

**A REGULAR MEETING OF THE OPERATING COMMITTEE
of the
CENTRAL COAST WATER AUTHORITY**

will be held at 9:00 a.m., on Thursday, March 13, 2025
at 255 Industrial Way, Buellton

Members of the public may participate by video call or telephone via
[Microsoft Teams](#) Meeting ID: 265 663 364 897 Passcode: BR92Pw9Z
or via telephone by dialing 1 323-484-5095 and entering code 110 962 311#



Eric Friedman
Chairman

Jeff Clay
Vice Chairman

Ray A. Stokes
Executive Director

Brownstein Hyatt
Farber Schreck
General Counsel

Member Agencies

City of Buellton

Carpinteria Valley
Water District

City of Guadalupe

City of Santa Barbara

City of Santa Maria

Goleta Water District

Montecito Water District

Santa Ynez River Water
Conservation District,
Improvement District #1

Associate Member

La Cumbre Mutual
Water Company

Public Comment on agenda items may occur via video call or telephonically, or by submission to the Board Secretary via email at lfw@ccwa.com no later than 8:00 a.m. on the day of the meeting. In your email, please specify (1) the meeting date and agenda item (number and title) on which you are providing a comment and (2) that you would like your comment read into the record during the meeting. If you would like your comment read into the record during the meeting (as either general public comment or on a specific agenda item), please limit your comments to no more than 250 words.

Every effort will be made to read comments into the record, but some comments may not be read due to time limitations. Please also note that if you submit a written comment and do not specify that you would like this comment read into the record during the meeting, your comment will be forwarded to Board members for their consideration.

Pursuant to Government Code section 54957.5, non-exempt public records that relate to open session agenda items and are distributed to a majority of the Board less than seventy-two (72) hours prior to the meeting will be available on the CCWA internet web site, accessible at <https://www.ccwa.com>.

I. Call to Order and Roll Call

II. Public Comment – (Any member of the public may address the Committee relating to any matter within the Committee’s jurisdiction. Individual Speakers may be limited to five minutes; all speakers to a total of fifteen minutes.)

III. * Consent Calendar

- A. Minutes of the October 10, 2024 Operating Committee Meeting
- B. Minutes of the January 9, 2025 Operating Committee Meeting
Staff Recommendation: Approve Consent Calendar

IV. Executive Director’s Report

- A. Operations Update
Staff Recommendation: Informational item only.
- B. Water Supply Situation Report
Staff Recommendation: Informational item only.
- * C. Water Transfer Update
Staff Recommendation: Informational item only.
- * D. Solstra California Communities LLC’s Solomon Hills Project
Staff Recommendation: Informational item only.
- * E. San Luis Obispo County State Water Feasibility Study
Staff Recommendation: Informational item only.
- * F. Kern County Water Agency Memorandum of Understanding for Water Management
Staff Recommendation: Informational item only.
- * G. CCWA FY 2025/26 Preliminary Budget
Staff Recommendation: Informational item only.

V. Reports from Committee Members for Information Only

VI. Date of Next Regular Meeting: July 10, 2025

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Continued

- * Indicates attachment of document to agenda packet
- ◆ The CCWA FY 2025/26 Preliminary Budget has been provided to Committee members and is available on-line at www.CCWA.com, if you require a hard copy please contact Lisa Watkins at lfw@ccwa.com.

VII. CLOSED SESSION

- A. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
Government Code section 54956.9(d)(1) Name of case: Central Coast Water Authority, et al. v. Santa Barbara County Flood Control and Water Conservation District, et al. (Case No. 21CV02432)
- B. CLOSED SESSION: CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
Government Code section 54956.9(d)(4)
Initiation of litigation: 1 case

VIII. Return to Open Session

IX. Adjournment

**MINUTES OF THE
CENTRAL COAST WATER AUTHORITY
OPERATING COMMITTEE**

October 10, 2024

I. Call to Order and Roll Call

Mr. Garcia, Committee Chair, called the October 10, 2024, Central Coast Water Authority Operating Committee meeting to order at 9:00 a.m.

Committee members present:

Paeter Garcia	-	Santa Ynez River Water Conservation District, ID#1
Jasmine Showers	-	City of Santa Barbara
Ryan Drake	-	Goleta Water District (arrived after roll call)
Rose Hess	-	City of Buellton
Maso Matlow	-	Carpinteria Valley Water District
Shad Springer	-	City of Santa Maria

II. Public Comment

There was no public comment.

III. Consent Calendar

A. Approve Minutes of the July 11, 2024 Operating Committee Meeting

Motion to approve the consent calendar was made by Mr. Springer, seconded by Mr. Garcia, and carried with, Mr. Drake, Ms. Hess, Mr. Garcia, Ms. Matlow, Ms. Showers and Mr. Springer in favor and none opposed.

IV. Executive Director's Report

A. Operations Update

David Beard, Deputy Director of Operations and Engineering, reviewed plant production, chemical costs and Lake Cachuma pumping for July, August and September 2024. He reported that water quality has been great, and chemical costs have been lower than anticipated.

CCWA is in the process of replacing the concrete pedestal under the surge tank at the Santa Ynez Pumping Plant, and Mr. Beard reviewed the progress made on the ongoing project.

CCWA's environmental consultant provided authorization to commence sludge basis clearing at the water treatment plant. The work has taken place over the last several weeks after a delay of several years which resulted in significant vegetation growth.

The projects to be completed during the 2024 Coastal Branch shutdown were reviewed, including Inspection and Cleaning of Tanks 5 and 7, WTP Utility Water Header Replacement, Electrical Switchgear and Motor Control Center Inspection

and Maintenance, Chlorine Scrubber Acid Wash and Sodium Hydroxide replacement, WTP Filter Underdrain Inspections, and replacement of the SCADA server.

Mr. Beard reviewed the scope of work that DWR was planning for the shutdown period, including draining and dredging of several facilities. He stated that DWR plans on spending about \$1.8 million of their \$8.4 million of the Coastal Branch budget during shutdown.

Ms. Dessi Mladenova, CCWA Controller, provided a review of CCWA and DWR capital expenditures, both historically for construction and bond debt and anticipated costs for projects DWR anticipates will have significant impact.

B. Water Supply Situation Report

A review of the expected precipitation for the upcoming water year as well as historical precipitation within State Water Project watersheds was provided by Mr. Beard. Current reservoir conditions and a forecast of storage at Lake Oroville and San Luis Reservoir, led to a discussion of carryover water supplies. CCWA estimates 27,089 AF of carryover water will be in San Luis Reservoir at December 31, 2024 and the allowable amount would be 11,372 AF.

Following discussion, CCWA staff were requested to coordinate with DWR to maximize carryover water savings.

C. Draft Policy on Water Usage to Maintain Pipeline Health

Following discussion, the Committee determined that a policy on water usage for pipeline health was not needed and purge amounts less than 3% of delivery amount during the month of the purge would be allocated using the same method as the monthly true up process for DWR and CCWA water meters.

D. Request for Approval of Carryover of Project Funds from FY 23/24 to FY 24/25 - \$2,510,121.53

Mr. Beard reviewed the list of capitalized and expensed projects that are requiring more than one year to complete and requested carryover of project funds from last fiscal year to the current fiscal year in the total amount of \$2,510,121.53.

Upon a motion by Mr. Drake, seconded by Mr. Spinger and carried with Ms. Showers, Mr. Drake, Ms. Hess, Mr. Garcia, Ms. Matlow, and Mr. Springer in favor and none opposed the Committee requested Board approval of carryover of project funds from FY 23/24 to FY 24/25 in the amount of \$2,510,121.53 as detailed in the staff report.

E. CCWA Water Quality Overview

Mr. Beard provided an overview of CCWA's activities in source water quality monitoring, noting different conditions upstream of CCWA facilities that may be present to impact water quality, including cyanobacteria, non-project water inflows and herbicide applications. Daily monitoring using CCWA gas chromatograph/mass spectrometer (GC/MS) is used, as well as microplate

readings weekly. Mr. Beard discussed other constituents of concern, including Per- and polyfluoroalkyl substances (PFAS) and Hexavalent Chromium, and reviewed the actions taken by CCWA to monitor treated water and improve water quality.

Future projects that would impact CCWA's ability to maintain water quality were discussed, and Mr. Beard reviewed with the Committee anticipated regulatory changes that could affect CCWA's ability to treat water to the necessary standards.

V. Reports from Committee Members for Information Only

There were no reports from the Committee members.

VI. Date of Next Regular Meeting:

The date of the next Regular meeting is January 9, 2025.

VII. Adjournment

The meeting was adjourned at 11:04 AM.

Respectfully submitted,

Elizabeth F. Watkins
Secretary to the Board

**MINUTES OF THE
CENTRAL COAST WATER AUTHORITY
OPERATING COMMITTEE**

January 9, 2025

I. Call to Order and Roll Call

Mr. Garcia, Committee Chair, called the January 9, 2025, Central Coast Water Authority Operating Committee meeting to order at 9:00 a.m.

Committee members present:

Paeter Garcia	-	Santa Ynez River Water Conservation District, ID#1
Dakota Corey	-	City of Santa Barbara
Ryan Drake	-	Goleta Water District
Rose Hess	-	City of Buellton
Maso Matlow	-	Carpinteria Valley Water District
Nick Turner	-	Montecito Water District

The Committee did not have a quorum, so the meeting was conducted for information purposes only and no action was taken.

II. Public Comment

There was no public comment.

III. Consent Calendar

A. Approve Minutes of the October 8, 2024 Operating Committee Meeting

Approval of the minutes of the October 8, 2024 meeting will take place at the next meeting of the Operating Committee.

IV. Executive Director's Report

A. Operations Update

David Beard, Deputy Director of Operations and Engineering, reviewed plant production, chemical costs and Lake Cachuma pumping for October, November and December 2024.

During the winter shutdown of operations that took place during October and November of 2024, several projects were conducted, and Mr. Beard provided information on those projects, including the Santa Ynez Pumping Plant Surge Tank Pedestal Replacement project, the Utility Water Piping System Header replacement, Emergency Chlorine Scrubber Acid Wash, Sedimentation Basin number 3 Chain and Flight Replacement,

Other activities during the period were:

- Pipeline leak repair in the sample line at the Santa Maria turnout
- State Water Resources Control Board/Department of Drinking Water Triennial Sanitary Survey

- EPA review of the Risk and Resiliency Assessment and Emergency Response Plan
- Design work on stairs for the treated water storage tanks
- Energy Diffusing Valve hydraulic package replacement design
- Tank 5 potholing of pipeline and fiber depth permitting
- WTP Filter media and nozzle replacement planning.

B. Water Supply Situation Report

A review of the precipitation within State Water Project watersheds was provided by Mr. Beard. He noted the northern precipitation indices show slightly above normal rainfall, while southern indices indicate below normal rainfall. Current reservoir conditions and a forecast of storage at Lake Oroville and San Luis Reservoir were provided.

Mr. Beard also provided a brief update on water transfers being arranged by CCWA project participants.

C. California Aqueduct Subsidence Update

A presentation given to the State Water Contractors by the California Aqueduct Subsidence Program (CASP) was reviewed for the Committee by Mr. Beard, including details of the locations of subsidence within the aqueduct, and the degree of subsidence within the locations.

The impact of subsidence on the operation of the aqueduct was reviewed, as well as the monitoring program for ongoing subsidence that is being implemented. DWR has estimated that remediating and repairing the subsidence will take billions of dollars and up to 20 years, and Mr. Beard reviewed the options being considered, and how cost sharing of the fixes may be implemented.

Mr. Stokes noted that the subsidence issue is of consequence to CCWA and its participants as DWR has stated that the aqueduct needs to be operated at high levels to deliver water to the Coastal Branch, and the impact of the subsidence on operation of the aqueduct for Coastal Branch agencies might be felt as soon as 2035. DWR is evaluating the causes and liability for the issue.

Interim projects to address the issue were reviewed, but it was noted that these will not be permanent solutions and the cost allocation is still under consideration.

D. State Water Project Facility Golden Mussel Detection

Mr. Beard reviewed the recent detection of Golden Mussel in California, including within facilities of the State Water Project upstream of the Coastal Branch. The potential impacts and future dispersal of the high-risk invasive species were reviewed, and response actions being taken and being planned were reviewed.

E. FY 2025/26 Budget Preparation Schedule

The schedule was included in the meeting materials for the information of the Committee. The Committee briefly discussed the issues that may impact future DWR Statement of Charges.

V. CLOSED SESSION

Due to lack of a quorum, the Closed Session was postponed until the next meeting.

VI. Reports from Committee Members for Information Only

Mr. Turner reported that the MWD Board approved an agreement with Homer LLC providing for a 5-year program to transfer surplus MWD water to Homer and adopted and Initial Study/Negative Declaration.

VII. Date of Next Regular Meeting:

The date of the next Regular meeting is March 13, 2025.

VIII. Adjournment

The meeting was adjourned at 10:22 AM.

Respectfully submitted,

Elizabeth F. Watkins
Secretary to the Board



CENTRAL COAST WATER AUTHORITY

MEMORANDUM

March 6, 2025

TO: CCWA Operating Committee

FROM: David R. Beard
Deputy Director of Operations and Engineering

SUBJECT: Water Transfer Update

SUMMARY

On June 27, 2024, the CCWA Board of Directors approved Assistance Agreements with Montecito Water District (MWD) to assist with implementation of a proposed transfer and exchange of MWD's State Water Project (SWP) allocation with Homer, LLC (Homer); and with La Cumbre Mutual Water Company (LCMWC) to assist with implementation of proposed transfers pursuant to the agreement between LCMWC and Homer. Under the Assistance Agreements, CCWA will coordinate with the Department of Water Resources, other SWP Contractors, and Santa Barbara County Flood Control and Water Conservation District, on behalf of MWD and LCMWC.

In December 2024 MWD approved its agreement with Homer and certified its analysis of the proposed transfer program described in the agreement pursuant to the California Environmental Quality Act (CEQA). The parties are in the process of obtaining all required approvals. CCWA staff anticipates requesting the CCWA Board's approval of the proposed transfer program and compliance with all requirements of the Water Management Amendment at the March Board Meeting.

With respect to the LCMWC proposed transfer program, CCWA will act as the lead agency. CCWA is currently completing its CEQA analysis of the proposed water transfers. CCWA staff anticipates requesting the CCWA Board's approval of the proposed transfer program and compliance with all requirements of the Water Management Amendment at a future Board Meeting.

REQUESTED ACTION

None. Informational only.

DRB



CENTRAL COAST WATER AUTHORITY

MEMORANDUM

March 3, 2025

TO: CCWA Operating Committee
FROM: Ray A. Stokes, Executive Director
SUBJECT: Solstra California Communities LLC's Solomon Hills Project

SUMMARY

Solstra California Communities LLC (Solstra) proposes the development of approximately 1,900 acres in the Solomon Hills region of Santa Barbara County ("**Project**"). Solstra has requested CCWA's cooperation and preparation of certain studies and investigations in order to evaluate the use of imported water to serve the Project. The delivery of any imported water supply to the Project, directly or indirectly, would require conveyance of the supply through the State Water Project ("**SWP**") and CCWA's own facilities and therefore may require CCWA approval.

RECOMMENDATION

Staff recommends that the Operating Committee recommend CCWA Board of Directors:

1. Approve Cost Reimbursement Agreement between CCWA and Solstra California Communities LLC (**Attachment 1**) and authorize the Executive Director to execute it; and
2. Find that pursuant to CEQA Guidelines Section 15262, CCWA's approval of the Cost Reimbursement Agreement is exempt from California Environmental Quality Act (CEQA) and therefore does not require the preparation of any environmental documentation because it involves only feasibility or planning studies for possible future actions which CCWA or its Board has not approved, adopted, or funded. Furthermore, execution of the Cost Reimbursement Agreement will not have a legally binding effect on later governmental approvals, and does not commit CCWA to the Project, consistent with *Save Tara v. City of West Hollywood* (2008) 45 Cal.4th 116 and related jurisprudence; and
3. Authorize the Executive Director to develop and draft any policies that may be required in advance of the Board's consideration of any future proposal to convey any supplemental imported supply through CCWA's facilities and bring such policies back for the Board's consideration at a future meeting.

DISCUSSION

Background

Solstra proposes the development of approximately 1,903 acres in the Solomon Hills region of Santa Barbara County between Highways 101 and 135. The Project would include a new community that will consist of 4,000 residential units, a Village Center, an estimated 500,000 to 600,000 square feet of office campus, and between 1,000 to 1,200 acres of open space, conservation easements, parks, and trails. Land use approvals, including a General Plan Amendment and rezones, are pending with Santa Barbara County. The County will act as the “lead agency” for compliance with CEQA.

Solstra is considering various water supplies to serve the Project, including but not limited to SWP water and/or other imported supplies (individually and collectively, “**Imported Supply**”). The delivery of any Imported Supply to the Solomon Hills Project, directly to Solstra or to a CCWA Participant which agrees to serve the Project, would require conveyance of the supply through the SWP and CCWA’s own facilities. Depending on the transaction, CCWA approval may be required.

Conflict Counsel

CCWA has retained legal counsel through its existing relationship with Stradling, Yocca, Carlson & Rauth. Kristin Larson from Stradling is assisting in CCWA’s evaluation of the proposed transaction and will be available at the Operating Committee to answer questions of the Committee members.

Cost Reimbursement Agreement

The proposed Cost Reimbursement Agreement presented for the Committee’s review (Attachment 1) sets forth the terms and conditions of Solstra’s reimbursement of CCWA for any costs and expenses incurred by CCWA with respect to the Project.

To avoid any situation in which CCWA staff incurs costs and expenses that are not paid, the proposed Cost Reimbursement Agreement would require Solstra to make advance payment for all costs and expenses by providing CCWA with a deposit of \$25,000 prior to CCWA undertaking any work, and further to replenish the deposit as needed to cover any additional requested work by CCWA. The proposed Cost Reimbursement Agreement provides for Solstra’s full reimbursement of CCWA’s costs for staff time and expenses (including legal fees), as well as indemnification and defense of CCWA in the event any liability arises out of Solstra’s investigation and evaluation of the use of any Imported Supply to serve the Project.

Policy(ies) for the Wheeling or Other Conveyance of Imported Water

To date, CCWA has not had occasion or need to develop any policy(ies) relating to the conveyance and delivery of any imported supply that is not CCWA’s existing SWP supply (consisting of 45,486 AF of “Table A Allocation” and other SWP supplies made available by the Water Supply Contract with the Department of Water Resources).

Preliminary discussions with Solstra suggest that one or more options Solstra is considering to serve the Project may necessitate the adoption of a policy by CCWA’s Board, for example to set the rates, charges, and other conditions for wheeling any non-SWP supplies through CCWA facilities.

CCWA will draft and propose for the Board's consideration any policies necessary or beneficial to considering any future request by Solstra to convey any Imported Supply through CCWA facilities.

ENVIRONMENTAL REVIEW

CCWA's approval of the Cost Reimbursement Agreement is exempt from CEQA pursuant to CEQA Guidelines Section 15262, because it involves only feasibility or planning studies for possible future actions which CCWA or its board has not approved, adopted, or funded and does not require the preparation of an EIR or negative declaration at this time. Approval of the Processing Agreement in no way commits CCWA to convey any supply of water to the Project; rather, it merely provides a mechanism for the funding of certain pre-Project investigations and studies. Any future approval of the Project taken by the lead agency and any responsible agenc(ies) will require compliance with CEQA.

Attachments:

1. Cost Reimbursement Agreement

CENTRAL COAST WATER AUTHORITY
COST REIMBURSEMENT AGREEMENT

This Cost Reimbursement Agreement (“**Agreement**”) is made as of _____, 2025 by and between:

CENTRAL COAST WATER AUTHORITY (“CCWA”)

and

SOLSTRA COMMUNITIES CALIFORNIA LLC (“SOLSTRA”)

(each, a “**Party**,” and together, the “**Parties**”).

RECITALS

A. CCWA is a joint exercise of powers agency duly organized and existing pursuant to the Joint Exercise of Powers Act commencing with California Government Code section 6500 et seq. CCWA’s members are cities and water districts located in the county of Santa Barbara. Pursuant to the Transfer of Financial Responsibility Agreement, the Santa Barbara County Flood Control and Water Conservation District (“**SBCFCWCD**”) transferred to CCWA, and CCWA accepted and assumed, all rights and obligations to the 1963 Water Supply Contract between the Department of Water Resources and SBCFCWCD that provides for the delivery of water from California’s State Water Project (“**SWP**”) to the county of Santa Barbara (“**SWP Contract**”).

B. CCWA owns, operates and maintains water conveyance, storage and treatment facilities (“**CCWA Facilities**”) connecting the SWP to the counties of San Luis Obispo and Santa Barbara and treats and delivers water from the SWP to cities, water districts and other water purveyors and users in the county of Santa Barbara (each a “**CCWA Participant**”) and also to the San Luis Obispo County Flood Control and Water Conservation District.

C. Solstra is the owner of certain land in unincorporated Santa Barbara County and is in the process of seeking entitlements and approvals for up to 4,000 residential dwelling units and ancillary commercial uses (“**Solomon Hills**”). Solstra will be responsible for providing retail water service to customers at Solomon Hills through its own legal entity or partnering with a public water system (“**Project**”). Pursuant to the California Environmental Quality Act (“**CEQA**”), the county of Santa Barbara is the lead agency for the Project.

D. Solstra is considering various water supplies to serve the Project, including but not limited to SWP water and/or other imported supplies (individually and collectively, “**Imported Supply**”). The delivery of any Imported Supply to the Project, directly or indirectly, would require conveyance of the supply through the SWP and CCWA Facilities and therefore may require CCWA approval.

E. Solstra has requested CCWA's cooperation and preparation of certain studies and investigations, and other assistance as may be necessary or relevant to Solstra's development and evaluation of any Imported Supply to serve the Project. Solstra has agreed to pay all of CCWA's costs and expenses arising out of or related to such cooperation, investigation, and evaluation in accordance with the terms and conditions of this Agreement and the Parties desire to enter into this Agreement to affirm such terms and conditions.

F. In the event Solstra elects to pursue the conveyance and delivery of any Imported Supply to serve the Project, one or more new agreements between them will be required for that purpose.

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual representations, warranties, covenants and agreements contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

AGREEMENT

1. Solstra Payment of CCWA Costs

1.1 CCWA Costs. Regardless of whether the Project is undertaken or completed by Solstra, Solstra agrees to pay 100% of CCWA's costs and expenses arising out of or related to CCWA's cooperation, assistance and preparation of certain studies and investigations as may be necessary or relevant to Solstra's development and evaluation of Imported Water to serve the Project, including but not limited to, CCWA staff time and expenses, the services of CCWA contract employees, administrative costs, consultant fees and costs, attorneys' fees and costs, and any fees and charges of any governmental or quasi-governmental authority (collectively, "CCWA Costs"). Solstra further agrees to pay for all CCWA Costs incurred prior to the Effective Date of this Agreement.

1.2 Advance Payment; Deposit

1.2.1 Solstra agrees to pay CCWA Costs in advance of CCWA incurring such costs. Concurrent with Solstra's execution of this Agreement, Solstra shall deposit with CCWA \$25,000 as an advance payment for CCWA Costs.

1.2.2 CCWA shall charge 100% of the CCWA Costs against Solstra's deposit.

1.2.3 Periodically, in the sole and absolute discretion of CCWA's Executive Director, CCWA may request that Solstra make additional deposits of funds as necessary to ensure advance payment for anticipated additional CCWA Costs. Solstra shall place on deposit with CCWA the amount stated in the request for additional deposit no later than the deadline established by CCWA's Executive Director.

1.2.4 Solstra acknowledges and agrees that CCWA shall have no obligation whatsoever to incur CCWA Costs of any kind or amount if Solstra's deposit is depleted at any

time and not replenished by Solstra, even if delays in the investigation, evaluation, processing or consideration of the Project result.

1.3 Accounting of CCWA Costs. On a monthly basis or such other periodic basis as CCWA's Executive Director may determine, CCWA shall deliver a statement of charges itemizing CCWA Costs incurred, including any consultant and legal fees, provided however, that CCWA shall not be required to include privileged and confidential communications to Solstra. The statement of charges shall identify the amount (in \$s) deducted from Solstra's deposit and any deposit balance remaining against which future CCWA Costs will be applied.

1.4 Reconciliation. Upon termination of this Agreement, CCWA shall provide to Solstra an accounting of the total CCWA Costs incurred and Solstra is obligated to pay. Any deposit remaining in Solstra's account with CCWA shall be promptly refunded by CCWA to Solstra.

2. **Solstra's Representative.** Concurrent with execution of this Agreement, in the signature block of this Agreement, Solstra shall identify and provide the contact information for its authorized representative ("**Authorized Representative**"). Solstra represents and warrants that its Authorized Representative has full authority to grant, provide and enter into, by and on behalf of Solstra, any and all consents, approvals, instructions, authorizations or agreements in connection with this Agreement (collectively, "**Solstra Directions**"). CCWA shall be entitled to rely upon, without inquiry, the full authority of Solstra's Authorized Representative. Without limiting the foregoing, Solstra's Authorized Representative shall be solely responsible for requesting and obtaining in advance any special or further authorizations that may be necessary in connection with any Solstra's Directions given to CCWA hereunder and CCWA may assume, without further inquiry, that all such authorizations have been obtained. Solstra may designate a different individual as its Authorized Representative in connection with this Agreement at any time by providing written notice to CCWA.

3. **Liability, Indemnification, and Defense**

3.1 Disclaimer of Liability. Solstra acknowledges and agrees that CCWA's cooperation, investigation, and evaluation of any Imported Supply to serve the Project is undertaken in exchange for Solstra's full reimbursement of CCWA Costs and full assumption of any and all liabilities arising out of or related to this Agreement and/or the Project. As a result, it is the intent and agreement of the Parties that, to the maximum extent permitted by law, neither CCWA, nor any of its elected officials, officers, agents, employees, consultants, or attorneys, nor any CCWA Participant, nor any CCWA Participant's elected officials, officers, agents, employees, consultants, or attorneys shall be liable to Solstra for any claims, liabilities, damages, losses, actions, penalties, proceedings, or expenses related to or arising out of this Agreement and/or the Project.

3.2 Indemnification. Solstra ("**Indemnifying Party**") agrees to indemnify, defend, protect and hold harmless CCWA and its elected officials, officers, agents, employees, consultants, or attorneys and all CCWA Participants and each CCWA Participant's elected officials, officers, agents, employees, consultants, or attorneys (each an "**Indemnified Party**" and collectively, the "**Indemnified Parties**") from and against any and all claims, demands, actions, judgements, liabilities, damages, losses and expenses, whether in law or in equity,

including but not limited to attorneys', paralegals', consultants', and experts' fees, costs and expenses, arising from or relating to this Agreement and/or the Project, whether such claims, actions, liabilities, damages, losses or expenses arise prior to or following termination or expiration of this Agreement, except to the extent any liability, loss, cost or expense is caused by the Indemnified Party's sole negligence or willful misconduct.

3.3 Defense. If requested by the Indemnified Party, the Indemnifying Party shall assume on behalf of the Indemnified Party, and conduct with due diligence and in good faith, the defense of such Indemnified Party with counsel reasonably satisfactory to the Indemnified Party. If any claim, action, proceeding or investigation arises as to which the indemnity provided for in this Section 3.3 applies, and the Indemnifying Party fails to assume the defense of such claim, action, proceeding or investigation after having been requested to do so by the Indemnified Party, then the Indemnified Party may, at the Indemnifying Party's expense, contest or, with the prior written consent of the Indemnifying Party, which consent shall not be unreasonably withheld, settle such claim, action, proceeding or investigation. All costs and expenses incurred by the Indemnified Party in connection with any such contest or settlement shall constitute CCWA Costs pursuant to this Agreement and shall be paid upon demand by the Indemnifying Party. Notwithstanding anything to the contrary herein, CCWA shall be entitled to hire independent counsel to defend any such action. Additionally, any and all costs, expenses and attorneys' fees incurred by CCWA and its counsel in defending such action shall constitute CCWA Costs pursuant to this Agreement and shall be paid upon demand by the Indemnifying Party.

4. Remedies. If Solstra does not timely perform its obligations pursuant to this Agreement, CCWA shall be entitled to proceed to protect and enforce its rights as provided in this Agreement by such appropriate judicial proceedings as CCWA shall deem most effectual, either by suit in equity or by action at law, whether for the specific performance of any covenant or agreement contained herein or to enforce any other legal or equitable right vested in CCWA by this Agreement or by law. The provisions of this Agreement and the duties of Solstra and of its officers, agents, or employees shall be enforceable by CCWA by suit, action, or proceeding in any court of competent jurisdiction.

5. Term; Termination

5.1 Term. The term of this Agreement shall commence on the date upon which executed by all Parties ("**Effective Date**") and shall continue until terminated as provided for herein.

5.2 Termination of Contractual Rights; Continuing Obligations.

5.2.1 Upon Solstra's failure to make any deposit or payment which failure constitutes an un-cured default under this Agreement, CCWA may terminate this Agreement. Regardless of such termination, the obligations of Solstra to CCWA to pay CCWA Costs under this Agreement shall continue in full force and effect.

5.2.2 This Agreement may be terminated by Solstra upon the expiration of thirty (30) days following the later of (i) delivery of written notice of termination to CCWA, and (ii)

discharge by Solstra, or satisfactory performance of all financial obligations hereunder.

5.2.3 Sections 3 and 4 shall survive termination of this Agreement.

6. General Provisions

6.1 Assignability. This Agreement shall not be assigned by Solstra without the prior written consent of CCWA, which consent shall not be unreasonably withheld. Any attempted assignment without the prior written approval of CCWA shall be void.

6.2 Counterparts; Electronic Signatures; Delivery by Email. The Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and all of which when taken together shall constitute one and the same document. Counterparts may be delivered via electronic mail (including PDF or any electronic signature complying with the federal Electronic Signatures in Global and National Commerce (ESIGN) Act of 2000 (P.L. 106-229), e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

6.3 Due Authority. The individuals executing this Agreement represent and warrant that they have the authority to enter into this Agreement on behalf of their respective party and to bind that party to perform all acts required by this Agreement, and that the consent, approval, or execution of or by any additional person or party is not required to legally bind that party to the terms and conditions of this Agreement.

6.4 Entire Agreement; Modification. The making, execution and delivery of this Agreement have not been induced by any representations, statements, warranties or agreements other than those herein expressed. This Agreement constitutes the entire agreement and understanding of the Parties concerning the subject matter hereof. This Agreement supersedes all prior negotiations, agreements, representation and understandings of the Parties relating to the subject matter hereof. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by all of the Parties.

6.5 Governing Law; Venue. This Agreement and all matters relating to this Agreement shall be governed by the laws of the State of California, without regard to principles of conflicts of laws. Venue for any disputes under this Agreement shall be in Santa Barbara County, California.

6.6 Legal Advice. Each Party has received independent legal advice from its attorneys with respect to the advisability of executing this Agreement and the meaning of the provisions of this Agreement.

6.7 No Agency. This Agreement shall not create, nor shall it be construed to create any agency, partnership or similar relationship among the Parties.

6.8 Notices. All notices, approvals, acceptances, requests, demands and other communications required or permitted under this Agreement, to be effective, shall be in writing and shall be delivered, either in person or by email or by Federal Express (or other similar

overnight delivery service) to the Authorized Representative of the Party to whom the notice is directed. Any communication given by email shall be deemed delivered on such mailing date and any communication given by overnight service shall be deemed delivered one (1) business day after the dispatch date. Any Party may change its email and overnight service addresses by giving all other Parties written notice of the new address(es).

6.9 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, the Parties have executed and entered into this Agreement as of the date first written above.

— Signatures follow on next page —

CENTRAL COAST WATER AUTHORITY

By: _____
Name: Ray Stokes
Title: Executive Director

Approved as to form:

By: _____
Kristin Larson
Stradling Yocca Carlson & Rauth LLP

CCWA Authorized Representative:

Ray Stokes, Executive Director
Central Coast Water Authority
255 Industrial Way
Buellton, CA 93427
Telephone: (805) 688-2292
Email: RAS@ccwa.com

**SOLSTRA COMMUNITIES
CALIFORNIA LLC**

By: _____
Name: Klaus Hasbo
Title: Chief Executive Officer

Approved as to form:

By: _____
Peter Candy
Hollister & Brace

SOLSTRA Authorized Representative:

Klaus Hasbo
Solstra Communities California LLC
Address:
Telephone:
klaus.hasbo@k4oil.com



CENTRAL COAST WATER AUTHORITY

MEMORANDUM

March 6, 2025

TO: CCWA Operating Committee

FROM: David R. Beard
Deputy Director of Operations and Engineering

SUBJECT: San Luis Obispo County State Water Feasibility Study

SUMMARY

On July 11, 2024, representatives from San Luis Obispo County provided an update to the Central Coast Water Authority Operating Committee on various Sustainable Groundwater Management Act Projects and Management Actions (PMAs) under consideration for implementation in San Luis Obispo County. One PMA included the development of a feasibility study for constructing the facilities needed to import additional State Water Project water to the Paso Robles Groundwater Basin.

San Luis Obispo County representatives will provide an update of the feasibility study.

REQUESTED ACTION

None. Informational only.

DRB



CENTRAL COAST WATER AUTHORITY

MEMORANDUM

March 6, 2025

TO: CCWA Operating Committee

FROM: David R. Beard
Deputy Director of Operations and Engineering

SUBJECT: Kern County Water Agency Memorandum of Understanding for Water Management

SUMMARY

The Kern County Water Agency (KCWA) has developed a draft Memorandum of Understanding for Water Management (MOU) for consideration by other State Water Contractors (Contractors). The MOU is intended to address the long-term needs of Contractors and KCWA Member Units (Member Units) by maximizing the tools made available by the Water Management Amendment to the State Water Project Contract. The purpose of the MOU is to provide a defined period, objectives and example opportunities to explore agreements to achieve these goals. The MOU intends to provide an opportunity for Contractors to work directly with KCWA in evaluating larger formal programs and directly with Member Units to evaluate more niche programs to meet more specific needs.

Potential agreements that may be explored during the period of the MOU may include groundwater banking programs, wet/dry year water exchange programs, coordinated water sales programs and short-term operational exchange programs.

The MOU is not a binding agreement between the parties on any such planning, strategies and topics unless or until any or until any binding agreement is entered into by and between any of the parties.

RECOMMENDATION

CCWA staff requests the Operating Committee recommend the CCWA Board of Directors authorize execution of the MOU.

DISCUSSION

Historically, CCWA has entered into water management agreements like the potential programs described in the MOU on behalf of CCWA Participants. CCWA is not participating in the planning and construction of the DCP, and this MOU provides an opportunity for CCWA to explore potential programs that may be structured to provide benefits to CCWA Participants that could include DCP water. The MOU is not binding and CCWA is not committing to any future costs or water management programs by executing it. Being a signatory to the MOU would enable CCWA to continue discussing planning, strategies and topics with KCWA, Member Units and other participating Contractors to achieve the goals of improved cost effectiveness and/or water supply reliability.

ENVIRONMENTAL REVIEW

N/A. The Operations Committee advisory recommendation to the CCWA Board of Directors is not a discretionary approval that requires compliance with CEQA.

Attachment:

- A. Kern County Water Agency Memorandum of Understanding for Water Management

ATTACHMENT A

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (“MOU”) is entered into this ____ day of _____, 2025 (the “Effective Date”) by and between Kern County Water Agency, a water agency of the State of California formed under Chapter ____ of the Water Code Appendix (the “Agency”), and _____ (“Contractor”), with respect to the following facts:

RECITALS

- A. The Agency and Contractor are both parties to contracts (the “SWP Contracts”) with the State of California Department of Water Resources (“DWR”) to participate in the State Water Resources Development System, also known as the State Water Project.
- B. Under their SWP Contracts, the Agency has an annual Table A entitlement to 982,730 acre-feet of water and Contractor has an annual Table A entitlement to _____ acre-feet of water.
- C. Agency and Contractor desire to cooperate over approximately 18 months to identify and evaluate possible arrangements for collaboration on water management to optimize allocation of costs and benefits, through possible transfers or exchanges of some or all of their respective Table A allocations in order to optimize the allocation of costs and benefits resulting from their State Water Project allocations.
- D. Agency and Contractor desire to further consider the potential arrangements specified herein in accordance with the terms and conditions set forth below.

TERMS AND CONDITIONS

Parties signatory to this MOU propose the following Terms and Conditions to implement the optimization of the allocation of costs and benefits.

A. Purpose

- a. This MOU is intended to address the long-term needs of State Water Contractors (Contractors) and Kern County Water Agency Member Units (Member Units). The Delta Conveyance Project (“DCP”) entails a large commitment of funds. As such, parties participating in the DCP, as well as others, have the goals of improved cost effectiveness and/or water supply reliability. The purpose of this MOU is to provide a defined period, objectives, and example opportunities to explore agreements to achieve these goals. This MOU is intended to provide an opportunity for Contractors to work directly with the Agency in evaluating larger formal programs and directly with Member Units to evaluate more niche programs to meet more specific needs.

B. Objectives

- a. These objectives are to: (1) Reduce regional reliance on any one water source and diversify supplies to enable and enhance flexibility as conditions change; (2) Improve physical infrastructure, or access to physical infrastructure, to store, move, and share water more flexibly and integrate water management through shared use of resources, science, data, and technology; (3) Optimize and diversify SWP supplies and groundwater banking; and (4) Develop funding opportunities for Member Units that maximize regional resources and provide opportunities to re-invest water supplies and infrastructure.

C. Relationship to the Delta Conveyance Project.

- a. Contractors participating in the planning and construction of the DCP may be signatories to this MOU. Contractors not participating in the planning and construction of the DCP may also be signatories to this MOU.
- b. Any water type can be used in the development of agreements to meet the MOU objectives set forth in Item B, above, including but not limited to water derived from the DCP.

D. Potential Agreements

- a. **Development of Groundwater Banking Opportunities for Contractors Throughout California.** Groundwater banking offers several significant benefits, including enhanced water security by storing excess surface water for future use during droughts and improved aquifer health through managed recharge that can reduce the potential for land subsidence. Banking opportunities may include but are not limited to the following:
 - i. The development of a groundwater bank solely for the Contractor.
 - ii. The leasing of groundwater banking capacity for use during wet periods and extraction during dry periods.
 - iii. The use of groundwater banking in an exchange.
 - iv. The development of a groundwater bank dedicated to the participants of the DCP.
- b. **Development of a Dry/Wet Year Water Exchange Program Administered by the Agency.** As the climate changes, swings between wet and dry years are expected to become even more extreme, which means greater fluctuation in the water resources for Contractor imports. A tool to mitigate these unpredictable changes in hydrology are exchanges. These exchanges, which can be structured in a variety of ways, can provide dry year water to those with limited storage and wet year water to those with greater access to storage.

- c. **Long-term Wet Year/Dry Year Exchange of Table A Water or a Combination of DCP and Table A Water – Among Two Parties.** These exchanges would occur between the Contractor and Member Unit. Exchange of Table A water could be limited to a prescribed allocation.
- d. **Coordinated Water Sales Program, in Cooperation with the State of California Department of Water Resources, Resources to Supply the Purchase Program for the Agreements to Support Healthy Rivers and Landscapes.** The Agency, in coordination with other Contractors, could develop and facilitate the short-term transfers program to coordinate same-year transfers for purposes of timing environmental flows.
- e. **Short-term Operational Exchange Program for Operations and Human Health and Safety Purposes.** This program purpose would be to address vital operational needs of Contractors, as well as Human Health and Safety needs for the Department of Water Resources. The program would develop and execute same-year exchanges or transfers of water among users for purposes of operational or safety need.
- f. **Coordinated Water Sales Program Administered by the Agency.** These transfers (i.e. water sales) would occur between the Agency and Contractor or the Contractor and Member Units. The Agency, in coordination with Contractor and Member Unit, would facilitate the short-term transfers program to coordinate same-year transfers.

F. Nonbinding Nature of this MOU

- a. Nothing in this MOU shall be deemed to a binding agreement in regard to the planning, strategies, and topics as set forth herein. There shall be no binding agreement between the parties on any such planning, strategies and topics unless or until any binding agreement is entered into by and between any of the parties.

IN WITNESS WHEREOF, the parties hereto have executed this MOU as of the day and year indicated below.

AGENCY
Kern County Water Agency

By: _____
Its: _____
Date: _____

CONTRACTORS

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____



CENTRAL COAST WATER AUTHORITY
MEMORANDUM

March 13, 2025

TO: Operating Committee
FROM: Dessi Mladenova
Controller
SUBJECT: CCWA FY 2025/26 Preliminary Budget

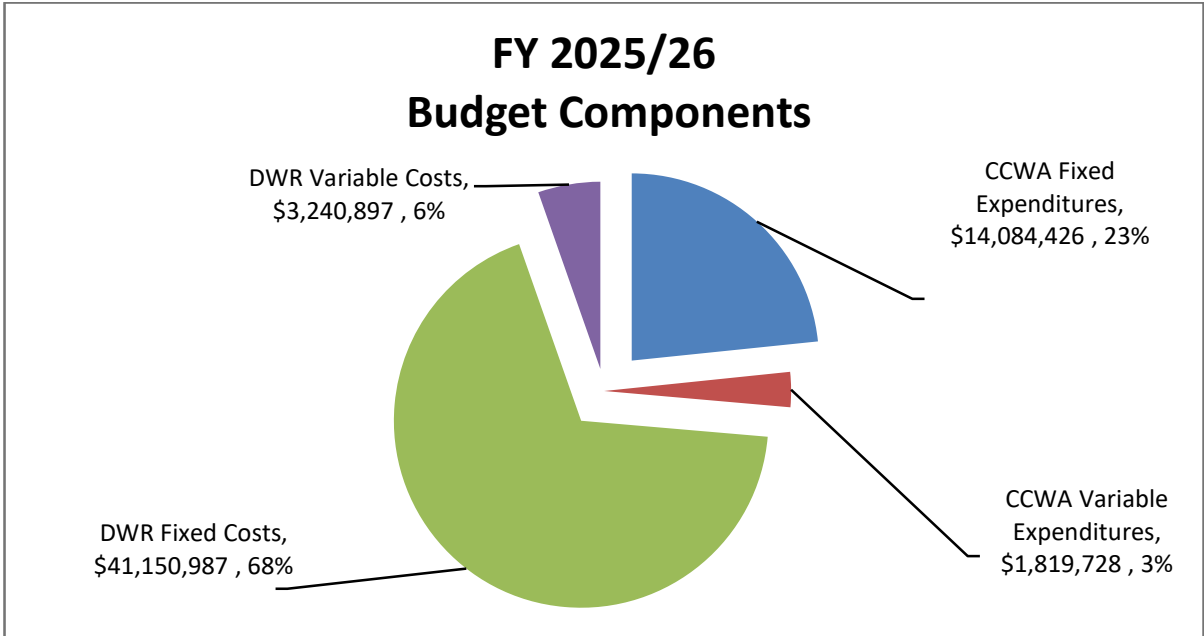
SUMMARY

The Preliminary FY 2025/26 Budget document has been posted for review at the CCWA website www.ccwa.com under the Major Reports tab. This memorandum provides an overview of the preliminary budget and highlights significant changes between it and the Final approved FY 2024/25 Budget.

DISCUSSION

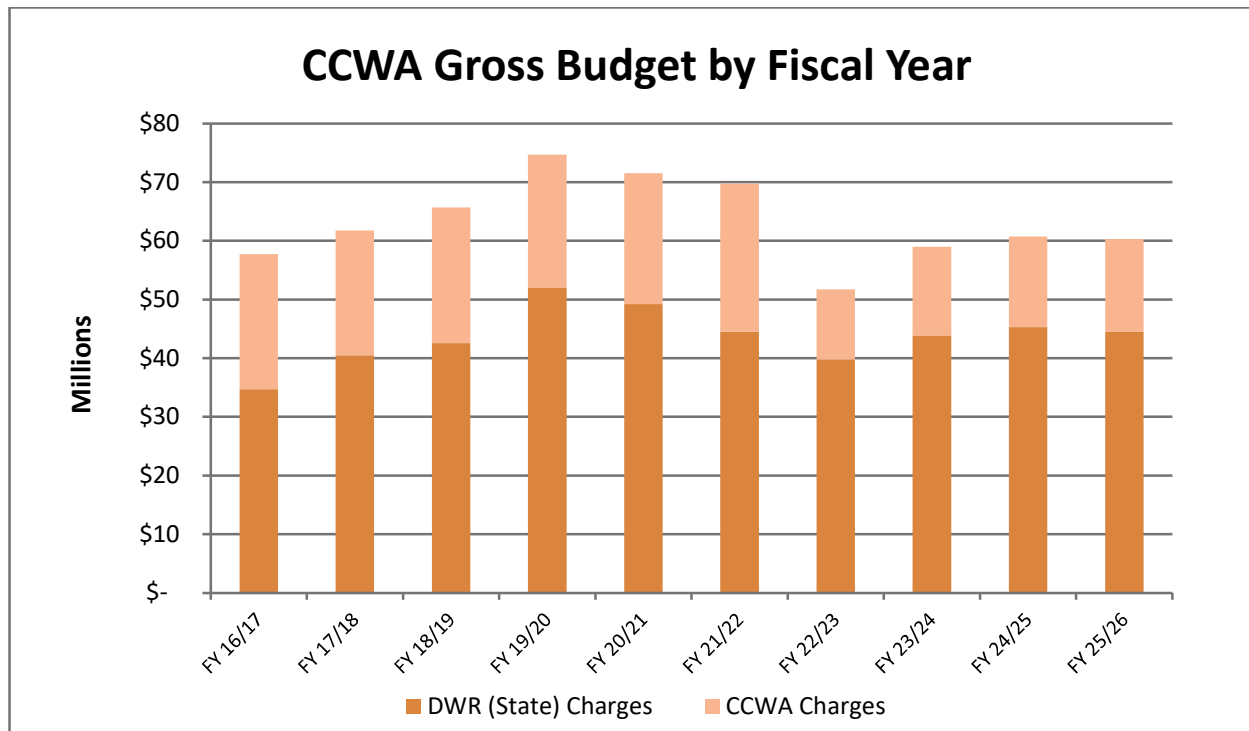
The FY 2025/26 Preliminary Budget calls for total project participant payments of \$58 million compared to the FY 2024/25 adopted budget of \$60.2 million, a \$2.2 million decrease.

The following graph shows the various components of the FY 2025/26 Preliminary Budget and subsequent table compares the Preliminary FY 2025/26 Budget and the Final FY 2024/25 Budget:



Budget Item	Final FY 2024/25 Budget	Preliminary FY 2025/26 Budget	Increase (Decrease)
CCWA Expenses			
CCWA Operating Expenses - Fixed	\$ 10,756,068	\$ 11,525,268	\$ 769,201
CCWA Operating Expenses - Variable	2,026,354	1,819,728	(206,626)
Capital/Non-Capital Projects	2,651,691	2,506,718	(144,974)
Total CCWA Expenses:	15,434,113	15,851,714	417,602
Pass-Through Expenses			
DWR Fixed Costs	41,624,633	41,150,987	(473,646)
DWR Variable Costs	3,446,897	3,240,897	(206,000)
Warren Act and Trust Fund Payments	216,960	52,440	(164,520)
Total Pass-Through Expenses:	45,288,489	44,444,324	(844,165)
Subtotal Gross Budget:	60,722,602	60,296,038	(426,564)
CCWA (Credits) Due	(546,086)	(2,281,509)	(1,735,422)
TOTAL:	\$ 60,176,516	\$ 58,014,530	\$ (2,161,986)

The following graph shows the CCWA and DWR gross budget (without CCWA credits) for the past ten years.



CCWA Operating Expense Budget

The Preliminary FY 2025/26 CCWA operating expense budget totals \$13,344,997 which is \$562,577 more than the FY 2024/25 operating expense budget, or a 4.4% increase.

The following table shows the allocation between the fixed and variable CCWA O&M expenses for FY 2024/25 and FY 2025/26.

	Final FY 2024/25 Budget	Preliminary FY 2025/26 Budget	Increase	Percentage Change
Fixed O&M	\$ 10,756,068	\$ 11,525,268	\$ 769,201	7.15%
Variable O&M	2,026,354	1,819,728	(206,626)	-10.20%
Total:	<u>\$ 12,782,422</u>	<u>\$ 13,344,997</u>	<u>\$ 562,575</u>	<u>4.40%</u>

The following is a list of the major highlights of the operating expense budget. Additional highlights and detailed explanations are available in the departmental sections of the preliminary budget.

Water Deliveries

Total requested water deliveries for FY 2025/26 are 16,827 acre-feet compared to the FY 2024/25 requested deliveries of 16,338 acre-feet, an increase of 489 acre-feet.

Personnel Expenses

Personnel expenses are increasing by about \$244,912, which includes the following changes from the prior year:

- The FY 2025/26 total salaries and wages budget for all departments is increasing \$184,470 as compared to the prior fiscal year budget, representing an increase of 4.51%.
- CalPERS retirement expenses are increasing by approximately \$5,867. The combined CCWA paid employer, employee and unfunded actuarial liability contribution rates for FY 2025/26 total 33.76% as compared to the prior year amount of 33.62%, for a combined increase of 0.14%.
- Health insurance, dental/vision plan expenses and cafeteria plan benefits combined are increasing by about \$67,082 or 8.3% due to; 1) The 2025 CalPERS health insurance plan with the lowest premiums increased by 8.17% over the 2024 premiums, as opposed to the increase of 10% budgeted for the calendar year 2025; 2) The FY 2025/26 Budget also includes an estimated 10% increase in the health insurance premiums effective January 1, 2026. The health plan estimates are based on the elections of each employee at the time the budget is prepared.
- The FY 2025/26 Budget includes a \$201,252 deposit into the Retiree Benefit Trust Program. This OPEB actuarial determined contribution is based on actuarial assumptions for the required minimum contribution under PEMHCA and the additional

vested portion of retiree only premiums for employees who are 62 years of age or older and retire from CCWA having completed at least 10 years of CCWA service.

Supplies and Equipment

Supplies and equipment are increasing by \$110,577 based primarily due to the increased cost of chemicals needed. Estimates are based on historical data and the costs of treatment are directly related to changes in water quality.

Monitoring Expenses

Monitoring expenses are increasing by \$27,603 due to more lab supplies and equipment needed as identified by the Senior Chemist.

Repairs and Maintenance

Repairs and maintenance costs are increasing by about \$42,060 due to increased repair and maintenance on aging equipment and vehicles.

Professional Services

Professional Services are increasing by \$291,267 due primarily to an increase in legal costs.

General and Administrative

General and Administrative costs are increasing by about \$5,471 due to an increase in meeting and travel and training.

Utilities

Utility expenses are decreasing by about \$288,376 largely due to a decrease in variable electrical expenses based on expected deliveries.

Other Expenses

Other expenses are increasing by about \$124,362 due to increased insurance costs and computer expenses.

Approximately 54% of the operating expense budget represents personnel expenses. This is followed by 13% for supplies and equipment and 13% for professional services, with the balance being comprised of other expenses and utilities.

CCWA Capital Improvement & Non-Capital Projects

The Preliminary FY 2025/26 Budget includes \$2,506,718 for capital and non-capital improvement projects, a \$144,974 decrease over the prior year amount. All capital improvement and non-capital projects are normally funded on a current basis from project participant assessments.

Please refer to the “*Projects*” section of the Preliminary FY 2025/26 Budget for additional information on the budgeted capital improvement projects.

Regional Water Treatment Plant Allocation and Santa Ynez Exchange Agreement Modifications

The Preliminary FY 2025/26 fixed and variable regional water treatment plant allocation expense and corresponding credit is \$1,498,771 or \$38.35/AF for all Project Participants. The Preliminary FY 2025/26 fixed and variable Santa Ynez exchange agreement modifications total \$556,931, or \$229.66/AF.

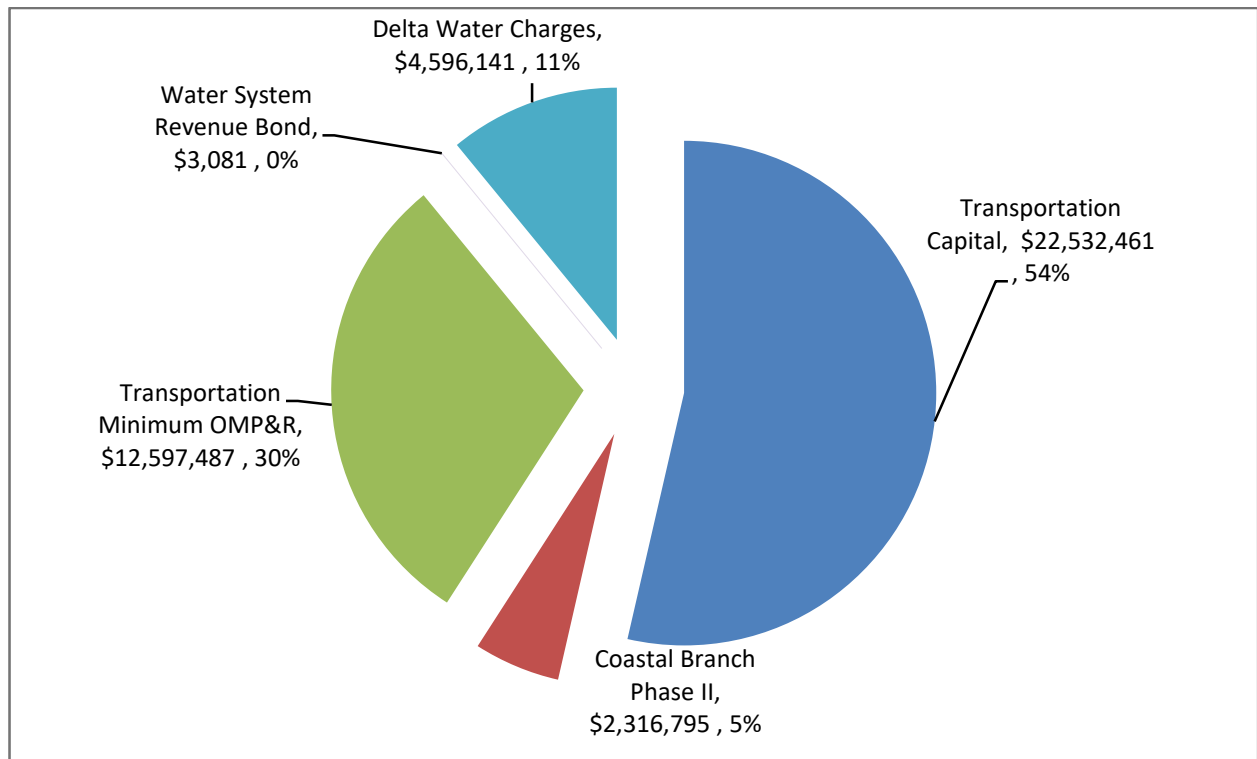
Please refer to the Water Treatment Plant section of the Budget for additional information on the regional water treatment plant allocation and Santa Ynez exchange agreement modifications.

Warren Act and Trust Fund Payments

The Preliminary FY 2025/26 Budget includes \$52,440 for Warren Act and Trust Fund MOU payments based on \$120 per acre foot for 437-acre feet of water to be delivered to Cachuma Lake.

DWR FIXED COSTS

The DWR fixed costs are comprised of the following cost components:



The FY 2025/26 DWR fixed charges, exclusive of DWR investment income, total \$42,045,966 which is \$448,912 lower than the FY 2024/25 Budget. The reasons for the cost component variances are described later in this report.

Transportation Capital

The Transportation Capital cost component covers the use of facilities to transport water to the vicinity of each State water contractor turnout. Generally, the charge represents each contractor’s proportionate share of the reimbursable capital costs and fixed operating costs.

The FY 2025/26 Transportation Capital charges are increasing by \$1,275,141 due to the following:

Transportation Capital Budget-to-Budget Changes			
	FY 2024/25	FY 2025/26	Change
Calculated Component	\$ 24,030,139	\$ 24,513,958	\$ 483,819
Rate Management Credits	(1,471,123)	-	1,471,123
Prior Year Overcollection Credit	(1,325,144)	(1,209,618)	115,526
Other Adjustments	23,449	(33,178)	(56,627)
Addtl Amount Due (Credit)	-	(228,678)	(228,678)
Debt Service Reserve Fund Credit	-	(510,023)	(510,023)
Total:	\$ 21,257,321	\$ 22,532,462	\$ 1,275,141

Coastal Branch Extension-Transportation Capital Reach 37 and 38

This represents the debt service for the Coastal Branch Extension bonds issued by DWR for the Coastal Branch Extension facilities in Santa Barbara County south of the Santa Maria River. CCWA is solely responsible for repayment of the debt service on these bonds to DWR. The charges are allocated according to DWR’s actual construction costs for the project with 51.84% allocated to Reach 37 and 48.16% allocated to Reach 38.

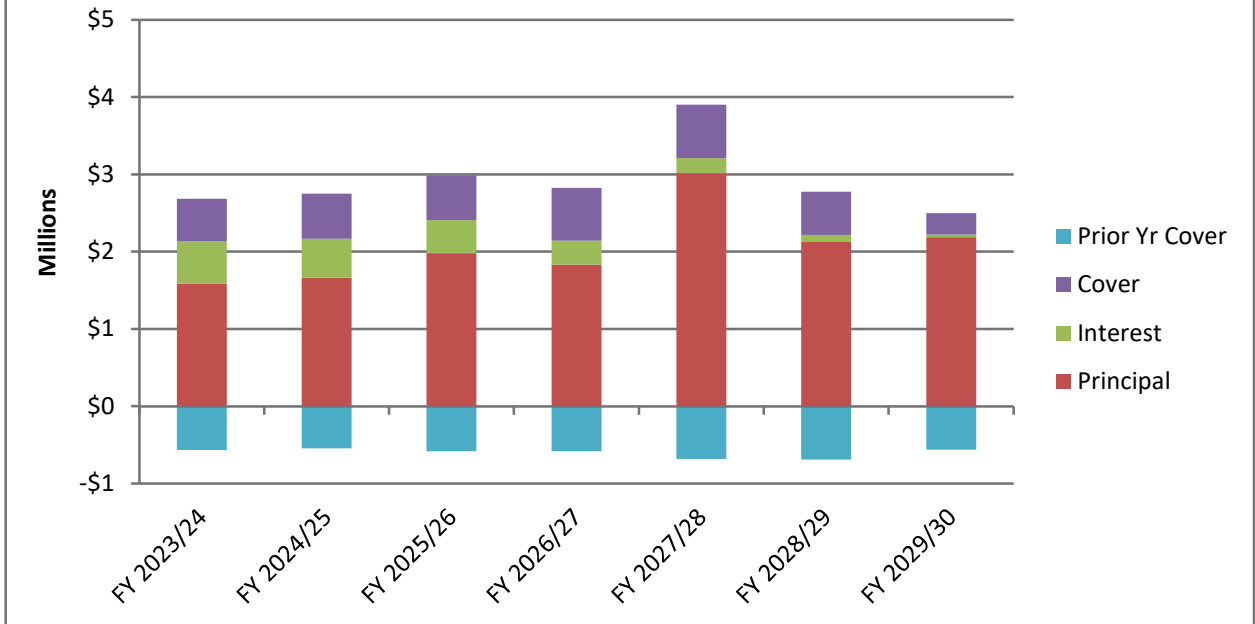
Coastal Branch Extension debt service payments for FY 2025/26 total \$2,316,795 which is \$94,492 higher than the prior year amount due to the following:

Coastal Branch Extension Debt Service			
	FY 2024/25	FY 2025/26	Change
Principal Payments	\$ 1,994,337	\$ 1,979,366	\$ (14,971)
Interest Payments	418,073	426,459	8,386
Bond Cover	553,958	582,719	28,761
Rate Management Credits	(112,238)	-	112,238
Return of Prior Year Cover	(613,294)	(613,294)	-
Prior year amount due (credit)	(18,533)	(58,455)	(39,922)
Total:	\$ 2,222,303	\$ 2,316,795	\$ 94,492

Principal, Interest and Bond Cover Changes

Over the years, DWR has refinanced some of the original bonds used to finance these facilities and the resulting debt service repayment fluctuates significantly between years as can be seen in the following graph.

Actual and Future Coastal Branch Extension Payments by Fiscal Year



In addition to the revenue bond principal and interest, DWR also collects bond cover or an additional 25% of revenue bond payments as an additional security for the bond holders. DWR holds one year of bond cover and then returns the prior year bond cover payments as credits.

Transportation Minimum OMP&R

Transportation Minimum OMP&R charges are the operations and maintenance costs incurred by DWR to operate the State Water Project that generally do not depend on or vary with the quantities of water delivered to CCWA.

For FY 2025/26, total Transportation Minimum OMP&R charges are \$12,597,487, which is \$1,388,118 less than the prior year amount due to the following:

Transportation Minimum OMP&R			
	FY 2024/25	FY 2025/26	Change
Calculated Component	\$ 13,499,575	\$ 13,140,004	\$ (359,571)
Prior Year (Over)/Under Collection	486,030	71,727	(414,304)
Addtl Amount Due (Credit)	-	-	-
Prior Year Amount Due (Credit)	-	(614,243)	(614,243)
Total:	\$ 13,985,605	\$ 12,597,487	\$ (1,388,118)

DWR estimates the calendar year charges for each Contractor and then reconciles or “trues-up” the actual charges incurred in the following year(s) resulting in either an over or under-payment of charges.

Water System Revenue Bond Surcharge

The Water System Revenue Bond Surcharge (WSRB) represents the difference between the capital payments to DWR from the Contractors and the actual revenue bond debt service payments paid by DWR. For FY 2025/26, the WSRB is \$494,904 lower than the prior year amount.

Delta Water Charge

The Delta Water Charge is a unit charge applied to each acre-foot of State water Table A. The unit charge covers repayment of all outstanding reimbursable costs of the DWR Project Conservation Facilities with appropriate interest, by the end of the State water contract repayment period in 2035.

The FY 2025/26 Delta Water Charge totals \$4,596,141, which is \$64,476 higher than the prior year amount for the following reasons.

<i>Delta Water Charge</i>			
	FY 2024/25	FY 2025/26	Change
Rate per acre-foot	\$ 101.45	\$ 106.68	\$ 5.23
Delta Water Charge	4,614,555	4,852,446	237,891
Rate Management Credits	(82,890)	-	82,890
Prior year amount due (credit)		(256,305)	(256,305)
Total:	\$ 4,531,665	\$ 4,596,141	\$ 64,476

As the table above shows, the FY 2025/26 rate per acre-foot totals \$106.68, which is \$5.23/AF more than the prior year amount.

The FY 2025/26 rate includes an estimated \$20.00/AF increase for calendar year 2026 for potential other conservation and delta related facilities (\$10.00/AF on a fiscal year basis).

DWR VARIABLE COSTS

The DWR variable charges are comprised of the following two cost components:

- Off-Aqueduct Charge
- Variable OMP&R

Variable OMP&R Charges

Variable OMP&R costs basically represent power costs to pump the water and represent costs that are based on and vary with the amount of State water deliveries.

For 2025/26, the variable OMP&R charges a total of \$3,240,897, which is \$206,000 less than the prior year amount. The budget is based on estimated water deliveries of 12,784 acre-feet.

The cost per acre-foot for water deliveries in FY 2025/26 is estimated to be \$254/AF.

Variable Cost Per Acre-Foot Analysis

The Preliminary FY 2025/26 variable cost per acre-foot for Table A water is \$354.16 for the North County project participants and \$793.54 for South Coast project participants.

The Preliminary Budget for FY 2025/26 reflects 2,425 AF in exchange deliveries between Santa Ynez ID#1 and the South Coast exchange participants. The large decrease in the estimated cost per acre-foot for South Coast project participants is due to the development of SYPP Operational Matrix to aid in the cost estimate for pumping water to Lake Cachuma by delivery amount and by number of pumps used.

Total Payments Comparison by Project Participant

The following table shows the total budgeted payments by project participant for FY 2024/25 and total payments shown on the FY 2025/26 Preliminary Budget and the corresponding increase or (decrease).

Two-Year Total Combined Fixed and Variable Payments History by Project Participant			
Project Participant	Total Payments FY 2024/25	Total Payments FY 2025/26	Change FY 2024/25 to FY 2025/26
Guadalupe	\$ 742,740	\$ 661,234	\$ (81,506)
Santa Maria	22,759,644	22,242,241	(517,403)
Golden State Water Co.	754,845	719,742	(35,103)
Vandenberg SFB	8,573,747	8,569,503	(4,244)
Buellton	892,334	812,045	(80,289)
Santa Ynez (Solvang)	2,342,228	2,397,369	55,141
Santa Ynez	1,249,560	1,079,117	(170,444)
Goleta	7,459,202	6,822,466	(636,736)
Morehart Land	327,022	305,146	(21,876)
La Cumbre	1,800,784	1,670,913	(129,872)
Raytheon	67,865	53,771	(14,093)
Santa Barbara	4,678,050	4,457,077	(220,973)
Montecito	4,354,135	4,428,393	74,258
Carpinteria	2,992,729	2,761,873	(230,856)
Shandon	15,310	15,203	(107)
Chorro Valley	609,014	498,763	(110,250)
Lopez	557,306	519,674	(37,631)
TOTAL:	\$ 60,176,515	\$ 58,014,530	\$ (2,161,985)

Two-Year Total Fixed Payments History by Project Participant

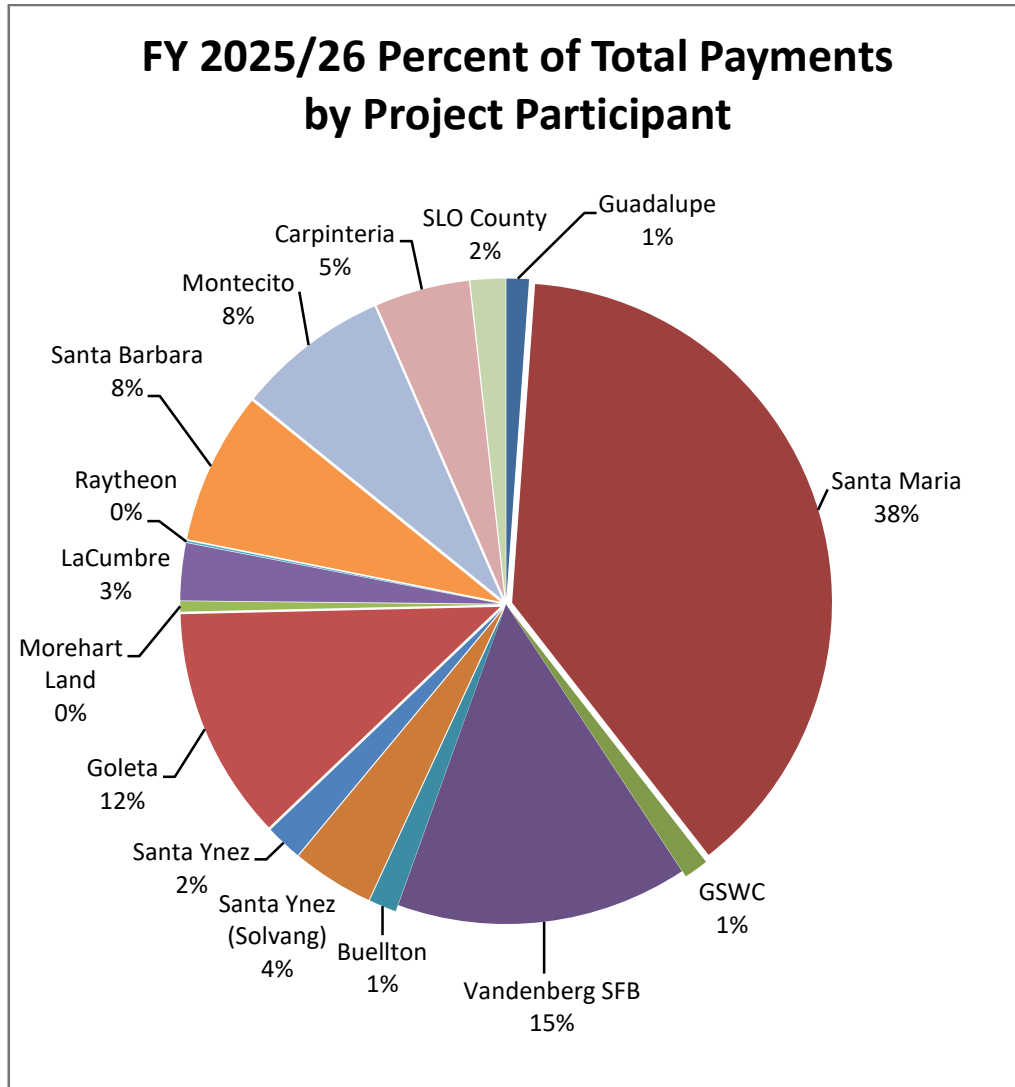
Project Participant	Total Payments FY 2024/25	Total Payments FY 2025/26	Change FY 2024/25 to FY 2025/26
Guadalupe	\$ 697,169	\$ 652,019	\$ (45,150)
Santa Maria	20,811,439	20,065,071	(746,368)
Golden State Water Co.	651,969	650,992	(977)
Vandenberg SFB	7,721,288	7,582,310	(138,978)
Buellton	838,186	789,776	(48,410)
Santa Ynez (Solvang)	2,129,403	2,147,572	18,169
Santa Ynez	1,001,897	835,047	(166,850)
Goleta	6,861,328	6,601,338	(259,989)
Morehart Land	274,300	247,980	(26,320)
La Cumbre	1,424,868	1,381,189	(43,679)
Raytheon	61,819	53,771	(8,047)
Santa Barbara	4,251,221	4,309,658	58,437
Montecito	4,186,710	4,280,975	94,265
Carpinteria	2,794,644	2,663,593	(131,050)
Shandon	15,310	15,203	(107)
Chorro Valley	407,495	285,145	(122,350)
Lopez	357,260	339,826	(17,434)
TOTAL:	\$ 54,486,305	\$ 52,901,464	\$ (1,584,840)

Two-Year Total Variable Payments History by Project Participant

Project Participant	Total CCWA		Total DWR		Total Warren Act		Total variable		Change	
	Payments FY 2024/25	Payments FY 2024/25	Payments FY 2024/25	Payments FY 2024/25	Payments FY 2024/25	Payments FY 2024/25	Payments FY 2025/26	Payments FY 2025/26	FY 2024/25 to FY 2025/26	FY 2025/26
Guadalupe	\$ 11,949	\$ 33,622	\$ -	\$ -	\$ 45,571	\$ 9,215	\$ (36,356)			
Santa Maria	510,338	1,437,867	-	-	1,948,205	2,177,170	228,965			
Golden State Water Co.	26,962	75,914	-	-	102,876	68,750	(34,126)			
Vandenberg SFB	223,243	629,215	-	-	852,458	987,193	134,734			
Buellton	14,196	39,951	-	-	54,147	22,268	(31,879)			
Santa Ynez (Solvang)	55,762	157,064	-	-	212,826	249,798	36,972			
Santa Ynez	247,663	-	-	-	247,663	244,070	(3,593)			
Goleta	164,421	366,736	66,718	-	597,875	221,128	(376,747)			
Morehart Land	25,012	17,561	10,149	-	52,722	57,166	4,444			
La Cumbre	178,362	125,179	72,375	-	375,916	289,724	(86,193)			
Raytheon	2,870	2,011	1,165	-	6,046	-	(6,046)			
Santa Barbara	123,008	253,907	49,914	-	426,829	147,419	(279,410)			
Montecito	-	167,425	-	-	167,425	147,419	(20,006)			
Carpinteria	41,003	140,444	16,638	-	198,085	98,279	(99,806)			
Shandon	-	-	-	-	-	-	-			
Chorro Valley	201,519	-	-	-	201,519	213,619	12,100			
Lopez	200,046	-	-	-	200,046	179,848	(20,198)			
TOTAL:	\$ 2,026,354	\$ 3,446,897	\$ 216,960	\$ -	\$ 5,690,210	\$ 5,113,065	\$ (577,145)			

FY 2025/26 Total Payments by Percentage

The following chart shows the percentage of total payments for FY 2025/26 by project participant.



Budget in Brief

Attached to this report is a "FY 2025/26 Preliminary Budget in Brief" which provides a snapshot of each major component of the proposed FY 2025/26 Preliminary Budget.

Budget Items Not Included in the Preliminary Budget

The following is a partial list of the items that are not included in the preliminary budget but will be included in the final budget.

- Ten Year Financial Plan
- Budget transmittal letter
- Appendix to the budget
- Miscellaneous charts and graphs

- Significant Accomplishments, Goals and Performance Measures

If you have specific questions that can be addressed before the meeting, please call me at 805-688-2292, extension 223.

DHM



Central Coast Water Authority FY 2025/26 Proposed Preliminary Budget in Brief

FY 2025/26 BUDGET SUMMARY

	FY 2024/25	FY 2025/26	Increase
	Budget	Budget	(Decrease)
CCWA Operating Expenses	\$ 12,782,420	\$ 13,344,997	\$ 562,577
DWR Fixed and Variable Costs	45,071,531	44,391,884	(679,647)
Capital Improvement & Non Capital Projects	2,651,691	2,506,718	(144,974)
Warren Act Charges	216,960	52,440	(164,520)
Subtotal	<u>60,722,602</u>	<u>60,296,038</u>	<u>(426,563)</u>
CCWA Credits	(546,086)	(2,281,509)	(1,735,422)
TOTAL :	<u>\$ 60,176,515</u>	<u>\$ 58,014,530</u>	<u>\$ (2,161,986)</u>

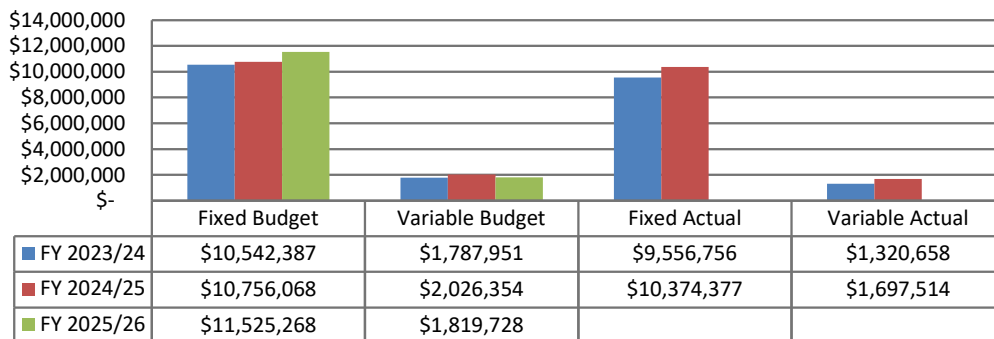
\$2.2 Million decrease in the budget, including CCWA credits

CCWA OPERATING EXPENSES

	FY 2024/25	FY 2025/26	Increase
	Budget	Budget	(Decrease)
Personnel	\$ 6,929,911	\$ 7,174,825	\$ 244,914
Office Expenses	22,800	23,300	500
Supplies & Equipment	1,602,500	1,713,077	110,577
Monitoring Expenses	120,497	148,100	27,603
Repairs & Maintenance	378,800	420,860	42,060
Professional Services	1,476,203	1,767,470	291,267
General & Administrative	308,228	313,700	5,472
Utilities	933,180	644,805	(288,376)
Other Expenses	1,010,300	1,138,860	128,560
Total Operating Expense	<u>\$ 12,782,420</u>	<u>\$ 13,344,997</u>	<u>\$ 562,577</u>

Total operating expense increase of \$0.6 Million inclusive of the following factors: \$245k increase in Personnel costs; \$110k increase in supplies and equipment; \$291k increase in professional services related to legal costs, \$129k increase in other expenses due to anticipated increase in insurance costs and increased computer expenses; \$42k increase in repairs and maintenance related to increased vehicle repair costs, and \$290k decrease in utilities due to lower electric costs for SYPP and decreased water delivery requests.

Operating Expenses Fixed and Variable Expenses



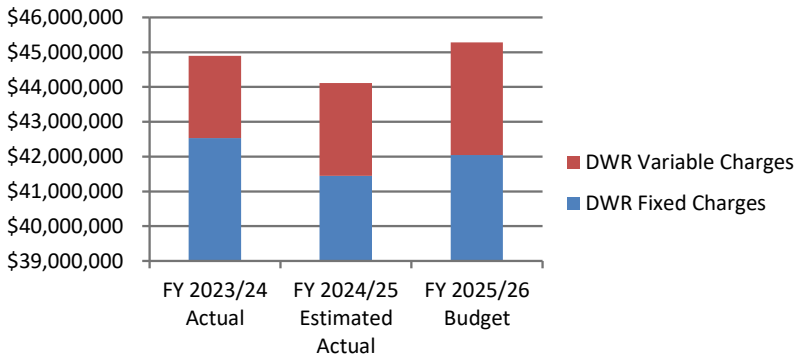
DWR FIXED AND VARIABLE CHARGES

DWR Fixed cost decrease of \$0.5 Million due to decreased costs in Transportation Minimum OMP&R of \$1.4 Million combined with a decrease of \$0.5 Million in WSRB and offset by \$1.3 Million increase in Transportation Capital charges, and \$159k increase in Coastal Branch Phase II and Delta Water Charge.

DWR Variable cost decrease of \$0.2 Million over FY 2024/25 is largely due to a decrease in the variable cost per AF.

	FY 2024/25	FY 2025/26	Increase
	Budget	Budget	(Decrease)
Transportation Capital	\$ 21,257,321	\$ 22,532,461	\$ 1,275,140
Coastal Branch Phase II	2,222,303	2,316,795	94,492
Transportation Minimum OMP&R	13,985,604	12,597,487	(1,388,117)
Water System Revenue Bond	497,985	3,081	(494,904)
Delta Water Charge	4,531,665	4,596,141	64,476
Subtotal Fixed DWR Charges	42,494,878	42,045,966	(448,912)
Off-Aqueduct Charges	21,220	32,078	10,858
Variable OMP&R	3,425,677	3,208,819	(216,858)
Subtotal Variable DWR Charges	3,446,897	3,240,897	(206,000)
DWR Account Investment Income	(870,244)	(894,979)	(24,735)
Total DWR Charges	\$ 45,071,531	\$ 44,391,884	\$ (679,647)

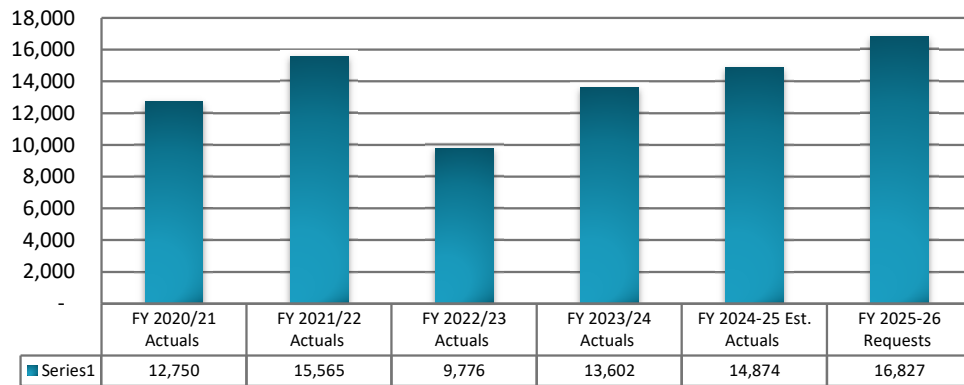
DWR Fixed and Variable Charges



The significant fluctuations in DWR fixed costs year-to-year is due to the DWR Transportation Minimum OMP&R cost component and its calculation for annual over and under-collections. Historically, the Transportation Minimum cost component of DWR Statement of Charges has been the most volatile DWR charge. The volatility is partly based on DWR's Statement of Charges being based on estimates and then reconciling or preparing a "true-up" based on the actual costs incurred.

DWR Delivery Allocation Percentage	
Calendar Year	Percentage
2014	5%
2015	20%
2016	60%
2017	85%
2018	35%
2019	75%
2020	20%
2021	5%
2022	15%
2023	100%
2024	40%
2025-Current	35%

Water Deliveries and Requests

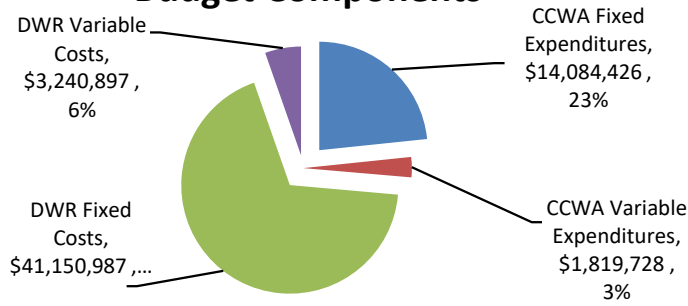


OTHER EXPENDITURES

	FY 2024/25 Budget	FY 2025/26 Budget	Increase (Decrease)
Capital Improvement & Non-Capital Projects	\$ 2,651,691	\$ 2,506,718	\$ (144,974)
Warren Act Charges	216,960	52,440	(164,520)
Total Other Expenditures	\$ 2,868,651	\$ 2,559,158	\$ (309,493)

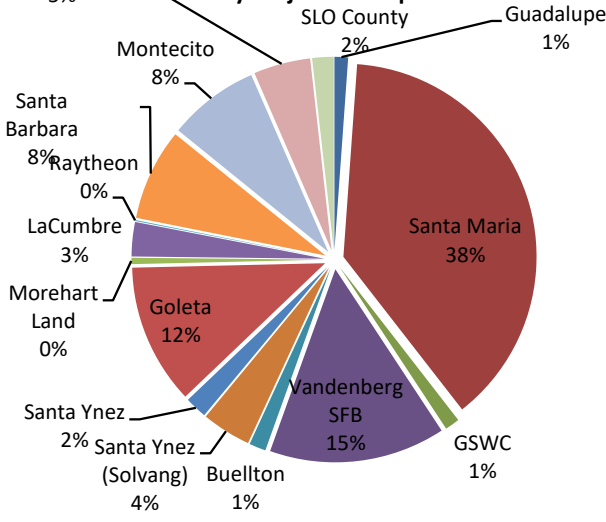
\$145k decrease in Capital & Non-Capital Projects; \$164k decrease in Warren Act Charges.

FY 2025/26 Budget Components



74% of the CCWA Budget is outside of the direct control of CCWA. DWR costs comprise 74% of the total CCWA Budget.

FY 2025/26 Percent of Total Payments by Project Participant



FY 2025/26 Variable Cost Per Acre-Foot

<u>Table A Water</u>		
North Santa Barbara County	\$	354.16
South Santa Barbara County	\$	793.54
<u>Santa Ynez Exchange Water</u>		
Santa Ynez ID#1	\$	229.66
South Coast Exchange Participants	\$	253.51

For more information, please contact the Central Coast Water Authority at (805) 688-2292 or visit our website at: ccwa.com