,640	1,527,765	300,125	24.4%
Total:	\$ 284,642	\$ 296,501	\$ 11,859	4.2%	\$ 282,609	\$ 370,974	\$ 88,365	31.3%	\$ 5,966,987	\$ 6,567,299	\$ 600,312	10.1%

Figure 4.7 FY 2024-25 General Administration Budgeted Expenditures by Programmatic Cost Center (\$000s)



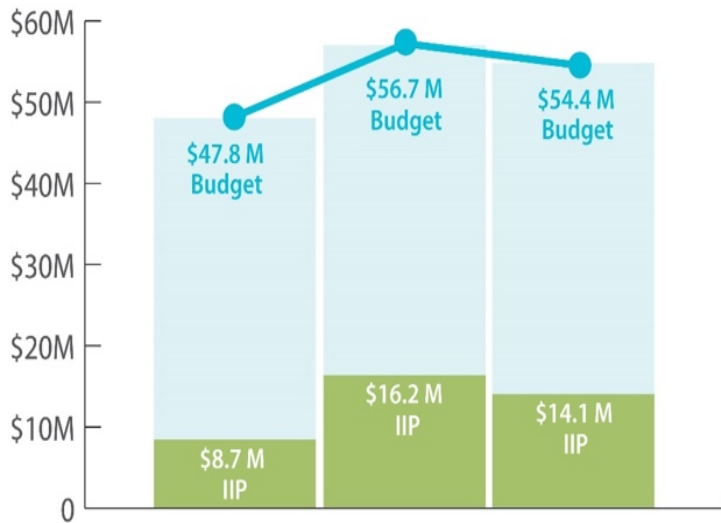
DISTRICT ORGANIZATION

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 three departments: Engineering and Infrastructure, Water Supply and Conservation, 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 4.8.

POSITION SUMMARY CHANGES

As the District approaches the 80th anniversary of its founding, increased capital spending on infrastructure revitalization and replacement will increasingly be a funding priority. Over the past three years, critical personnel have been added to help procure and deliver these projects. These new resources are necessary to operate and maintain expanded infrastructure, comply with new regulations, as well as develop newly created asset management and computerized maintenance management systems that can provide valuable data to prolong the useful life of hundreds of millions of dollars in infrastructure. These new positions include:

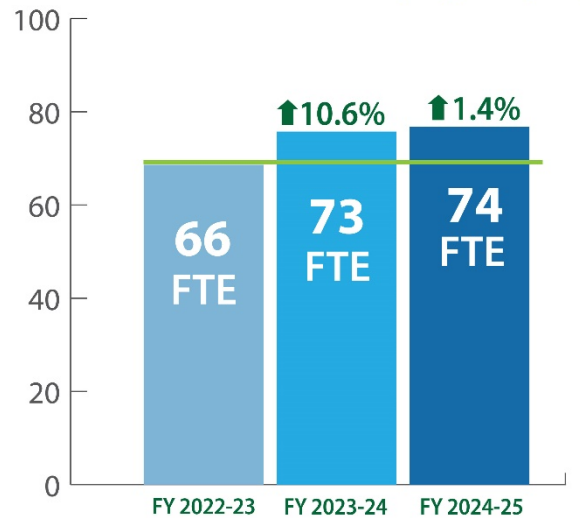
Budget vs. IIP Spending



- Two Associate Analysts to support procurement activities for a growing capital program, comply with new Department of Industrial Relations regulations, write grants to offset capital project costs (\$2.4M in funding was secured in FY 2023-24), comply with new state regulations and extensive reporting requirements for water loss control, and comply with permit requirements for injection of treated surface water into groundwater wells to replenish the aquifer. An Electrical, Instrument & Controls Superintendent, two Control System Tech/Water Treatment Operators, a Distribution System Operator, and a Distribution Operator as the District adds critical infrastructure to maintain, including new aeration systems at three reservoirs; new

- A Capital Project Lead to help deliver a growing number of complex infrastructure projects such as the drilling of the new Hope Well, a full scale SCADA replacement, and water treatment upgrades at Anita Well, University Well and the Corona del Mar Water Treatment Plant.

Number of Full Time Employees (FTE)



pump station at Corona Reservoir; new well treatment systems at Anita Well and University Well; and the new Hope well. In addition, these staff took over fire hydrant inspection for over 1,500 facilities and restarted a comprehensive valve exercising and maintenance program after a decade of focus on drought and well field rehabilitation. Increased regulatory requirements for water loss control will require greater reporting to the State and testing of meters, and the Dig Alert program now requires one full-time Distribution System Operator due to the increased number of utility marking requests.

- A Senior Fiscal and Policy Analyst to assist with a significant increase in staff reports, administrative workflow process improvements, and policy document review associated with the increased capital program, grant reporting, and District sustainability initiatives.
- Finally, an Associate Analyst has been added to help build asset management capabilities and data tracking, monitor newly added computerized maintenance management systems, and develop extensive in-house conditions assessment tools, all of which will ultimately save the District money by prolonging the useful life of its capital assets.

Position Summary Changes	
FY 2022-23 *	
1	Electrical, Instrument & Controls Superintendent
2	Associate Analyst
FY 2023-24 +	
1	Senior Fiscal & Policy Analyst
2	Control System Tech/Water Treatment Operator (2)
3	Distribution System Operator I
4	Distribution Operator I
5	Associate Analyst (2)
FY 2024-25 ^	
1	Capital Project Lead

These additions are shown on Figure 4.8 Organizational Chart by Department and Position.

Internal Hires and Reorganization to Maximize Value

The reorganization of positions within and across departments has ensured a sufficient span of controls and improved segregation of duties, allowing for enhanced oversight of day-to-day operations and functions.

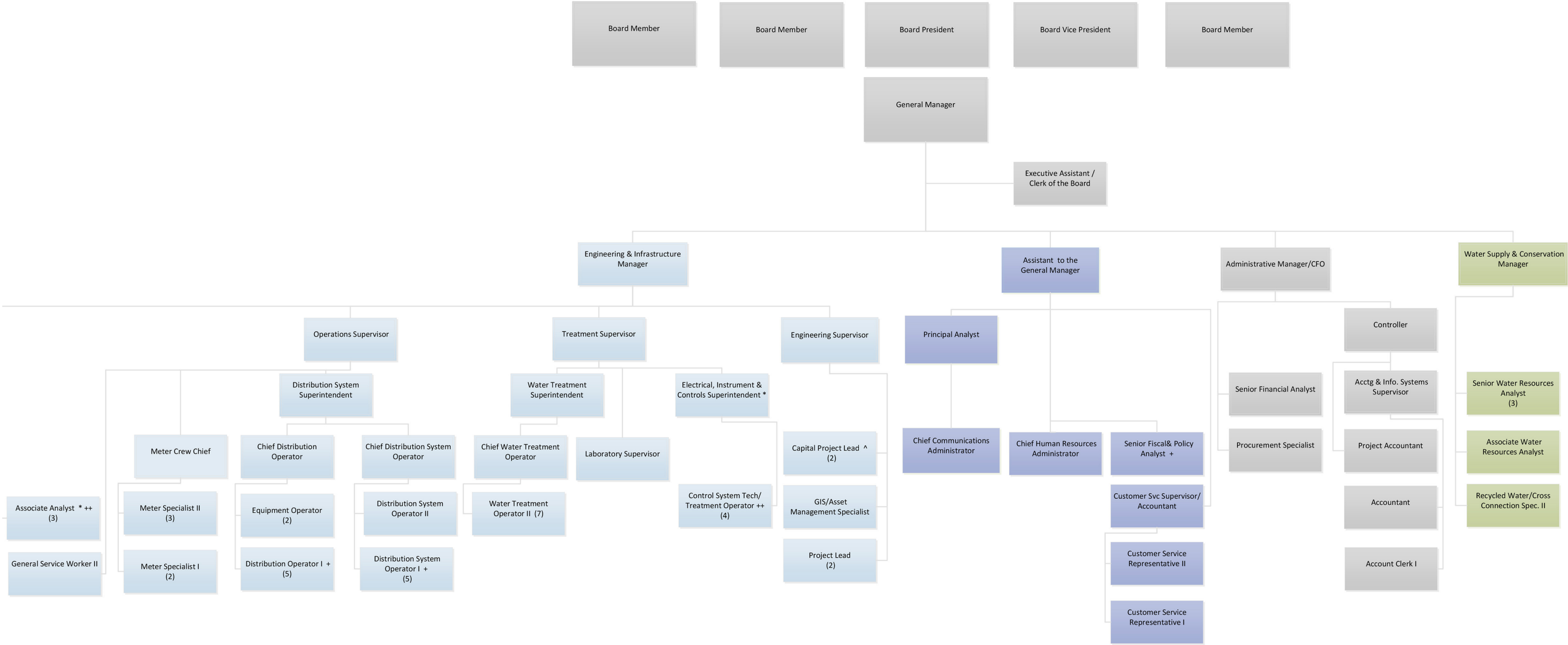
The District has also made a number of strategic promotions and reorganizations across the agency to optimize resource allocation, further develop and deploy talent, and match the changing and evolving nature of required tasks. Each department now has at least one analyst, which provides both an important cross-departmental structure across which to coordinate complex projects and ensure that a diverse set of skills is available to prepare reports and other documentation. The reorganization of the Customer Service and Human Resources

functions into the Office of the General Manager in FY 2023-24 has better aligned critical communication with customers and employees. Customer Service is the primary source of customer outreach, and the change allows for greater alignment with existing Public Information functions within the Office of the General Manager. Human Resources plays a key role in internal communications and recent initiatives to build strong employee morale to bolster long-term retention.

In FY 2023-24 there were 11 internal promotions, at least four of which represented employees moving into positions vacated by retirees. Investing in employee development not only smooths onboarding, but offers cost savings for the organization, especially as the District begins to recognize the benefits of new post-PEPRA hires. The difficulty of recruiting in a high cost-of-living area, compounded by industry trends where a growing number of employees are retirement eligible, underscores the value of investing in staff development. This investment offers an important tool to encourage and support professional growth and is critical to succession planning.

Figure 4.8 Organizational Chart by Department and Position

Goleta Water District Organizational Chart



Position Summary Table		
Full Time Equivalent Staff for Prior, Current and Budgeted Years		
FY 2022-23 *	FY 2023-24 +	FY 2024-25 ^
66	73	74

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