GOLETA WATER DISTRICT

GOLETA, CALIFORNIA



Fiscal Year 2026–27

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 Bradbury Dam at Lake Cachuma, which spilled again in FY 2025-26 for the third time in four years.

GOLETA WATER DISTRICT

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GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

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For the Fiscal Year Beginning

July 01, 2025

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Executive Director

GFOA Distinguished Budget Award

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the Goleta Water District for its Annual Budget for the fiscal year beginning July 1, 2025. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, a financial plan, an operations guide, and a communications device.

This award is valid for the period of FY 2025-26 only. The District prepared the FY 2026-27 Budget to conform to program requirements and plans to submit to GFOA to determine its eligibility for award consideration.

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List of Acronyms and Abbreviations

ACFR	Annual Comprehensive Financial Report
ACWA	Association of California Water Agencies
AF	Acre-Feet
AFY	Acre-Feet per Year
AMI	Advanced Metering Infrastructure
AWWA	American Water Works Association
BA	Biological Assessment
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
COSS	Cost of Service Study
CPWRO	Cachuma Project Water Rights Order
CUWCC	California Urban Water Conservation Council
DWR	Department of Water Resources
E&I	Engineering & Infrastructure Department
EPA	Environmental Protection Agency
FY	Fiscal Year
GFOA	Government Finance Officers Association
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 No. 1
IIP	Infrastructure Improvement Plan
JPIA	Joint Powers Insurance Authority
LAIF	Local Agency Investment Fund
MFR	Multi-Family Residencial
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
RRB	Refunding Revenue Bonds
SCADA	Supervisory Control and Data Acquisition
SBCWA	Santa Barbara County Water Agency
SEIU	Service Employees International Union
SFR	Single-Family Residential
SRF	State Revolving Fund
SWP	State Water Project
SWRCB	California State Water Resources Control Board

UCMR	Unregulated Contaminant Monitoring Rule
USBR	United States Bureau of Reclamation
USGS	United States Geographical Survey
UCSB	University of California, Santa Barbara
WS&C	Water Supply & Conservation Department
WSMP	Water Supply Management Plan

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SECTION I – OVERVIEW



A Note on the Budget

Each year, the Goleta Water District (District) Board of Directors (Board) adopts a budget for the forthcoming fiscal year (FY) that anticipates revenue and establishes spending priorities within the limits of the adopted Five-Year Financial Plan. This year marked the first year of the new Board-adopted Five-Year Financial Plan and Infrastructure Improvement Plan (IIP) (2025-30). Since its adoption, tariff-related cost increases and inflation driven by the turbulent global economic environment have far exceeded initial estimates. As an agency that recently celebrated its 80th Anniversary, a significant portion of budgeted expenditures prioritize capital investment to address aging infrastructure, along with equipment and materials purchases that are most susceptible to the ongoing challenges. Increased expenses have been offset by the higher-than-anticipated revenue from New Water Supply Charges, grant funding, and the anticipated low-interest rate State Revolving Fund (SRF) loans, which will provide low-cost financing to spread the costs of capital investments equitably across present and future customers.

Revitalizing and maintaining system reliability across production, treatment, and distribution systems remains critical to the District's mission to deliver safe and reliable water to the Goleta Valley community. Planned FY 2026-27 projects include completing construction of the Hope Well treatment facilities, beginning construction of the Mariposa Well treatment facility, completing the new Supervisory Control and Data Acquisition (SCADA) system, and initiating the Advanced Metering Infrastructure (AMI) Project. The District will also install and commission microturbines and solar panels to generate a significant amount of renewable energy. Given ongoing uncertainty related to tariffs and supply chains, ordering times, and pricing, the District will remain flexible and adjust project timing as needed to stay aligned with the overall spending levels outlined in the Board's financial policy goals.

The annual budget is built from the ground up using a zero-based approach, which requires a thorough reevaluation and justification of all expenses during each budget cycle. This best practice is essential as costs can fluctuate significantly from year to year, driven by higher energy costs during droughts, shifting operational demands in wetter years, changing water quality, and ongoing groundwater system maintenance. Adapting to dynamic and changing conditions and safeguarding rates requires prioritizing investments and spending to maintain current service levels and ensure long-term sustainability. The FY 2026-27 budget focuses on maintaining current levels of service to customers while safeguarding rates, with an average 3.5% increase in water rates and charges effective July 1, 2026.

Looking ahead, the District will continue to actively pursue grants and alternative funding sources to offset expenses, creating added value for District customers now and into the future.

About Goleta Water District



The 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 the staff responsible for executing ongoing operational and administrative functions. District employees include certified treatment and distribution operators, meter specialists, electrical and control specialists, water quality scientists, licensed engineers, project managers, policy and financial analysts, and administrative professionals.

The District delivers water to its customers through a complex treatment and distribution system that includes over 272 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.

A full Lake Cachuma means the District is well positioned from a water supply perspective regardless of what the weather brings over the next few years. For FY 2026-27, the District forecasts 10,444 AF of water to meet the needs of the Goleta Valley.

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.

An above-average rainfall year, driven by a series of early winter storms that caused Lake Cachuma to spill for the third time in four years, has strengthened the District's water supply outlook. With a full lake, surface water supplies remain adequate to meet customer demand for the next several years. Taking advantage of free surplus water made available when the lake began spilling in December, the District continued to inject treated surface water into the groundwater basin as part of its Aquifer Storage and Recovery (ASR) Program. This program accelerates recovery of the groundwater basin and ensures this critical drought buffer will continue to be available in the future. April U.S. Geological Survey (USGS) readings confirmed that levels in the basin have been restored to the 1972 levels identified in the Wright Judgement, indicating that the basin has almost recovered from the last drought.

With sufficient surface water supplies available to meet customer demand, the District plans to operate groundwater wells only as needed to maintain operational readiness. Even as the continued strong water supply outlook allows the District to rely on lower cost surface water supplies from Lake Cachuma to meet customer needs, continued investment in groundwater well facilities to maintain aging capital equipment is a key focus of the District's Board-adopted IIP and annual budget. Revitalizing aging equipment and maintaining the ability to rely on sustainable groundwater reserves for future dry periods and emergencies requires ongoing investment in the infrastructure and mechanical equipment necessary to access and replenish it. Continued concerns over the potential cost and supply chain disruptions associated with tariffs and global political and economic instability introduce an element of uncertainty to this year's budget, given that a significant portion of the District's spending is on materials, equipment, and chemicals, that are highly sensitive to rising oil prices and increased shipping constraints.

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 SWP water. The District's foundational water resource management plans, including the Groundwater Management Plan, Urban Water Management Plan, and Water Supply Management Plan, are updated every five years and guide the use of the water supply portfolio. The District completed an updated Urban Water Management Plan in FY 2025-26.

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 River Water Conservation District, Improvement District No. 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, 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 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's 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 2026-27, 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. The District remains actively engaged in the renewal of its aging well field. In the last three years, the District has completed the drilling of two new wells, the first in over 40 years. The Hope and Mariposa wells are an important part of replacing the District's aging well field, where most wells are nearing or have exceeded their 50-year service life. Early tests indicate that the two new wells will become the District's highest producing wells. In FY 2026-27, the District will complete construction of the pumping and treatment system for the Hope Well and initiate construction of treatment facilities at Mariposa Well. Notably, Mariposa Well was one of four District projects placed on the funding list for low interest financing via the competitive SRF Loan Program and a grant for up to 50% of project costs. Together, these projects restore declining capacity and ensure the District has sufficient groundwater infrastructure with deeper, larger wells capable of both increased production and injection.

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 ASR program, and the District was able to inject 686 acre-feet (AF) in FY 2025-26 and 509 AF in FY 2024-25 (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 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 2026, the District received an initial 10% allocation of its full State Water entitlement, which was subsequently increased to 30% in April 2026, and to 45% in May 2026. The District does not anticipate taking delivery of any State Water in 2026 and will continue to store carryover water in San Luis Reservoir.

A long-standing exchange agreement with ID #1 will continue in FY 2026-27, 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 694 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 California coastal communities, predominantly residential with a mix of institutional and commercial uses, while preserving pockets of agricultural land, open space, and recreational areas. The service territory includes a diverse business sector, with research firms, telecommunications, medical research, national security, light manufacturing, retail, wholesale trade, and corporate offices of multinational companies. The agricultural sector also represents a significant portion of District water use, with local production focusing primarily on avocados and lemons. UCSB is the largest institution in the District's service area. Commercial land uses are generally located in the Old Town and Northeast Community Center neighborhoods of Goleta. Approximately 38% of the population in the District's service area resides within the Goleta City limits. The remaining service area is within the County Unincorporated area, including Isla Vista and the Eastern Goleta Valley. The District overall encompasses a service area that has a diverse socioeconomic population with varying water demands. According to the most recent

Census data, within the City of Goleta, the median household income is $122,370, with an average family size of 2.63 and a 50.7% homeownership rate. In the Isla Vista area, the median household income is $25,972, with an average family size of 2.52 and a homeownership rate of 1.2%. In the Eastern Goleta Valley, the median household income is $146,284, with an average family size of 2.66, and a homeownership rate of 74.6%. The unemployment rate currently stands at 5.2% as of February 2026, similar to Santa Barbara County and the State of California.

Customer Demand



Approximately 17,200 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 MFR 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.

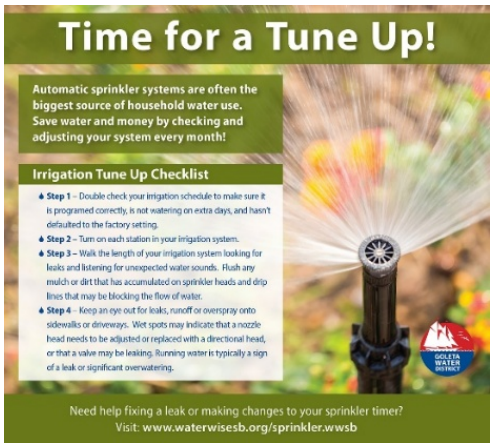


The remaining 51% of demand is attributed to non-residential water use, with agricultural use accounting for 42%, and the remainder comprised of commercial, institutional, and landscape irrigation use. These customers also form the diverse economic base of the service area. The District is home to a thriving industrial and high-tech commercial industry; UCSB; and a substantial agriculture industry specializing in crops such as avocados and lemons.

Fluctuations in year-over-year water demand for agricultural, landscape irrigation, and recycled customers are 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 does not currently indicate significant changes that would adversely affect District operations.

The District currently has 482 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.

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 the California Urban Water Conservation Council) 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 (updated in 2026).

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, and free mulch deliveries.

Customer Service

Providing excellent customer service is a core part of daily operations. The District strives to be available and responsive to its customers, offering multiple ways to interact with staff and obtain valuable information and assistance. During business hours, staff are available in person, by phone, by email, and through the WaterSmart Portal. Field crews are dispatched throughout the service area to repair leaks, address damaged or broken meters, and investigate other water-related issues. Crews are also available 24 hours a day, seven days a week to respond to emergencies, and customers are encouraged to report issues as they arise.

District customers can access and manage their accounts online at anytime, with approximately 64% of customers using the District's online tools for payments. Over half of 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 offer payment plans to customers experiencing financial hardship and connect them with assistance from various community groups.

The District also maintains an Electronic Agenda Board outside of the customer service entrance featuring a full-color interactive touch screen display that allows customers to access agendas, view information about the District, download materials, and connect to the WaterSmart customer portal via QR codes. The display also serves as a customizable platform to highlight important information 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.

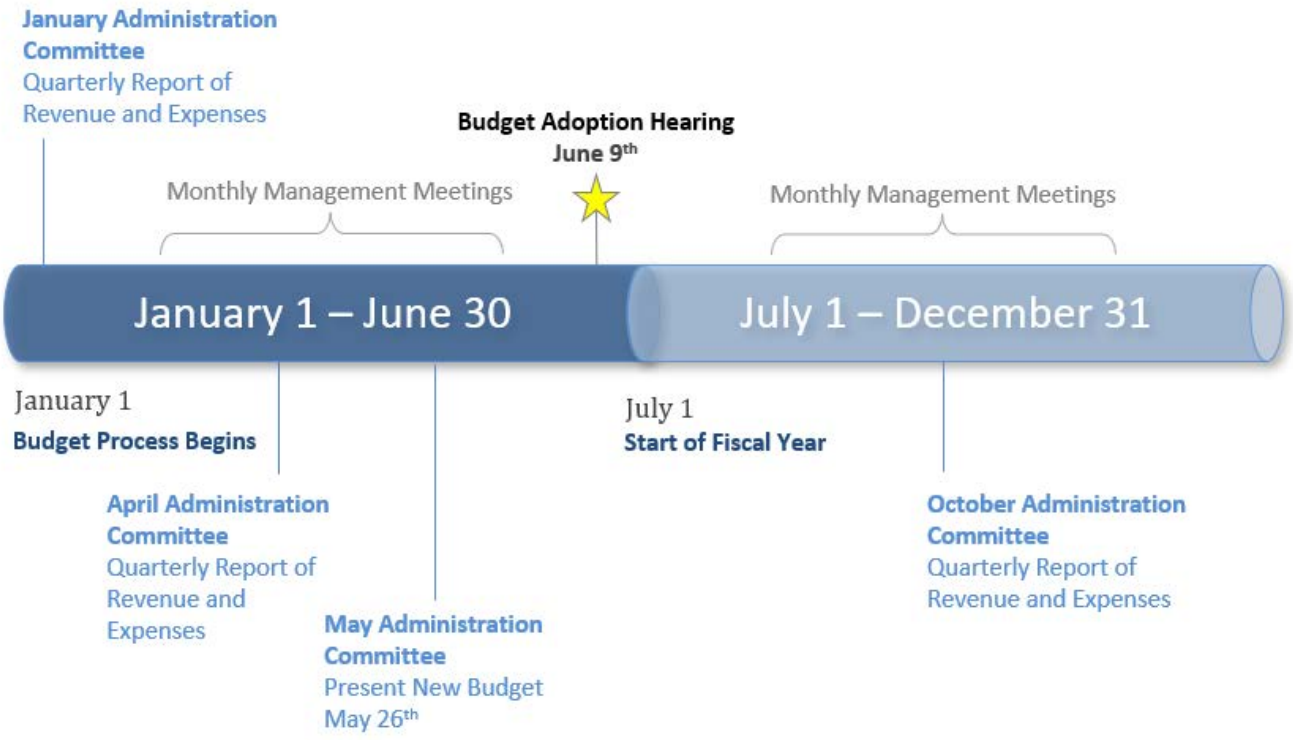
Each year, the Board of Directors approves the District's Budget for the following FY, which runs from July 1 through June 30. The budget is prepared internally over a six-month period beginning each January. The District uses a zero-based budget approach, with worksheets developed from the ground-up across all 22 cost centers using input from each Department to address the goals and objectives for the following FY. 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 and adopts the budget at their annual budget meeting on the second Tuesday in June. 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 comments.

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 22 cost centers. Additionally, a quarterly summary report of revenue and expenses is presented to the 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 (IIP) annually. This year, adoption of an amendment took place on May 12, 2026, at the regularly scheduled Board meeting. Unlike prior IIP amendments that aimed to update all costs each year throughout the life of the IIP, this year's revisions to timing and costs are focused on the upcoming 2026-27 FY as oil prices, inflation, and tariffs have significantly compounded the District's ability to pinpoint and accurately forecast effects on projects in the following years. In response, the focus has been on capital investment that reduces costs, generates additional revenue, and increases resiliency.

> The District uses a zero-based budgeting approach, requiring a thorough reevaluation and justification of all expenses during each budget cycle.

Budget Process Timeline



The FY 2026-27 Budget also represents a short-term financial plan consistent with the goals outlined in the 2025-2030 Financial Plan and 2025 COSS. A vital component of the Financial Plan 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

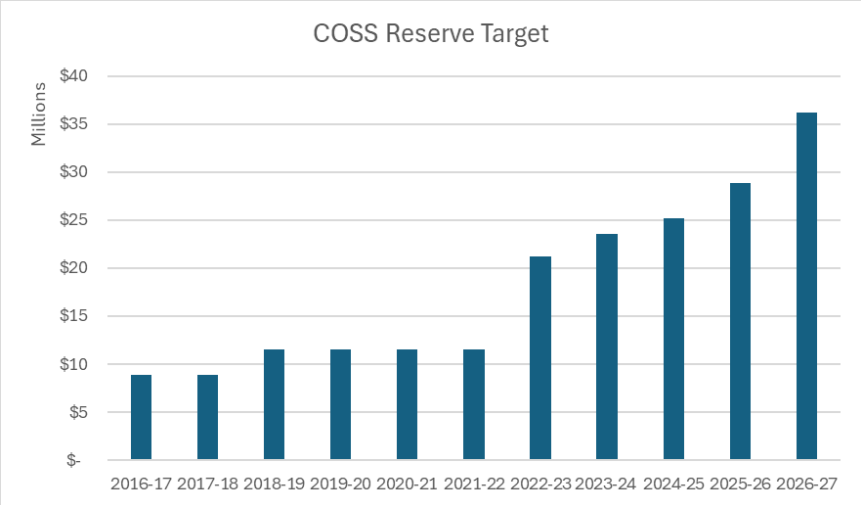
The District's financial policies provide a framework for establishing goals and targets for each FY. The Board of Directors and the Executive team monitor the performance of the District's financial operations according to its financial policies, revenue policies, and expenditure policies.

The District's budget and financial planning policies are consistent with key foundational documents, including the 2025 COSS, which developed a five-year rate schedule and 2025-2030 IIP; the Groundwater Management Plan; and the Water Supply Management Plan. Forecasted revenue is based on projected demand, while expenditures are set to ensure revenue meets or exceeds costs. Any surplus funding is allocated to the District's reserves, creating a balanced budget. The budget is a zero-based budget built from the ground up. This year, for the first time, the Budget has been built using the accrual basis method of accounting. Under this method, revenues are recognized when they are earned and expenses when they are incurred, regardless of when cash is exchanged, providing a more accurate representation of the District's financial activity during the FY.

The Cost of Service Study includes a five-year forecast of projected revenue and expenses, with explanations of key assumptions and factors that inform these projections. For a copy, visit the District's website at: www.GoletaWater.com/Documents/

The District's Board-adopted Debt Management Policy (detailed below), 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.

Figure 1.1 Reserve Target



The District also maintains a Reserve Policy, in which the target amount of the reserves is updated every year during the budget process. Over the last ten years, the District's financial position has improved significantly (see Figure 1.1). In FY 2025-26, to inform the COSS, the District hired the Government Finance Officers Association (GFOA) to conduct a risk-based reserve analysis to determine the appropriate size of reserves based on the District's age, diverse water supply portfolio, and other unique factors. The analysis assessed the District's reserve, recommended optimal reserve size and strategies, and established with reasonable confidence reserve targets that support the District's long-term fiscal sustainability and bond rating to secure more favorable financing terms and support. Those reserve recommendations were provided to the COSS consultant to set reserve targets in the Five-Year Financial Plan to provide the District with (1) an unrestricted contingency reserve necessary to meet significant unexpected capital project requirements, (2) a cash equivalent for a fixed period of operations and maintenance expenditures, and (3) such other reserves as the Board of Directors deems appropriate. The FY 2026-27 reserve target is $36.2M.

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. Sources of revenue, which are described in Section II Revenue and Transfers and shown graphically in Figure 2.2, include Monthly Service Charges, Water Sales, New Water Supply Charges, Investment Revenue, and Conveyance Revenue and Miscellaneous Fees and Charges, in that order.

The District operates as a single enterprise fund with operating and non-operating budgets combined. The Net Position, which is the difference between total assets and total liabilities, can be found in the District's Annual Comprehensive Financial Report (ACFR).

Debt

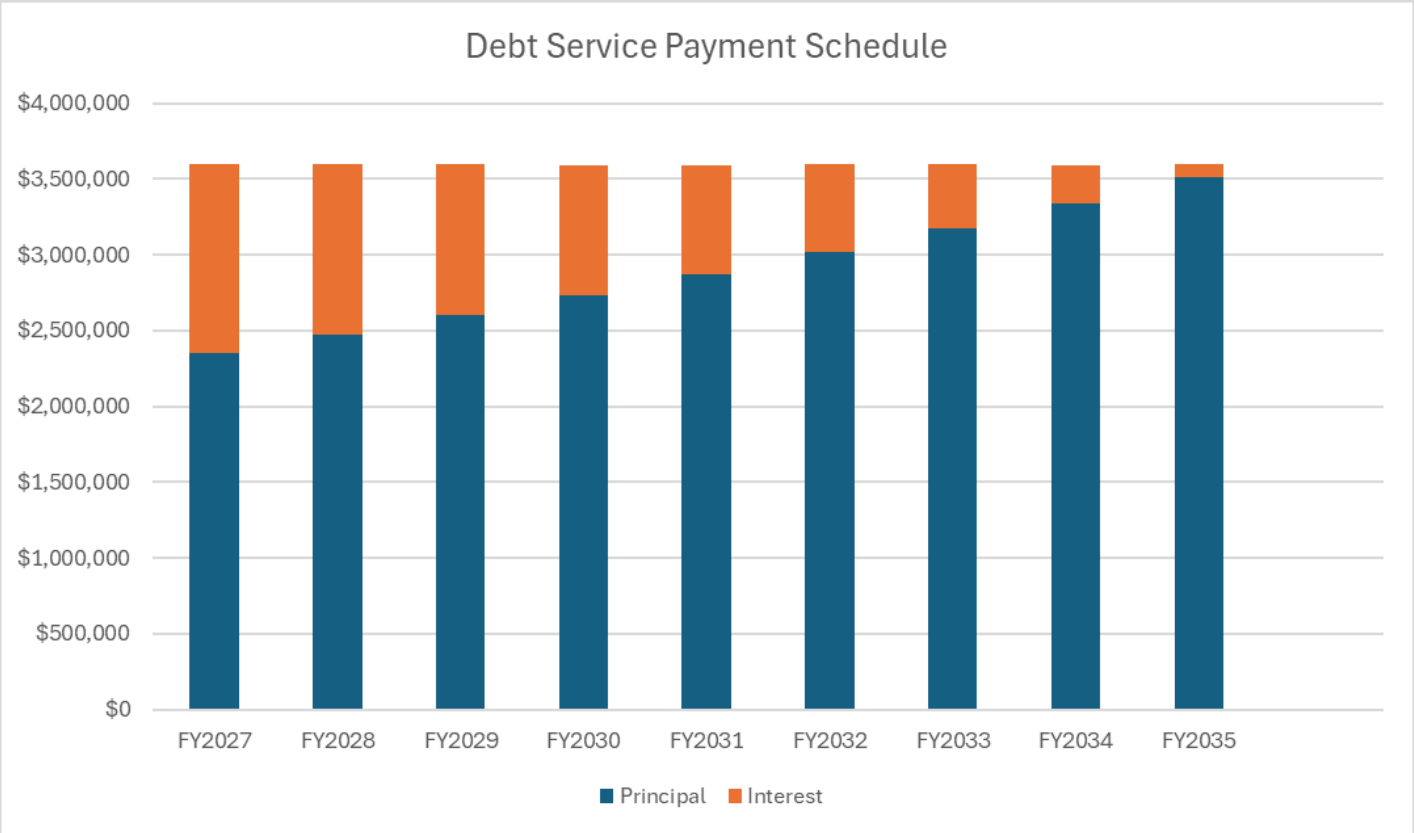
On November 14, 2023, the Board-adopted a Debt Management Policy for the purpose of managing long-term debt. The purpose of the Debt Management Policy is to (1) identify debt objectives, (2) improve the quality of decision-making processes, (3) provide a basis for the determination of the appropriate 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 FY

shows at least 1.25x coverage and can maintain the 1.25x coverage when new debt service is included. The debt coverage ratio for the current FY is anticipated to be over 9.00. Recognizing the currently strong and stable financial position, the District recently received a credit rating upgrade from Standard & Poor's, from A+ to AA-.

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's Certificates of Participation, Series 2014A, (2) refund all of the outstanding District's 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 1.2 Debt Service



Strategic Goals for FY 2026-27

The District's Board-adopted 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 2025-2030 IIP, 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 them 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 construction of a pumping and treatment system for Hope Well, and complete design and begin construction of a treatment system at Mariposa Well, the District's second new well in over 40 years.
- 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 the installation of critical SCADA system upgrades to ensure reliability of automated treatment processes and monitoring of remote facilities.
    - Finalize procurement and begin replacement of aging water meters with state-of-the-art AMI.

The District's Strategic Plan is comprised of its foundational planning documents, available here:

www.GoletaWater.com/Documents

Strategic Goal: Maintain Water Quality

- Continue to meet all Primary State and Federal Drinking water standards.
- Track potential changes in water quality conditions for both surface and groundwater.
- Monitor and study the potential for new or stricter water quality regulations for emerging contaminants, or changes to operations over the long term.

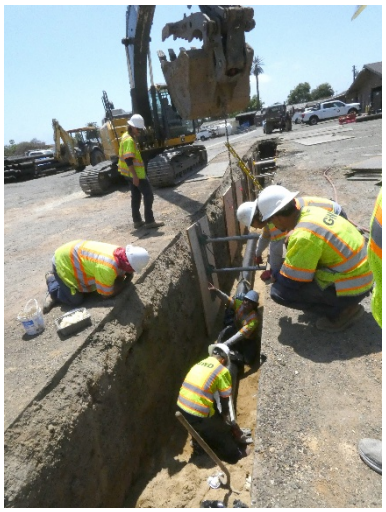
Strategic Goal: Maintain Current Service Levels

- Complete approved Infrastructure Improvement Projects for FY 2026-27.
- Identify external factors that could affect the District's ability to maintain current service levels long term.
- Promptly repair or replace any treatment or distribution infrastructure that becomes inoperable.



FY 2025-26 Budget and Accomplishments

FY 2025-26 saw estimated actual revenue of $69.6M and expenditures of $57.2M, with an anticipated reserve designation of $12.4M. 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 2025-26 accomplishments in the area of water quality, infrastructure, and operational efficiency upgrades include:



- Completing major portions of the once-in-a-generation replacement and upgrade of the District's critical SCADA system to ensure reliability of automated treatment processes and monitoring of remote facilities. Cutovers to the new system were completed at Corona Del Mar Water Treatment Plant (CDMWTP) and half of the District's remote facilities, including reservoirs and pump stations.
- Beginning construction of pumping and treatment systems for the new Hope Well.
- Initiating construction and installation of 2,555 solar panels across three facilities, with a combination of carport and rooftop solar in the Operations Yard and the District's headquarters building, Ellwood reservoir, and the CDMWTP. The project is a key component of the District's Net Zero Initiative and will help offset rising energy costs by generating 60% of the District's annual electricity consumption while providing increased resiliency with the District's battery storage system.
- Completing the replacement of roofs at the headquarters buildings to prolong the useful lives of the buildings and support planned solar installations.
- Applying for $25.0M in SRF Loans and completing the necessary technical, financial, and environmental reports to fund six major capital projects, which included the in-house design of three of the six projects. The District was informed that all six of its projects made the fundable list, including a $3.3M emerging constituents grant for the Mariposa Well Treatment System.
- Investigating and replacing 1,650 malfunctioning and aging water meters that were under-registering water use to ensure accurate billing.



- Replacing 70 old, poorly functioning, and aging fire hydrants and repairing 45 aging fire hydrants to improve operating efficiency or prevent rust. This ensures that the 1,521 hydrants remain in peak operating condition, providing emergency services personnel with continued access to reliable hydrants with sufficient water pressure and flow rates to fight fires.
- Replacing 51 inoperable valves and exercising more than 1,750 valves. This work improves the reliability of water delivery and prevents service interruptions to customers.

Enhancing Efficiency Through In-house Expertise

The District looks for creative ways to perform its mission at a lower cost. Over the past several years, the District has increased expertise in a number of areas by developing skills in-house and recruiting staff capable of completing work that previously required contracted services. By performing certain tasks in-house and evaluating options for cost savings, the District saved more than $1.1M in FY 2025-26:



- $40K by renting a crane and using Distribution System Operators to replace an inoperable aerator in Ellwood Reservoir rather than hiring an outside contractor.
- $200K by using District personnel to install a 400-foot ductile iron pipeline in the operations yard to connect the Hope Well to the new treatment area rather than using an outside contractor.
- $90K by repurposing column pipe in excellent condition from the deactivated Airport Well to replace deteriorated column pipe in San Antonio Well rather than purchasing all new steel column pipe.
- $270K by using District engineering staff instead of consultants to prepare engineering reports and design packages for six upcoming capital projects.
- $73K by using District Control Systems Technicians instead of contract electricians and plumbers to replace Glen Annie Turnout (GATO) pumps, PVC pipework, and electrical systems.
- $60K by using District Control System Technicians instead of contract electricians to replace solar charging equipment at eight reservoir sites that will allow increased visibility into the health of the solar systems and ensure operational continuity during power outages.
- $55K by using District operators instead of a contractor to replace service lines and install new service lines.
- $120K by using District operators instead of contractors to replace inoperable valves and hydrants.
- $10K by using District operators instead of a contractor to install two sump pumps and the drain culvert at University Well.
- $100K by replacing the gearbox on the transmission valve instead of replacing the entire 24-inch butterfly valve located in the intersection of Cathedral Oaks and Patterson Avenue. This method also saved the District from having to drain 300,000 gallons of water to waste while causing no impacts to hundreds of customers who would otherwise have been without water.
- $90K by using District operators and renting heavy equipment instead of hiring a contractor to remove two feet of soil from atop La Riata Reservoir to allow inspection of joint sealant, as well as re-grading the site for improved drainage and avoiding having to transport soil offsite.

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. In FY 2025-26, the District completed the planned electrification of its light vehicle fleet. Some gasoline fueled light vehicles have been retained to avoid being completely dependent on a single fuel type during a disaster. The District also continued to see increases in WaterSmart enrollments and Electronic Bill Pay.

Table 1.1 District Performance Measures and Outputs

Performance Measure	Performance Measure Output	FY 2024-25	FY 2025-26	FY 2026-27 Target
Maintain Current Service Levels*	Prepare amendment 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%
Electrification of District Light Fleet	Replace obsolete light fleet vehicles with electric vehicles	69%	100%	100%
Electrification of District Heavy Fleet**	Replace heavy fleet vehicles with electric ones when available	4%	4%	9%**
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 Federal 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%
Electronic Bill Pay	Increase the number of customers paying electronically	62%	64%	65%
WaterSmart Portal Sign-Ups	Encourage customers to sign up to manage their account online	58%	62%	64%

**Performance Measures that are linked with the District's Strategic Goals*
*** Heavy fleet purchases planned for FY 2026-27 are limited by lack of availability*

FY 2026-27 Budget and Key Initiatives



The FY 2026-27 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 2026-27 Budget anticipates $70.8M in revenues, a 4% increase from the previous year. $62.9M in operational and capital expenditures are planned with $7.9M 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.

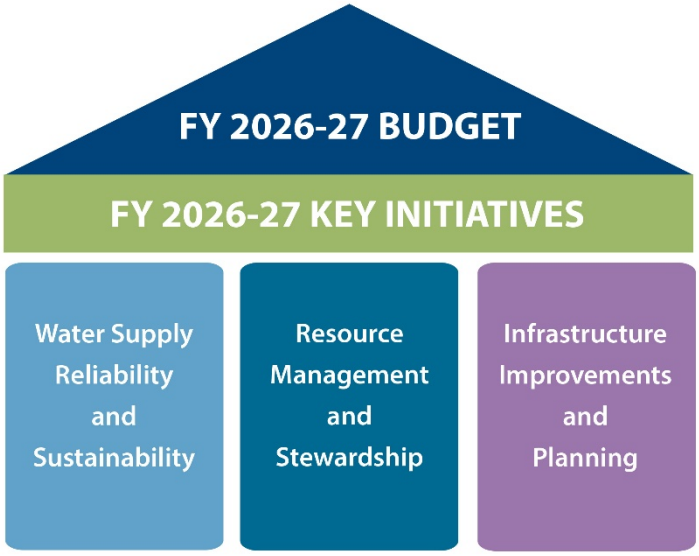
Table 1.2 FY 2026-27 Budget Summary

Category	Adopted Budget FY 2024-25	Adopted Budget FY 2025-26	Estimated Actual FY 2025-26	Adopted Budget FY 2026-27	Variance Analysis * $ Higher / (Lower)	Variance Analysis * % Higher / (Lower)
Revenue:						
Monthly Service Charges	$ 16,327,611	$ 19,063,154	$ 18,765,804	$ 19,889,482	$ 826,328	4%
Water Sales	38,004,006	41,413,850	38,586,007	41,922,926	509,076	1%
New Water Supply Charges	3,036,760	5,177,360	9,203,296	2,976,030	(2,201,330)	(43%)
Investment Revenue	807,761	1,008,000	1,046,150	1,155,000	147,000	15%
Conveyance Revenue	155,824	203,348	231,747	258,310	54,962	27%
Miscellaneous Fees & Charges **	747,484	1,212,586	1,773,450	4,644,978	3,432,392	283%
Total Revenue:	**$ 59,079,445**	**$ 68,078,298**	**$ 69,606,454**	**$ 70,846,726**	**$ 2,768,429**	**4%**
Expenditures:						
Water Supply Agreements:						
COMB (Lake Cachuma)	$ 3,560,149	$ 3,629,535	$ 2,940,751	$ 3,840,450	$ 210,915	6%
CCRB (Water Rights)	662,372	669,736	295,270	570,312	(99,424)	(15%)
Cloud Seeding & Overlap	57,975	57,975	65,941	65,940	7,965	14%
CCWA (State Water)	7,546,001	6,822,466	7,181,087	6,960,104	137,638	2%
GSD (Recycled Water)	790,054	790,054	862,883	1,179,000	388,946	49%
Subtotal:	**$ 12,616,551**	**$ 11,969,766**	**$ 11,345,932**	**$ 12,615,806**	**$ 646,040**	**5%**
Personnel:						
Wages, Benefits and Taxes	$ 13,309,405	$ 14,196,496	$ 14,183,763	$ 15,401,382	1,204,886	8%
Other Post Employment Benefits	587,298	637,438	595,926	729,520	92,082	14%
Subtotal:	**$ 13,896,703**	**$ 14,833,935**	**$ 14,779,689**	**$ 16,130,902**	**$ 1,296,968**	**9%**
Operations & Maintenance:						
Water Treatment Costs	$ 1,422,300	$ 880,000	$ 995,533	$ 1,171,600	$ 291,600	33%
Water Treatment Testing	388,170	380,000	248,017	290,400	(89,600)	(24%)
Insurance, Accounting & Auditing	726,068	569,324	671,738	629,232	59,908	11%
Maintenance & Equipment	1,305,298	1,119,257	871,959	1,230,243	110,986	10%
Legal	390,000	378,000	178,447	424,800	46,800	12%
Services & Supplies	5,019,408	5,608,512	4,702,352	5,811,402	202,890	4%
Utilities	808,578	896,150	781,308	908,780	12,630	1%
Subtotal:	**$ 10,059,823**	**$ 9,831,242**	**$ 8,449,354**	**$ 10,466,457**	**$ 635,215**	**6%**
Total Expenditures before Debt and CIP:	**$ 36,573,077**	**$ 36,634,943**	**$ 34,574,975**	**$ 39,213,165**	**$ 2,578,222**	**7%**
Debt service	3,598,250	3,594,125	3,594,125	3,594,500	375	0%
Capital Improvement Projects (CIP) ***	14,182,876	19,055,000	19,055,000	20,125,000	1,070,000	6%
Total Expenditures:	**$ 54,354,203**	**$ 59,284,068**	**$ 57,224,100**	**$ 62,932,665**	**$ 3,648,597**	**6%**
Designation to Reserves:	**$ 4,725,242**	**$ 8,794,229**	**$ 12,382,354**	**$ 7,914,061**	**$ (880,168)**	

** Compares FY 2026-27 Adopted Budget to FY 2025-26 Adopted Budget*

*** Miscellaneous Fees and Charges include fundng from Grants and other incentives*

**** CIP includes the IIP approved projects plus the Board-approved Solar Project, funded from Reserves*



FY 2026-27 Budget Key Initiatives

The FY 2026-27 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 requirements. Effective planning for water supply losses resulting from drought or regulatory constraints requires collaborative regional approaches and partnerships, as well as effective internal District planning.

Changing Water Quality and Supply Conditions

Having spilled three of the last four years, Lake Cachuma water quality conditions have improved significantly since the drought, but history has shown that the lake is sensitive to changing temperatures, organic matter, and reservoir levels. Accordingly, this Budget provides for required water quality monitoring, and 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 CPWRO was issued by the SWRCB on September 17, 2019. USBR petitioned the SWRCB to reconsider the CPWRO on October 16, 2019, and the SWRCB denied USBR's petition for reconsideration on June 18, 2024, making the CPWRO final. Meanwhile, at USBR's request, CCRB is working to assist in providing information to inform USBR plans that must be submitted to the State under the CPWRO. This assistance is generally in the field of fisheries biology, with hydrology and legal regulatory input, as necessary.



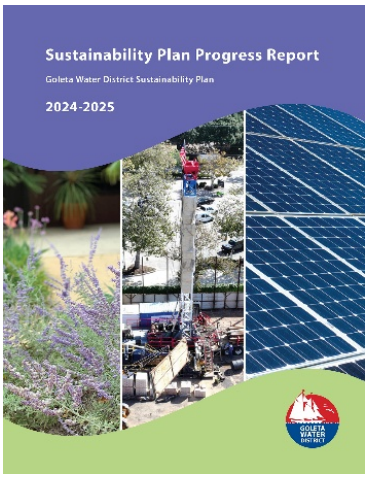
The District and its partners have also performed extensive biologic and hydrologic modeling to inform the Biological Opinion and continue to engage an advocacy strategy to protect Cachuma water supplies. The re-consultation process on the current Biological Opinion has continued between the USBR and NMFS since 2019. USBR continues to engage NMFS regarding a revised Biological Assessment (BA) for the Cachuma Project and a revised proposed action for the Cachuma Project prior to entering into formal consultation under Section 7 of the Endangered Species Act. CCRB is assisting USBR's drafting efforts for the BA and is providing technical expertise to identify an updated schedule for draft BA circulation. USBR, CCRB, and the downstream interests will update hydrological modeling supporting the BA once NMFS provides input to the submittal. 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. USBR has indicated, however, that it does not intend to enter into a long-term contract until consultation with NMFS is complete. In the summer of 2022, CCWA secured an extended Warren Act contract from USBR to import and store State Water in Lake Cachuma until September 2024. On September 16, 2024, CCWA and USBR entered into a second extension through June 14, 2027. 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 2026, 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 2024-25, which was a "building year" marked by the completion of several major initiatives that strengthen long-term financial and operational stability. Key accomplishments included adoption of a new Five-Year Financial Plan with a risk-based reserve analysis, a new five-year IIP, and the 2025-2030 Cost of Service Study and updated water rates. The report also highlights the completion of the 2020-25 IIP by delivering 43 capital projects within 1 percent of the $50.0M budget, many of which advance the District's sustainability goals. Additional accomplishments included securing $1.8M in grant funding and activating the solar-

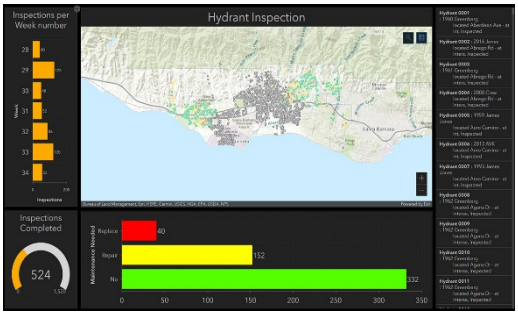
charged battery system at the CDMWTP. Several projects planned for the FY 2026-27 Budget are directly tied to the Sustainability Plan guiding principles and will provide improvements needed to meet new regulatory requirements, while offering economic benefits in the form of reduced energy costs, minimizing 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.

Installation of 2,555 solar panels in 2026-27 will allow the District to more fully realize the benefits of its Battery Storage Project at CDMWTP to provide back-up power during outages, enhance energy savings during higher-rate peak demand times, and charge its fleet of 36 Electric Vehicles (EVs).

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 control needed to react to unanticipated supply and demand changes, especially when the District is relying on complex treatment systems and distribution to deliver its diverse water supply. The ability to monitor and control systems from a centralized location 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 272 miles of pipelines, over 6,600 valves, 1,521 fire hydrants, 17,200 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 2026-27 Budget continues to prioritize projects that maintain system reliability for treatment and distribution.

Highlights of the Infrastructure Improvement Projects planned for FY 2026-27 include:

- Completing the SCADA system upgrades to replace obsolete equipment at remote sites to ensure reliability of automated treatment processes and monitoring of remote facilities. The existing SCADA system is obsolete, with some portions being more than 25 years old, and many replacement components must be purchased as after-market parts since they are no longer supported by their manufacturers. This project is critical to continued regulatory compliance and improving the reliability of automated equipment for the next 20 years.
- Completing installation and commissioning of a pumping system for Hope Well and a treatment system for the combined production of the new Hope Well and the San Marcos Well. The Hope Well will be one of the District's two largest groundwater production and injection wells, that will replace production lost at other locations and help restore the District's ability to meet the minimum community health and safety demand of 6 million gallons per day. The District will expand and upsize existing treatment at the San Marcos Well by installing two new filter vessels, replacing and upsizing existing piping and equipment, and equipping Hope Well with a submersible pump. Treatment system installations are anticipated to be capable of producing water for the community in 2027.
- Completing the design and beginning construction of treatment system at the new Mariposa Well, the second new well in over 40 years. The well can produce 800 gallons per minute, providing an additional 1,160 AFY of production and offsetting production declines observed in the District's aging well field.

A Look to the Future



The FY 2026-27 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 FY.

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 2026-27 Budget maximizes the ability to respond to external circumstances while minimizing impacts to customers.

Examples of current issues facing the District include:

- Continued uncertainty around tariffs, as well as new concerns over rising oil prices and trade disruptions caused by the shutdown of the Strait of Hormuz, have raised concerns over supply chain disruptions, higher costs, and lower availability of materials and supplies. Nearly everything the District purchases, including pipes, hydrants,

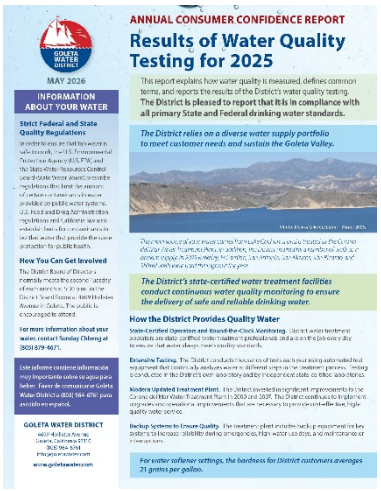
and chemicals, is likely to be affected, as well as much of the District's equipment, from pumps and motors to SCADA components (all of which contain microchips and processors).

- Significant staffing and budgetary changes at the federal level have accelerated the loss of institutional knowledge at federal agencies, raised concerns about their ability to maintain routine activities and operations, and respond to emergencies. Grant funding programs have also been affected. The net effect of these changes has not been fully realized and will likely continue over the next FY.
- Potential changes to disaster response funding through the Federal Emergency Management Agency, including reduced and more restrictive declarations, funding uncertainty, and delays in reimbursement payments, threaten to alter long-standing disaster recovery financing models and shift greater financial risk and costs onto local agencies like the District.
- Having provided water service to the community for over 80 years, aging infrastructure is at increasing risk of failure. The condition of facilities varies widely based on their age, materials, and exposure to environmental conditions. For example, the recycled water distribution system has experienced significant corrosion, leaving it more vulnerable to leaks and breaks. The FY 2026-27 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 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 several 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 finalized Cachuma Project Water Rights Order (CPWRO) issued on September 17, 2019, and anticipated action on the Federal Biological Opinion Reconsultation during FY 2026-27 may significantly affect the availability of Cachuma Project water supplies for the Cachuma Member Units. 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.


ANNUAL CONSUMER CONFIDENCE REPORT

Results of Water Quality Testing for 2025

MAY 2026

INFORMATION ABOUT YOUR WATER

Strict Federal and State Quality Regulations

How You Can Get Involved

GOLETA WATER DISTRICT

This report explains how water quality is measured, defines common terms, and reports the results of the District's water quality testing. The District is pleased to report that it is in compliance with all primary State and Federal drinking water standards.

The District relies on a diverse water supply portfolio to meet customer needs and sustain the Goleta Valley.

The District's state-certified water treatment facilities conduct continuous water quality monitoring to ensure the delivery of safe and reliable drinking water.

How the District Provides Quality Water

For water softener settings, the hardness for District customers averages 21 grains per gallon.

- 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 adjust 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.

Long-Range Planning

The District also engages in long-range planning through a framework built around a series of interconnected planning documents that guide and model financial decision-making, infrastructure investment, water supply reliability, and customer affordability into the future. Key foundational documents listed in the table below work together to provide the District with the information necessary to make the best financial decisions for both present and future customers. Collectively, these plans evaluate future operational and capital needs, forecast revenues and expenses, and ensure the District can continue providing safe and reliable water service while adapting to changing regulatory requirements, aging infrastructure, climate variability, and evolving customer needs.

Table 1.3 District Planning Documents

Long Range Planning	Documents	Time Period	Renewal Schedule	Forecasted Outlook Period
Financial Forecast	Five Year Financial Plan / Cost of Service Study	2025-2030	5 year	10 year
	Reserve Analysis	2025	As Needed	10 year
Capital Replacement	Infrastructure Improvement Plan	2025-2030	5 year	5 year
Water Supply Planning	Water Supply Management Plan	2024-2029	5 year	16 year
	Groundwater Management Plan	2022-2027	5 year	5 year
	Urban Water Management Plan	2026-2031	5 year	25 year
Hazard Mitigation Planning	Santa Barbara County Multi-Jurisdictional Hazard Mitigation Plan – Goleta Water District Annex	2022-2027	5 year	78 year
Sustainability Plan	Sustainability Plan Progress Report	2025-2026	1 year	10 year

The District's Five-Year Financial Plan and Cost of Service Study incorporate a ten-year financial analysis that models projected revenues, operating costs, capital expenditures, reserve levels, and debt obligations to help anticipate future financial needs and evaluate the long-term impacts of current budget decisions. The risk-based reserve analysis provides both a range for reserve targets, and a dashboard tool that can be updated to model changing conditions in an effort to maintain financial flexibility, emergency preparedness, and favorable borrowing conditions over the long term.

The District's water resource management plans, including the Water Supply Management Plan, Groundwater Management Plan, and Urban Water Management Plan, provide the foundation for identifying future infrastructure and operational priorities. These plans indicate that the District's existing diverse water supply portfolio remains sufficient to meet projected long-term customer demand without development of a new major water supply source. Instead, planning efforts continue to identify the need for ongoing investment in the infrastructure required to maintain reliable access to the Goleta Groundwater Basin, including well field renewal, monitoring wells, hydraulic modeling, groundwater recharge and injection capabilities, and other best practices for basin management.

The District relies on a number of planning documents to create a framework for establishing targets for the District's long-term outlook.

These planning efforts provide valuable information for forecasting future operating and capital expenses, prioritizing infrastructure investments, and planning project timing within the IIP. The timing of certain capital projects may be adjusted through future updates to the IIP to align with changing economic conditions, operational priorities, and long-term financial sustainability goals. Recent trends, including increased inflation, tariff-related cost escalation, changing water demand patterns, prolonged drought conditions followed by above-average rainfall years, and continued aging of critical infrastructure, continue to influence long-term financial forecasts, reserve planning, and future operational strategies.

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SECTION II – REVENUE and TRANSFERS

INTRODUCTION



The District provides water service to approximately 17,200 customer accounts in several customer categories: SFR, Urban (MFR, 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 have a minimal impact on revenue projections.

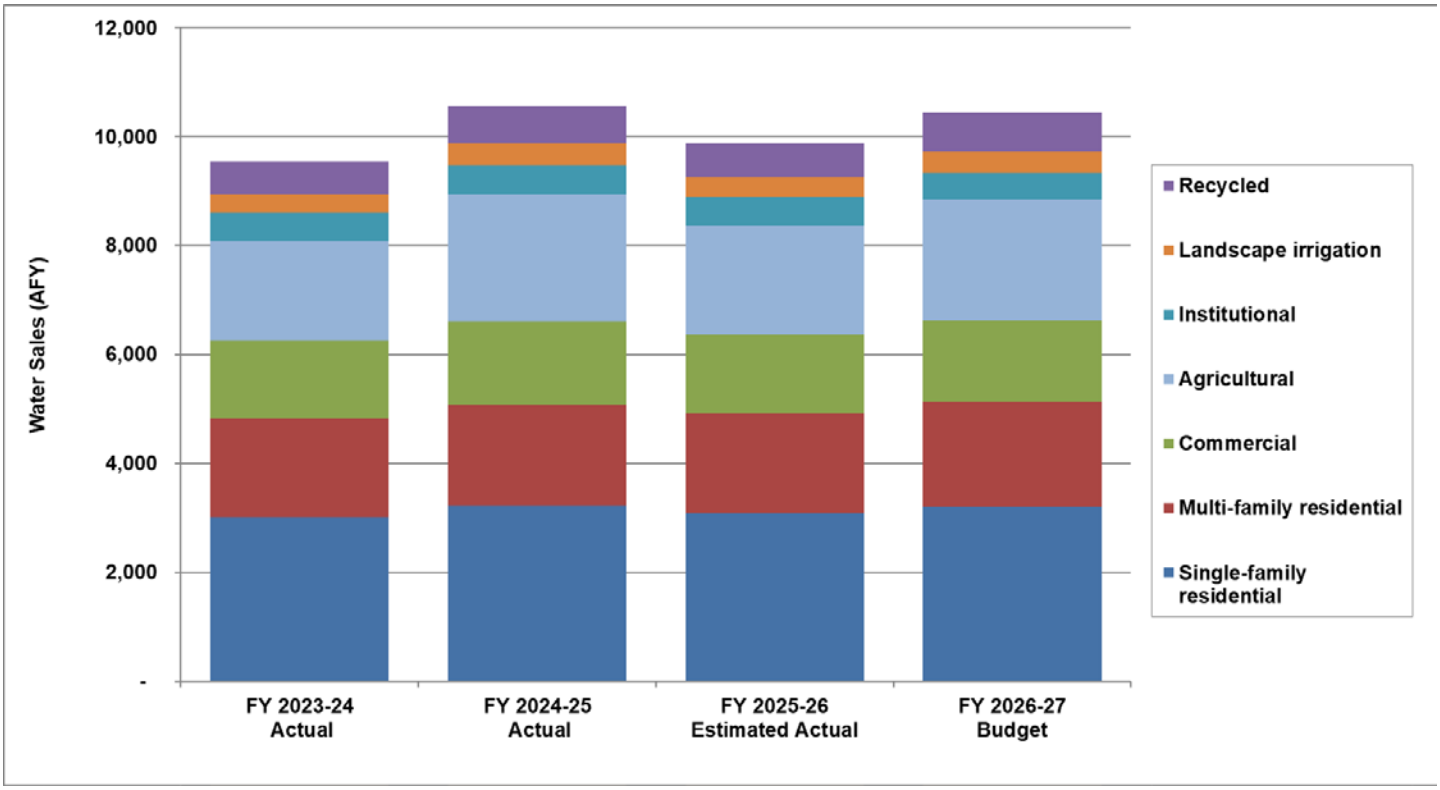
The District receives 87% of its revenue from a combination of Water Sales (59%) and Monthly Service Charges (28%). Water Sales, or consumption-based charges, are based on the actual water delivered to each customer, measured in increments of one hundred cubic feet (HCF) or 748 gallons. Monthly Service Charges represent a percentage of each customer's portion of the fixed costs associated with operating and maintaining the water distribution system. These charges 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 SFR customers to incentivize conservation (discussed further in the Water Supply & Conservation Section in the Appendix), therefore, conservation by SFR 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



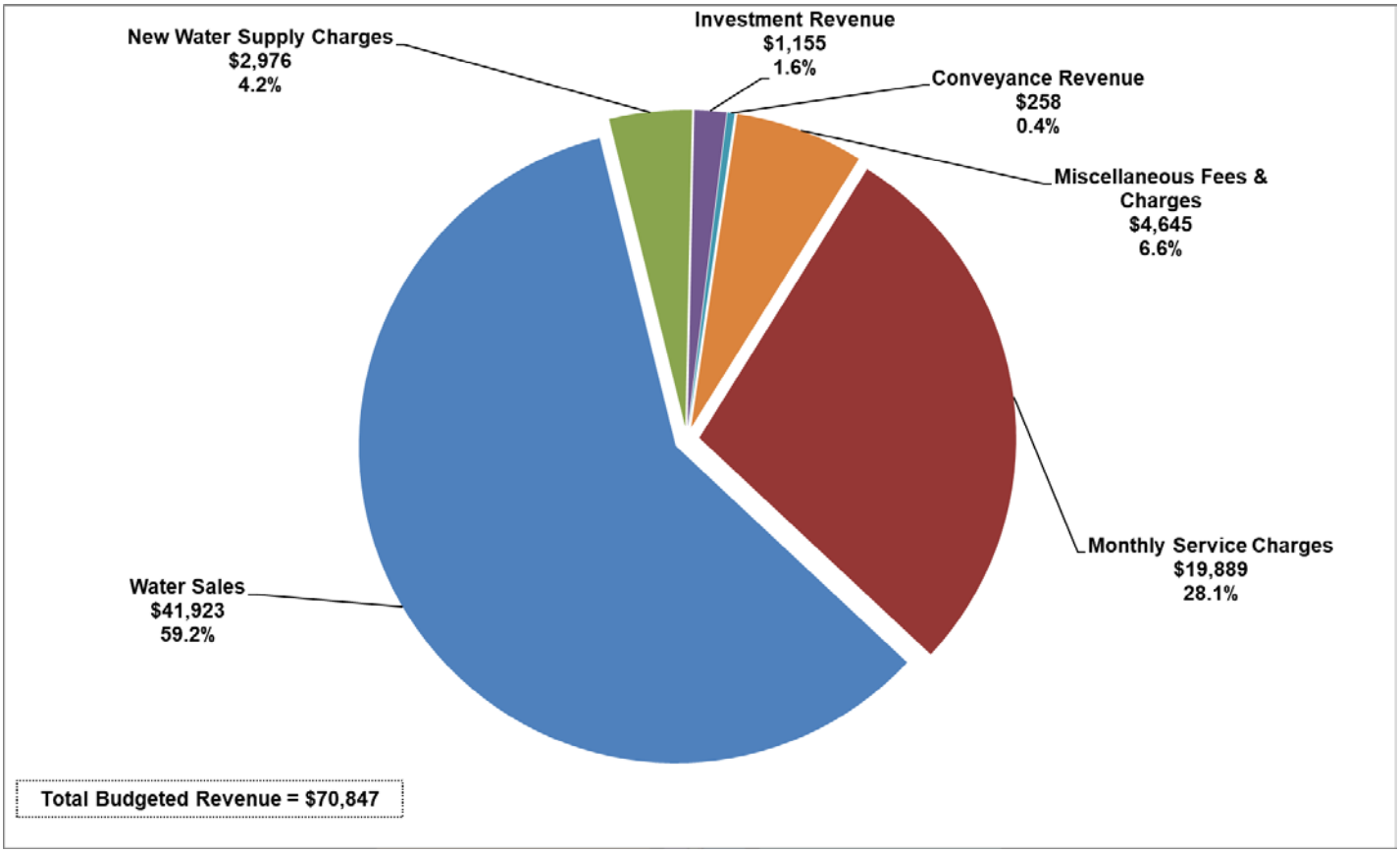
The amount of revenue the District receives from Water Sales varies from year to year and for each customer category. While District demand analyses are ongoing and periodically updated with the latest data, this year-to-year variation demonstrates the inherent degree of uncertainty in making projections. 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 2026-27 Budgeted Revenue versus FY 2025-26 Budget

Category	Adopted Budget FY 2024-25	Adopted Budget FY 2025-26	Estimated Actual FY 2025-26	Adopted Budget FY 2026-27	Variance Analysis * $ Higher / (Lower)	Variance Analysis * % Higher / (Lower)
Revenue:						
Monthly Service Charges	$ 16,327,611	$ 19,063,154	$ 18,765,804	$ 19,889,482	$ 826,328	4%
Water Sales	38,004,006	41,413,850	38,586,007	41,922,926	509,076	1%
New Water Supply Charges	3,036,760	5,177,360	9,203,296	2,976,030	(2,201,330)	(43%)
Investment Revenue	807,761	1,008,000	1,046,150	1,155,000	147,000	15%
Conveyance Revenue	155,824	203,348	231,747	258,310	54,962	27%
Miscellaneous Fees & Charges	747,484	1,212,586	1,773,450	4,644,978	3,432,392	283%
Total Revenue	**$ 59,079,445**	**$ 68,078,298**	**$ 69,606,454**	**$ 70,846,726**	**$ 2,768,429**	**4%**

** Compares FY 2026-27 Adopted Budget to FY 2025-26 Adopted Budget*

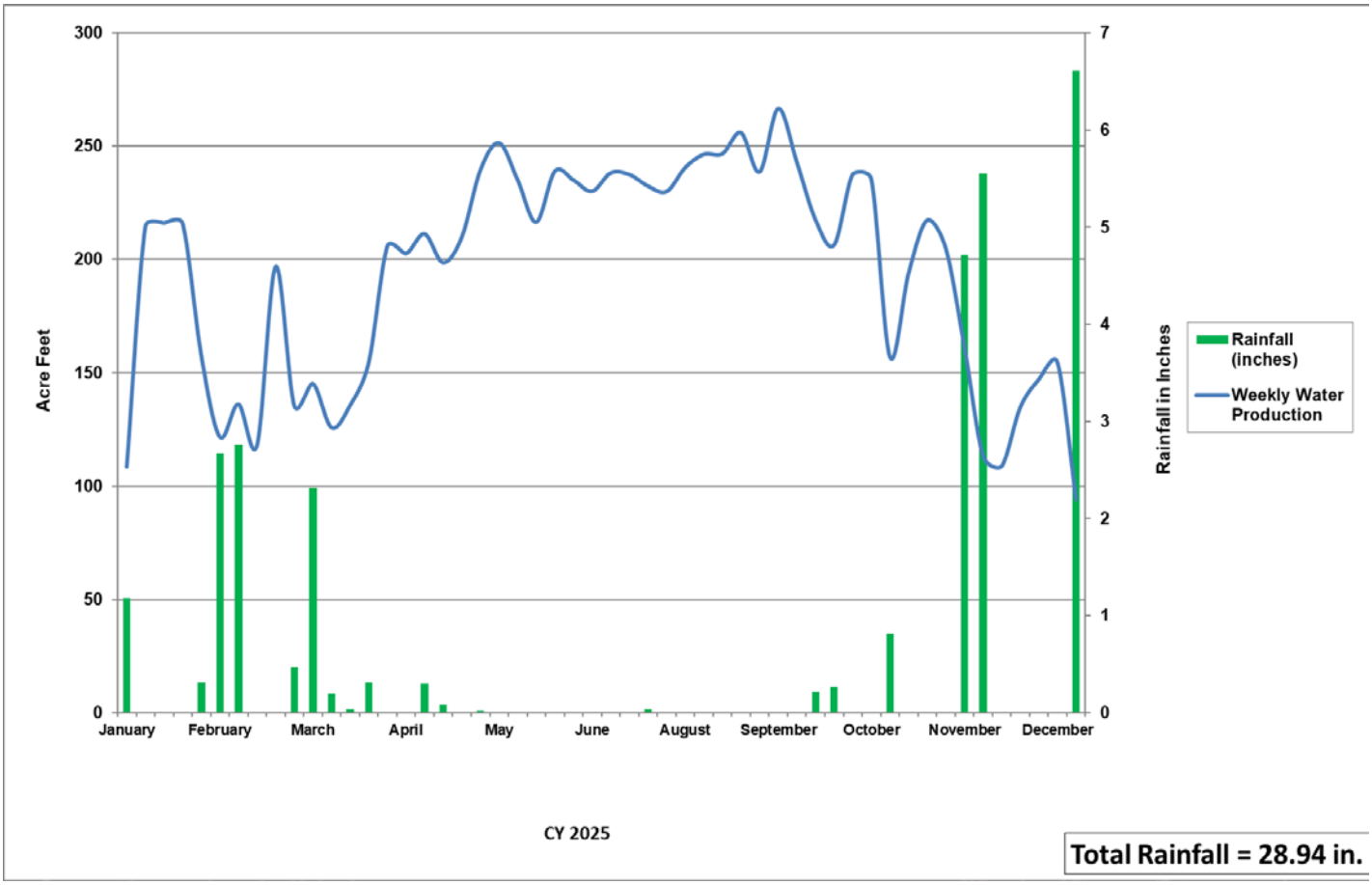
Figure 2.2 FY 2026-27 Budgeted Revenue Allocations ($000s)



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 consumption 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 and 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: SFR, MFR, 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 2025



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 after the drought declaration years because of significant and sustained reductions in outdoor landscape and agricultural 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 SFR 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, and aggressive water use conservation messaging and incentive programs by the District, system-wide demand dropped by nearly 30% compared to 2013, as did the average 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 an average of about 3.5% rate increase on July 1, 2026, 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 affecting monthly service charges, the Monthly Service Charge Revenue for FY 2026-27 is projected to be $19.9M, a 4% increase from FY 2025-26, resulting primarily from the rate increases for these fixed charges, a small increase in projected water use accounts, and the estimated number of water connections expected to come online during the year. This is augmented by an anticipated $41.9M in Water Sales revenue for FY 2026-27, which is an increase of 1% over the FY 2025-26 level. The projected increase is based on an analysis that compared total demand from FY 2010-2026 against average annual temperatures and precipitation. Since water use in FY 2022-23 and FY 2023-24 was abnormally low due to significant precipitation, demand was adjusted slightly to a normalized level to arrive at 10,444 AF, which is in line with the actual expected demand for FY 2026-27. Additional discussion for both the Monthly Service Charge and Water Sales revenue is detailed in the respective sections below.

The projected revenue from New Water Supply Charges (NWSC) in FY 2026-27 is approximately $3.0M based on an analysis indicating 60 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 and Conveyance are not expected to materially impact District finances in FY 2026-27. Miscellaneous Fees and Charges are expected to be $4.6M in FY 2026-27, with a majority of the $3.4M increase attributable to a WaterSmart grant, as well as rebates for microturbines and solar panels ($3.1M).

Budgeted Revenue in FY 2026-27 is $70.8M, an increase of $2.8M (4%) from the FY 2025-26 adopted Budget, primarily as a result of the increase in grant revenue mentioned above and modest growth in water related fixed charges and commodity charges. NWSC revenue is projected at about $2.2M, lower than the previous year because of a late surge in FY 2025-26 revenue in this category of some $4.0M over budgeted amounts.

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 2026-27, approximately 28% of total District revenue will come from the Monthly Service Charge. Approximately 83% of District connections are 5/8-inch or 3/4-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.

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

Tiered Monthly Service Charges based on total monthly consumption apply to all non-fire line 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 monthly service charge; customers who use between 7 and 12 HCF in a month pay the Tier 2 monthly service charge, and customers who use over 12 HCF in a month pay the Tier 3 meter charge. The charge can vary month-to-month for each customer based on consumption, 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, 14,243 customers with 5/8-inch or 3/4-inch meters can qualify for lower monthly service charges by reducing water use. For FY 2026-27, it is anticipated that 57% of meter charges for these customers will qualify for Tier 1, 29% will qualify for Tier 2, and 14% 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

	TIER			
Customer Category	Tier 1	Tier 2	Tier 3	Total
Single Family Residential	6,660	3,756	1,725	12,141
Multi-Family Residential	650	267	241	1,158
Fire Service	382	1	0	383
Commercial	280	55	90	425
Landscape Irrigation	72	14	39	125
Recycled Water	6	1	3	10
Goleta West Conduit	0	0	1	1
Total Connections:	**8,050**	**4,094**	**2,099**	**14,243**

Table 2.3 shows the number of connections by size within each customer category that are expected to be active by July 1, 2026, excluding vacant accounts and new service connections expected to come online during the year.

Table 2.3 Types and Number of District Customer Connections

	Meter Size									
Customer Category	5/8-3/4"	1"	1 1/2"	2"	3"	4"	6"	8"	10"	Total
Single-family residential	12,140	1,146	49	42	-	-	-	-	-	13,377
Multi-family residential	1,158	331	215	139	7	13	12	2	-	1,877
Commercial	425	191	120	187	26	10	9	2	2	972
Agriculture	2	18	22	115	5	4	1	-	-	167
Institutional	-	-	-	2	-	-	1	1	1	5
Landscape irrigation	125	75	56	43	3	3	-	-	-	305
Recycled	10	3	4	9	5	4	10	2	-	47
Fire	383	39	45	14	-	-	-	1	-	482
Total Connections:	**14,243**	**1,803**	**511**	**551**	**46**	**34**	**33**	**8**	**3**	**17,232**

Table 2.4 shows the 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 2026-27 Budgeted Monthly Service Charge and Influencing Factors

		Influencing Factor				
Customer Category	FY 2025-26 Budget Baseline Revenue	New Development	Rate Change	Behavioral / Tiering Changes	Net Incr. / (Decr.)	FY 2026-27 Budgeted Monthly Service Charge
Single-family residential	$ 9,526,930	$ 832	$ 333,851	$ 132,504	$ 467,187	$9,994,118
Multi-family residential	3,585,790	43,035	125,656	(24,632)	144,059	$3,729,849
Commercial	3,148,855	-	110,345	(37,895)	72,450	$3,221,306
Agriculture-Urban	656,121	-	22,992	4,356	27,349	$683,470
Agriculture-Goleta West Conduit	186,138	-	6,523	3,568	10,090	$196,229
Institutional	242,089	-	8,483	5,593	14,077	$256,166
Landscape irrigation	695,822	-	24,384	9,288	33,671	$729,493
Recycled	782,090	-	27,407	23,591	50,998	$833,088
Fire	71,856	-	2,529	(49)	2,480	$74,336
Temporary Meters	167,462	-	5,868	(1,902)	3,967	$171,429
Total:	**$ 19,063,154**	**$ 43,867**	**$ 668,039**	**$ 114,422**	**$ 826,328**	**$ 19,889,482**

Total Monthly Service Charge revenue is forecast to increase by $826K, or 4%, including an average 3.5% rate increase.

Water Sales



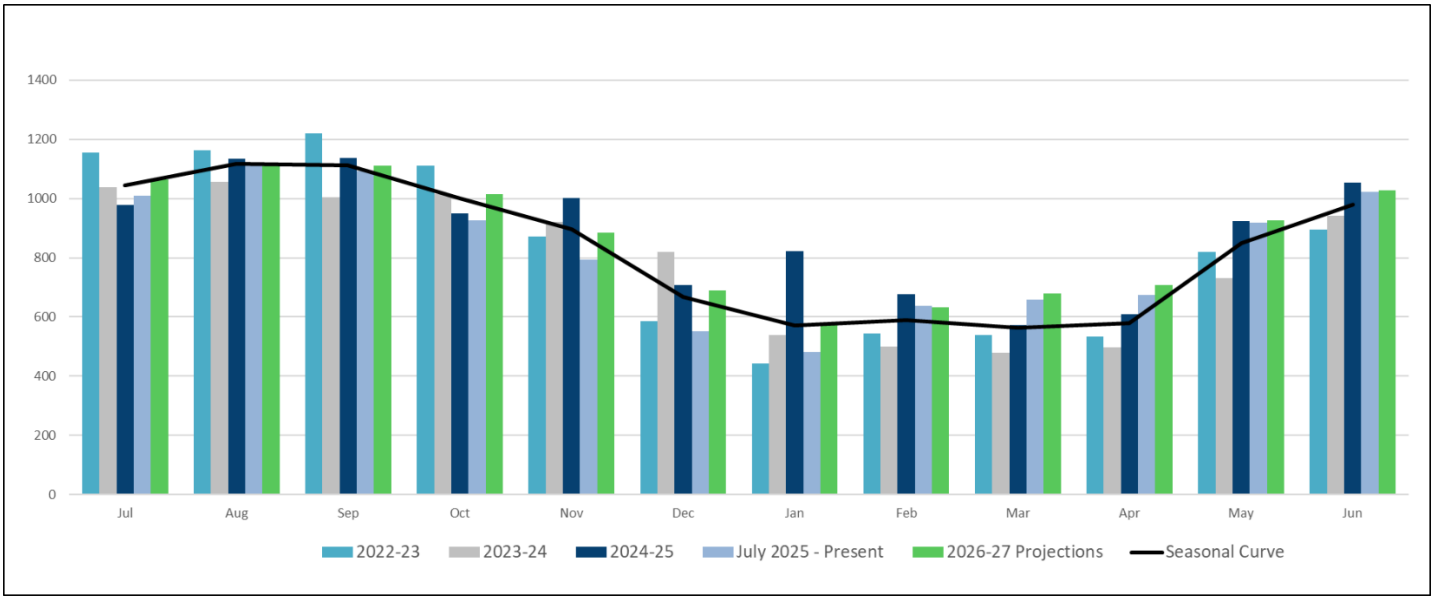
The largest source of District revenue is Water Sales (59%), billed according to the actual volume of water consumed by the customer. The District has distinct water rates for each customer category, which account for the unique factors and costs involved in providing their water service. The volume 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.

Because of higher-than-average winter rainfall in Southern California, state reservoirs remain significantly above historical average, and the Department of Water Resources has announced a 45% allocation for the SWP. Locally, conditions are near normal, and the Goleta Valley has received over 132% of normal rainfall to date this year. Lake Cachuma, the District's largest water source, received significant inflow this winter because of a series of large storms earlier in the year. As of June 25, 2026, Cachuma is 94% of full capacity.

Water Sales volume projections for FY 2026-27 were developed using a customer demand analysis of the most recent five years, with a focus on the last three 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, with the exception of the dry and warm spring of 2022. Accordingly, a three-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 aids the District in forecasting otherwise unpredictable demand as accurately as possible.

Figure 2.4 shows seasonal system-wide potable and Goleta West Conduit (GWC) water usage variations for recent years and the projected 2026-27 budget year. A short discussion about the water use characteristics of each customer category and how they inform water sales projections follows.

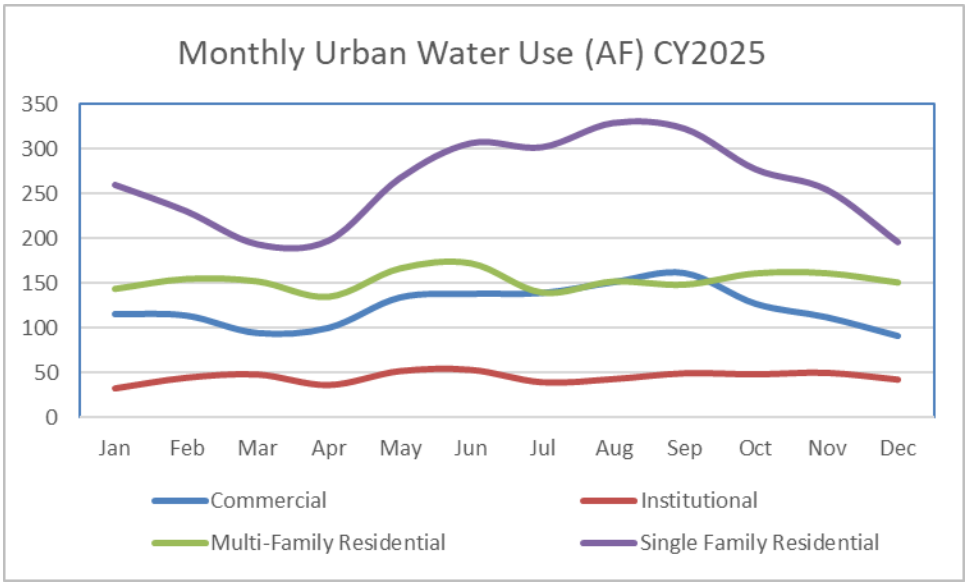
Figure 2.4 FY 2026-27 System-Wide Demand Projections



Urban Water Use

Urban water use accounts for approximately 73% of total District demand (calendar year 2025), 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 2.68, 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. SFR consumption alone could vary as much as 100% during the 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 2025 Urban Water Use



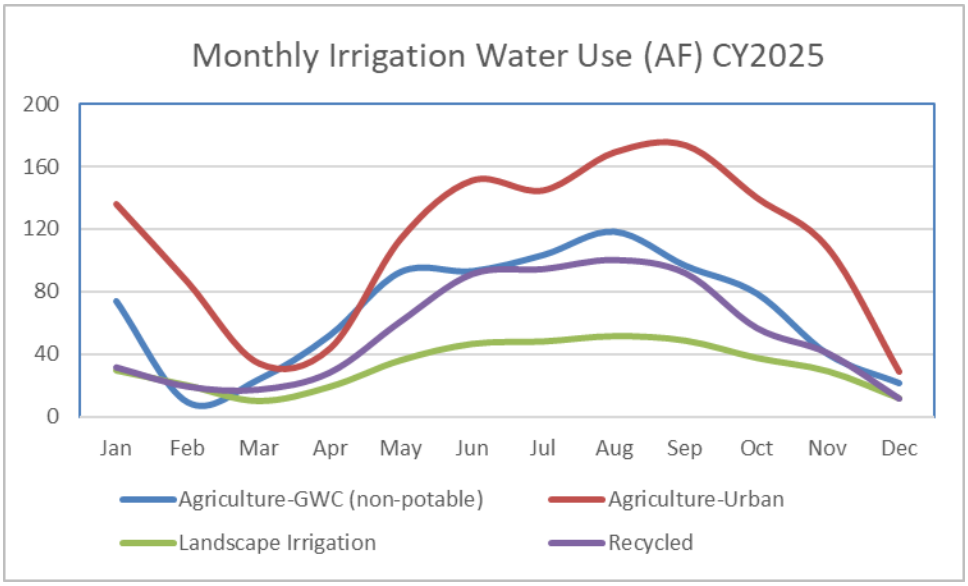
In forecasting the amount of revenue attributable to Water Sales for SFR customers, the District's tiered rates must also be considered. The first 6 HCF of SFR water use each month make up the low-tier and cover basic indoor usage for the average District household. A mid-tier rate applies for the next 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 uses 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 (5) HCF Tier-1 customers each increase usage by 1 HCF (at $8.59/HCF), offset against one (1) Tier-3 customer using 5 HCF less (at $16.71/HCF). For FY 2026-27, it is anticipated that 58% of SFR 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. MFR 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 MFR water use are the number of units within a complex and the number of people per household. MFR, 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 MFR, 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 MFR customers with high baseline indoor use varied only 28% between the lowest use month (135 AF in April) and the highest use month (173 AF in June) in 2025. In comparison, the variance for SFR customers was 71% between the lowest and highest months in 2025. 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 monthly service 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 2025 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 32% of total annual District water use, with about 67% of that usage attributable to agricultural customer accounts. Approximately 4,000 acres in the District's 29,000-acre service area (14%) are used for agricultural activities. Irrigation of crops, nurseries, and pastures comprises 90-95% of total water use for these customer classes, with a small portion used for domestic purposes. Water used to meet basic health and safety needs at residences on agricultural properties comprises approximately 5-10% of agricultural water use in a normal year.

Influencing agricultural demand are the climate, the timing and amount of rainfall, temperature fluctuations, humidity, sunshine, wind, and individual farming practices, leading to highly variable water use. Figure 2.6 illustrates these seasonal water use patterns, with Urban Agriculture using 174 AF in September 2025, or six times the 29 AF of use recorded in December. Furthermore, dry warm temperatures and a 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 accounts 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 persistent demand hardening across all customer classes, forecasted revenue from water sales remains conservative. The District is projecting a similar monthly distribution of usage by customers as was observed in FY 2025-26, with minor adjustments to account for unforeseen weather events and consumption anomalies. Tables 2.5 and 2.6 summarize water use and revenue projections that have been developed for FY 2026-27. Water Sales are projected to increase by $509K primarily as a result of new development, with rate increases offset almost entirely by behavioral changes.

Table 2.5 FY 2026-27 Budgeted Water Use by Customer Category (in AF)

		Influencing Factor			
Customer Category	FY 2025-26 Budgeted Water Use	New Development	Behavioral / Tiering Changes	Net Incr. / (Decr.)	FY 2026-27 Budgeted Water Use
Single-family residential	3,371	2	(169)	(167)	3,204
Multi-family residential	1,865	99	(26)	73	1,938
Commercial	1,516	-	(14)	(14)	1,502
Agriculture-Urban	1,412	-	(95)	(95)	1,317
Agriculture-Goleta West Conduit	1,094	-	(192)	(192)	902
Institutional	514	-	(23)	(23)	491
Landscape irrigation	423	-	(28)	(28)	395
Recycled	645	-	49	49	694
Fire	0	-	1	1	1
Total:	**10,840**	**101**	**(497)**	**(396)**	**10,444**

Table 2.6 FY 2026-27 Budgeted Water Sales Revenue and Influencing Factors

		Influencing Factor			
Customer Category	FY 2025-26 Budget Baseline Revenue	New Development	Rate Change	Behavioral / Tiering Changes	Net Incr. / (Decr.)	FY 2026-27 Budgeted Water Sales Revenue
Single-family residential	$ 15,666,320	$ 9,208	$ 561,815	$ (801,785)	$ (230,763)	$ 15,435,558
Multi-family residential	8,902,203	489,308	316,198	(121,022)	684,484	9,586,688
Commercial	7,287,050	-	258,830	(101,930)	156,900	7,443,949
Agriculture-Urban	2,387,637	-	85,491	(153,989)	(68,498)	2,319,139
Agriculture-Goleta West Conduit	1,315,099	-	47,649	(241,268)	(193,620)	1,121,480
Institutional	2,453,907	-	87,161	(111,710)	(24,549)	2,429,357
Landscape irrigation	2,207,774	-	78,849	(147,937)	(69,088)	2,138,686
Recycled	1,187,907	-	32,792	223,181	255,973	1,443,880
Fire	5,952	-	213	(1,976)	(1,762)	4,190
Total:	**$ 41,413,850**	**$ 498,516**	**$ 1,468,998**	**$ (1,458,437)**	**$ 509,076**	**$ 41,922,926**

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 make these decisions, nor does it 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 third year in a row. Starting January 1, 2025, new water was available for allocation, and the District began receiving applications. Before an Applicant can pay a NWSC, they must, 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. The District allocated 134.53 AF in 2025. To date, through May of 2026, the District has allocated an additional 2.5 AF in 2026. The FY 2026-27 Budget forecasts about $3.0M in NWSC payments for new potable water allocations, based on an estimated 60 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 updated the NWSC in 2023 to account for inflationary water supply costs since the charge was last updated in 2011, and updates the charge annually consistent with observed inflation.

The estimated 60 AF of allocation over the next FY 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 SFR Project, multiple single-family residences, as well as free-standing new Accessory Dwelling Units, 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. For FY 2026-27, District 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 rate is 3.5% annually, producing approximately $1.2M in investment

revenue subject to fluctuations. With this, Investment Revenue is projected to increase by $147K, or 15%, in FY 2026-27 as a result of increased cash held in reserves derived primarily from forecasted NWSC revenue.

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 2026-27 is $258K, with a $55K, or 27%, increase as a result of projected higher water use by these customers and an increase 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 2026-27 is approximately $4.6M, an increase of $3.4M (283%), from the FY 2025-26 Budget. This increase is largely attributed to grant revenue ($3.1M) as discussed above, but is also reflective of increased revenue estimated to be derived from District capital contributions and an anticipated surge in water service application fees.

Transfers

The District continues to maintain a prudent financial reserve to ensure adequate cash flow for operational needs and capital emergencies. As a result of the District's recently completed Risk-Based Reserve Analysis and consistent with the 2025-2030 Cost of Service Study, the FY 2026-27 budget anticipates a designation to reserves of $7.9M.

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SECTION III – EXPENDITURES

SUMMARY



FY 2026-27 expenditures are consistent with the adopted 2025-2030 Five-Year Financial Plan 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 20% 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 and are comprised of wages, benefits, and taxes, as well as Other Post-Employment Benefits (OPEB). Employees of the District are responsible for managing day-to-day operations, including maintenance of the treatment and distribution system, capital infrastructure planning, development of water use efficiency and conservation programs, and providing quality customer service. Operations & Maintenance represent 17% of total expenditures, and include costs related to water treatment and testing, general insurance, legal, maintenance, and equipment, as well as services and supplies. Expenses associated with Capital Improvement Projects and the IIP, and debt service, make up the balance of total expenditures at 32% and 6%, respectively.

The District, like other government agencies and water purveyors, is affected by various external factors, including weather, economic conditions, changing preferences, costs of water supplies, and evolving regulatory requirements. Potential supply chain disruptions and inflationary pressures associated with tariffs and rising oil prices – and their potential effect on materials and construction costs – present significant potential pricing pressures. This is especially challenging given the net effect of several years of compounded inflationary increases already evident in material, construction, and labor costs. While this Budget provides the tools to 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 external factors to the extent possible.

In FY 2026-27, 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 2026 and into 2027.

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 2026-27 total water supply costs will increase by $646K or 5%, primarily because of Goleta Sanitary District increases of $389K, or 49%, attributable to capital improvement projects, and COMB costs increasing by $211K, or 6%, due to planned capital improvement projects and the increased cost of materials. A slight decline in CCWA fixed costs was the result of the District offsetting some costs with available credits from DWR, while variable charges increased due to historical true-ups from DWR and increases in Delta charges, despite the District not planning on delivering any water to Cachuma. Costs for CCRB will decrease by 15% as the pace of work by USBR has slowed because of staffing shortages, and the SWRCB review of required plans for the Cachuma Water Rights Order has slowed. The cost of pumping and treating groundwater is included in O&M and capital costs.

Table 3.1 FY 2026-27 Budgeted Water Supply Agreement Costs

Category	Adopted Budget FY 2024-25	Adopted Budget FY 2025-26	Estimated Actual FY 2025-26	Adopted Budget FY 2026-27	Variance Analysis * $ Higher / (Lower)	Variance Analysis * % Higher / (Lower)
COMB (Lake Cachuma):						
Water Entitlement	$ 1,012,126	$ 1,031,963	$ 1,031,963	$ 1,103,154	$ 71,191	7%
Operations & Maintenance	2,390,237	2,439,786	1,751,002	2,579,510	139,724	6%
Cachuma Renewal Fund	62,939	62,939	62,939	62,939	0	0%
Safety of Dam Act	94,847	94,847	94,847	94,847	0	0%
Subtotal - COMB	3,560,149	3,629,535	2,940,751	3,840,450	210,915	6%
CCRB (Water Rights):	662,372	669,736	295,270	570,312	(99,424)	(15%)
Cloud Seeding & Overlap:	57,975	57,975	65,941	65,940	7,965	14%
CCWA (State Water):						
Fixed Costs	6,834,809	6,601,338	6,601,338	5,759,014	(842,324)	(13%)
Variable Costs	711,192	221,128	579,749	1,201,090	979,962	443%
Subtotal - CCWA	7,546,001	6,822,466	7,181,087	6,960,104	137,638	2%
GSD (Recycled Water):	790,054	790,054	862,883	1,179,000	388,946	49%
Total:	**$ 12,616,551**	**$ 11,969,766**	**$ 11,345,932**	**$ 12,615,806**	**$ 646,040**	**5%**

** Compares FY 2026-27 Adopted Budget to FY 2025-26 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's share of COMB expenditures is 40.42%. This amounts to $3.8M in FY 2026-27, an increase of $211K or 6% when compared to FY 2025-26. This increase is the result of COMB capital improvement projects included in the COMB 2026-31 Infrastructure Improvement Plan, including projects required to maintain current levels of service and to address critical deficiencies in the COMB system. These projects include the Sheffield Tunnel repair project, the elevator repair at the North Portal, and Lauro Reservoir infrastructure repairs.

CCRB works to protect Cachuma Project water rights and supplies for the South Coast water purveyors. The District's share of CCRB costs is 46%, or $570K in FY 2026-27, which is a decrease of $99K, or 15%, as compared to FY 2025-26. 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 2026-27 CCRB costs allow for sufficient funding of scientific, legal, and advocacy efforts to minimize the potential financial and supply impacts of these processes. This decrease is also attributed to the work by USBR having slowed due to staffing shortages, and the SWRCB review of required plans for the Cachuma Water Rights Order.

CCWA (State Water Deliveries)

The District has access to State Water through its membership in CCWA. State Water expenses are expected to be $7.0M for FY 2026-27, an increase of $138K, or 2%, due to increases in DWR variable charges based upon DWR's correction of historic variable charges and other variable increases. Based on the District's adopted WSMP, water from Lake Cachuma (the District's least expensive supply source) will serve as the principal source of supply in FY 2026-27 given favorable conditions at the lake, and State Water will be stored in San Luis Reservoir for use in future years when local supply availability is reduced.

GSD (Recycled Water Production)



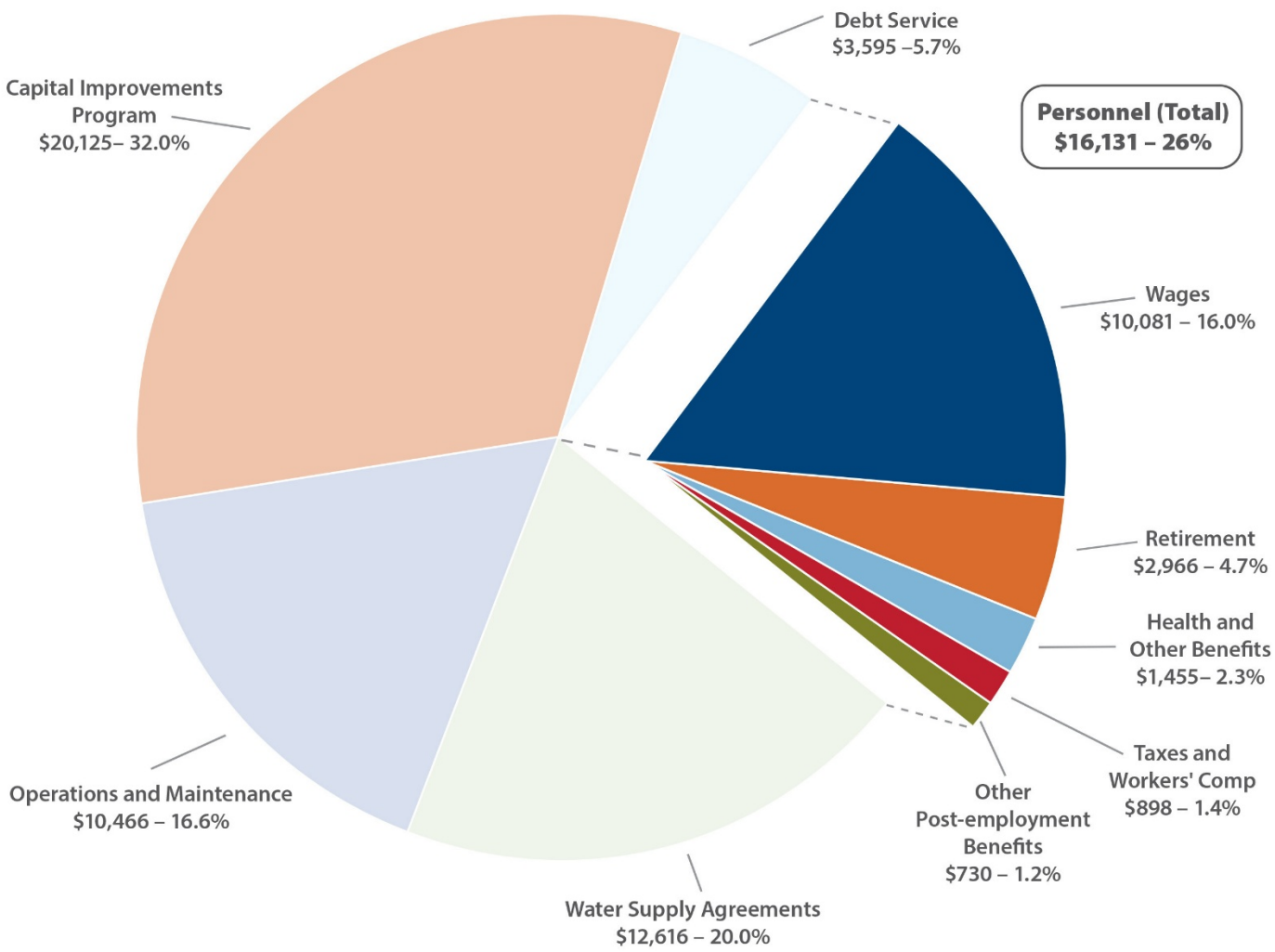
Providing recycled water to 47 customers in the District for irrigation purposes conserves potable water for drinking and health and safety uses, improving water supply reliability. Per agreement, the District pays GSD for all O&M costs necessary to produce recycled water. For FY 2026-27 costs are estimated at $1.2M This includes costs for treatment upgrades identified in the GSD Capital Improvement 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 that perform a wide variety of activities, including operating the state-of-the-art Corona Del Mar Water Treatment Plant, maintaining 272 miles of distribution lines, and reading approximately 17,200 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 2026-27 will rise moderately compared to FY 2025-26, totaling $16.1M, with an increase of $1.3M, or 9%, consistent with MOU-related step increases and previously negotiated SEIU obligations. Employee health insurance costs increased significantly, contributing to higher costs for OPEB. The increase in personnel is also offset by savings in contracted services, which only grew 1% as a result of more maintenance being performed by District staff as certain tasks are being done in-house instead of contracted out. Figure 3.1 provides an overview of the individual components of Personnel costs, as a portion of overall costs.

Figure 3.1 FY 2026-27 District Costs, Featuring Budgeted Personnel Costs ($000s)



Retirement-related expenditures associated with the District's 80-year history make up 19.3% of current Personnel costs (5.1% of total expenditures). 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 Service Employees International Union (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 272 miles of pipeline, approximately 17,200 customer connections, eight storage reservoirs, eight permitted groundwater wells, and the CDMWTP. To operate these facilities and deliver water to customers, more than 30,000 appurtenances are maintained, including over 6,600 valves and 1,521 fire hydrants. O&M costs include a variety of day-to-day functions from water treatment and testing to insurance, auditing, and 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 billion gallons of potable water in FY 2026-27. 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 2026-27 O&M costs, which total $10.5M and are up $635K, or 6%, from FY 2025-26. Notable variances within expenditure categories include:

- Water Treatment will increase by $272K, or 33%, as chemical costs have risen markedly due to inflation despite lower projected production.
- Water Testing costs will decrease by $90K, or 24%, as required Unregulated Contaminant Monitoring Rule #5 (UCMR) program testing was completed in FY 2025-26.
- Insurance, Accounting, and Auditing will increase by $60K, or 11%, as the migration of the District's financial accounting software was mostly completed during the previous FY, offset by moderate increases in Casualty and Liability expenses and Auditing fees.
- Maintenance & Equipment will increase by $111K, or 10%, as a result of the higher than anticipated failure rates of angle stops associated with aging meter replacements, offset partially by fuel and fleet maintenance savings associated with electrification of the District's fleet, as well as a number of maintenance activities and equipment replacements having been addressed in FY 2025-26.
- Legal expenditures will increase by $47K, or 12%, to support anticipated professional services related to upcoming SEIU labor negotiations.
- Services & Supplies costs will increase by $203K, or 4%, largely due to inflationary pressure, more electrical system testing and inspection, and election costs for two seats in November.
- Utility expenditures are essentially flat and will increase by $13K, or 1%, resulting from higher commercial power rates, and increased electrical demand associated with electric vehicle charging, offset by reduced time-of-use charges as a result of the CDMWTP Battery Storage Project, which allows the District to store power for use during peak rate times when costs are highest.

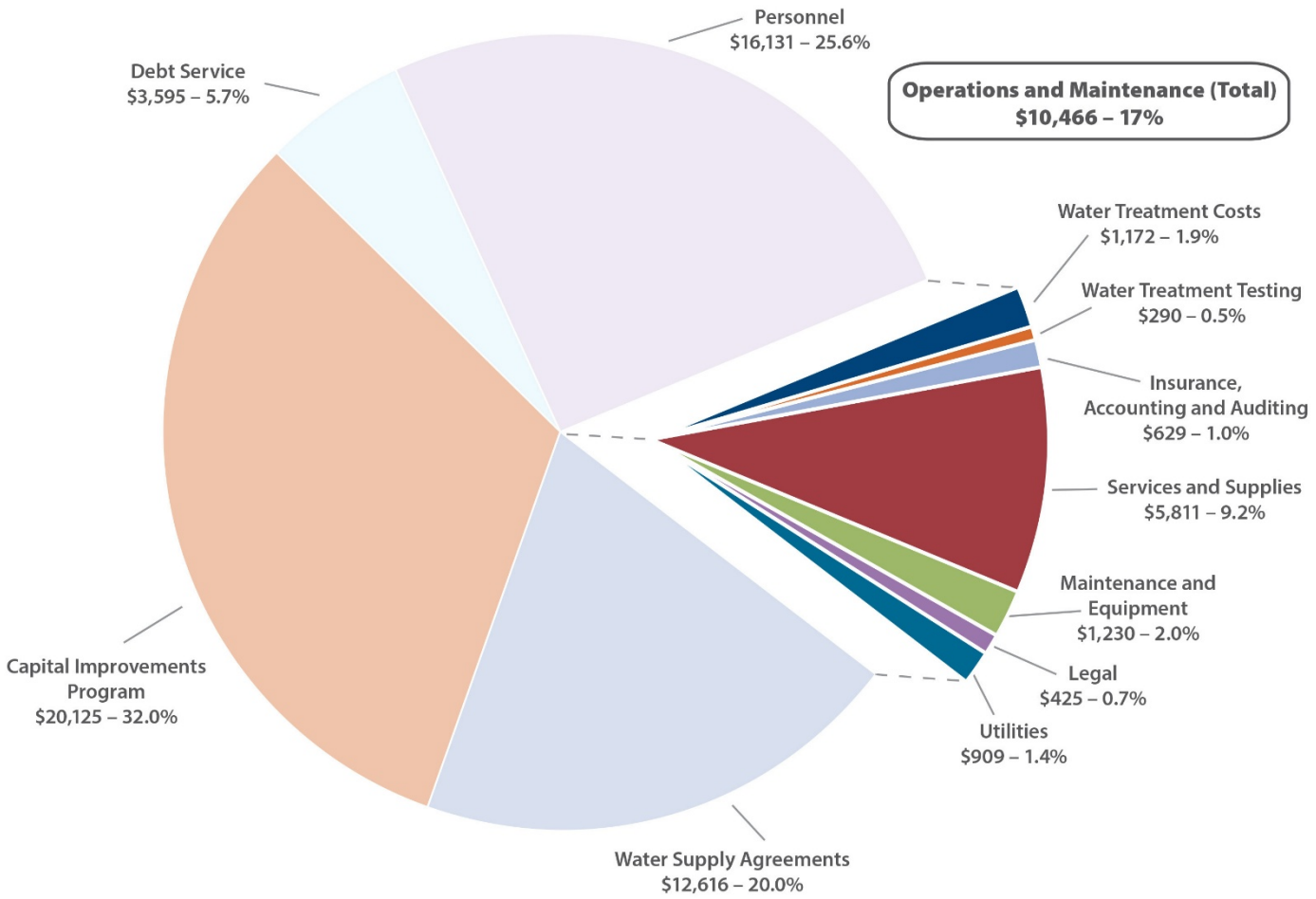
Table 3.2 FY 2026-27 Budgeted O&M Costs

Category	Adopted Budget FY 2024-25	Adopted Budget FY 2025-26	Estimated Actual FY 2025-26	Final Budget FY 2026-27	Variance Analysis * $ Higher / (Lower)	Variance Analysis * % Higher / (Lower)
Operations & Maintenance Costs:						
Water Treatment	$ 1,422,300	$ 880,000	$ 995,533	$ 1,171,600	$ 291,600	33%
Water Testing	388,170	380,000	248,017	290,400	(89,600)	(24%)
Insurance, Accounting, & Auditing	726,068	569,324	671,738	629,232	59,908	11%
Maintenance & Equipment	1,305,298	1,119,257	871,959	1,230,243	110,986	10%
Legal	390,000	378,000	178,447	424,800	46,800	12%
Services & Supplies	5,019,408	5,608,512	4,702,352	5,811,402	202,890	4%
Utilities	808,578	896,150	781,308	908,780	12,630	1%
Total:	**$ 10,059,823**	**$ 9,831,242**	**$ 8,449,354**	**$ 10,466,457**	**$ 635,215**	**6%**

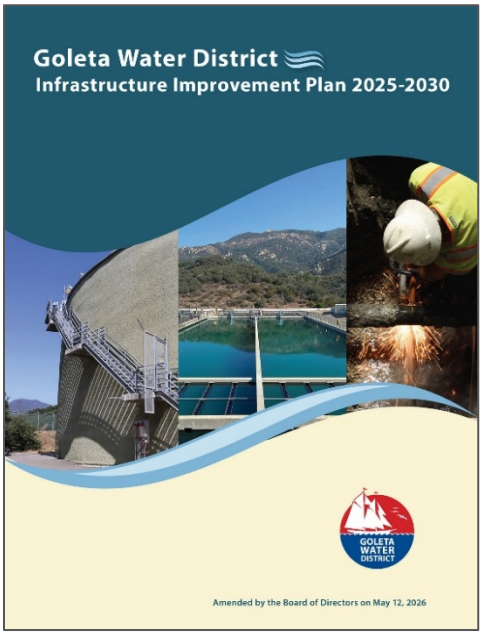
** Compares FY 2026-27 Final Budget to FY 2025-26 Adopted Budget*

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

Figure 3.2 FY 2026-27 District Costs, Featuring Budgeted O&M Costs ($000s)



Infrastructure Improvement Plan and Capital Spending



In January 2025, the Board of Directors adopted a new 2025-2030 IIP that was subsequently amended when the Cost of Service Study and new rates were adopted on June 10, 2025, and again on May 12, 2026 for an annual update. 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 with 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 FY.

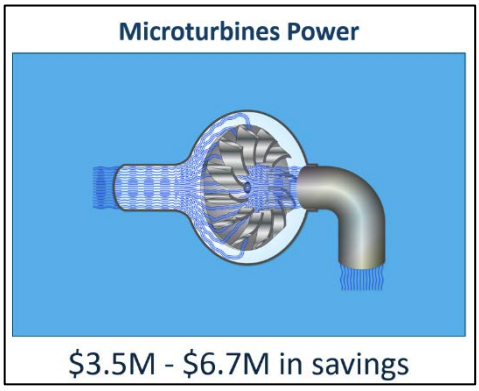
A critical goal of the IIP is to ensure that the District's infrastructure is capable of producing and delivering quality water to customers. Nearly all IIP funds go toward enhancing the reliability of water production, treatment, and distribution. Several of the projects included in the IIP are once-in-a-generation projects that represent a sizable investment. These investments are needed to ensure reliable delivery of water supplies for the community, especially for a District that recently celebrated its 80th anniversary and depends on a diverse mix of water supply sources, all of which have their own unique delivery infrastructure. The FY 2026-27 Budget includes $14.7M to fund 25 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 IIP. As priorities change, annual revisions are adopted to guide capital investments. For a full list of all identified projects and ranking criteria, and more detail on individual projects visit: *www.GoletaWater.com/2025-2030-IIP*

- Meet state and federal regulations for worker safety, water metering, and water quality, and to resolve utility conflicts.
- Maintain levels of service by replacing infrastructure that has become inoperable, or to mitigate anticipated failure.
- Address critical deficiencies for which inadequate funding could jeopardize water quality, water production, and/or system reliability.

Funding for the 2025-2030 IIP is approved by the Board as part of the COSS, through the annual IIP amendment, and in the annual Board-adopted budget. The COSS anticipated $65.0M in cash funding through rates, and $18.0M in ultra-low interest rate SRF to fund capital projects included in the IIP. The District learned in the spring of 2026 that $21.3M in projects have been selected for the SRF funding list. Additionally, $4.3M in state and federal grants is anticipated, including the remaining balance of the WaterSMART grant for the Hope Well, as well as a $3.8M Emerging Contaminant Grant from the State Water Board associated with the District's successful pursuit of SRF funding. An additional $1.0M in financial incentives for the microturbines project is also eligible for award once construction is completed.

Priority projects for FY 2026-27 maintain access to water supplies, enhance system compliance and control, and provide revenue benefits and cost savings. They include:



- Continued investment in groundwater wells, including construction of the treatment system for Hope Well and design completion for Mariposa Well treatment, to support public health, safety, and drought resilience. These two new high-producing wells, the first in nearly 40 years, will be capable of delivering a combined 2,320 AFY, or about a third of the minimum public health and safety needs of the Goleta Valley.
- Completion of the SCADA system upgrade to enhance regulatory compliance, monitoring, control, and reporting.
- Initiation of the AMI upgrade to reduce revenue losses from aging meters, estimated at $30.0M - $40.0M in savings over the next 30 years.
- Installation and commissioning of microturbines to generate electricity and advance the District's net-zero energy goal, estimated to produce $3.5M - $6.7M in savings over the next 30 years.

Table 3.3 Infrastructure Improvement Plan Projects Summary FY 2026-27

Ref.	IIP Projects	FY 2026-27
P-1	Worker Safety Electrical Upgrades	$570,000
P-2	City, County, Caltrans Relocations Required Projects	$620,000
P-3	Hope Well Treatment System	$3,420,000
P-4	New Repolacement Well	$920,000
P-5	SCADA Upgrade and Replacements	$1,230,000
P-8	Meter Replacements	$2,600,000
P-9	Treatment Facility Replacements	$105,000
P-10	Pipeline and Service Line Replacements	$590,000
P-11	Cathodic Protection System Replacements and Upgrades	$310,000
P-12	Reservoir and Reservoir Components Replacements	$190,000
P-13	Elecrical Power System Replacements	$160,000
P-14	Pump Station and Motor Replacements	$80,000
P-16	Well Facility Replacements	$160,000
P-17	Valve and Hydrant Replacements	$510,000
P-18	Computer and Electronic Hardware Replacements	$30,000
P-19	Pavement Replacements	$20,000
P-20	Building Component Replacements	$740,000
P-22	Corona Reservoir Rehabilitation	$10,000
P-23	Filter Washtrough Replacements	$10,000
P-24	Transmission Main 36-inch Parallel Pipeline - Phase 1	$140,000
P-26	Upsize Hollister Main between San Antonio and San Marcos Rds.	$310,000
P-27	La Riata Booster Pump Station	$190,000
P-28	Transmission Main Emergency Highline	$10,000
P-30	San Antonio Well Aboveground Facilities Upgrades	$190,000
P-32	Microturbine Power Generation	$1,610,000
	TOTAL	**$14,725,000**

Table 3.3 provides a summary of IIP projects planned for FY 2026-27. 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. For detailed project descriptions for all IIP projects, visit: *www.GoletaWater.com/2025-2030-IIP*

As the District increases capital spending, the associated O&M needed to maintain these assets is accounted for in the operating portion of the FY 2026-27 budget.

In addition to the IIP projects planned for FY 2026-27, on March 10, 2026, the Board also approved $5.4M to fund a Solar System Installation Project that will install 2,555 panels across the three facilities, including a combination of carport and rooftop solar in the Operations Yard and headquarters buildings, and solar panels at CDMWTP and the Ellwood Reservoir. The project is funded out of undesignated District reserves, offset by higher than anticipated revenue received in FY 2025-26 from NWSCs that are eligible to finance

infrastructure. The Board chose to fund the project out of reserves when prior financing fell through in order to realize rebates that are set to sunset under recent legislative changes. The project will generate enough clean power to offset nearly 60% of the District's annual electricity consumption, helping control rising energy costs and saving a projected $19.1M-$30.2M over the projects expected life. The District anticipates up to $1.6M in rebates for this project in FY 2026-27 or FY 2027-28, with timing dependent on Southern California Edison enegizing the project and reassigning the interconnection agreement to the District.



Debt Service

Debt service costs reflect payments associated with approximately $26.0M of outstanding Refunding Revenue Bonds (RRBs) Series 2023A from the recent refinance of Series 2010A and 2014A Certificates of Participation (COPs). These new RRBs 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 adopted Five-Year Financial Plan provides sufficient revenue to satisfy debt coverage requirements. The FY 2026-27 debt service is unchanged at $3.6M, based on scheduled principal and interest payments resulting from the 2023 refinancing of the District's debt through a public offering.

Summary of District Expenditure Forecast for FY 2026-27

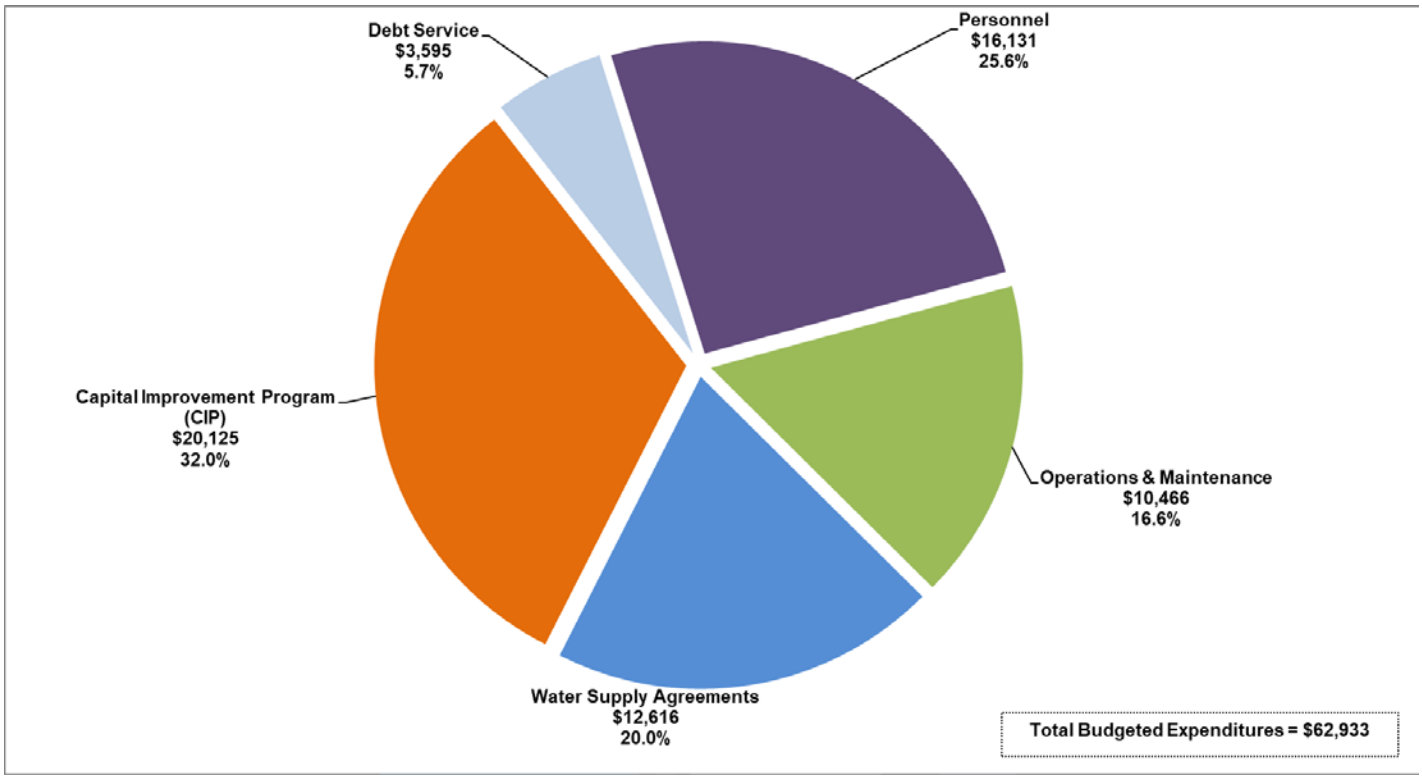
Table 3.4 and Figure 3.3 summarize FY 2026-27 total expenditures of $62.9M. A key component of the annual Budget is to prepare for cash flow variables throughout the year and pace program and project expenditures accordingly. FY 2026-27 expenditures have incorporated customer behaviors and the accompanying seasonality of revenue as described in Section II.

Table 3.4 FY 2026-27 Budget Expenditures Compared to FY 2025-26 Budget Expenditures

Category	Adopted Budget FY 2024-25	Adopted Budget FY 2025-26	Estimated Actual FY 2025-26	Adopted Budget FY 2026-27	Variance Analysis * $ Higher / (Lower)	Variance Analysis * % Higher / (Lower)
Water Supply Agreements:						
COMB (Lake Cachuma)	$ 3,560,149	$ 3,629,535	$ 2,940,751	$ 3,840,450	$ 210,915	6%
CCRB (Water Rights)	662,372	669,736	295,270	570,312	(99,424)	(15%)
Cloud Seeding & Overlap	57,975	57,975	65,941	65,940	7,965	14%
CCWA (State Water)	7,546,001	6,822,466	7,181,087	6,960,104	137,638	2%
GSD (Recycled Water)	790,054	790,054	862,883	1,179,000	388,946	49%
Subtotal:	**$ 12,616,551**	**$ 11,969,766**	**$ 11,345,932**	**$ 12,615,806**	**$ 646,040**	**5%**
Personnel:						
Wages, Benefits and Taxes	$ 13,309,405	$ 14,196,496	$ 14,183,763	$ 15,401,382	$ 1,204,886	8%
Other Post Employment Benefits	587,298	637,438	595,926	729,520	92,082	14%
Subtotal:	**$ 13,896,703**	**$ 14,833,935**	**$ 14,779,689**	**$ 16,130,902**	**$ 1,296,968**	**9%**
Operations & Maintenance:						
Water Treatment Costs	$ 1,422,300	$ 880,000	$ 995,533	$ 1,171,600	$ 291,600	33%
Water Treatment Testing	388,170	380,000	248,017	290,400	(89,600)	(24%)
Insurance, Accounting & Auditing	726,068	569,324	671,738	629,232	59,908	11%
Maintenance & Equipment	1,305,298	1,119,257	871,959	1,230,243	110,986	10%
Legal	390,000	378,000	178,447	424,800	46,800	12%
Services & Supplies	5,019,408	5,608,512	4,702,352	5,811,402	202,890	4%
Utilities	808,578	896,150	781,308	908,780	12,630	1%
Subtotal:	**$ 10,059,823**	**$ 9,831,242**	**$ 8,449,354**	**$ 10,466,457**	**$ 635,215**	**6%**
Total Expenditures before Debt and CIP:	**$ 36,573,077**	**$ 36,634,943**	**$ 34,574,975**	**$ 39,213,165**	**$ 2,578,222**	**7%**
Debt Service:	**3,598,250**	**3,594,125**	**3,594,125**	**3,594,500**	**375**	**0%**
Capital Improvement Projects (CIP):	**14,182,876**	**19,055,000**	**19,055,000**	**20,125,000**	**1,070,000**	**6%**
Total Expenditures:	**$ 54,354,203**	**$ 59,284,068**	**$ 57,224,100**	**$ 62,932,665**	**$ 3,648,597**	**6%**

** Compares FY 2026-27 Adopted Budget to FY 2025-26 Adopted Budget*

Figure 3.3 FY 2026-27 Budgeted Expenditure Allocations ($000s)

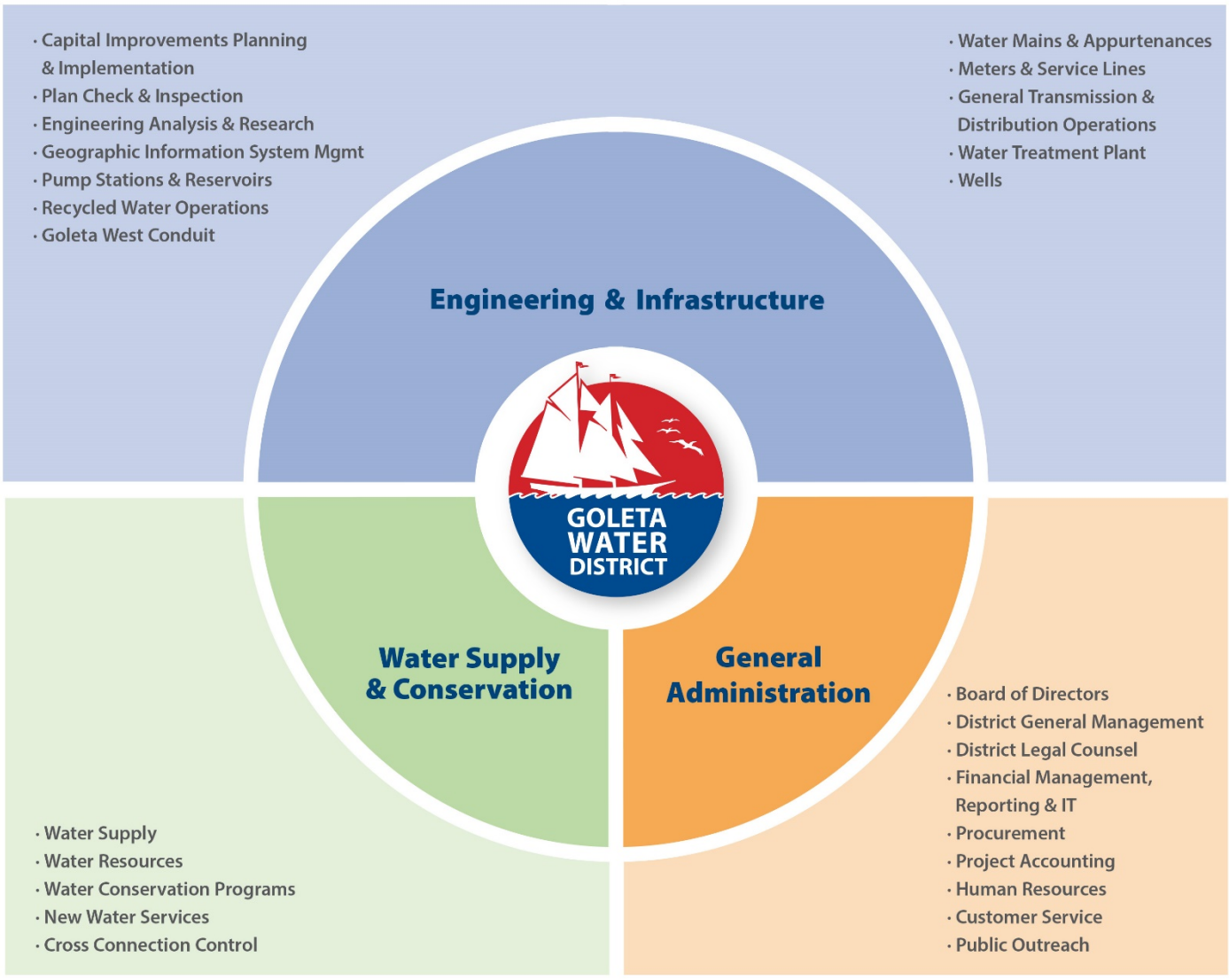


APPENDIX

Cost Center Overview

The District tracks disbursements by charging each expenditure to an accounting code associated with a specific function. The 22 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 2026-27 Budgeted Expenditures by Departmental Cost Center

Category	Adopted Budget FY 2024-25	Adopted Budget FY 2025-26	Estimated Actual FY 2025-26	Adopted Budget FY 2026-27	Variance Analysis * $ Higher / (Lower)	Variance Analysis * % Higher / (Lower)
Engineering & Infrastructure	$ 15,431,462	$ 15,678,594	$ 14,336,116	$ 16,727,809	$ 1,049,214	7%
Water Supply & Conservation	14,574,315	14,224,332	13,454,030	15,121,219	896,887	6%
General Administration	6,567,299	6,732,016	6,784,829	7,364,138	632,122	9%
Total Expenditures:	**$ 36,573,076**	**$ 36,634,943**	**$ 34,574,975**	**$ 39,213,165**	**$ 2,578,222**	**7%**

** Compares FY 2026-27 Adopted Budget to FY 2025-26 Adopted Budget*

Total FY 2026-27 cost center budgeted expenditures are projected to be $39.2M, which is a 7% increase when compared to the FY 2025-26 budget, including:

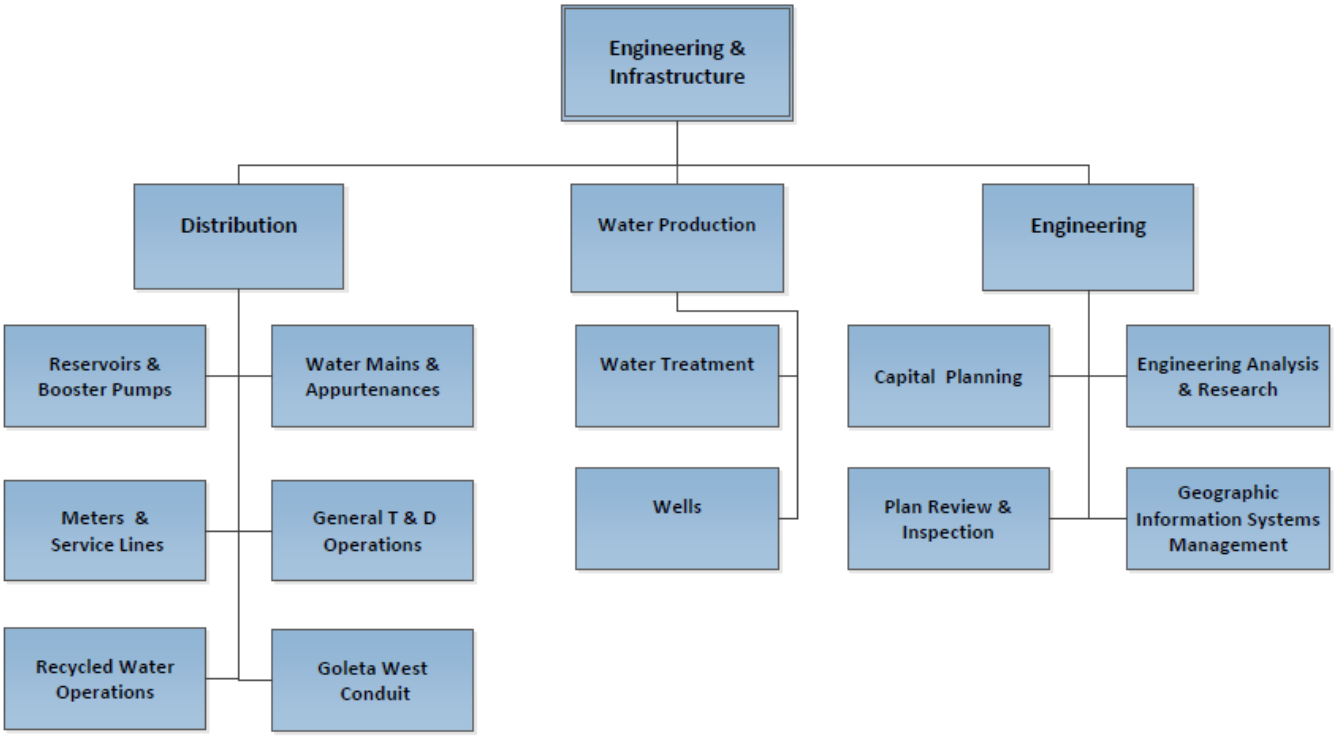
- An increase of $1.0M, or 7%, in Engineering & Infrastructure is driven by an increase in treatment chemical costs, which are rising 33%, and more District labor being used instead of contracted services for maintenance and repairs. These costs are partially offset by less anticipated spending for water testing and flat spending in services, supplies, and utilities.
- An increase of $897k, or 6%, in WS&C driven by capital improvement projects for GSD and COMB, as well as higher variable CCWA costs from DWR charges, partially offset by lower costs for CCRB to protect water rights in ongoing state and federal proceedings.
- An increase of $632K, or 9% in General Administration, primarily as a result of additional staffing needed to support capital project functions and budget oversight, higher retiree health-related costs, increased software support and insurance expenses, and anticipated legal services costs for upcoming labor negotiations, as well as increased expenses in Public Outreach efforts.

Engineering & Infrastructure Cost Center



Engineering & Infrastructure (E&I) 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, E&I manages the District's capital improvement projects, review of new water service applications, and plans and inspection of construction by District staff and outside entities, engineering research and analysis, and the Geographic Information System (GIS). E&I treats and delivers over 3 billion gallons of potable water annually to meet the demand of more than 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



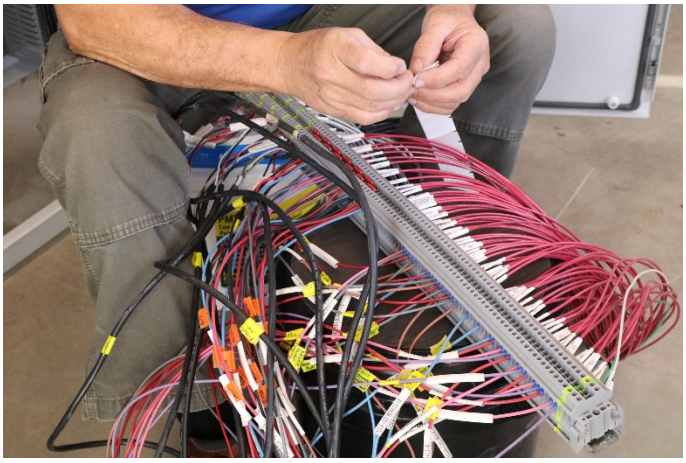
Water Production

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 raw Lake Cachuma water for agricultural irrigation that is disinfected at a single chlorination facility. Recycled water is treated by GSD 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.

Strategic Goal:
Maintain water production and distribution reliability to meet customer needs and maintain uninterrupted service.

Water Production priorities in FY 2026-27 include:

- Completing installation of the SCADA system upgrades to replace obsolete equipment at remote sites. This project is critical to continued regulatory compliance and improving the reliability of automated equipment for the next 20 years.
- Completing installation, construction, and commissioning of a pumping and treatment system at the Hope Well. The new treatment system allows for the combined production of the new Hope Well and the existing San Marcos Well.
- Completing design and beginning construction of a treatment system at the new Mariposa Well, the District's second new well in over 40 years and a critical investment in maintaning groundwater reliability.
- Completing construction and installation of solar power generation at three District facilities with 2,555 panels installed across District headquarters, the Operations Yard, at Ellwood reservoir, and the CDMWTP.
- Completing design for San Antonio Well upgrades and procuring a construction contractor, contingent on executing a funding agreement for an SRF low interest loan.
- Procuring a contractor to fabricate and install new filter washtroughs at CDMWTP, contingent on executing a funding agreement for an SRF low interest loan.
- Removing accumulated solids from drying beds at the water treatment plant for offsite disposal.
- Continuing water quality monitoring programs at the treatment plant, in the distribution system, in groundwater wells, and in monitoring wells downgradient 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 272 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 Distribution group is also responsible for District-owned buildings, roads, vehicles, equipment, and the regulatory compliance associated with them. 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.

Distribution priorities in FY 2026-27 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.
- Completing construction of microturbine power generation at two District facilities.
- Completing design for Hollister main upsize project and procuring a construction contractor, contingent on executing a funding agreement for an SRF low interest loan.
- Completing design for La Riata pump station and procuring a construction contractor, contingent on executing a funding agreement for an SRF low interest loan.
- Procuring a contractor to perform the Corona Reservoir rehabilitation project, contingent on executing a funding agreement for an SRF low interest loan.
- Exercising valves and replacing inoperable main line valves throughout the distribution system.
- Performing annual inspections of all hydrants and repairing or replacing hydrants as needed to maintain operability.
- Initiating the AMI Project and continuing testing meters, replacing inoperable or broken meters and meter boxes, and fulfilling State-required water loss control obligations.
- Maintaining the District's vehicle fleet.



Engineering

The Engineering cost centers include programs and functions related to capital infrastructure planning and implementation; plan review for new water service applications and inspection of construction by staff and outside entities to guard against damage to District infrastructure; engineering research and analysis; and management of the Geographic Information System and digital asset management tools. 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, and that existing infrastructure is protected from external threats. A majority of expenditures associated with the Engineering function are recovered through the capital projects budget, which includes the IIP, or are reimbursed through developer fees and charges.

Capital Planning

The Capital Planning cost center is responsible for capital project management, including the implementation and annual amendment of the District's five-year 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 a 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.

Federal tariffs and disruptions to global trade are expected to drive up the costs for many of the goods on which the District relies, making routine replacements and capital projects more expensive.

During FY 2026-27, capital projects will include worker safety upgrades, infrastructure relocation as legally required by outside agencies, inoperable asset replacements, SCADA upgrades, new groundwater well facilities construction, and design completions for La Riata Pump Station, San Antonio Well Upgrades, and Hollister Main Upsizing. The District will also start the AMI project and install microturbines for power generation at two District facilities.

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.

Plan Review and Inspection

This cost center focuses on analyzing new water service applications, reviewing plans for customer projects for conformance with District standards and specifications, and inspection of all types of projects. These include the District's capital projects, customer projects, and construction by third parties such as developers, utilities, or other government entities that have the potential to damage District infrastructure. These efforts will be led by an in-house inspector as well as contract inspectors, depending on the timing and volume of construction projects.

Engineering Analysis and Research

The Engineering Analysis and Research cost center is responsible for several programs, including 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 that 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 2026-27, staff will continue to collect and analyze data on pipeline conditions, analyze opportunities for greater energy efficiency and renewable power generation, and issue the first major update to the Standards and Specifications in five years. The Engineering Analysis & Research cost center also assists with grant writing, though Federal grant opportunities have recently become more limited.

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 and document management to ensure infrastructure

records are complete and accurate. GIS staff also support analysis, technical research, and records management functions to maintain the integrity and operational reliability of the District's infrastructure.

Advanced 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.

The District continues to advance its asset management efforts to extend the lifespan of existing infrastructure. This year, key upgrades include implementing the Computerized Maintenance Management System and continuing to launch new field data collection portals to digitize conditions assessments.

In FY 2026-27, GIS efforts will include 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 the efficiency of inspections, workflow processes, capital planning, and extend the service life of existing assets.

Engineering & Infrastructure Accomplishments FY 2025-2026

During FY 2025-26, the E&I Department 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 water service to the community while continuing to meet all primary Federal and State 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 COMB lake monitoring program, and the District sampling program to proactively detect the presence of naturally occurring algal toxins in Lake Cachuma.
- Completing major portions of the once-in-a-generation overhaul of the District's entire SCADA system to ensure reliability of automated treatment processes and monitoring of remote facilities. Cut overs to the new system were completed at CDMWTP and over half of the District's remote facilities, including six reservoirs, five wells, and five pump stations.
- Completing drilling and construction of the new Mariposa Well and initiating design of treatment and pumping systems. This well is the District's deepest well and one of the two best producing wells, providing a key emergency backup water supply.
- Procuring a contractor and beginning construction of pumping and treatment systems for the Hope Well.

- Replacing 51 inoperable valves and exercizing more than 1,750 valves to improve the reliability of water delivery and prevent service interruptions to customers.
- Commissioning the new treatment system upgrades at University Well, including installation of additional filtration treatment, including chemical storage and delivery, a backwash tank, backwash reclaimation, and associated plumbing and controls.
- Maintaining baseline status for 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 in compliance with state regulations.
- Replacing 1,650 malfunctioning and aging water meters that were undereporting water use to ensure accurate billing.
- Performing water main shutdowns for 28 planned repairs for system improvements and eight unplanned water main and service leak repairs.
- Performing more than 100 repairs to leaking service laterals.
- Replacing 70 old, poorly functioning, and aging fire hydrants and repairing 45 aging fire hydrants to improve operating efficiency or prevent rust.
- Purchasing one additional electric pickup truck.
- Beginning the design of a new replacement HVAC system at CDMWTP.
- Completing the replacement of roof systems at the headquarters building to prolong the useful lives of the buildings.

The District owns and maintains more than 6,600 valves and 1,521 fire hydrants throughout its system. Replacement of malfunctioning or inoperable valves and hydrants increases reliability, and prevents service interruptions to customers.

FY 2026-27 Engineering & Infrastructure Cost Center Budget

Table 4.2 details the various Engineering & Infrastructure expenditure categories and describes the variances between FY 2025-26 Budget and FY 2026-27 budgeted expenditures.

Table 4.2 FY 2026-27 Engineering & Infrastructure (E&I) Cost Center Budget Summary

Category	Adopted Budget FY 2024-25	Adopted Budget FY 2025-26	Estimated Actual FY 2025-26	Adopted Budget FY 2026-27	Variance Analysis * $ Higher / (Lower)	Variance Analysis * % Higher / (Lower)
Cost Center Expenses - Engineering & Infrastructure						
Personnel:	**$ 7,973,306**	**$ 8,365,719**	**$ 8,020,728**	**$ 9,032,357**	**$ 666,638**	**8%**
Operations & Maintenance:						
Water Treatment	1,422,300	880,000	995,533	1,171,600	291,600	33%
Water Testing	388,170	380,000	248,017	290,400	(89,600)	(24%)
Insurance, Accounting, & Auditing	308,824	295,510	254,975	330,081	34,572	12%
Maintenance & Equipment	1,305,298	1,115,840	871,200	1,228,375	112,535	10%
Services & Supplies	3,224,987	3,745,375	3,164,355	3,766,215	20,840	1%
Utilities	808,577	896,150	781,308	908,780	12,630	1%
Subtotal:	**7,458,157**	**7,312,875**	**6,315,388**	**7,695,451**	**382,577**	**5%**
Total Expenditures:	**$ 15,431,463**	**$ 15,678,594**	**$ 14,336,116**	**$ 16,727,809**	**$ 1,049,215**	**7%**

** Compares FY 2026-27 Adopted Budget to FY 2025-26 Adopted Budget*

The Engineering & Infrastructure budget will increase by $1.0M, or 7%. Notable changes from FY 2025-26 Operations and Engineering Budgets to the FY 2026-27 Budget include:

- Engineering & Infrastructure personnel costs will increase by $667K, or 8% in FY 2026-27, consistent with MOU-related step increases and previously negotiated SEIU provisions. These higher costs reflect internal promotions of staff who have acquired new certifications, skills, and experience, and an increased reliance on personnel to perform maintenance activities. These higher costs have also been partially offset by savings resulting from the retirement of pre-PEPRA hires. In addition, an Engineering Support Specialist was added to prepare procurement documents, review certified contractor payrolls, assist with City and County infrastructure relocation projects, help develop GIS-based asset management tools, analyze water quality data, and maintain and file Notices of Exemptions and Notices of Completion, while assisting with project closeout activities.
- Water Treatment costs will increase by $292K, or 33%, when compared to FY 2025-26 due to extraordinary inflationary increases in chemical costs.
- Water Testing costs will decrease by $90K, or 24%, as a result of chemical bid analyses being performed during the previous year and because no UCMR sampling is required in the upcoming year.
- Maintenance & Equipment will increase by $113K, or 10%, as a result of maintenance costs of appurtenances associated with aging meter replacements, offset partially by fuel and fleet maintenance

savings associated with electrification of the majority of the District's fleet, as well as a number of maintenance activities and equipment replacements that were addressed in FY 2025-26.

- Services & Supplies are essentially flat with an increase of $21K, or 1%, as paving maintenance was performed in the previous year, fewer planned conditions assessments and studies are anticipated, and GPS data collection is being performed in-house instead of being outsourced.
- Utility costs are essentially flat with an increase of $13K, or 1%, as extraordinary cost inflation for commercial electricity rates has been minimized with the use of the new CDMWTP battery system to store electricity for use during peak rate times. Going forward, electricity rates will be further offset when solar power generation and microturbine power generation systems are commissioned.

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

Table 4.3a FY 2026-27 E&I Budgeted Expenditures by Programmatic Cost Center

Description	Water Treatment Plant				Wells				Mains & Appurtenances			
	FY 2025-26	FY 2026-27	Variance		FY 2025-26	FY 2026-27	Variance		FY 2025-26	FY 2026-27	Variance	
Water Treatment	$ 837,000	$ 1,109,300	$ 272,300	32.5%	$ 3,700	$ 9,700	$ 6,000	162.2%	$ 0	$ 0	$ 0	0.0%
Water Testing	269,900	194,900	(75,000)	-27.8%	105,000	87,500	(17,500)	-16.7%	0	0	0	0.0%
Personnel - Wages	1,907,695	1,842,658	(65,038)	-3.4%	201,721	295,736	94,015	46.6%	1,085,331	1,523,049	437,718	40.3%
Personnel - Benefits	886,512	850,332	(36,181)	-4.1%	99,591	133,502	33,911	34.1%	491,688	669,377	177,690	36.1%
Personnel - Taxes & W.C.	201,392	189,670	(11,722)	-5.8%	20,866	29,872	9,006	43.2%	116,767	161,303	44,536	38.1%
Insurance and Accounting	93,672	95,216	1,544	1.6%	0	0	0	0.0%	100,912	95,216	(5,697)	-5.6%
Maintenance & Equipment	284,000	285,000	1,000	0.4%	63,000	60,500	(2,500)	-4.0%	300,910	220,750	(80,160)	-26.6%
Services & Supplies	1,818,500	1,576,935	(241,565)	-13.3%	315,150	374,727	59,577	18.9%	291,350	358,540	67,190	23.1%
Utilities	143,000	150,000	7,000	4.9%	102,450	117,920	15,470	15.1%	9,800	9,720	(80)	-0.8%
Total:	**$ 6,441,671**	**$ 6,294,010**	**$ (147,661)**	-2.3%	**$ 911,478**	**$ 1,109,457**	**$ 197,980**	21.7%	**$ 2,396,758**	**$ 3,037,954**	**$ 641,196**	26.8%

Water Treatment Plant

- Water Treatment will increase by $272K, or 33%, from FY 2025-26 as a result of extraordinary chemical cost inflation and higher costs for energy and transportation.
- Water Testing will decrease by $75K, or 28%, as a result of no added UCMR-required testing and chemical bid testing being completed in the previous year.
- Personnel labor costs for this cost center will decrease by $65K, or 3%, from FY 2025-26 as a result of more time being used for the Well Program, and savings resulting from the retirement of pre-PEPRA hires.
- Maintenance & Equipment costs remain flat compared with FY 2025-26 and reflect savings in vehicle fuel and maintenance as the District shifts away from gasoline-powered vehicles to low-maintenance electric vehicles, as well as maintenance completed and equipment purchases made in FY 2025-2026 that are no longer needed in FY 2026-27.
- Services & Supplies costs will decrease by $242K, or 13%, from FY 2025-26, with the majority of the cost decrease attributable to maintenance of road paving being completed in the previous year, while offset by more spending on electrical maintenance.

Wells

- Water Testing costs under this cost center will decrease by $18K, or 17%, as a result of chemical bid analyses being performed during the previous year and because no UCMR sampling is required in FY 2026-27.
- Personnel labor costs will increase by $94K, or 47%, reflecting increased staff time necessary for well operations and maintenance, including the new treatment system at University Well.
- Maintenance & Equipment costs will decrease by $3K, or 4%, with a similar level of effort planned for FY 2026-27.
- Services & Supplies costs will increase by $60K, or 19%, as a result of well maintenance services for an increased number of well facilities.

Mains & Appurtenances

- Personnel labor costs will increase by $438K, or 40%, in this cost center, attributable to additional system maintenance being performed in-house and slightly less labor capitalized for IIP projects.
- Maintenance & Equipment costs will decrease by $80K, or 27%, as a result of less spending across most categories, as well as having vehicles outfitted with tools and purchasing replacement tools during the previous year. These decreases will offset minor increases for automatic control valve maintenance.
- Services & Supplies costs will increase by $67K, or 23%, to reflect added electrical maintenance activities.

Table 4.3b FY 2026-27 E&I Budgeted Expenditures by Programmatic Cost Center

Description	General Operations				Meter & Service Lines				Recycled Water			
	FY 2025-26	FY 2026-27	Variance		FY 2025-26	FY 2026-27	Variance		FY 2025-26	FY 2026-27	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	670,053	675,270	5,217	0.8%	720,741	653,366	(67,376)	-9.3%	84,552	75,203	(9,349)	-11.1%
Personnel - Benefits	158,596	160,730	2,133	1.3%	446,223	495,282	49,059	11.0%	41,106	40,953	(153)	-0.4%
Personnel - Taxes & W.C.	60,659	59,498	(1,161)	-1.9%	66,732	59,438	(7,294)	-10.9%	9,136	7,906	(1,229)	-13.5%
Insurance and Accounting	28,825	50,782	21,957	76.2%	28,830	38,086	9,256	32.1%	0	0	0	0.0%
Maintenance & Equipment	274,030	225,175	(48,855)	-17.8%	115,800	366,500	250,700	216.5%	12,100	18,100	6,000	49.6%
Services & Supplies	603,770	761,717	157,947	26.2%	158,700	154,850	(3,850)	-2.4%	44,200	62,304	18,104	41.0%
Utilities	60,000	63,500	3,500	5.8%	0	0	0	0.0%	95,000	83,000	(12,000)	-12.6%
Total:	**$ 1,855,933**	**$ 1,996,672**	**$ 140,739**	7.6%	**$ 1,537,026**	**$ 1,767,522**	**$ 230,496**	15.0%	**$ 286,094**	**$ 287,467**	**$ 1,373**	0.5%

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

- Maintenance & Equipment costs will decrease by $49K, or 18%, from lower fuel and vehicle maintenance costs and the electrification of the District's fleet, as well as fewer tools needed after purchases were completed in the previous year.
- Services & Supplies costs will increase by $158K, or 26%, to address pavement maintenance of the headquarters parking lot.

Meters & Service Lines

- Maintenance & Equipment will increase by $251K, or 217%, from the increase in angle stop replacements that will be needed with the commencement of the meter replacement program.

Recycled Water

- Costs remain relatively flat.

Table 4.3c FY 2026-27 E&I Budgeted Expenditures by Programmatic Cost Center

Description	Goleta West Conduit				Pump Stations & Reservoirs				Analysis & Research			
	FY 2025-26	FY 2026-27	Variance		FY 2025-26	FY 2026-27	Variance		FY 2025-26	FY 2026-27	Variance	
Water Treatment	$ 39,300	$ 52,600	$ 13,300	33.8%	$ 0	$ 0	$ 0	0.0%	$ 0	$ 0	$ 0	0.0%
Water Testing	5,100	8,000	2,900	56.9%	0	0	0	0.0%	0	0	0	0.0%
Personnel - Wages	117,880	109,148	(8,732)	-7.4%	177,566	171,153	(6,414)	-3.6%	193,768	206,490	12,722	6.6%
Personnel - Benefits	60,931	58,113	(2,818)	-4.6%	56,865	58,567	1,702	3.0%	86,182	98,101	11,919	13.8%
Personnel - Taxes & W.C.	12,375	11,266	(1,108)	-9.0%	18,278	16,698	(1,580)	-8.6%	15,896	16,477	581	3.7%
Insurance and Accounting	0	0	0	0.0%	0	0	0	0.0%	21,640	38,086	16,446	76.0%
Maintenance & Equipment	22,900	27,000	4,100	17.9%	41,900	24,800	(17,100)	-40.8%	0	0	0	0.0%
Services & Supplies	29,750	37,420	7,670	25.8%	157,780	225,410	67,630	42.9%	94,200	70,510	(23,690)	-25.1%
Utilities	5,900	5,840	(60)	-1.0%	480,000	478,800	(1,200)	-0.3%	0	0	0	0.0%
Total:	**$ 294,135**	**$ 309,387**	**$ 15,252**	5.2%	**$ 932,389**	**$ 975,427**	**$ 43,038**	4.6%	**$ 411,685**	**$ 429,664**	**$ 17,979**	4.4%

Goleta West Conduit

- Water Treatment costs will increase by $13K, or 34%, from extraordinary cost increases for chemicals.

Pump Stations & Reservoirs

- Costs will increase by $43K, or 5%, as a result of additional services and supplies for reservoir cleaning.

Analysis & Research

- Costs will increase by$18K, or 4%, from rising liability insurance costs.

Table 4.3d FY 2026-27 E&I Budgeted Expenditures by Programmatic Cost Center

Description	Plan Check & Inspection				Geographic Information System				Capital Improvements			
	FY 2025-26	FY 2026-27	Variance		FY 2025-26	FY 2026-27	Variance		FY 2025-26	FY 2026-27	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	42,277	30,445	(11,832)	-28.0%	169,521	197,372	27,851	16.4%	65,815	54,120	(11,695)	-17.8%
Personnel - Benefits	9,027	6,422	(2,605)	-28.9%	33,200	40,863	7,663	23.1%	13,960	11,218	(2,743)	-19.6%
Personnel - Taxes & W.C.	3,529	2,500	(1,029)	-29.2%	14,175	16,468	2,293	16.2%	5,112	3,791	(1,322)	-25.9%
Insurance and Accounting	0	0	0	0.0%	14,435	6,348	(8,088)	-56.0%	7,196	6,348	(848)	-11.8%
Maintenance & Equipment	1,000	350	(650)	-65.0%	200	200	0	0.0%	0	0	0	0.0%
Services & Supplies	2,650	4,450	1,800	67.9%	75,775	78,061	2,286	3.0%	153,550	61,291	(92,259)	-60.1%
Utilities	0	0	0	0.0%	0	0	0	0.0%	0	0	0	0.0%
Total:	**$ 58,484**	**$ 44,168**	**$ (14,316)**	-24.5%	**$ 307,306**	**$ 339,311**	**$ 32,005**	10.4%	**$ 245,634**	**$ 136,767**	**$ (108,866)**	-44.3%

Plan Check & Inspection

- Lower costs reflect more of the inspector's costs being reimbursed by developer projects.

Geographic Information System

- Higher costs of $32K, or 10%, associated with additional staff time dedicated to the development and testing of new digital work order and mobile conditions assessment systems.

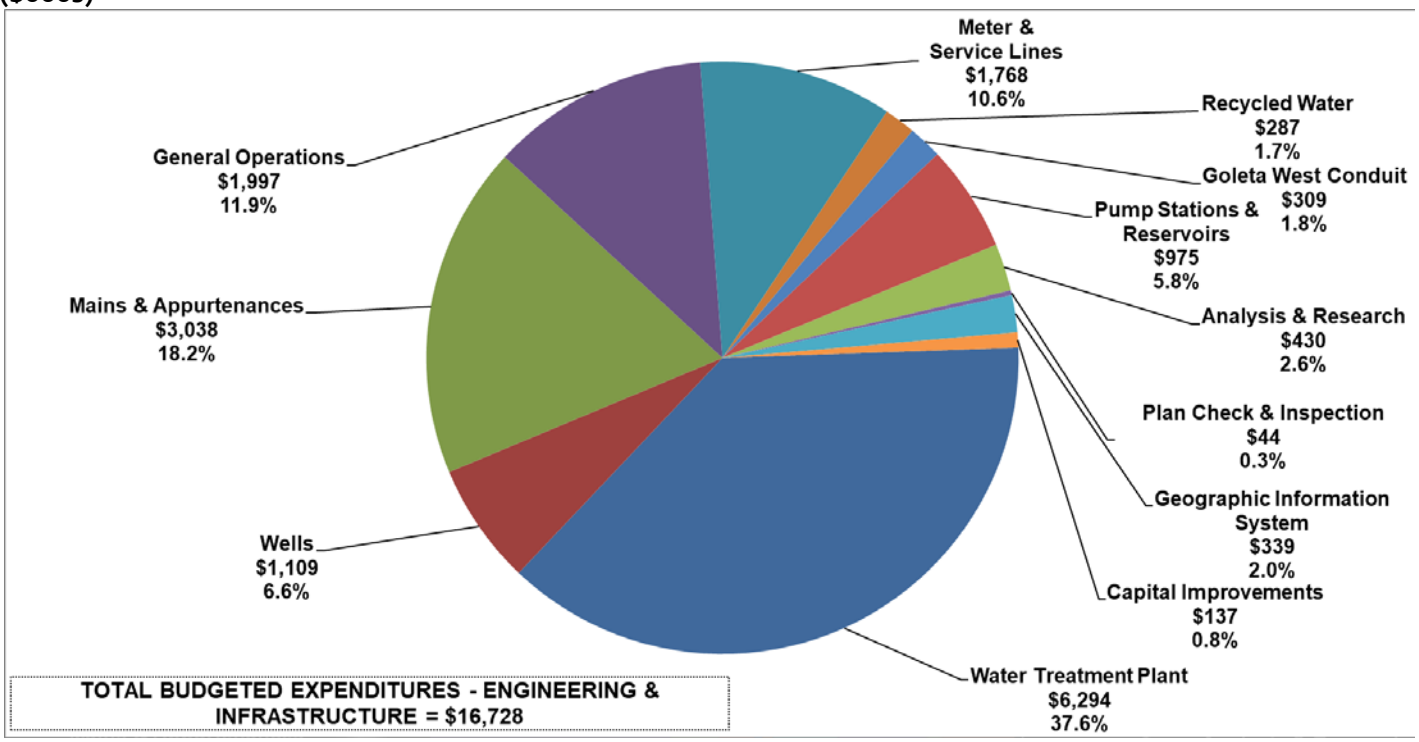
Capital Improvements

- Lower costs of $109K reflect less need for conditions assessments and consultant studies in the coming year.

Table 4.3e FY 2026-27 E&I Budgeted Expenditures by Programmatic Cost Center

Description	Total Engineering & Infrastructure			
	FY 2025-26	FY 2026-27	Variance	
Water Treatment	$ 880,000	$ 1,171,600	$ 291,600	33.1%
Water Testing	380,000	290,400	(89,600)	-23.6%
Personnel - Wages	5,436,922	5,834,011	397,089	7.3%
Personnel - Benefits	2,383,881	2,623,459	239,578	10.0%
Personnel - Taxes & W.C.	544,916	574,887	29,971	5.5%
Insurance and Accounting	295,510	330,081	34,572	11.7%
Maintenance & Equipment	1,115,840	1,228,375	112,535	10.1%
Services & Supplies	3,745,375	3,766,215	20,840	0.6%
Utilities	896,150	908,780	12,630	1.4%
Total:	**$ 15,678,594**	**$ 16,727,809**	**$ 1,049,215**	6.7%

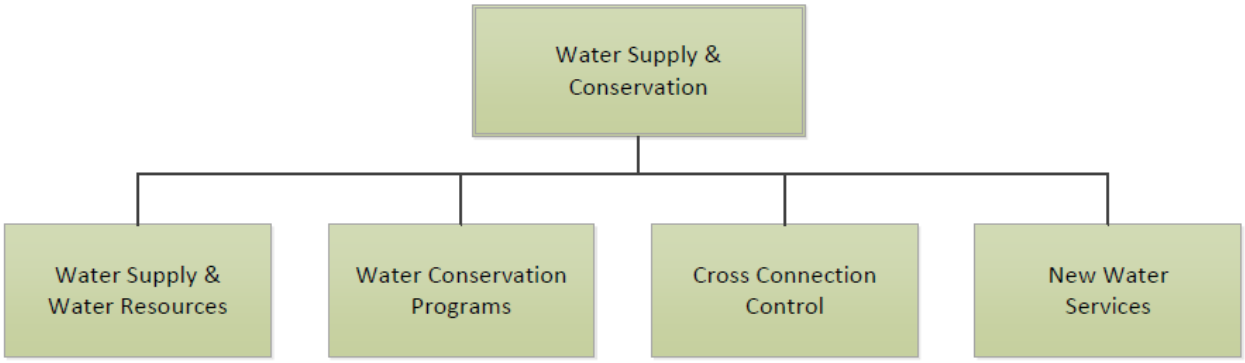
Figure 4.3 FY 2026-27 Engineering & Infrastructure Budgeted Expenditures by Programmatic Cost Center ($000s)



Water Supply & Conservation Cost Center

The Water Supply & Conservation (WS&C) Department 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 SWP 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 2026-27 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 third year in a row, all conditions necessary to issue new water allocations under the SAFE Water Supplies Ordinance were met for 2026. 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's 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, supply agreements, and state and federal laws and regulations. FY

Strategic Goal:
Ensure sufficient water supplies remain available for the community.

2026-27 priorities include securing an extension of the Cachuma Project Master Contract and the COMB Transfer of O&M Agreement with USBR, continued implementation of the District's Water Supply Management Plan and Groundwater Management Plan, and evaluating additional opportunities for the District to increase injection into the Basin and expand the District's ASR Program.

Water Conservation Programs

New state regulations requiring increased backflow prevention and inspection activities will require the District to add an additional staff person to handle the increased responsibilities.

Conservation and the efficient use of water help 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. 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.

While three years of very wet conditions in FY 2022-23, FY 2023-24, and FY 2025-26 significantly improved the District's water supply outlook, the District continues to plan for future droughts, and ongoing conservation remains a key element of demand management. After the wet winter in FY 2025-26, the District's water supply portfolio remains flush, with a full allocation from the Cachuma Project and significant State Water in storage.

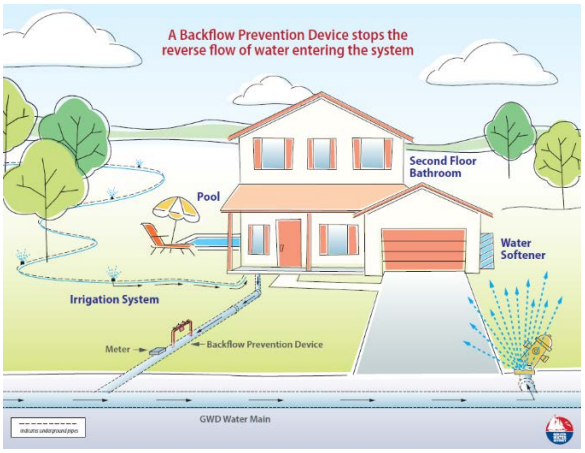


A key focus of the District's Water Resources and Water Conservation teams in FY 2026-27 will be compliance with the State of California's "Conservation as a Way of Life Regulation." The regulation is intended to achieve long-term water use efficiency and adapt to climate change by establishing unique goals for each urban retail water supplier in California. Under the regulation, the District must meet: a unique urban water use objective; commercial, industrial, and institutional (CII) performance measures; and provide increased annual reporting. The new regulation will require significant staff time to review and classify CII customer landscapes and meters in the service area.

The Water Conservation Program will also take the lead in beginning to implement a new ban on ornamental turf. Signed into law by the State Legislature on October 13, 2023, AB 1572 prohibits the use of potable water to irrigate nonfunctional turf located at commercial, industrial, and institutional properties, homeowners' associations, apartment buildings, retirement communities, and community service organizations. Properties owned by state and local governments must comply with the new rules by January 1, 2027, and all common areas of homeowners' associations must comply by January 1, 2029. The District must adopt an ordinance to incorporate AB 1572's requirements into the District Code and communicate those requirements to customers before January 1, 2027. The District must also submit its AB 1572-compliant ordinance to the SWRCB.

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

Cross Connection and Control



The Cross Connection and Control Cost Center facilitates the installation, testing, and record-keeping for over 3,400 backflow prevention devices installed throughout the potable water system to ensure that cross-connection hazards between the potable and recycled water systems do not occur and that safe drinking water is served to the public.

As a result of California's new Cross-Connection Control Policy Handbook, the District is now required to conduct a mandatory inventory of all service connections and backflow assemblies, and as part of that inventory, create hazard classifications for all users. The District must also conduct routine site surveys and implement a plan for frequent follow-up inspections of sites surveyed. This will require significantly more field inspection time than the District currently conducts. Full implementation of the revised policy requires increased resourcing for inspection and data management, funding for additional training, and additional support for site surveys and direct customer outreach. In FY 2026-27, the District plans to hire an additional Recycled Water and Cross-Connection Specialist to manage the increased backflow prevention outreach and site visits associated with updated regulations.

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 2025-26

The key WS&C accomplishments completed during FY 2025-26 include:

- Updating the District's Urban Water Management Plan for 2026-31.
- Continuing compliance with statewide regulations for water conservation mandated by the SWRCB, and submission of monthly water production and customer demand data to the State.
- Distributing over 60 rebates through the Smart Landscape Rebate Program and the mulch rebate program.
- Completing 25 conservation check-ups for SFR, 11 for MFR customers, 8 for Commercial customers, and 2 for Agricultural customers. Conservation check-ups provide customers 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 2026-27 Water Supply and Conservation Budget

Table 4.4 details the primary WS&C budgeted expenditures and describes the variances between the FY 2025-26 Budget and the FY 2026-27 budgeted expenditures.

Table 4.4 FY 2026-27 Water Supply and Conservation (WS&C) Cost Center Budget Summary

Category	Adopted Budget FY 2024-25	Adopted Budget FY 2025-26	Estimated Actual FY 2025-26	Adopted Budget FY 2026-27	Variance Analysis * $ Higher / (Lower)	Variance Analysis * % Higher / (Lower)
Cost Center Expenses - WS&C						
Water Supply Agreements:						
COMB (Lake Cachuma)	$ 3,560,149	$ 3,629,535	$ 2,940,751	$ 3,840,450	$ 210,915	6%
CCRB (Water Rights)	662,372	669,736	295,270	570,312	(99,424)	(15%)
Cloud Seeding & Overlap	57,975	57,975	65,941	65,940	7,965	14%
CCWA (State Water)	7,546,001	6,822,466	7,181,087	6,960,104	137,638	2%
GSD (Recycled Water)	790,054	790,054	862,883	1,179,000	388,946	49%
Subtotal:	**12,616,551**	**11,969,766**	**11,345,932**	**12,615,806**	**646,040**	**5%**
Personnel:	**1,655,090**	**1,859,084**	**1,883,651**	**2,100,562**	**241,478**	**13%**
Operations & Maintenance:						
Insurance, Accounting, & Auditing	36,018	43,262	31,840	38,086	(5,176)	(12%)
Maintenance & Equipment	0	2,529	166	1,868	(661)	(26%)
Services & Supplies	266,656	349,691	192,441	364,897	15,206	4%
Subtotal:	**302,674**	**395,482**	**224,447**	**404,851**	**9,369**	**2%**
Total Expenditures:	**$ 14,574,315**	**$ 14,224,332**	**$ 13,454,030**	**$ 15,121,219**	**$ 896,887**	**6%**

** Compares FY 2026-27 Adopted Budget to FY 2025-26 Adopted Budget*

The WS&C cost center Budget will increase by $897K, 6% in FY 2026-27. Notable changes from the FY 2025-26 Budget to the FY 2026-27 Budget include:

- Overall costs associated with Water Supply Agreements will increase by approximately $646K, or 5%, primarily attributable to $388K, or 49% for GSD and $211K, or 6% for COMB. These increases are largely the result of capital improvement projects and increased O&M. Higher DWR variable charges resulting from historical true-ups from DWR and increases in Delta charges were mostly offset with available credits from DWR, and CCWA costs increased $138K or 2%.

- Costs for CCRB will decrease by $99K as a result of delays in work related to the Biological Opinion for the Cachuma Project, as staffing at USBR and NMFS has been reduced. Work related to implementing the State Water Rights Order continues at a slower pace than originally anticipated from delays at the State Water Board as well.
- The $66K for Cloud Seeding & Overlap is a result of repayment for treatment costs under the Overlap Agreement, as cloud seeding did not occur last year and is not scheduled to occur this year because of the high amount of water in storage at Lake Cachuma.
- Personnel costs will increase by $241K, or 13%, as a result of MOU-related step increases and previously negotiated SEIU provisions, and the addition of an additional FTE to cover increased cross connection survey and audit work.
- Services & Supplies will increase by $15K, or 4%, from the District commencing an update to its Groundwater Management Plan at the end of FY 2026-27.

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

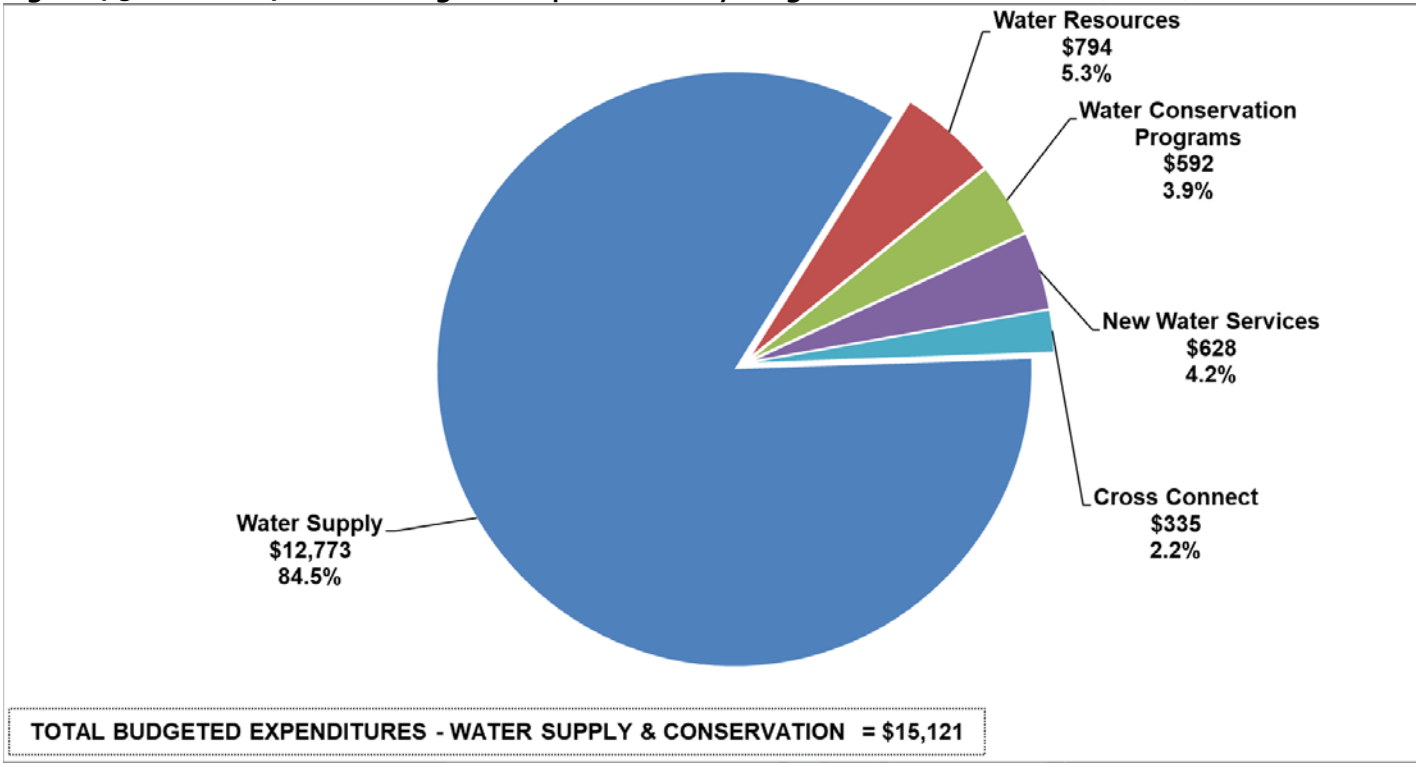
Table 4.5a FY 2026-27 WS&C Budgeted Expenditures by Programmatic Cost Center

Description	Water Supply				Water Resources				Water Conservation Programs			
	FY 2025-26	FY 2026-27	Variance		FY 2025-26	FY 2026-27	Variance		FY 2025-26	FY 2026-27	Variance	
COMB (Lake Cachuma)	$ 3,629,535	$ 3,840,450	$ 210,915	5.8%	$ 0	$ 0	$ 0	0.0%	$ 0	$ 0	$ 0	0.0%
CCRB (Water Rights)	669,736	570,312	(99,424)	-14.8%	0	0	0	0.0%	0	0	0	0.0%
Cloud Seeding & Overlap	57,975	65,940	7,965	13.7%	0	0	0	0.0%	0	0	0	0.0%
CCWA (State Water)	6,822,466	6,960,104	137,638	2.0%	0	0	0	0.0%	0	0	0	0.0%
GSD (Recycled Water)	790,054	1,179,000	388,946	49.2%	0	0	0	0.0%	0	0	0	0.0%
Personnel - Wages	114,186	105,118	(9,068)	-7.9%	394,731	425,314	30,583	7.7%	208,821	225,209	16,387	7.8%
Personnel - Benefits	42,247	43,397	1,150	2.7%	97,424	103,986	6,562	6.7%	193,266	225,237	31,972	16.5%
Personnel - Taxes & W.C.	9,298	8,483	(815)	-8.8%	28,989	29,089	101	0.3%	17,340	18,645	1,305	7.5%
Insurance, Accounting, & Auditing	0	0	0	0.0%	14,435	12,695	(1,740)	-12.1%	7,196	6,348	(848)	-11.8%
Maintenance & Equipment	0	0	0	0.0%	0	0	0	0.0%	1,026	0	(1,026)	-100.0%
Services & Supplies	0	0	0	0.0%	225,099	223,316	(1,783)	-0.8%	108,669	116,327	7,658	7.0%
Total:	**$12,135,498**	**$12,772,804**	**$ 637,306**	5.3%	**$ 760,677**	**$ 794,400**	**$ 33,723**	4.4%	**$ 536,317**	**$ 591,766**	**$ 55,448**	10.3%

Table 4.5b FY 2026-27 WS&C Budgeted Expenditures by Programmatic Cost Center

Description	New Water Services				Cross Connect				Total WS&C			
	FY 2025-26	FY 2026-27	Variance		FY 2025-26	FY 2026-27	Variance		FY 2025-26	FY 2026-27	Variance	
COMB (Lake Cachuma)	$ 0	$ 0	$ 0	0.0%	$ 0	$ 0	$ 0	0.0%	$ 3,629,535	$ 3,840,450	$ 210,915	5.8%
CCRB (Water Rights)	0	0	0	0.0%	0	0	0	0.0%	669,736	570,312	(99,424)	-14.8%
Cloud Seeding & Overlap	0	0	0	0.0%	0	0	0	0.0%	57,975	65,940	7,965	13.7%
CCWA (State Water)	0	0	0	0.0%	0	0	0	0.0%	6,822,466	6,960,104	137,638	2.0%
GSD (Recycled Water)	0	0	0	0.0%	0	0	0	0.0%	790,054	1,179,000	388,946	49.2%
Personnel - Wages	328,567	322,312	(6,255)	-1.9%	118,442	231,143	112,702	95.2%	1,164,746	1,309,095	144,349	12.4%
Personnel - Benefits	239,710	259,922	20,213	8.4%	30,766	58,525	27,758	90.2%	603,413	691,068	87,654	14.5%
Personnel - Taxes & W.C.	26,217	25,605	(612)	-2.3%	9,080	18,576	9,496	104.6%	90,925	100,399	9,474	10.4%
Insurance, Accounting, & Auditing	14,435	12,695	(1,740)	-12.1%	7,196	6,348	(848)	-11.8%	43,262	38,086	(5,176)	-12.0%
Maintenance & Equipment	0	0	0	0.0%	1,503	1,868	365	24.3%	2,529	1,868	(661)	-26.1%
Services & Supplies	5,139	7,036	1,897	36.9%	10,784	18,218	7,434	68.9%	349,691	364,897	15,206	4.3%
Total:	**$ 614,068**	**$ 627,571**	**$ 13,503**	2.2%	**$ 177,771**	**$ 334,678**	**$ 156,907**	88.3%	**$14,224,332**	**$15,121,219**	**$ 896,887**	6.3%

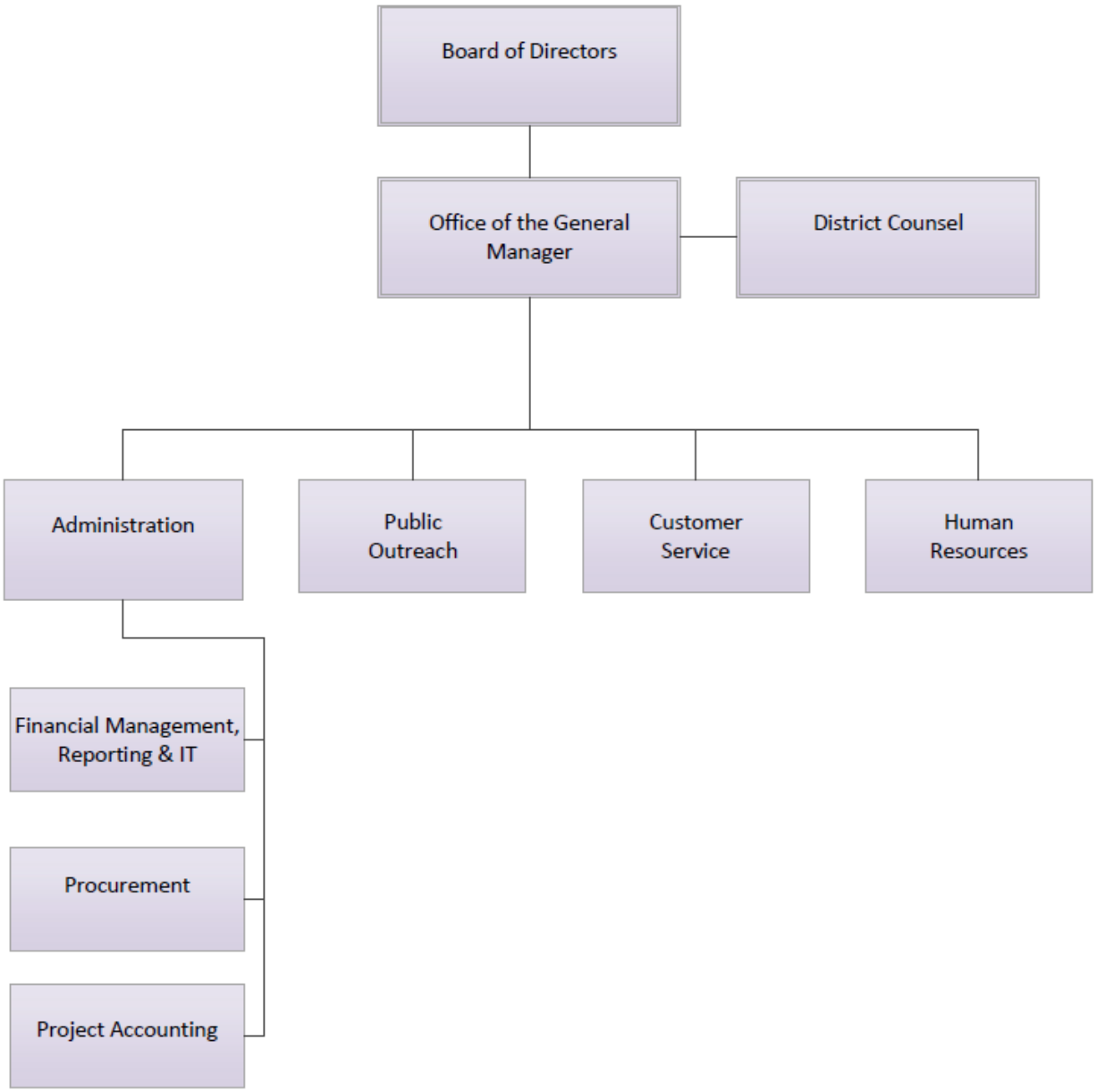
Figure 4.5 FY 2026-27 WS&C Budgeted Expenditures by Programmatic Cost Center ($000s)



General Administration Cost Center

The General Administration Department and areas of responsibility include the Board of Directors, District General Management, District Legal Counsel, and General Administration, including Financial Management, Reporting & Information Technology; Procurement; Contract Management; 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 (IT) 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 billing, 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 financials report preparation. This cost center is responsible for implementing the Generally Accepted Accounting Principles (GAAP) that are established by the Government Accounting Standards Board 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 enterprise resource planning systems (ERPS), customer information systems (CIS), billing support services, and network support services, among others. During FY 2026-27, 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

Strategic Goal:
Increase the use of electronic payment and paperless purchase orders with District vendors to improve efficiency and reduce administrative costs.

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 forms contracts while Notices Inviting Bids, Requests for Proposals, and Requests for Quotes processes are prepared and issued by each department. 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.

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

Project Accounting

The change to accrual accounting should provide more timely visibility into capital spending, and greater consistency across monthly financial reporting periods by recording revenue and expenses at the time they are earned or incurred.

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 financial statements. The District's accounting system has a customized 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, recording the assets upon project completion, as well as tracking IIP spending against budgeted costs.

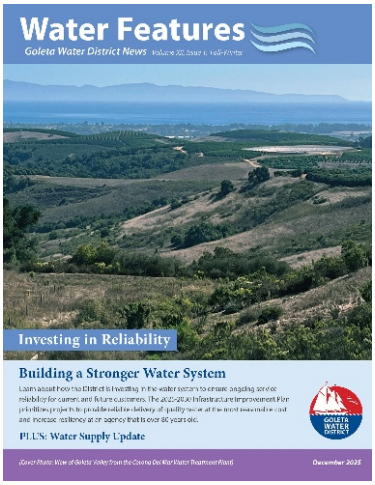
Customer Service

Customer Service 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 approximately 17,000 customer accounts. For FY 2026-27, Customer Service will continue encouraging customers to use the District's customer portal (WaterSmart) and enroll in electronic and automatic payment, which increases paperless billing, and reduces payment processing fees and bank charges, ultimately saving the District in labor and paper costs.

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's 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.

Public Outreach



Public Outreach and Public Information functions include all District communications, media relations, press releases, targeted 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 inter-departmental initiatives, are also housed in this cost center. In FY 2026-27, public outreach staff will continue educating customers on key aspects of District operations, including the Net Zero initiative, infrastructure investments, and future challenges ahead. The District will continue to identify innovative and effective communication methods, including the expanded use of WaterSmart and other electronic resources, to engage with and understand the needs of District customers, ensuring that services align with those needs and values.

General Administration Accomplishments FY 2025-26

Significant highlights achieved during FY 2025-26 included:

- Receiving a bond rating upgrade from S&P Global, raising the District's rating from A+ to AA-. The upgrade reflects the District's strengthened financial position, including improved liquidity reserves and all-in debt service coverage (DSC), following its implementation of a five-year rate plan during the year 2025.
- Receiving the Distinguished Budget Presentation Award from the GFOA. This award recognizes the District's 2025-26 Budget, highlighting a commitment to government transparency and responsible financial management.

- Completing the District's ACFR, resulting in the receipt of an unmodified ("clean") audit opinion, affirming the accuracy, transparency, and integrity of the District's financial reporting practices.
- Successfully completing a Single Audit, as required by federal grants. The purpose of this type of audit is to ensure that non-federal entities are in compliance with federal laws and regulations for the award received, where the focus is to verify the proper use of federal funds and the strength of internal controls.
- Applying for $25.0M in SRF Loans and completing the necessary technical reports and environmental studies to fund six major capital projects.
- Migrating the District's financial software to a robust and modern platform. This included working through different phases of the project, from an in-depth business process review of all finance transactions to design, configuration, data validation, testing, and implementation.
- Initiating the first steps of the District's billing platform upgrade in the coming years to a more advanced system with expanded functionality, improved efficiency, and enhanced capabilities to better support customer service and operational needs.
- Deploying a managed detection and response solution to significantly strengthen the District's cybersecurity through enhanced threat monitoring, detection, and incident response capabilities.
- Implementing additional security controls, including improved email security and filtering, and tightened integration abilities to reduce cybersecurity risks.
- Conducting a comprehensive review of the server audit of accounts with elevated permissions to reduce security vulnerabilities.
- Providing infrastructure deployment support for the new SCADA environment, including server, network, and secure remote access configuration to support operational continuity.
- Deploying a specialized software platform that collects and analyzes operational data from the District's SCADA network to improve data analytics and reporting, and provides real-time operational visibility.
- Implementing remote monitoring and management tools to improve device health reporting, proactive maintenance, and centralized support for District computers.
- Developing and configuring a SharePoint-based project management site, establishing a template for department-wide project tracking and collaboration efforts.
- Successfully recruiting and filling 10 positions, while also supporting nine internal promotions and transfers across the organization. These recruitment and retention efforts also supported the District's ongoing succession planning initiatives by developing internal talent, promoting employee advancement opportunities, and ensuring continuity of institutional knowledge across key operational areas.
- Fulfilling the vacancy reporting requirement under Assembly Bill 2561, which mandates that the District present the status of vacancies, recruitment, and retention efforts during a public hearing before the Board at least once per FY, while also providing an opportunity for the bargaining unit's union to make a presentation.
- Continuing timely issuance of over 200,000 customer bills and associated payment processing.
- Designing and producing District documents, including the 2024-2025 Sustainability Plan Progress Report, the 2025 Consumer Confidence Report (CCR), and two Water Features Newsletters. Providing design support documents and reports, including the District Budget and ACFR.

- Reaching over 69,800 District customers and residents with the Fall/Winter 2025 and Spring/Summer 2026 Newsletters. Reaching over 34,900 District customers and residents with the 2024 Consumer Confidence Report (CCR) Postcard Notice and posting the 2025 CCR to the website.
- Maintaining the District website as a resource for customers with over 135,000 page views. Employment, Online Customer Service and Payment Portal, About the District, Doing Business, Agendas and Minutes, Documents, Conservation, Online Tools, and Current Rates were ranked as the most popular items.



- Completing replacement of the Boardroom Audio Visual system, with modern AV components, computer, video monitors, and remote meeting devices. The upgrade replaced equipment that was over ten years old, experiencing significant reliability issues, and had obsolete and failing components. Working components of the old system, including microphones and speakers, were integrated into the new system to provide cost savings on the project.
- Increasing outreach on the District's sustainability efforts, including the most recent Sustainability Plan Progress Report with a supporting sustainability focused social media campaign to guide the public to the latest report, and promote the District's Sustainability section of the website.

- Developing online featured articles, including: *Winter is a Great Time for Water Wise Planting*; *Sustainability Plan 2024-2025 Progress Report – Building on Progress*; and *Wet Winters Strengthen Local Water Supplies*. New information webpages were created for Moving In or Moving Out, and the Hydrant Flushing Program Maintenance, with multiple website updates for critical topics to provide timely information to customers.



- Developing social media outreach campaigns for Winter Water Wise Planting, Spring Irrigation and Conservation, Lawn Removal, and the Sustainability Plan.
- Placing over 100 social media posts on various topics, including water supply, lake levels, storm updates, public outreach events, District news, customer service, and links to WaterWise outreach.
- Producing public notices and site signage for various District infrastructure improvement projects, including construction and rehabilitation work at Hope Well and Mariposa Well.

- Receiving two ACWA JPIA President's Special Recognition awards for outstanding performance in the property and liability insurance programs. These awards were achieved by maintaining exceptionally low claim costs relative to contributions.

- Creating infographics and posters for the Lemon Festival and Earth Day Festival, updating customers on District sustainability, water supply outlook, and water system infrastructure. Infographics and poster graphics were also featured in the District newsletter and on the website.

- Developing and mailing targeted lawn removal program outreach to commercial and landscape irrigation customers via direct mail postcards.

FY 2026-27 General Administration Budget

Table 4.6 details the primary General Administration budgeted expenditures and describes the variances between FY 2025-26 Budget and FY 2026-27 budgeted expenditures.

Table 4.6 FY 2026-27 General Administration Cost Center Budget Summary

Category	Adopted Budget FY 2024-25	Adopted Budget FY 2025-26	Estimated Actual FY 2025-26	Adopted Budget FY 2026-27	Variance Analysis * $ Higher / (Lower)	Variance Analysis * % Higher / (Lower)
Cost Center Expenses - General Admin.						
Personnel:	**$ 3,681,010**	**$ 3,971,692**	**$ 4,279,384**	**$ 4,268,463**	**$ 296,771**	**7%**
Other Post Employment Benefits:	**587,298**	**637,438**	**595,926**	**729,520**	**92,082**	**14%**
Operations & Maintenance:						
Insurance, Accounting, & Auditing	381,226	230,552	384,923	261,065	30,513	13%
Legal	390,000	378,000	178,447	424,800	46,800	12%
Services & Supplies	1,527,765	1,514,334	1,346,149	1,680,290	165,957	11%
Subtotal:	**2,298,991**	**2,122,885**	**1,909,519**	**2,366,155**	**243,270**	**11%**
Total Expenditures:	**$ 6,567,299**	**$ 6,732,016**	**$ 6,784,829**	**$ 7,364,138**	**$ 632,122**	**9%**

** Compares FY 2026-27 Adopted Budget to FY 2025-26 Adopted Budget*

The General Administration Budget will increase by $632K, or 9%, in FY 2026-27. Notable General Administration changes from FY 2025-26 to FY 2026-27 Budget include:

- Personnel will increase by $297K, or 7%, resulting primarily from the addition of two Full-time employees to support the increased administrative workload and project accounting associated with capital projects; and preparation and monitoring of the budget and routine fiscal analysis, as well as changes consistent with MOU-related step increases and previously negotiated SEIU provisions.

- Other Post employment Benefits will increase by $92K or 14%, largely as a result of an increase in health insurance costs, as well as a rise in the number of retirees.

- Insurance, Accounting, and Auditing costs will increase by $31K, or 13%, driven largely by the post-implementation support costs for the District's financial accounting software, as well as increases in business insurance premiums.

- Legal expenditures will increase by $47K, or 12%, as a result of anticipated professional services related to upcoming SEIU labor negotiations.

- Services & Supplies will increase by $166K, or 11%, as a result of increased costs in software subscriptions to support process improvements, anticipated costs for professional services for the planned migration of the District's billing software, election costs for two seats in November, and additional funding allocated for increased public outreach efforts related to California's Conservation As a Way of Life regulation.

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

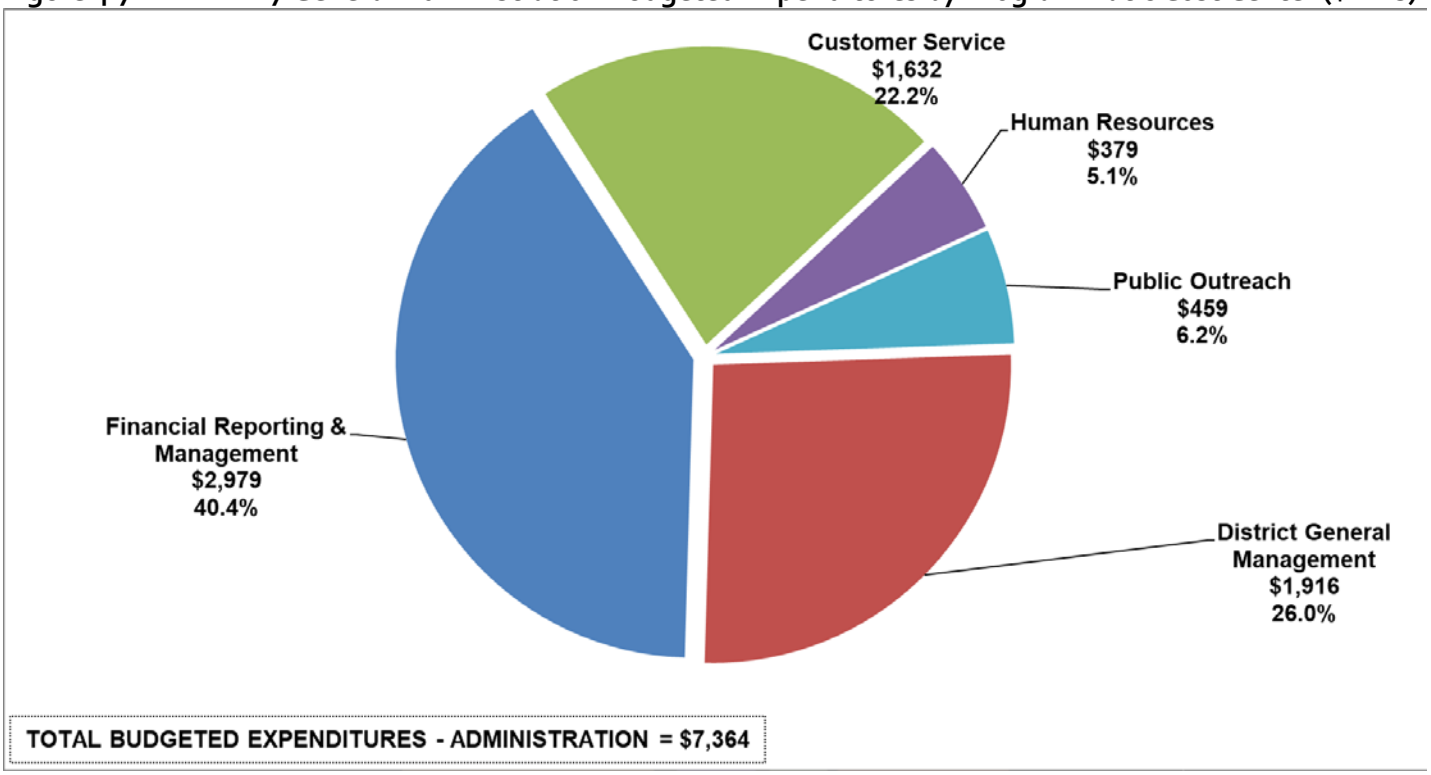
Table 4.7a FY 2026-27 General Administration Budgeted Expenditures by Programmatic Cost Center

Description	District General Management				Financial Reporting & Management				Customer Service			
	FY 2025-26	FY 2026-27	Variance		FY 2025-26	FY 2026-27	Variance		FY 2025-26	FY 2026-27	Variance	
Personnel - Wages	$ 695,255	$ 672,420	$ (22,835)	-3.3%	$ 1,103,007	$ 1,214,462	$ 111,455	10.1%	$ 368,303	$ 398,340	$ 30,037	8.2%
Personnel - Benefits	483,949	539,413	55,464	11.5%	348,455	402,555	54,101	15.5%	236,259	253,656	17,398	7.4%
Personnel - Taxes & W.C.	47,436	44,995	(2,441)	-5.1%	85,993	96,402	10,409	12.1%	28,479	30,270	1,791	6.3%
Other Post Employment Benefits	0	0	0	0.0%	637,438	729,520	92,082	14.4%	0	0	0	0.0%
Insurance, Accounting, & Auditing	65,479	50,782	(14,697)	-22.4%	136,246	178,544	42,299	31.0%	14,435	19,043	4,608	31.9%
Legal	360,000	360,000	0	0.0%	0	0	0	0.0%	0	0	0	0.0%
Services & Supplies	207,505	248,440	40,935	19.7%	323,340	357,430	34,091	10.5%	829,688	930,400	100,712	12.1%
Total:	**$ 1,859,624**	**$ 1,916,049**	**$ 56,425**	3.0%	**$ 2,634,479**	**$ 2,978,914**	**$ 344,436**	13.1%	**$ 1,477,164**	**$ 1,631,709**	**$ 154,545**	10.5%

Table 4.7b FY 2026-27 General Administration Budgeted Expenditures by Programmatic Cost Center

Description	Human Resources				Public Outreach				Total Administration			
	FY 2025-26	FY 2026-27	Variance		FY 2025-26	FY 2026-27	Variance		FY 2025-26	FY 2026-27	Variance	
Personnel - Wages	$ 214,799	$ 229,016	$ 14,217	6.6%	$ 194,567	$ 205,492	$ 10,925	5.6%	$ 2,575,931	$ 2,719,730	$ 143,799	5.6%
Personnel - Benefits	45,641	48,619	2,978	6.5%	87,582	98,680	11,098	12.7%	1,201,885	1,342,923	141,038	11.7%
Personnel - Taxes & W.C.	17,106	18,375	1,270	7.4%	14,862	15,767	905	6.1%	193,876	205,809	11,933	6.2%
Other Post Employment Benefits	0	0	0	0.0%	0	0	0	0.0%	637,438	729,520	92,082	14.4%
Insurance, Accounting, & Auditing	7,196	6,348	(848)	-11.8%	7,196	6,348	(848)	-11.8%	230,552	261,065	30,513	13.2%
Legal	18,000	64,800	46,800	260.0%	0	0	0	0.0%	378,000	424,800	46,800	12.4%
Services & Supplies	5,120	11,600	6,480	126.6%	148,681	132,420	(16,261)	-10.9%	1,514,334	1,680,290	165,957	11.0%
Total:	**$ 307,862**	**$ 378,758**	**$ 70,896**	23.0%	**$ 452,887**	**$ 458,707**	**$ 5,819**	1.3%	**$ 6,732,016**	**$ 7,364,138**	**$ 632,122**	9.4%

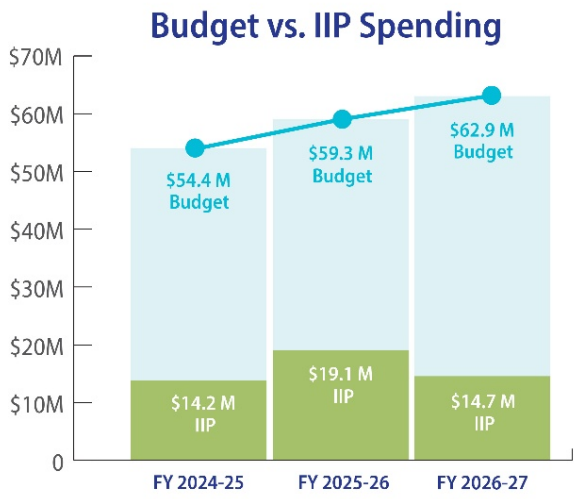
Figure 4.7 FY 2026-27 General Administration Budgeted Expenditures by Programmatic Cost Center ($000s)



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



Having provided water service to the Goleta Valley for over 80 years, capital spending on infrastructure revitalization and replacement will continue to be a funding priority as systems age. Several once-in-a-generation projects are underway, including the installation of treatment systems for the new wells, replacement of the District's SCADA system, and an AMI Project that will replace meters that are an average of over 25 years old.

While the District's capital spending has increased significantly over the last three years, the number of full-time equivalent employees has increased modestly. Critical personnel have been added to help procure, deliver, and prepare for continued capital investment, as well as right-size administrative functions necessary to support this activity.

Strategic hiring of project managers with civil engineering design experience has also bolstered the District's ability to design projects in-house at lower cost and faster speed; the District now employs four such project managers who have designed pipelines and pump stations. Additionally, two employees are capable of basic surveying tasks, which has resulted in lower costs and faster response for marking boundaries of sites and confirming easement descriptions. Hiring an in-house inspector has allowed the District to cover an ever-increasing number of capital projects as well as developer projects and excavations over District infrastructure by outside contractors, other utilities, the City of Goleta, the County of Santa Barbara, and Caltrans.

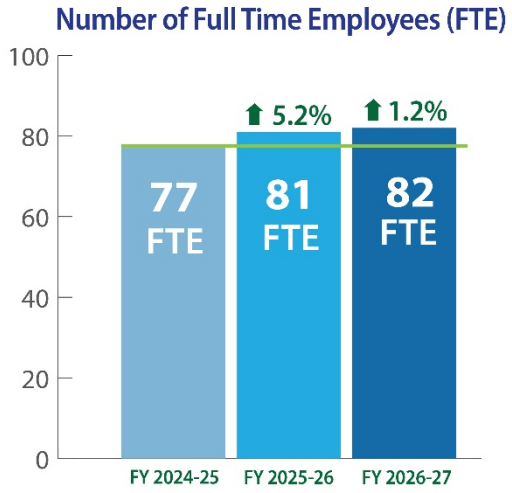
These new resources are also necessary to operate and maintain expanded infrastructure installed over the past decade, comply with new regulations, and develop newly created asset management and computerized maintenance management systems that provide valuable data to prolong the useful life of hundreds of millions of dollars of infrastructure. Additionally, staffing changes have been necessary to apply for grants and SRF Loans, meet an increased need for documentation and compliance associated with changing regulations, as well as new reporting requirements under state programs such as the California Conservation as a Way of Life Regulation.

In addition to an anticipated Capital Project Lead that was planned for FY 2025-26, four positions were added toward the end of the FY to prepare for supporting the increased levels of capital investment over FY 2026-27, including:

- A Senior Accountant with GAAP and Fixed Assets accounting experience to support the growing workload associated with capital projects and developer projects, tracking, financial monitoring, and project closeout responsibilities.

- An Assistant Financial and Budget Analyst to help with the preparation of the annual District budget, budget monitoring, and routine financial analysis, while being a resource for the increasing demands associated with software migrations and integrations.

- An Engineering Support Specialist to prepare procurement documents, review certified contractor payrolls, assist with City and County infrastructure relocation projects, help develop GIS-based asset management tools, analyze water quality data, and maintain and file Notices of Exemptions and Notices of Completion, while assisting with project closeout activities.



- A Chief Distribution System Operator to build resiliency for emergency response, increase oversight and field training of Distribution System Operators, and keep pace with increasing maintenance and operations resulting from the significant capital investment in the District's water system.

Finally, in FY 2026-27, the District anticipates adding:

- A Recycled Water and Cross-Connection Specialist to manage the increased backflow prevention outreach and site visits associated with updated state regulations. As a result of the updated State Cross-Connection Control Policy Handbook, the District is now required to conduct a mandatory inventory of all service connections and backflow assemblies, and as part of that inventory, create hazard classifications for all users. The District must also conduct routine site surveys and implement a plan for frequent follow-up inspections of sites surveyed. This will require significantly more field inspection time than the District currently conducts.

These additions are shown in Figure 4.8, Organizational Chart by Department and Position. For a detailed discussion of prior year position summary changes, see the FY 2025-26 Budget, available at *www.GoletaWater.com/Documents/*.

Internal Hires and Reorganization to Maximize Value

Position Summary Changes

	FY 2024-25
1	Capital Project Lead
2	Inspector
3	Assistant Analyst

	FY 2025-26
1	Capital Project Lead
2	Senior Accountant
3	Assistant Analyst
4	Engineering Support Specialist
5	Chief Distribution System Operator

	FY 2026-27
1	Recycled Water/Cross Connection Specialist

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 District operational activities. Each department now has at least one analyst, which provides an important cross-departmental structure to coordinate complex projects and ensure that a diverse set of skills is available to prepare reports and other documentation.

In FY 2025-26, the District successfully recruited and filled 10 positions, of which nine were internal promotions and transfers across the organization. Workforce stability remained strong, with only one retirement during the FY. These recruitment and retention efforts also supported the District's ongoing succession planning initiatives by developing internal talent, promoting employee advancement opportunities, and ensuring continuity of institutional knowledge across key operational areas.

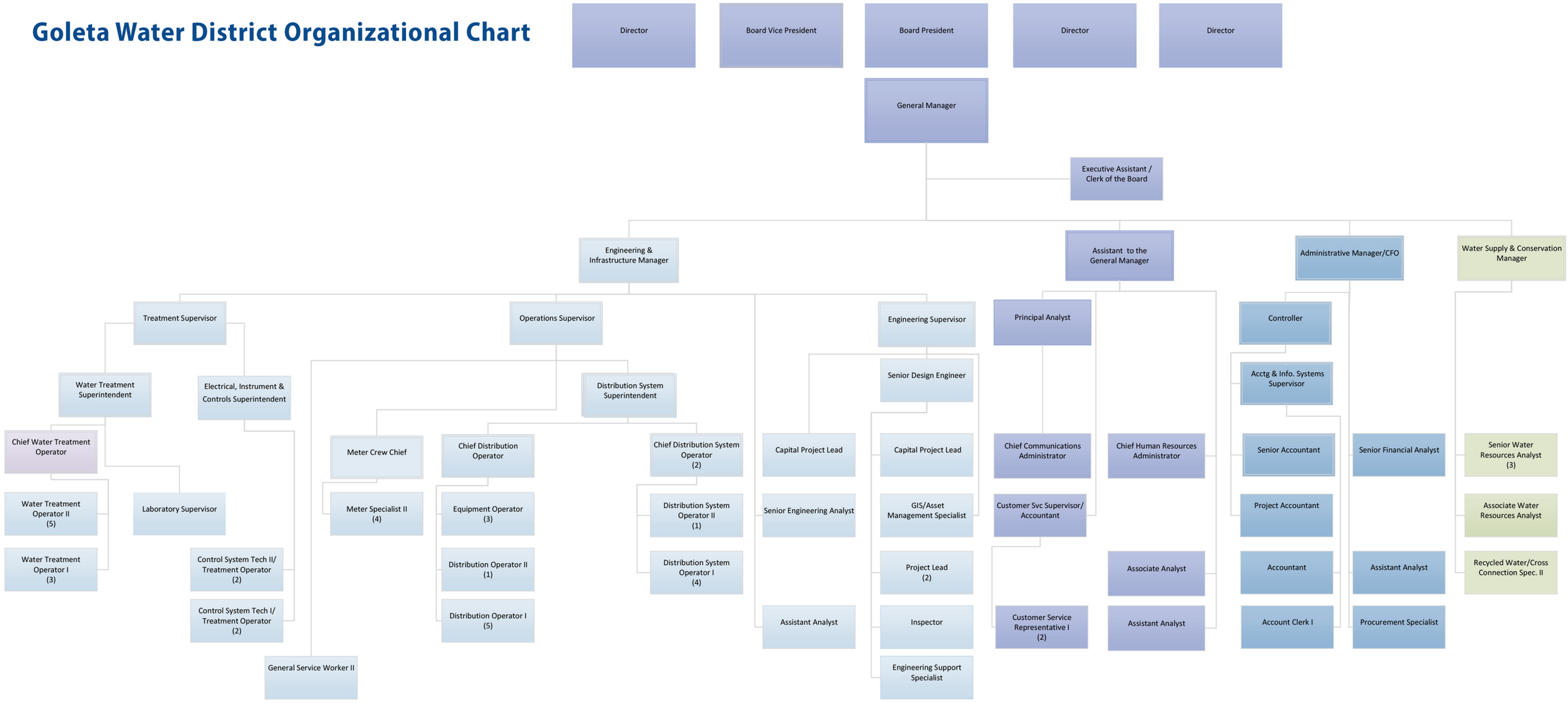
The District reported no vacancies in FY 2025-26. Vacancies are defined as positions that have been open for six months or more.

Investing in employee development not only smooths onboarding, and also 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 and the long-term resiliency of the agency

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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 2024-25	FY 2025-26	FY 2026-27
77	**81**	**82**

Glossary of Key Terms

Accrual Accounting: Accounting method in which revenue is recorded when it is earned, and expenses are recorded when they are incurred, regardless of when payment is received or made.

Advanced Metering Infrastructure (AMI): Advanced metering infrastructure (AMI) is an integrated system of smart meters, communications networks, and data management systems that enables rapid communication with customers.

Association of California Water Agencies (ACWA): ACWA serves the water industry and the public by promoting local agencies as the most efficient means of providing water service; sharing reliable scientific and technical information; tracking and shaping state and federal water policy; advocating for sound legislation and regulation; and facilitating cooperation and consensus among all interest groups.

Appropriation: Provides the actual cash funding that allows the authorized program to operate.

Audit: An independent, objective examination of an organization's financial records.

Balanced Budget: A budget where revenues equal expenditures, providing for fiscal responsibility and sustainability.

Board of Directors: The District operates under the general direction of an elected five-member Board of Directors. The terms of office are four years, and elections for two or three directors are held every two years. The Board meets on the second Tuesday of each month, and these meetings are open to the public.

Bradbury Dam: Bradbury Dam is an earthfill structure, containing 6,695,000 cubic yards of material, and stands 279 feet high. The dam impounds up to 205,000 AF of water along the Santa Ynez River, approximately 45 miles from the river outlet at the ocean.

Budget: A budget provides an estimation of revenue, expenses, and over a set period of time and is re-evaluated on a periodic basis.

Cachuma Conservation Release Board (CCRB): The Cachuma Conservation Release Board (CCRB) is a joint powers agency formed in January 1973 by Carpinteria Valley Water District, the City of Santa Barbara, Goleta Water District, and the Montecito Water District. CCRB was established to represent its members in protecting their Cachuma Project water rights and other related interests. CCRB's activities are funded by its members, who, in turn, are funded by their water rate payers.

Cachuma Operation and Maintenance Board (COMB): COMB is a joint powers agency formed in 1956 with the U.S. Bureau of Reclamation that transferred to the Cachuma Member Units the responsibility to operate, repair, and maintain Cachuma Project facilities. Cachuma Member Units include Goleta Water District, City of Santa Barbara, Montecito Water District, Carpinteria Valley Water District, and ID #1.

Cachuma Project: The Cachuma Project, was constructed by the United States Bureau of Reclamation on the Santa Ynez River in the early 1950s. It consists of Bradbury Dam, Tecolote Tunnel, South Coast Conduit, and various water conveyance facilities. Since 1956, the majority of Goleta's water supply has come from the Cachuma Project.

California Department of Water Resources (DWR): The DWR is responsible for managing and protecting California's water resources, and making annual allocations of water from the SWP to SWP Contractors (including the Goleta Water District).

Capital Spending: Investment in physical and long-term assets to acquire, build, or upgrade infrastructure such as groundwater wells, buildings, pipes, and treatment systems.

Central Coast Water Authority (CCWA): CCWA is a joint powers agency formed in 1991 by the cities and special districts responsible for the maintenance of water resources in the North County, Santa Ynez Valley, and South Coast areas of Santa Barbara County. CCWA treats and delivers imported water to SWP participants in San Luis Obispo and Santa Barbara Counties.

Corona Del Mar Water Treatment Plant (CDMWTP): CDMWTP is the sole surface water treatment facility of the Goleta Water District (GWD). Located in the Goleta foothills, it treats water delivered to the community and was originally built in the 1970s.

Cost of Service Study: The District's Cost of Service Study is prepared every 5 years. It includes an in-depth analysis of the District's projected expenditures and is used to guide decision-makers in setting rates that are sufficient to generate the revenue needed to cover the anticipated costs.

Debt Service: Total amount of cash required to pay back both the principal and interest on a debt obligation over a specific period of time.

Drought: A drought is a period of drier-than-normal conditions that results in water-related problems. When little or no rain falls, soil can dry out, and plants can die. When rainfall is less than normal for a period of weeks to years, streamflow declines, water levels in lakes and reservoirs fall, and the depth to the water in wells increases. If dry weather persists and water-supply problems develop, the dry period can become a drought.

Enterprise Fund: A fund set up to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Externalities: The cost or benefit imposed involuntarily on others as a consequence of an unintended or uncontrollable economic, social or environmental activity.

Fund: A dedicated pool of money or liquid resources set aside for a specific purpose, such as investment, savings, or operational expenses.

Geographic Information System: A geographic information system, or GIS, is a computer-based conceptualized framework used for organizing and analyzing data related to positions on Earth's surface.

Goleta Sanitary District (GSD): The GSD provides wastewater collection, treatment, and reclamation, serving approximately 10,700 wastewater connections within its boundaries. It also treats wastewater from more than 4,800 connections in the Goleta West Sanitary District, UCSB campus, and the Santa Barbara Airport.

Goleta Water District (GWD): Established on November 17, 1944, the Goleta Water District encompasses an area extending along the south coast of Santa Barbara County west from the Santa Barbara city limits to El Capitan. The District, which spans approximately 29,000 acres, is bound on the south by the ocean and on the north by the foothills of the Santa Ynez Mountains. GWD uses 272 miles of pipeline to provide water to approximately 87,000 people.

Imported Water: Water from other areas of the state that is delivered through Central Coast Water Authority infrastructure to Goleta Water District and includes water from the SWP and supplemental water acquired from other entities outside Santa Barbara County.

Intergenerational Equity: The concept of ensuring that policy and investment decisions are made in a balanced and equitable manner so that both current and future generations receive a fair and equal value for the costs they incur and the benefits they receive.

SAFE Water Supplies Ordinance (SAFE Ordinance): The SAFE Ordinance is a local ordinance approved by District voters in 1991 and amended in 1994, which authorized the importation of SWP water and set forth specific requirements for the District management of the Goleta Groundwater Basin.

San Luis Reservoir: A reservoir along the California Aqueduct that is used by both the state and federal governments to hold water for urban and agricultural uses, including Goleta Water District's stored state and/or imported water.

Santa Barbara Air Pollution Control District (APCD): The Santa Barbara APCD is an independent agency responsible for protecting the people and environment of Santa Barbara County from the effects of air pollution. It accomplishes this by implementing state and federal air pollution control laws, aiming to achieve all ambient air quality standards and minimize public exposure to airborne toxins and odors.

Santa Barbara County Water Agency (SBCWA): The SBCWA was established by the state legislature in 1945 to control and conserve storm, flood, and other surface waters for beneficial use and to enter into contracts for water supply. It provides technical assistance to other County departments, water districts, and the public concerning water availability.

South Coast Conduit Pipeline and Reservoir: The South Coast Conduit extends for approximately 24 miles along the South Coast from Goleta to Carpinteria and includes four regulating reservoirs. The South Coast Conduit delivers Cachuma Project raw water to the District at the Corona del Mar Treatment Plant. The Conduit also delivers water to the other South Coast Cachuma Member Units: the City of Santa Barbara, Montecito Water District, and Carpinteria Valley Water District.

South Coast Water Agencies: These agencies include Goleta Water District, the City of Santa Barbara, Montecito Water District, and Carpinteria Valley Water District.

State Water Project (SWP): SWP, a State Water management project under the supervision of the California Department of Water Resources (DWR), which has 29 SWP Contractors (participants), including Goleta Water District, that receive State Water supplies originating in Northern California.

Supervisory Control and Data Acquisition (SCADA): The Supervisory Control and Data Acquisition (SCADA) system is a complex network of electronic monitoring and control equipment located at all the District's facilities. SCADA equipment includes the human interface with all the District's systems and includes visualization, alarms, operational set points, and recording of historical data for pumps, valves, reservoirs, and treatment equipment.

Tecolote Tunnel: Water is diverted from Lake Cachuma to the South Coast through the Tecolote Tunnel, which was bored approximately 6.4 miles through the Santa Ynez Mountains to the headworks of the South Coast Conduit at Glen Annie Reservoir.

United States Bureau of Reclamation (USBR): USBR constructed the Cachuma Project in the early 1950s to provide a potable water source to the South Coast. USBR operates the Bradbury Dam. Member Units, including the District, act through the Cachuma Operation and Maintenance Board to operate the rest of this project.

Water Conservation: The reduction in the amount of water used, such as adjusting landscape irrigation, taking shorter showers, turning the water off while brushing your teeth, and running the dishwasher only when it is full. Conservation measures can be mandatory (during a drought or water shortage) or voluntary.

Water Distribution System: The District's distribution system consists of 272 miles of pipeline, eight water storage reservoirs, six pump stations, eight groundwater production wells, 6,600 valves, and 17,200 service connections. In addition, the District maintains 1,521 fire hydrants throughout the community.

Wright Judgment: The Wright Judgment is a result of a lawsuit filed in 1973 by private landowners for the adjudication of water rights in the North-Central Groundwater Basin (Wright v. Goleta Water District). Finalized in 1989, the Wright Judgment resulted in numerous groundwater management parameters and requirements that must be followed and reported on by the Goleta Water District.

Zero-Based Budget: This means the District starts each budget cycle from scratch, requiring justification for all expenditures, rather than using the previous budget as a baseline. District staff evaluates every expenditure to ensure it is essential to the District's mission.

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GOLETA WATER DISTRICT

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