

FY 2026-27 BUDGET 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:

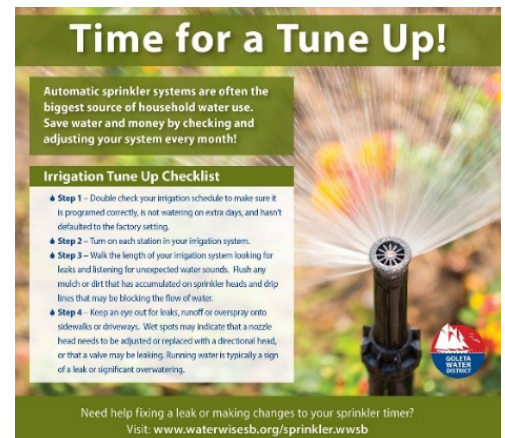
- Conservation rates for eligible residential and commercial customers with low water use.
- Extensive customer conservation and efficiency tools, including information on the District website, community and school education programs, virtual water conservation checkups, leak detection calls, and outreach 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

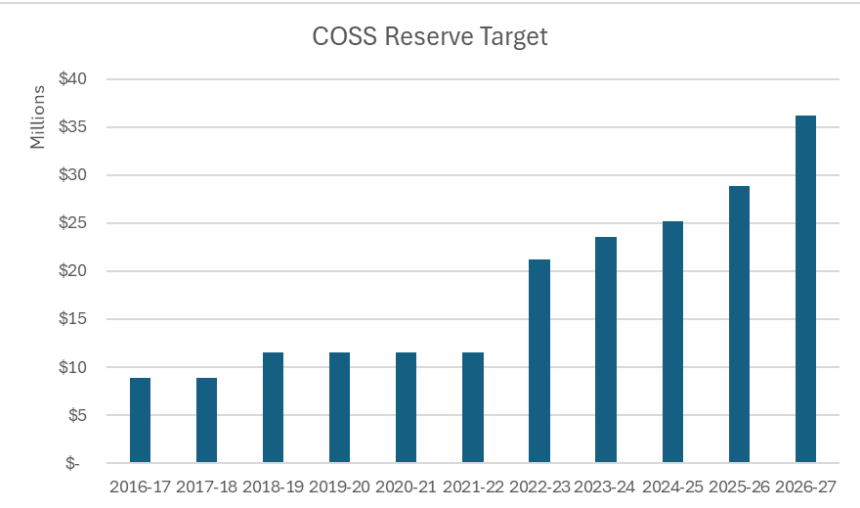
The District's financial policies provide a framework for establishing goals and targets for each FY. The Board of Directors and the Executive team monitor the performance of the District's financial operations according to its financial policies, revenue policies, and expenditure policies.

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

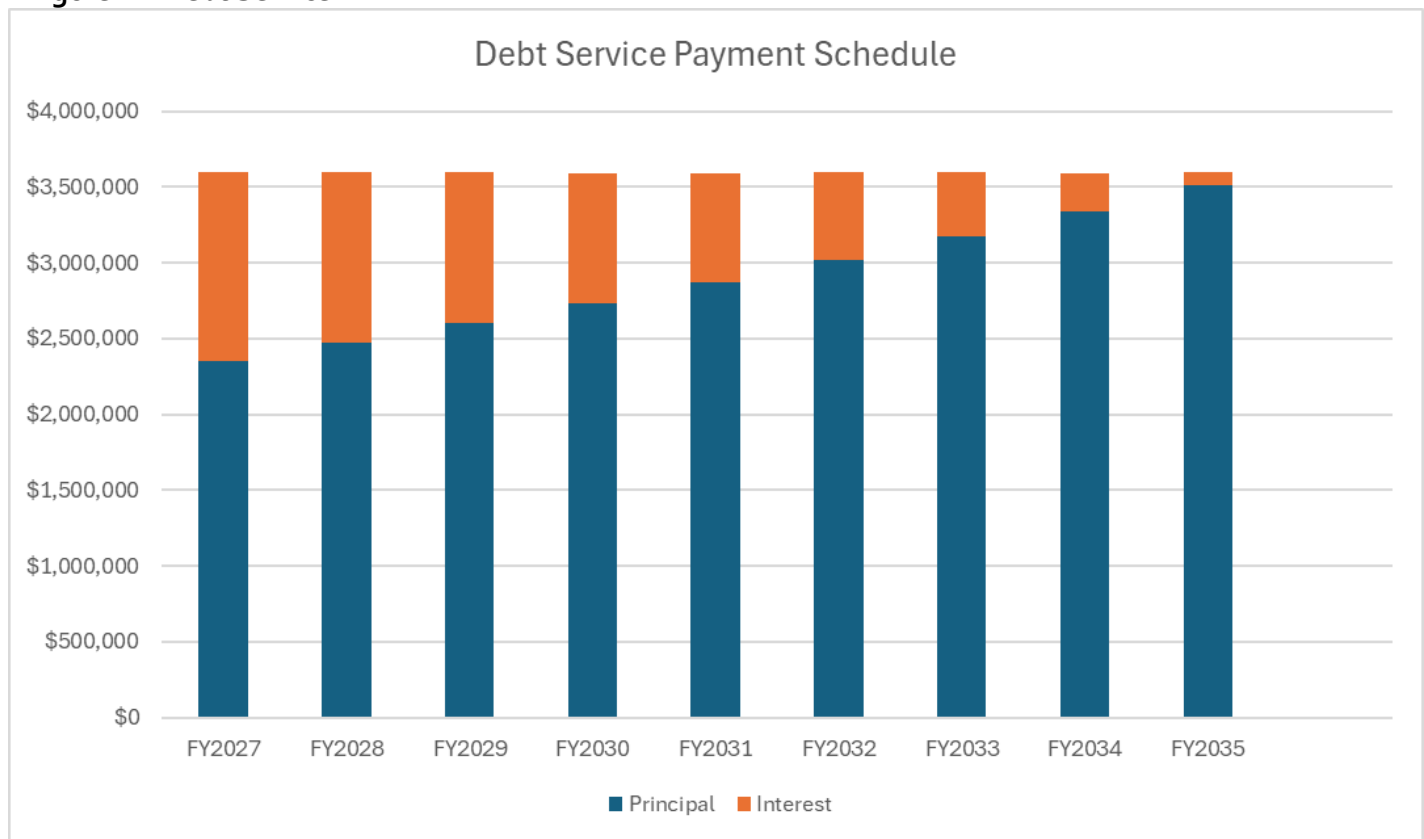
On November 14, 2023, the Board-adopted a Debt Management Policy for the purpose of managing long-term debt. The purpose of the Debt Management Policy is to (1) identify debt objectives, (2) improve the quality of decision-making processes, (3) provide a basis for the determination of the appropriate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

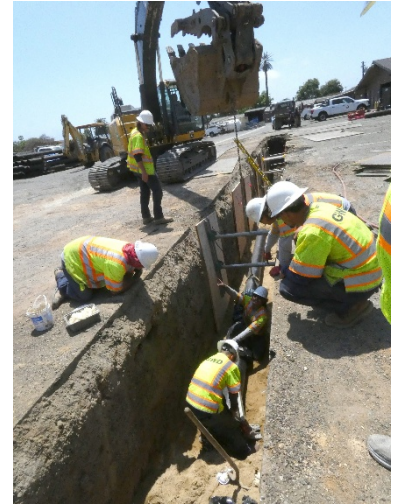
- Complete approved Infrastructure Improvement Projects for FY 2026-27.
- Identify external factors that could affect the District's ability to maintain current service levels long term.
- Promptly repair or replace any treatment or distribution infrastructure that becomes inoperable.



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.

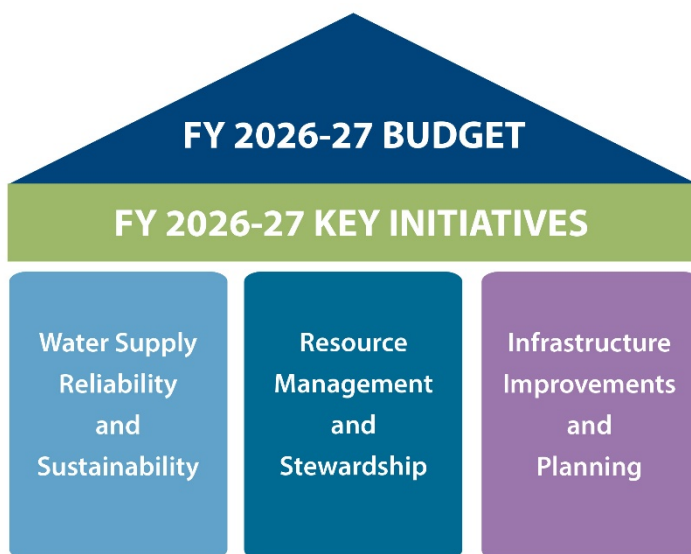
Table 1.2 FY 2026-27 Budget Summary

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)	% 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 funding 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.

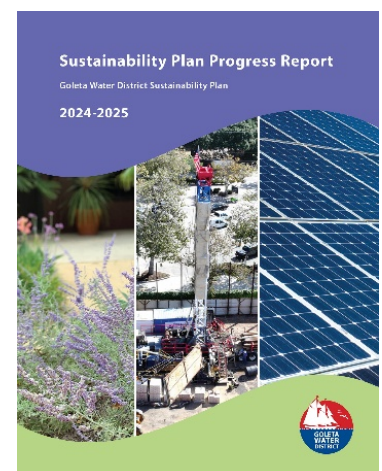
The Cachuma Master Contract was extended by an additional three years after the original extension was set to expire on September 30, 2023. Under the second amendment to the contract, the term now runs through September 30, 2026. The Member Units continue to actively negotiate with USBR for a long-term 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-



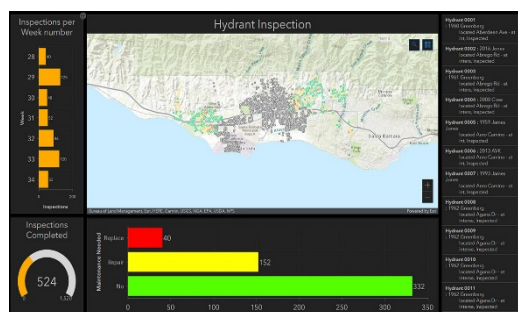
charged battery system at the CDMWTP. Several projects planned for the FY 2026-27 Budget are directly tied to the Sustainability Plan guiding principles and will provide improvements needed to meet new regulatory requirements, while offering economic benefits in the form of reduced energy costs, minimizing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

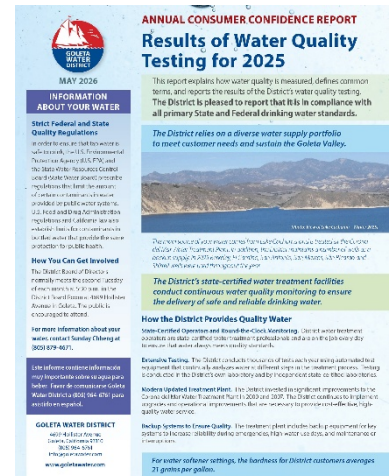
- Continued uncertainty around tariffs, as well as new concerns over rising oil prices and trade disruptions caused by the shutdown of the Strait of Hormuz, have raised concerns over supply chain disruptions, higher costs, and lower availability of materials and supplies. Nearly everything the District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