

State's error to cost local water agencies \$9.4 million

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The Central Coast Water Authority is looking at paying the state \$9.4 million in additional costs during the 2015 calendar year, exceeding the original estimate of \$4 million to \$7 million.

State officials reported Wednesday that State Water Project contractors will have to pay \$183 million to make up for under-collections by the California Department of Water Resources over the past two years, said Ray Stokes, executive director of the Central Coast Water Authority.

The Department of Water Resources alerted the State Water Contractor Board, which includes the Central Coast Water Authority, of its cash flow shortage in June.

The Central Coast Water Authority's share of the payment originally was estimated at \$4 million to \$7 million in calendar year 2015, but Mr. Stokes said local officials should prepare for the higher payment of \$9.4 million.

The authority, made up of water agencies and providers throughout Santa Barbara County, buys water from the State Water Project and runs a pipeline system that brings the water into county reservoirs.

Member agencies include the cities of Santa Barbara, Santa Maria, Buellton and Guadalupe, and the Goleta, Montecito and Carpinteria Valley water districts, along with several smaller water providers.

The additional charges could not come at a worse time. Several of the local water agencies have purchased supplemental water to maintain supplies during the drought.

Member agencies are being notified of their share of the cost, Mr. Stokes said.

"At this point I don't know their capabilities of paying these amounts," he said.

The Central Coast Water Authority also has \$2.2 million in its reserve fund, and the board could vote to approve paying that, Mr. Stokes said.

Two meetings were held in June to discuss the under-collection problems and to understand the causes, and Mr. Stokes sent a letter June 20 to the director of the Department of Water Resources expressing his concern about the impact of the extra costs.

In his letter, he called this "the biggest financial impact in the history of the Central Coast Water Authority," saying the fiscal year 2014-15 budget was already adopted, and the funds already collected from its member agencies.

He asked that the Department of Water Resources make resolving this issue of highest priority, and that it re-evaluate its numbers.

"They have agreed to go through the numbers to see if they can cut back," Mr. Stokes said.

It was determined that the under-collection is partly due to salary increases and the hiring of 125 employees at the Department of Water Resources. The extra expense was not charged to the water contractors.

Mr. Stokes said the Central Coast Water Agency supported the hiring and pay increases because the state should maintain the most qualified employees. The State Water Contractors audit-finance committee will meet July 9 to further discuss what needs to be done.

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