



A Meeting of the
**BOARD OF DIRECTORS
OF THE
CENTRAL COAST WATER AUTHORITY**

will be held at 9:00 a.m., on Thursday, March 22, 2018
at 255 Industrial Way, Buellton, California

Jack Boysen
Chairman

Richard Shaikewitz
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

I. Call to Order and Roll Call

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

III. Consent Calendar

- * A. Approve Minutes of the February 22, 2018 Regular Meeting
- * B. Approve Bills
- * C. Controller’s Report
- * D. Operations Report

IV. Executive Director’s Report

- A. CCWA Water Supply Situation Report
- B. 2018 Supplemental Water Purchase Program Update
- C. State Water Project Contract Assignment Update
- * D. State Water Project Contract Amendments Update
- E. California WaterFix Update
- * F. 2018 Ammonium Hydroxide Chemical Contract
- * G. CCWA FY 2018/19 Preliminary Budget
- * H. FY 2016/17 Continuing Disclosure Annual Report for Ratification
- * I. Personnel Committee
 - 1. Personnel Policy Manual Changes

V. Closed Session:

- A. Public Employee Performance Evaluation - Government Code Section 54957
Title: Executive Director
- B. Conference with Labor Negotiator - Government Code Section 54957
Unrepresented Employees: Executive Director, Deputy Director

VI. Open Session - Executive Director and Deputy Director Salary Adjustments

VII. Reports from Board Members for Information Only

VIII. Items for Next Regular Meeting Agenda

- A. CCWA FY 18/19 Budget

IX. Date of Next Regular Meeting: April 26, 2018

X. Adjournment

255 Industrial Way
Buellton, CA 93427-9565
(805) 688-2292
FAX: (805) 686-4700

- * Indicates attachment of document to original agenda packet.
- * The FY 2016/17 Continuing Disclosure Report and FY 2018/19 Preliminary Budget have been included for Board members only with this mailing. The documents are available on-line at www.ccwa.com, or by contacting Lisa Watkins at lfw@ccwa.com to request a hard copy.



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**MINUTES OF THE
CENTRAL COAST WATER AUTHORITY
BOARD OF DIRECTORS
February 22, 2018**

I. Call to Order and Roll Call

Chairman Boysen called the February 22, 2018, Central Coast Water Authority (CCWA) Board of Directors meeting held at 255 Industrial Way, Buellton, California, to order at 9:00 a.m. Attachment No. 1 is a list of those in attendance.

CCWA member agencies with voting privileges were represented by:

<u>Representative</u>	<u>Agency/City</u>	<u>Voting %</u>
Ed Andrisek	City of Buellton	2.21%
Jack Boysen	City of Santa Maria	43.19%
Harlan Burchardi	Santa Ynez River Water Conservation District, ID #1	7.64%
Eric Friedman	City of Santa Barbara	11.47%
Shirley Johnson	Carpinteria Valley Water District	7.64%
Richard Merrifield	Goleta Water District	17.20%
Richard Shaikewitz	Montecito Water District	9.50%

II. Public Comment

Travis Turner of Wexus Technologies provided information packets regarding smart meter data for farmers. His company is working with farmers in the Central Valley to understand their solar and true ups and he offered to meet with CCWA member agencies.

III. Consent Calendar

- A. Approve Minutes of the January 25, 2018 Regular Meeting
- B. Approve Bills
- C. Controller's Report
- D. Operations Report

Following discussion, a motion to approve the Consent Calendar was made by Director Shaikewitz, seconded by Director Burchardi, and carried with all in favor and none opposed.

IV. Executive Director's Report

- A. Water Supply Situation Report

Ray Stokes, CCWA Executive Director, addressed the Board to provide information related to water availability to CCWA, reviewing the delivery of the 38,665 AF of Table A available at the current 20% SWP allocation.

Rainfall indices comparing average rainfall with actuals show rainfall is below average and on par with the lowest dry year on record (2014/15). Lake Oroville is being kept artificially low due to repairs that are ongoing. Current estimates for repairing the spillway are \$870 million, but could go over \$1 billion when complete.

San Luis Reservoir's Federal storage portion is full but there is still some room in the State portion. Director Shaikewitz asked for clarification regarding the ability to carry over water in San Luis Reservoir, and Mr. Stokes expanded on the DWR position and contract language regarding carry over water. San Luis Reservoir is not likely to spill this year due to release requirements, including 660 TAF lost due to Biological Opinions. Mr. Stokes then shared the 30, 60, and 90 day outlook regarding precipitation conditions, and stated that precipitation maps show that the State is currently in a drought. The effect on allocation calculations is uncertain; although the allocation was increased from 15% to 20%, if there isn't enough rainfall in March the allocation could be decreased in the near future.

CCWA has 21,631 AF total water available at the current 20% allocation level. Some carryover has been reclassified as Article 14b water which will not be subject to spill (1,606 AF). This reclassification is allowed due to contract provisions for water that could not be pumped during the winter shutdown. Some participants still have banked water with Palmdale and Irvine Ranch.

Director Boysen inquired regarding water use at the original allocation levels if the allocation is then reduced. Mr. Stokes indicated that the adjustments will happen early enough in the year that it should not have an effect on CCWA water deliveries.

B. 2018 Supplemental Water Program Update

Mr. Stokes reviewed the background of the Supplemental Water Purchase Program (SWPP), which was initiated in 2014, and has been able to provide about 2,700 AF of water to CCWA project participants. Montecito Water District, the City of Santa Barbara and City of Solvang, and Carpinteria Valley Water District have indicated preliminary interest, although agreements have not been signed at this time.

Mr. Stokes has been in contact with the water broker CCWA has used in the past, Eric Robbins of Sierra Water Development. He has indicated that exceptional dry conditions could impact the availability of water, and other solutions are being discussed with the interested participants.

Kelley Dyer from City of Santa Barbara asked if any CCWA member agencies may have surplus water they would be interested in selling. Mr. Stokes and Mr. Brady said there may be some potential for this with VAFB, but it would involve strict restrictions that may make it prohibitive. Mr. Stokes said there may be some availability from other contractors in the State.

C. Agreement to Deliver Semitropic Water Storage Program Water for Montecito Water District

The Montecito Water District has elected to participate in the Semitropic Water Storage Program. Because Montecito is the only CCWA project participant participating in the water storage program, the contracts for the 2017 CCWA Water Storage Program are not sufficient to fully address the various issues associated with Montecito's participation in the Semitropic water bank. Therefore, a new agreement must be executed between CCWA and Montecito to fully protect CCWA and the other project participants from any harm associated with Montecito's participation in the water bank.

The "Agreement to Deliver Semitropic Water Storage Program Water" provided in the meeting materials was prepared by CCWA legal counsel to outline the issues unique to CCWA's facilitation of transferring Montecito's State water into the Semitropic water bank and to fully indemnify and protect the other CCWA project participants.

Stephanie Hastings of Brownstein Hyatt Farber Schreck gave a brief update to the Board explaining that Santa Barbara County would need to be involved as well since they are the contract holder with DWR. Montecito has approved the Agreement previously, and there would be two additional series of contracts: Montecito with Semitropic, Semitropic with Kern, and Kern with DWR, and DWR with Santa Barbara County, Santa Barbara County with CCWA, and CCWA with Montecito.

Director Johnson inquired regarding sales terms and what happens if excess water can't be sold. Mr. Stokes and Ms. Hastings explained the idea behind water banking situations including the cost of the storage. CCWA is interested in ensuring that normal water activity will not be affected by this agreement.

Upon a motion by Director Shaikewitz, seconded by Director Burchardi and carried with all in favor and none opposed, the CCWA Board of Directors approved the "Agreement to Deliver Semitropic Water Storage Program Water" between CCWA and the Montecito Water District.

D. State Water Project Contract Amendments Update

On February 13, 2018, DWR and the State Water Project Contractors (SWP) held a negotiating meeting to continue the process of amending the State Water Project Contract, and information that was exchanged between DWR and the SWP Contractors during the negotiating session was provided in the meeting packet. Future negotiating meetings are scheduled to be held on a weekly basis through June 2018. DWR has fast-tracked this process and would like to enter the CEQA process by July 1, 2018.

Mr. Stokes discussed the objectives submitted to DWR, and the objectives presented by DWR, which were similar. Five northern agencies not receiving any benefit from the Cal WaterFix will be removed from the contract, and a technical subcommittee has been formed and is meeting to discuss the details regarding those changes.

Director Merrifield asked about some of the effects of the Agriculture community not participating in the project. Mr. Stokes gave some details regarding how the costs will be allocated – DWR will allocate 100% of the costs to the 24 contractors, and then individual Contractors may elect to enter into contracts with other SWP Contractors to offset their Cal WaterFix costs.

E. California WaterFix Status Update

Mr. Stokes updated the current status of the California WaterFix project, including the amendment of the project to consist of one tunnel rather than two. The project is still in the discussion phase and the final proposal is unknown at this time.

There will be a financing JPA formed to issue bonds to begin construction of California WaterFix. It is estimated it will take about 10 years for any legal action to be completed, however a JPA may be able to issue bonds during the process.

Mr. Stokes discussed whether or not CCWA will be participating in the financing JPA and asked for input from the Board members. Metropolitan Water District is waiting to see how many contractors will be participating prior to moving forward with any firm plans. This will be evolving over the next couple of months. The hope is that a broad representation of the SWC will be taking part in the financing JPA.

Director Johnson asked if there will still be a Cost/Benefit analysis completed to address the change of the scope of California WaterFix. Mr. Stokes said that the Cost/Benefit analysis of the 9,000 cfs facility was completed and he can make that information available, however; the analysis of the revised 6,000 cfs facility has not yet been completed. Mr. Stokes reminded board members that CCWA does not have the ability to opt out of the contract, however there could be an ability to assign benefits to another contractor – however no participants have indicated to Mr. Stokes at this time that they are interested in this option.

Director Friedman asked for clarification of the costs and allocation impacts. Mr. Stokes explained benefits of California WaterFix with regard to Article 21 water and an increased capacity to move water through the Delta. These benefits would accrue to those contractors participating in the project. Director Boysen asked about the decision made to not allow contractors to opt-out, and Mr. Stokes explained that in order to build the facility under the existing contract this lack of ability to opt-out must be part of the program.

F. State Water Project Contract Assignment Update

Mr. Stokes has received verbal notice that DWR will be approving the reassignment of the contract from Santa Barbara County to CCWA. He will be meeting with DWR representatives next week to discuss this further, and then DWR will issue a letter indicating its approval. Following receipt of that official notification, CCWA will be meeting with members of the County Board of Supervisors, and Mr. Stokes stated that it will be beneficial if individual participants could lend their official support for this reassignment with the Board of Supervisors. Director Boysen asked if there is support from County Staff and Mr. Stokes indicated that we do not know that yet.

Director Johnson asked if any issues arose following the financial evaluation of CCWA's Bond issuance requested by DWR, and Mr. Stokes reported there were no concerns raised.

V. Closed Session

- A. CONFERENCE WITH LEGAL COUNCIL – ANTICIPATED LITIGATION**
Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54959.9 (one potential case).

The Board adjourned to closed session at 9:54 a.m.

The Board reconvened after the closed session at 10:15 a.m. There was no action as a result of the closed session.

VI. Reports from Board Members for Information Only

There were no reports from Board members.

VII. Items for Next Regular Meeting Agenda

CCWA FY 18/19 Preliminary Budget

VIII. Date of Next Regular Meeting: March 22, 2018

IX. Adjournment

The meeting was adjourned at 10:19 a.m.

Respectfully submitted,

Elizabeth Watkins
Secretary to the Board



CENTRAL COAST WATER AUTHORITY

Agenda Item III.B.
Board of Directors
March 22, 2018

Normal and Recurring Costs

Bills for Ratification - February 2018

VENDOR	INVOICE AMOUNT	DESCRIPTION
GENERAL & ADMINISTRATIVE EXPENSES		
Bank of America Business Card	34.99	Publications, subscriptions, postage
Bank of America Business Card	112.97	Staff meetings
Bank of America Business Card	317.12	Advertising - Distribution Tech
Bank of America Business Card	400.00	CLA-VAL Training Class (2 employees)
Bank of America Business Card	473.06	SWC/DWR - Travel and meetings
Bank of America Business Card	787.02	ESRI Training and Travel Expenses
Bank of America Business Card	816.04	FLIR Training Travel Expenses
Cardmember Service	2,302.85	State Water Contractors - Travel and meetings
Co. of Santa Barbara Water Agency	2,408.83	IRWM Program expense
Credential Check Corporation	179.00	Annual Membership
Espinoza, Manuel	92.44	Reimbursable expenses - Travel expenses
Federal Express	258.12	Express shipping
Gov't Finance Officer Association	150.00	GFOA Membership 2018-19
United Parcel Service	209.06	Shipping expenses
Water Research Foundation	500.00	Subscription 2018
	\$ 9,041.50	Total General & Administrative
MONITORING EXPENSES		
Culligan Industries Water Systems	85.00	Carbon Tank Rentals, Tri-Bed Tank Rentals
Eurofins Eaton Analytical	40.00	Lab testing
Hach Company	2,462.40	Lab supplies
IDEXX Distribution Corp.	2,160.40	Lab supplies
Kern Co. Water Agency	1,428.00	Laboratory Analysis
VWR International	439.09	Lab supplies
	\$ 6,614.89	Total Monitoring Expenses
OFFICE EXPENSES		
Bank of America Business Card	213.06	Office and Kitchen Supplies
Office Depot	245.30	Office, janitorial & kitchen supplies
Solvang Bakery	25.95	Board and Committee meeting pastries
Staples Inc.	169.91	Office, janitorial & kitchen supplies
Toshiba Business Solutions	108.68	Printer toner
	\$ 762.90	Total Office Expenses
OTHER EXPENSES		
American Marborg	144.18	Equipment Rental - trailer
Bank of America Business Card	166.25	Computer miscellaneous expenses
Comcast	191.01	Internet Service
CompuVision	191.18	Adobe Acrobat license upgrade
CompuVision	2,276.23	Cisco Smartnet Renewal
Impulse Internet Services	2,097.38	T-1 System and Internet Service (Buellton and Shandon)
Kieding, Eric	125.00	DSL reimbursement
Marborg Industries	144.37	Tank 5/Tank 7 Rental
Ross, Don	175.00	DSL reimbursement
Surfnet Communications, Inc.	75.00	Wireless internet Chorro Turnout
Toshiba Financial Services	249.98	Copier lease - BAO
Transcat, Inc	5,628.34	Emerson Field Communicator
Velosio	43.75	Microsoft Dynamics SL support services
	\$ 11,507.67	Total Other Expenses



CENTRAL COAST WATER AUTHORITY

Normal and Recurring Costs

Bills for Ratification - February 2018

VENDOR	INVOICE AMOUNT	DESCRIPTION
OTHER MISCELLANEOUS EXPENSES		
Department of Water Resources	1,000,671.00	Variable OMP&R, Delta Water & Transport Charge
	\$ 1,000,671.00	Total Other Miscellaneous Expenses
PERSONNEL EXPENSES		
Bank of America Business Card	100.00	Employee Achievement Awards Program
CalPERS Health	41,092.09	Health Insurance
CalPERS Retirement	35,474.84	Pension Contributions
CCWA Payroll Wages/Taxes	235,864.88	Gross Payroll Wages/Taxes
Dental/Vision Payments	2,735.86	Dental/Vision Benefits
MetLife SBC Insurance	1,011.15	Life Insurance
Other Misc Employee Benefits	2,835.56	Vehicle, Uniform and Cafeteria Plan Benefits
Standard Insurance Company	1,264.76	Disability Insurance
	\$ 320,379.14	Total Personnel Expenses
PROFESSIONAL SERVICES		
Cardno, Inc.	1,261.24	Environmental Consulting
Mid-Coast Fire Protection Inc.	1,442.88	Safety, Annual fire extinguisher service
Samba Holdings, Inc.	64.00	DMV driver reports
	\$ 2,768.12	Total Professional Services
CIP PROJECTS - MATERIALS & OVERHEAD		
Dell Business Credit	11,370.43	SCADA Upgrade
Mueller Water Products, Inc.	10,437.57	Filter Inlet Valve Replacement
Multiquip Inc.	24,819.98	Portable Electrical Generator
	\$ 46,627.98	Total CIP Project - Materials and Overhead
REPAIRS & MAINTENANCE		
Anixter, Inc.	622.43	Parts, repair and maintenance
Applied Industrial Technologies	92.64	Equipment repairs and maintenance
AT Battery Company, Inc.	1,111.00	Parts, repair and maintenance
Bank of America Business Card	16.99	Building maintenance supplies
Bank of America Business Card	448.90	Parts, repair and maintenance
Burt Industrial Supply Inc	478.92	Parts, repair and maintenance
City of Buellton	89.66	Landscape maintenance - water
Consolidated Electrical Distributors	617.98	Parts, repair and maintenance
Coverall North America, Inc	979.00	Janitorial service - BAO/SYPS
D&H Water Systems Inc.	361.75	Equipment repairs and maintenance
Home Depot	83.56	Parts, repair and maintenance
Jan's Gardening Service	500.00	Landscape maintenance - BAO/SYPS
Noble Saw, Inc.	36.00	Equipment repairs and maintenance
Procure Janitorial Supply	140.11	Janitorial supplies - WTP
Rio Vista Chevrolet	1,044.30	Vehicle maintenance
San Luis Personnel Service	916.80	Janitorial Service - WTP
Toshiba Business Solutions	444.80	Copier maintenance
Vreeland Ford	108.41	Vehicle maintenance
Western Exterminator Co	200.00	Pest control spraying - BAO and SYPS
Zoom Imaging Solutions, Inc	65.34	Copier Maintenance
	\$ 8,358.59	Total Repairs & Maintenance



CENTRAL COAST WATER AUTHORITY

Normal and Recurring Costs

Bills for Ratification - February 2018

VENDOR	INVOICE AMOUNT	DESCRIPTION
SUPPLIES & EQUIPMENT		
Bank of America Business Card	53.46	Fuel - Autos
Bank of America Business Card	74.95	Minor tools
Bank of America Business Card	76.06	Equipment & maintenance supplies
Bank of America Business Card	85.80	Safety supplies
Burt Industrial Supply, Inc	831.56	Maintenance supplies and hardware
California Electrical Supply	139.17	Electrical parts
Chemtrade Chemicals US, LLC	26,206.78	Chemicals - WTP
Consolidated Electrical Dist.	90.97	Maintenance supplies and hardware
FLIR Commercial Systems, Inc.	429.00	Minor Tools
Grainger Inc.	95.09	Minor tools, equipment & maintenance supplies, safety supplies
Harrison Hardware	30.98	Maintenance supplies and hardware
Home Depot	37.23	Minor tools, equipment & maintenance supplies
JCI Jones Chemical	30,325.88	Chemicals - WTP
Lowe's	20.27	Maintenance supplies and hardware
McMaster-Carr Supply Company	300.94	Minor tools, equipment & maintenance supplies, safety supplies
Praxair Company	200.80	Equipment maintenance
PRW Steel Supply, Inc	127.47	Supplies & materials
Sterling Water Technologies, LLC	13,932.00	Chemicals - WTP
Univar USA, Inc.	6,036.81	Chemicals - WTP
WEX Bank - Wright Express	5,552.17	Fuel - Autos
	\$ 84,647.39	Total Supplies & Equipment
UTILITIES		
Bank of America Business Card	38.26	Telephone conference charge
Bank of America Business Card	120.78	Phone accessories
City of Buellton	173.31	Water - BAO
Delta Liquid Energy	1,022.79	Propane gas
First Choice Technology	19.50	Phone - Long distance carrier, 800#
Frontier	263.35	Telephone charges
Marborg Industries	221.71	Waste Disposal - BAO
Pacific Gas & Electric	91,773.47	Utilities - BAO/SYPS/WTP
San Miguel Garbage Company	210.25	Waste Disposal - WTP
Stokes, Ray	129.07	Reimbursable Expenses - Cell Phone charges
The Gas Company	193.79	Natural Gas - BAO
Verizon Wireless	269.36	Network Extender
Verizon Wireless	367.31	Cell phone charges
	\$ 94,802.95	Total Utilities
Subtotal - Bills for Ratification	\$1,586,182.13	



CENTRAL COAST WATER AUTHORITY

Bills for Approval

VENDOR	INVOICE AMOUNT	DESCRIPTION
State of California DWR	\$ 2,260,838.00	Capital Cost and Minimum OMP&R Charges - Mar'18
Subtotal - Bills for Approval	\$ 2,260,838.00	
Total Ratification and Approval Bills	\$ <u>3,847,020.13</u>	

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Statements of Net Position

ASSETS

	<u>February 28, 2018</u>	<u>January 31, 2018</u>
<u>Current Assets</u>		
Cash and investments	\$ 6,136,376	\$ 6,733,402
Accrued interest receivable	71,372	41,140
Other assets	1,568,678	1,589,329
Total Current Assets	<u>7,776,427</u>	<u>8,363,872</u>
<u>Restricted Assets</u>		
Cash and investments with fiscal agents	903	903
<u>Investment Accounts</u>		
Operations and Maintenance Reserve Fund (Note 2)	2,115,252	2,115,136
Rate Coverage Reserve Fund (Note 3)	9,269,397	9,268,892
Debt Service Payments (Note 4)	997,269	997,215
Department of Water Resources (Note 5a)	9,013,647	10,013,505
Credits Payable (Note 6)	1,145,269	1,145,207
Escrow Deposits (Note 7)	409,298	409,275
Total Restricted Assets	<u>22,951,035</u>	<u>23,950,133</u>
<u>Property, Plant and Equipment</u>		
Construction in progress (Note 8)	1,141,341	1,094,516
Fixed assets (net of accumulated depreciation)	93,798,978	93,989,985
Total Property, Plant and Equipment	<u>94,940,319</u>	<u>95,084,500</u>
<u>Other Assets</u>		
Unamortized bond issuance costs (Note 9)	1,192,990	1,241,104
Long term receivable (Note 10)	4,729,923	4,729,923
Total Other Assets	<u>5,922,912</u>	<u>5,971,027</u>
Total Assets	<u>\$ 131,590,694</u>	<u>\$ 133,369,532</u>

Central Coast Water Authority



Statements of Net Position

LIABILITIES AND FUND EQUITY

	<u>February 28, 2018</u>	<u>January 31, 2018</u>
<u>Current Liabilities</u>		
Accounts payable	\$ 192,701	\$ 204,245
DWR and Warren Act Charge Deposits (Note 5a)	9,013,647	10,013,505
CCWA Variable Charge Deposits (Note 5b)	7,059	7,059
Accrued interest payable	783,126	626,501
Other liabilities	1,413,876	1,432,164
Rate Coverage Reserve Fund	9,188,614	9,188,614
Unearned Revenue	13,114	13,114
Credits Payable to Project Participants	1,435,482	1,434,392
Total Current Liabilities	<u>22,047,619</u>	<u>22,919,594</u>
<u>Long-Term Liabilities</u>		
Bonds payable (Note 11)	37,590,000	37,590,000
Bond Original Issue Premium, net	3,201,844	3,331,742
Net Pension Liability	3,318,324	3,318,324
Total Long-Term Liabilities	<u>44,110,168</u>	<u>44,240,066</u>
<u>Commitments and Uncertainties</u>		
<u>Net Assets</u>		
Contributed capital, net (Note 12)	22,562,433	22,562,433
Retained earnings	42,870,473	43,647,439
Total Net Assets	<u>65,432,906</u>	<u>66,209,872</u>
Total Liabilities and Net Assets	<u>\$ 131,590,694</u>	<u>\$ 133,369,532</u>



Statements of Revenues, Expenses and Changes in Net Position

	<u>February 28, 2018</u>	<u>January 31, 2018</u>
<u>Operating Revenues</u>		
Operating reimbursements from project participants	\$ 20,760,304	\$ 20,760,304
Other revenues	3,400	3,400
Total Operating Revenues	<u>20,763,705</u>	<u>20,763,704</u>
<u>Operating Expenses</u>		
Personnel expenses	3,105,080	2,779,595
Office expenses	11,377	10,614
General and administrative	156,244	139,039
Professional services	234,044	231,153
Supplies and equipment	774,906	689,878
Monitoring expenses	52,892	46,277
Repairs and maintenance	182,569	174,210
Utilities	762,580	667,777
Depreciation and amortization	707,958	622,528
Other expenses	336,602	312,606
Total Operating Expenses	<u>6,324,252</u>	<u>5,673,679</u>
Operating Income	<u>14,439,452</u>	<u>15,090,025</u>
<u>Non-Operating Revenues</u>		
Investment income	379,118	346,982
Total Non-Operating Revenues	<u>379,118</u>	<u>346,982</u>
<u>Non-Operating Expenses</u>		
Interest	1,351,500	1,194,875
Current year credits payable	307,745	305,842
Total Non-Operating Expenses	<u>1,659,245</u>	<u>1,500,717</u>
Net Income	<u>13,159,325</u>	<u>13,936,291</u>
<u>Retained Earnings</u>		
Retained earnings at beginning of period	29,711,148	29,711,148
Retained earnings at end of period	<u>\$ 42,870,473</u>	<u>\$ 43,647,439</u>

Central Coast Water Authority
Notes to Financial Statements
 February 28, 2018

Note 1: Accounts Receivable

Accounts receivable consists of amounts payable by the State Water Project contractors and other miscellaneous receivables.

Note 2: O&M Reserve Fund

The O&M reserve fund represents cash reserves for emergency uses. The funding requirement is \$2,000,000 allocated on an entitlement basis for the Santa Barbara County project participants. Investment earnings on O&M reserve fund balances are credited against CCWA O&M assessments.

Project Participant	Amount
City of Guadalupe	\$ 28,426
City of Santa Maria	837,277
Golden State Water Company	25,842
Vandenberg AFB	379,821
City of Buellton	29,873
Santa Ynez ID #1 (Solvang)	77,526
Santa Ynez ID #1	25,842
Goleta Water District	232,577
Morehart Land Co.	10,337
La Cumbre Mutual Water Company	51,678
Raytheon Systems Company	2,584
City of Santa Barbara	155,051
Montecito Water District	155,051
Carpinteria Valley Water District	103,367
TOTAL:	<u>\$ 2,115,252</u>

Note 3: Rate Coverage Reserve Fund Cash Deposits

The rate coverage reserve fund was established to provide CCWA project participants a mechanism to satisfy a portion of their obligation under Section 20(a) of the Water Supply Agreement to impose rates and charges sufficient to collect 125% of their contract payments. The following schedule shows the current balances plus accrued interest receivable in the rate coverage reserve fund.

Project Participant	Amount
City of Guadalupe	\$ 189,461
City of Santa Maria	5,050,535
City of Buellton	277,568
Santa Ynez ID #1 (Solvang)	615,429
Santa Ynez ID #1	463,623
La Cumbre Mutual Water Company	397,101
Montecito Water District	1,431,486
Carpinteria Valley Water District	828,548
Shandon	15,645
TOTAL:	<u>\$ 9,269,397</u>

Central Coast Water Authority
Notes to Financial Statements
February 28, 2018

Note 4: Debt Service Payments

The following table shows the financing participant cash balances available to pay CCWA Series 2016-A revenue bond principal and interest payments.

Participant	Amount
Avila Beach	\$ 1,152
California Men's Colony	10,073
County of SLO	10,730
Cuesta College	5,037
Morro Bay	64,990
Oceano	8,420
Pismo Beach	13,915
Shandon	1,140
Guadalupe	14,311
Buellton	25,507
Santa Ynez (Solvang)	77,217
Santa Ynez	28,999
Goleta	243,198
Morehart Land	11,253
La Cumbre	53,457
Raytheon	2,371
Santa Barbara	149,426
Montecito	175,641
Carpinteria	100,433
TOTAL:	\$ 997,269

Central Coast Water Authority
Notes to Financial Statements
February 28, 2018

Note 5a: Cash and Investments Payment to DWR and Warren Act and Trust Fund Charges

Cash deposits for payments to DWR and Warren Act and Trust Fund payments.

Project Participant	Amount
City of Guadalupe	\$ 86,098
City of Santa Maria	2,510,254
Golden State Water Company	94,009
Vandenberg AFB	2,234,470
City of Buellton	115,395
Santa Ynez ID #1 (Solvang)	247,423
Santa Ynez ID #1	123,253
Goleta Water District	1,317,596
Morehart Land Co.	40,579
La Cumbre Mutual Water Company	223,366
Raytheon Systems Co.	14,768
City of Santa Barbara	747,302
Montecito Water District	754,655
Carpinteria Valley Water District	504,478
TOTAL:	<u>\$ 9,013,647</u>

Note 5b: Cash Payments for CCWA Variable Charges

Cash deposits for payments to CCWA for Variable Assessment Deposits.

Project Participant	Amount
City of Guadalupe	\$ -
City of Santa Maria	-
Golden State Water Company	-
Vandenberg AFB	-
City of Buellton	-
Santa Ynez ID #1 (Solvang)	-
Santa Ynez ID #1	-
Goleta Water District	-
Morehart Land Co.	-
La Cumbre Mutual Water Company	-
Raytheon Systems Co.	7,059
City of Santa Barbara	-
Montecito Water District	-
Carpinteria Valley Water District	-
Shandon	-
Lopez Turnout	-
Chorro Turnout	-
TOTAL:	<u>\$ 7,059</u>

Central Coast Water Authority
Notes to Financial Statements
February 28, 2018

Note 6: Credits Payable

Credits payable to CCWA project participants for investment earnings and O&M assessment credits.

Project Participant	Amount
City of Guadalupe	\$ 2,049
City of Santa Maria	259,949
Golden State Water Company	9,416
Vandenberg AFB	201,874
City of Buellton	8,819
Santa Ynez ID #1 (Solvang)	28,719
Santa Ynez ID #1	446,008
Goleta Water District	(252)
Morehart Land Co.	204
La Cumbre Mutual Water Company	1,588
Raytheon Systems Co.	111
City of Santa Barbara	(141)
Montecito Water District	137,431
Carpinteria Valley Water District	(105)
Shandon	(83)
Lopez Turnout	24,507
Chorro Turnout	25,176
TOTAL:	<u>\$ 1,145,269</u>

Note 7: Escrow Deposits

Cash deposits from certain project participants as required under the Water Supply Agreements.

Project Participant	Amount
Morehart Land Company	\$ 333,502
Raytheon Systems Company	75,796
TOTAL:	<u>\$ 409,298</u>

Note 8: Construction in Progress

Amounts in construction in progress represent expenditures incurred during FY 2017/18 and amounts retained in construction in progress at June 30, 2017. The following schedule shows the CIP expenditures for CCWA projects.

Financial Reach	Amount
Labor	\$ 77,769
Materials	743,993
Overhead	319,579
Project CIP Total:	<u>\$ 1,141,341</u>

Central Coast Water Authority
Notes to Financial Statements
February 28, 2018

Note 9: Unamortized Bond Issuance Costs

Unamortized bond issuance costs for the 2016 revenue bonds include bond insurance and the 1992, 1996 and 2006 revenue bond deferred costs.

Note 10: Long-Term Receivable

The long-term receivable represents CCWA revenue bond expenditures for project participant local facilities which are owned by the individual project participants. The costs associated with the construction of these local facilities are financed with proceeds from the CCWA revenue bonds. Project participant revenue bond principal payments are proportionally divided between the long-term receivable and the CCWA owned facilities over the term of the bond issue.

Financing Participant	Long-Term Receivable
Avila Beach	\$ 10,815
California Men's Colony	241,566
County of SLO	257,617
Cuesta College	120,795
Morro Bay	1,847,882
Oceano	73,680
Pismo Beach	121,648
Shandon	8,753
Guadalupe	314,170
Buellton	51,136
Santa Ynez (Solvang)	169,344
Santa Ynez	27,507
Goleta	776,591
Morehart Land	3,575
La Cumbre	17,876
Raytheon	4,721
Santa Barbara	169,537
Montecito	269,710
Carpinteria	242,999
TOTAL:	\$ 4,729,923

Note 11: Bonds Payable

Bonds payable represents outstanding Series 2016-A revenue bonds outstanding. The next Series 2016-A principal payment is due on October 1, 2018 in the amount of \$8,720,000.

Central Coast Water Authority
Notes to Financial Statements

February 28, 2018

Note 12: Contributed Capital

Certain project participants elected to pay their share of CCWA project construction costs in cash. The amounts listed below show the capital contributions by project participant less the cost of local facilities and refunds to the project participants.

Project Participant	Amount
Avila Valley Water Company	\$ 15,979
City of Guadalupe	81,119
San Luis Schools	5,608
San Miguelito Water Company	233,605
Golden State Water Company	866,277
City of Santa Maria	13,498,802
Vandenberg AFB	7,861,043
TOTAL:	<u>\$ 22,562,433</u>



Budget and Actual All Reaches

February 28, 2018

	Budget	Actual	Percent Expended ⁽¹⁾
Operating Revenues			
Fixed operating assessments ⁽²⁾	\$ 9,155,482	9,155,482	100.00%
Variable operating assessments	2,831,388	2,650,961	93.63%
Other revenues	-	-	N/A
Non-annual recurring revenues	-	-	N/A
Total Operating Revenues	11,986,870	11,806,443	98.49%
Operating Expenses ⁽²⁾			
Personnel expenses	4,858,221	3,105,080	63.91%
Office expenses	20,500	11,377	55.50%
General and administrative	267,836	156,244	58.34%
Professional services	392,580	234,044	59.62%
Supplies and equipment	1,926,747	774,906	40.22%
Monitoring expenses	107,144	52,892	49.37%
Repairs and maintenance	266,380	182,569	68.54%
Utilities	1,259,193	762,580	60.56%
Depreciation and amortization	-	-	N/A
Other expenses	1,733,417	336,603	19.42%
Total Operating Expenses	10,832,017	5,616,295	51.85%
Operating Income	1,154,853	6,190,148	
Non-Operating Revenues			
Interest income	-	-	
Total Non-Operating Revenues	-	-	
Non-Operating Expenses			
Total Non-Operating Expenses	-	-	
Net Income (Loss)	\$ 1,154,853	6,190,148	

(1) Percent of year expended: 66.6%

(2) Includes revenues and expenses for Turnouts and adjusted for carryover revenues transferred to FY 2017/18.



Budget and Actual Administration

	February 28, 2018		
	Budget	Actual	Percent Expended ⁽¹⁾
Operating Revenues			
Fixed operating assessments ⁽²⁾	\$ 1,690,698	\$ 1,690,698	100.00%
Variable operating assessments	-	-	N/A
Other revenues	-	-	N/A
Non-annual recurring revenues	-	-	N/A
Total Operating Revenues	1,690,698	1,690,698	100.00%
Operating Expenses ⁽²⁾			
Personnel expenses	895,394	619,244	69.16%
Office expenses	10,500	7,068	67.31%
General and administrative	185,636	112,894	60.81%
Professional services	236,448	190,987	80.77%
Supplies and equipment	-	-	N/A
Monitoring expenses	-	-	N/A
Repairs and maintenance	31,695	17,091	53.92%
Utilities	16,243	8,499	52.33%
Depreciation and amortization	-	-	N/A
Other expenses	190,735	91,176	47.80%
Total Operating Expenses	1,566,651	1,046,959	66.83%
Operating Income	124,047	643,739	
Non-Operating Revenues			
Investment Income	-	-	
Total Non-Operating Revenues	-	-	
Non-Operating Expenses			
Current Year credits payable	-	-	
Total Non-Operating Expenses	-	-	
Net Income (Loss)	\$ 124,047	643,739	

(1) Percent of year expended: 66.6%

(2) Includes revenues and expenses for Turnouts and adjusted for carryover revenues transferred to FY 2017/18.



Budget and Actual Water Treatment Plant

	February 28, 2018		
	Budget	Actual	Percent Expended ⁽¹⁾
Operating Revenues			
Fixed operating assessments ⁽²⁾	\$ 4,404,404	4,404,404	100.00%
Variable operating assessments	1,831,856	1,614,337	88.13%
Other revenues	-	-	N/A
Non-annual recurring revenues	-	-	N/A
Total Operating Revenues	6,236,260	6,018,741	96.51%
Operating Expenses ⁽²⁾			
Personnel expenses	2,321,959	1,457,927	62.79%
Office expenses	6,000	2,704	45.07%
General and administrative	50,900	28,522	56.04%
Professional services	55,099	32,371	58.75%
Supplies and equipment	1,818,446	732,413	40.28%
Monitoring expenses	107,144	52,892	49.37%
Repairs and maintenance	156,485	111,866	71.49%
Utilities	188,171	107,122	56.93%
Depreciation and amortization	-	-	N/A
Other expenses	842,879	157,586	18.70%
Total Operating Expenses	5,547,082	2,683,403	48.38%
Operating Income	689,178	3,335,338	
Non-Operating Revenues			
Interest income	-	-	
Total Non-Operating Revenues	-	-	
Non-Operating Expenses			
Interest	-	-	
Total Non-Operating Expenses	-	-	
Net Income (Loss)	\$ 689,178	3,335,338	

(1) Percent of year expended: 66.6%

(2) Includes revenues and expenses for Turnouts and adjusted for carryover revenues transferred to FY 2017/18.

Central Coast Water Authority
Polonio Pass Water Treatment Plant
Fixed and Variable Cost per Acre-Foot
February 28, 2018

WTP Fixed O&M Costs	July 2017	Aug. 2017	Sept. 2017	Oct. 2017	Nov. 2017	Dec. 2017	Jan. 2018	Feb. 2018	Total for Year
Fixed O&M Expenses	\$ 366,942	\$ 208,961	\$ 232,982	\$ 223,522	\$ 226,030	\$ 309,057	\$ 192,607	\$ 187,126	\$ 1,947,226
Annual Table A Amount ⁽¹⁾	43,908	43,908	43,908	43,908	43,908	43,908	43,908	43,908	43,908
Fixed WTP Cost per AF	<u>\$ 8.36</u>	<u>\$ 4.76</u>	<u>\$ 5.31</u>	<u>\$ 5.09</u>	<u>\$ 5.15</u>	<u>\$ 7.04</u>	<u>\$ 4.39</u>	<u>\$ 4.26</u>	<u>\$ 44.35</u>
WTP Variable O&M Costs	July 2017	Aug. 2017	Sept. 2017	Oct. 2017	Nov. 2017	Dec. 2017	Jan. 2018	Feb. 2018	Total for Year
Variable O&M Expenses	\$ 113,489	\$ 96,450	\$ 122,342	\$ 92,340	\$ 19,971	\$ 105,387	\$ 105,300	\$ 80,897	\$ 736,175
Actual Water Treated	3,367	3,569	3,237	2,774	694	2,618	2,372	2,291	20,922
Variable WTP Cost per AF	<u>\$ 33.71</u>	<u>\$ 27.02</u>	<u>\$ 37.79</u>	<u>\$ 33.29</u>	<u>\$ 28.78</u>	<u>\$ 40.25</u>	<u>\$ 44.39</u>	<u>\$ 35.31</u>	<u>\$ 35.19</u>

(1) Includes Santa Barbara County and San Luis Obispo County Table A amounts and excludes Goleta 2,500 AF drought buffer and Santa Barbara County 3,908 AF drought buffer.



Budget and Actual Mission Hills II

	February 28, 2018		
	Budget	Actual	Percent Expended ⁽¹⁾
<u>Operating Revenues</u>			
Fixed operating assessments ⁽²⁾	\$ 329,186	329,186	100.00%
Variable operating assessments	-	-	N/A
Other revenues	-	-	N/A
Total Operating Revenues	329,186	329,186	100.00%
<u>Operating Expenses</u> ⁽²⁾			
Personnel expenses	205,415	126,613	61.64%
Office expenses	501	201	40.14%
General and administrative	3,918	1,811	46.22%
Professional services	12,648	1,083	8.56%
Supplies and equipment	13,558	5,216	38.47%
Monitoring expenses	-	-	N/A
Repairs and maintenance	9,790	7,335	74.93%
Utilities	6,916	1,670	24.15%
Depreciation and amortization	-	-	N/A
Other expenses	23,495	9,624	40.96%
Total Operating Expenses	276,242	153,553	55.59%
Operating Income	52,945	175,633	
<u>Non-Operating Revenues</u>			
Interest income	-	-	
Total Non-Operating Revenues	-	-	
<u>Non-Operating Expenses</u>			
Interest	-	-	
Total Non-Operating Expenses	-	-	
Net Income (Loss)	\$ 52,945	175,633	

(1) Percent of year expended: 66.6%

(2) Includes revenues and expenses for Turnouts and adjusted for carryover revenues transferred to FY 2017/18.



Budget and Actual Santa Ynez I

	February 28, 2018		
	Budget	Actual	Percent Expended ⁽¹⁾
<u>Operating Revenues</u>			
Fixed operating assessments ⁽²⁾	\$ 573,420	573,420	100.00%
Variable operating assessments	-	-	N/A
Other revenues	-	-	N/A
Total Operating Revenues	573,420	573,420	100.00%
<u>Operating Expenses ⁽²⁾</u>			
Personnel expenses	286,084	175,532	61.36%
Office expenses	697	280	40.15%
General and administrative	5,457	2,521	46.20%
Professional services	17,615	1,507	8.56%
Supplies and equipment	18,882	7,243	38.36%
Monitoring expenses	-	-	N/A
Repairs and maintenance	13,634	5,721	41.96%
Utilities	9,632	3,549	36.84%
Depreciation and amortization	-	-	N/A
Other expenses	116,202	12,891	11.09%
Total Operating Expenses	468,205	209,244	44.69%
Operating Income	105,215	364,176	
<u>Non-Operating Revenues</u>			
Interest income	-	-	
Total Non-Operating Revenues	-	-	
<u>Non-Operating Expenses</u>			
Interest	-	-	
Total Non-Operating Expenses	-	-	
Net Income (Loss)	\$ 105,215	364,176	

(1) Percent of year expended: 66.6%

(2) Includes revenues and expenses for Turnouts and adjusted for carryover revenues transferred to FY 2017/18.



Budget and Actual Santa Ynez II

	February 28, 2018		
	Budget	Actual	Percent Expended ⁽¹⁾
Operating Revenues			
Fixed operating assessments ⁽²⁾	\$ 827,968	827,968	100.00%
Variable operating assessments	999,532	1,036,624	103.71%
Other revenues	-	-	N/A
Total Operating Revenues	1,827,500	1,864,592	102.03%
Operating Expenses ⁽²⁾			
Personnel expenses	396,700	261,761	65.98%
Office expenses	967	388	40.12%
General and administrative	7,567	3,863	51.05%
Professional services	24,426	3,287	13.46%
Supplies and equipment	26,183	10,503	40.11%
Monitoring expenses	-	-	N/A
Repairs and maintenance	18,906	15,106	79.90%
Utilities	1,012,888	627,609	61.96%
Depreciation and amortization	-	-	N/A
Other expenses	199,621	31,294	15.68%
Total Operating Expenses	1,687,259	953,811	56.53%
Operating Income	140,241	910,781	
Non-Operating Revenues			
Interest income	-	-	
Total Non-Operating Revenues	-	-	
Non-Operating Expenses			
Interest	-	-	
Total Non-Operating Expenses	-	-	
Net Income (Loss)	\$ 140,241	910,781	

(1) Percent of year expended: 66.6%

(2) Includes revenues and expenses for Turnouts and adjusted for carryover revenues transferred to FY 2017/18.



Budget and Actual Reach 33B

	February 28, 2018		
	Budget	Actual	Percent Expended ⁽¹⁾
Operating Revenues			
Fixed operating assessments ⁽²⁾	\$ 619,066	619,067	100.00%
Variable operating assessments	-	-	N/A
Other revenues	-	-	N/A
Total Operating Revenues	619,066	619,067	100.00%
Operating Expenses ⁽²⁾			
Personnel expenses	349,679	202,970	58.04%
Office expenses	852	342	40.12%
General and administrative	6,670	3,082	46.21%
Professional services	21,531	1,843	8.56%
Supplies and equipment	23,080	8,966	38.85%
Monitoring expenses	-	-	N/A
Repairs and maintenance	16,665	11,578	69.48%
Utilities	11,773	5,999	50.95%
Depreciation and amortization	-	-	N/A
Other expenses	49,996	15,835	31.67%
Total Operating Expenses	480,246	250,615	52.18%
Operating Income	138,820	368,452	
Non-Operating Revenues			
Interest income	-	-	
Total Non-Operating Revenues	-	-	
Non-Operating Expenses			
Interest	-	-	
Total Non-Operating Expenses	-	-	
Net Income (Loss)	\$ 138,820	368,452	

(1) Percent of year expended: 66.6%

(2) Includes revenues and expenses for Turnouts and adjusted for carryover revenues transferred to FY 2017/18.



Budget and Actual Reach 34

	February 28, 2018		
	Budget	Actual	Percent Expended ⁽¹⁾
Operating Revenues			
Fixed operating assessments ⁽²⁾	\$ 271,013	271,013	100.00%
Variable operating assessments	-	-	N/A
Other revenues	-	-	N/A
Total Operating Revenues	271,013	271,013	100.00%
Operating Expenses ⁽²⁾			
Personnel expenses	166,057	97,320	58.61%
Office expenses	405	162	40.02%
General and administrative	3,168	1,464	46.22%
Professional services	10,225	875	8.56%
Supplies and equipment	10,960	4,528	41.31%
Monitoring expenses	-	-	N/A
Repairs and maintenance	7,914	2,098	26.51%
Utilities	5,591	3,380	60.45%
Depreciation and amortization	-	-	N/A
Other expenses	35,552	7,768	21.85%
Total Operating Expenses	239,871	117,595	49.02%
Operating Income	31,142	153,418	
Non-Operating Revenues			
Interest income	-	-	
Total Non-Operating Revenues	-	-	
Non-Operating Expenses			
Interest	-	-	
Total Non-Operating Expenses	-	-	
Net Income (Loss)	\$ 31,142	153,418	

(1) Percent of year expended: 66.6%

(2) Includes revenues and expenses for Turnouts and adjusted for carryover revenues transferred to FY 2017/18.



Budget and Actual Reach 35

	February 28, 2018		
	Budget	Actual	Percent Expended ⁽¹⁾
<u>Operating Revenues</u>			
Fixed operating assessments ⁽²⁾	\$ 176,224	176,224	100.00%
Variable operating assessments	-	-	N/A
Non-annual recurring revenues	-	-	N/A
Other revenues	-	-	N/A
Total Operating Revenues	176,224	176,224	100.00%
<u>Operating Expenses</u> ⁽²⁾			
Personnel expenses	120,033	65,714	54.75%
Office expenses	293	117	39.99%
General and administrative	2,290	1,059	46.25%
Professional services	7,391	633	8.56%
Supplies and equipment	7,922	3,013	38.03%
Monitoring expenses	-	-	N/A
Repairs and maintenance	5,720	1,129	19.74%
Utilities	4,041	1,249	30.90%
Depreciation and amortization	-	-	N/A
Other expenses	13,729	5,195	37.84%
Total Operating Expenses	161,419	78,109	48.39%
Operating Income	14,805	98,115	
<u>Non-Operating Revenues</u>			
Interest income	-	-	
Total Non-Operating Revenues	-	-	
<u>Non-Operating Expenses</u>			
Interest	-	-	
Total Non-Operating Expenses	-	-	
Net Income (Loss)	\$ 14,805	98,115	

(1) Percent of year expended: 66.6%

(2) Includes revenues and expenses for Turnouts and adjusted for carryover revenues transferred to FY 2017/18.



Budget and Actual Reach 37

	February 28, 2018		
	Budget	Actual	Percent Expended ⁽¹⁾
<u>Operating Revenues</u>			
Fixed operating assessments ⁽²⁾	\$ 69,267	69,267	100.00%
Variable operating assessments	-	-	N/A
Non-annual recurring revenues	-	-	N/A
Other revenues	-	-	N/A
Total Operating Revenues	69,267	69,267	100.00%
<u>Operating Expenses</u> ⁽²⁾			
Personnel expenses	45,683	26,782	58.63%
Office expenses	111	45	40.41%
General and administrative	871	402	46.13%
Professional services	2,813	1,083	38.50%
Supplies and equipment	3,015	1,144	37.94%
Monitoring expenses	-	-	N/A
Repairs and maintenance	2,177	4,456	204.67%
Utilities	1,538	341	22.17%
Depreciation and amortization	-	-	N/A
Other expenses	5,225	2,078	39.77%
Total Operating Expenses	61,434	36,331	59.14%
Operating Income	7,833	32,936	
<u>Non-Operating Revenues</u>			
Interest income	-	-	
Total Non-Operating Revenues	-	-	
<u>Non-Operating Expenses</u>			
Interest	-	-	
Total Non-Operating Expenses	-	-	
Net Income (Loss)	\$ 7,833	32,936	

(1) Percent of year expended: 66.6%

(2) Includes revenues and expenses for Turnouts and adjusted for carryover revenues transferred to FY 2017/18.



Budget and Actual Reach 38

	February 28, 2018		
	Budget	Actual	Percent Expended ⁽¹⁾
Operating Revenues			
Fixed operating assessments ⁽²⁾	\$ 108,227	108,227	100.00%
Variable operating assessments	-	-	N/A
Non-annual recurring revenues	-	-	N/A
Other revenues	-	-	N/A
Total Operating Revenues	108,227	108,227	100.00%
Operating Expenses ⁽²⁾			
Personnel expenses	71,216	48,303	67.83%
Office expenses	174	70	40.32%
General and administrative	1,358	627	46.15%
Professional services	4,385	375	8.55%
Supplies and equipment	4,700	1,786	38.00%
Monitoring expenses	-	-	N/A
Repairs and maintenance	3,394	4,069	119.89%
Utilities	2,398	532	22.19%
Depreciation and amortization	-	-	N/A
Other expenses	8,146	3,080	37.81%
Total Operating Expenses	95,772	58,842	61.44%
Operating Income	12,455	49,385	
Non-Operating Revenues			
Interest income	-	-	
Total Non-Operating Revenues	-	-	
Non-Operating Expenses			
Interest	-	-	
Total Non-Operating Expenses	-	-	
Net Income (Loss)	\$ 12,455	49,385	

(1) Percent of year expended: 66.6%

(2) Includes revenues and expenses for Turnouts and adjusted for carryover revenues transferred to FY 2017/18.



CENTRAL COAST WATER AUTHORITY

MEMORANDUM

March 14, 2018

TO: CCWA Board of Directors
FROM: John Brady
Deputy Director, Operations and Engineering
SUBJECT: Operations Report, February 2018

The Polonio Pass Water Treatment Plant's production and chemical costs, as well as the Santa Ynez Pumping Plant production for February 2018 are presented below:

Month	Plant Production (AF)	Chemical Costs (\$/AF)	SYPP Pumping (AF)
February, 2018	2,409.64	\$30.27	1,141.61

WATER TREATMENT PLANT (WTP)

- WTP staff prepared a Request For Bids (RFB) for supplying and delivering Ammonium Hydroxide to the Polonio Pass Water Treatment Plant. This RFB was emailed to the established CCWA chemical bidder's list on February 22, 2018. It was also posted on the CCWA website and advertised through posting notification in the legal section of the San Luis Obispo Tribune on February 26th and March 4th, 2018. The Bid Opening was set for March 8, 2018.
- WTP staff successfully negotiated new contract pricing for supplying and delivering Liquid Chlorine, Aluminum Sulfate and Sodium Hydroxide, pursuant to the existing contracts. The contracts for these chemicals will be extended for one year.
- The annual practical testing of the WTP Operators for the Chlorine and Aqua-Ammonia system operation was completed. In addition, the required classroom instruction and written testing was performed as well. All operators passed both the practical and written tests.
- The annual inspection by the Joint Powers Insurance Authority (JPIA) of the WTP was completed on February 15 and no deficiencies were identified by the inspectors. In addition, JPIA also tested and certified the pressure vessels located at the WTP.
- WTP staff procured a budgeted laser alignment tool for pump maintenance. The tool was placed into service through staff completing alignment adjustments for all of the horizontal and vertical pumps within the WTP.
- The Clarifier valve vault was equipped with a new lid to prevent Red-Legged Frogs from entering the vault. The new lid was fabricated by WTP Staff and equipped with fittings to facilitate pumping from the vault to remove rainwater accumulation.
- WTP staff solicited competitive bids for the painting of the plant inlet piping. The lowest responsive bid was awarded the project and the Notice to Proceed has been issued to TRB Painting.
- The Maintenance staff completed the following items: (1) replacement and painting of the lagoon decant pumps, (2) servicing of air compressor and drier system, (3) servicing Backwash Pump #2 and associated repair of an oil leak, (4) valve actuator maintenance for the Filters and Backwash Pump systems, (5) replacement of the drive chain of the sludge removal system within the sedimentation basins, (6) submersible pump maintenance, (7) continued fluorescent to LED lighting replacement program, (8) continued labeling the newly installed chlorine piping, (9) staff received training in the use of the infrared camera for

electrical maintenance, (10) repaired motor bearing of the sulfuric acid containment sump pump, (11) replacement of rusting clamps of the filter level monitoring system, and (12) assisted the CCWA Safety Officer with updating the records of the newly installed components of the chlorine system.

DISTRIBUTION

- On February 27, 2018, the Fiber Optic Cable was severed near Tank 7. A property owner hired a contractor to clear a drainage ditch that is traversed by the CCWA easement. The contractor did not file the required underground service utility alert system and severed the FOC with a bulldozer. Staff responded by: (1) installed mechanical splices on the FOC to return it to service temporarily, (2) identified the contractor and property owner responsible for the damage, (3) issued a letter requiring a cash deposit and a notice that they will be billed for all repair costs. The fusion splicing is planned for mid-March.
- The recruitment and selection effort for hiring a Distribution Technician continues. CCWA received 20 completed applications and an additional 30 expressions of interest, however, only two applicants had the required minimum qualifications.
- Distribution staff worked with the County of Santa Barbara with the installation of bird netting on the Guadalupe Major Blow-off Structure. This was mitigation needed by the County retained contractor performing work in the adjacent flood control channel.
- Staff completed the procurement for the new free ammonia analyzers for Tank 5 and 7. In addition, staff procured the new portable electrical generator as well.
- Staff procured and installed a new fall protection ladder cage at the Tank 5 facility.
- Several property/encroachment actions were taken including (1) staff identified two unauthorized encroachments involving wind fences and shade structures along two agricultural field near the intersection of Black Road and Stowell and another location near the City of Santa Maria Wastewater Plant, (2) staff met with property owners of the Alisal Ranch to discuss installation of an irrigation pipeline within the CCWA easement, (3) staff monitored the replacement of an existing pipeline within the CCWA easement on the PXP Oil Lease within the Vandenberg Air Force Property, and (4) responded to property owner request for information at Varian Ranch, property near Branch Mill Road, Caltrans near the Highway 101 crossing in Nipomo.
- Work continues on the development of the CCWA Geographical Information System (GIS). Additional staff resources has been assigned to this project to bring the GIS to a more developed stage and will match DWR's current effort to fully develop their GIS System.
- Distribution staff continued work on valve exercising, vault cleaning, vegetation control around vaults, seismic joint inspection, re-chloramination treatment at Tank 5 and 7, monitoring of the cathodic protection systems and other duties.

LABORATORY

- Laboratory staff continued water quality instrumentation calibration work throughout the plant. Staff also continued routine analysis of compliance and process samples to support operations and completed the quarterly quality assurance/quality control (QA/QC) testing of staff's chemical analytical skills.
- Laboratory staff continued preparing the water quality tables for the annual Consumer Confidence Reports. The due date for wholesale water purveyors to provide water quality tables to their participants is March 31.
- Laboratory staff completed the calibration of the portable chlorine/ammonia analyzers for the Distribution Department.

INSTRUMENTATION/NETWORK

- Instrumentation staff moved forward with researching the options for the PLC upgrade for the WTP. Staff attended several demonstrations from several PLC vendors and toured local

facilities to observe recent PLC upgrade projects. The information obtained will be documented in the Technical Memorandum under preparation by Glenmount Global, CCWA's PLC consultant.

- Instrumentation staff procured and installed a number of elements of the CCWA network, including two SCADA servers and the CCWA Client Switch at the WTP.
- The FOC switch replacement project proceeded with delivering the 25 switches to Shandam Consulting for configuration and programming. An implementation plan is under development to ensure minimal downtime of the CCWA network during the switch installation. Instrumentation staff will receive specific training on the implementation plan by end of March.
- Instrumentation staff worked with the Distribution Department in repairing the severed fiber optic cable on February 27, 2018. Staff completed the mechanical splice work as a temporary fix. Staff also moved forward with procuring all required parts for the permanent fusion repair. The fusion repair will be implemented once weather permits.
- Instrumentation staff procured the new clamp-on ultrasonic flow meters for isolation vaults. These meters will be installed before the end of the fiscal year.
- Work continues on the electromagnetic flow meter project. Meters are stored at the WTP and are installed as time allows.

GENERAL

- Work continues on a major Property Record Audit Project in conjunction with DWR. The main goal of the project is to ensure that CCWA's official property records, the County Recorder's property records and DWR property records are the same.
- The 2017 CCWA Water Delivery Schedules was updated and submitted to DWR. In addition, efforts to reconcile small differences between CCWA records and DWR's records were initiated and continues. Resolution is anticipated in March.
- Initiated discussions with Palmdale Water District regarding the potential return of exchange water to CCWA Participants.
- Provided County of San Luis Obispo requested information that included (1) start-up costs for the Shandon Turnout, (2) estimated costs for implementing a Turnout shutdown feature for high reservoir level in the Shandon Reservoir and (3) suggested changes in the low outlet pressure control for the Shandon Turnout.

JLB
Attachments

**MONTHLY SUMMARY OF MINERAL AND PHYSICAL ANALYSIS
RAW WATER (RW) AND SETTLED WATER (SW)**

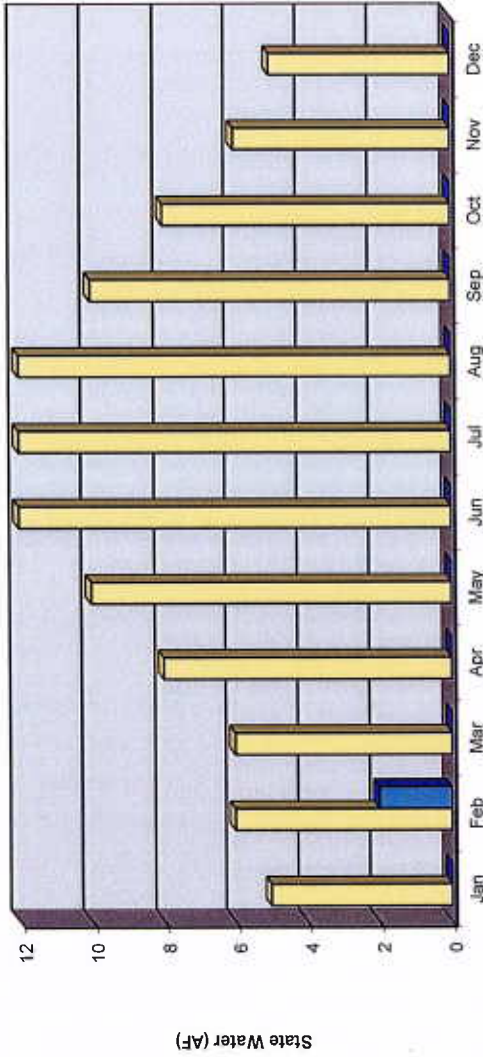
System Name: Central Coast Water Authority
Treatment Plant Name: Polonio Pass Water Treatment Plant

System Number: 4210030
February 2018

Date:	RW pH (SU)	RW Turbidity (NTU)	SW Turbidity (NTU)	RW Odor (TON)	RW Total Coliform	RW E. Coli (MPN)	RW Cl- (mg/L)	RW Alkalinity (mg/L)		RW Hardness (mg/L)		RW E.C. (uS/cm)	RW TOC (mg/L)
								Total	Phenol	Total	Ca		
1	9.25	0.59	0.88	1.0			100	73	15	118	63		
2	9.22	0.63	0.83	1.0			98	72	11	120	68		
3	8.97	0.85	0.85	1.0			97	75	8	125	62		
4	8.83	0.88	0.82	1.0			95	74	6	120	59		
5	8.85	1.01	0.79	1.0	27	1	94	75	8	120	58	535	4.1
6	8.90	0.89	0.83	1.0			92	75	9	126	63		
7	8.88	0.89	0.89	1.0			92	74	7	127	63		
8	8.91	0.92	0.88	1.0			93	73	8	121	61		
9	8.94	0.87	0.89	1.0			92	75	9	123	62		
10	8.90	0.92	0.90	1.0			91	76	7	126	57		
11	8.88	1.41	0.94	1.0			84	73	5	121	55		
12	8.68	1.37	0.90	1.0	34	11	85	74	5	118	54	494	
13	8.65	1.47	0.99	1.0			83	72	4	119	51		
14	8.43	2.97	1.00	2.0			80	75	1	121	52		
15	8.24	2.55	1.09	1.5			77	75	0	121	51		
16	8.36	1.95	0.98	1.5			79	76	1	117	59		
17	8.46	1.58	0.91	1.0			77	75	1	110	54		
18	8.38	1.88	0.94	2.0			74	71	1	113	53		
19	8.43	1.38	0.81	2.0			75	75	1	118	56		
20	8.58	1.98	0.94	1.0	55	14	78	74	3	112	55	478	
21	8.38	2.15	0.97	1.0			80	71	1	112	55		
22	8.30	1.92	0.93	1.0			79	70	1	107	56		
23	8.25	1.77	0.97	1.0			79	71	0	106	53		
24	8.23	2.07	0.98	1.5			79	70	0	104	53		
25	8.27	1.95	1.06	1.5			78	68	1	100	53		
26	8.40	1.68	0.90	1.5	39	12	78	67	1	102	52	446	
27	8.43	1.38	0.79	1.5			78	66	1	102	48		
28	8.38	1.32	0.70	1.0			81	68	0	101	48		
Avg	8.62	1.47	0.91	1.2	39	9	84	73	4	115	56	488	4.1

Shandon T.O. - SWP Deliveries in Year 2018

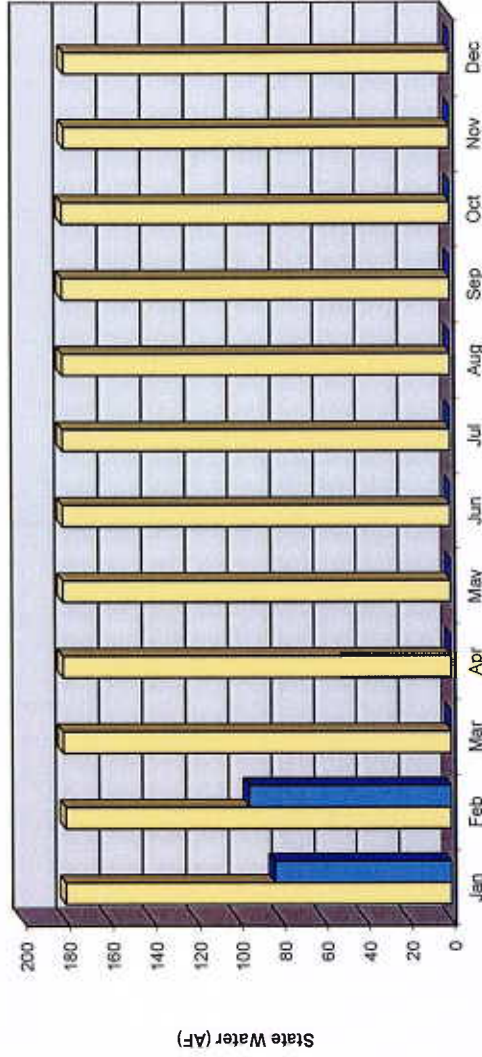
Month	Requested Delivery	Actual Delivery	Allocation Available
Jan	5	0	
Feb	6	2	
Mar	6	0	
Apr	8	0	
May	10	0	
Jun	12	0	
Jul	12	0	
Aug	12	0	
Sep	10	0	
Oct	8	0	
Nov	6	0	
Dec	5	0	
Total	100	2	



Requested Delivery
Actual Delivery

Chorro Valley T.O. - SWP Deliveries in Year 2018

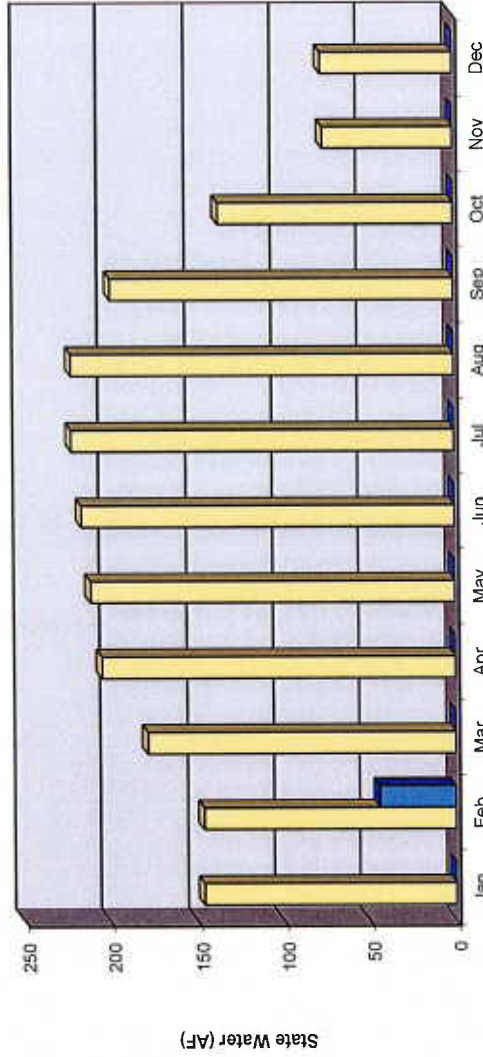
Month	Requested Delivery	Actual Delivery	Allocation Available
Jan	180	83	
Feb	180	95	
Mar	181	0	
Apr	181	0	
May	181	0	
Jun	181	0	
Jul	181	0	
Aug	181	0	
Sep	181	0	
Oct	181	0	
Nov	180	0	
Dec	180	0	
Total	2165	178	



Requested Delivery
Actual Delivery

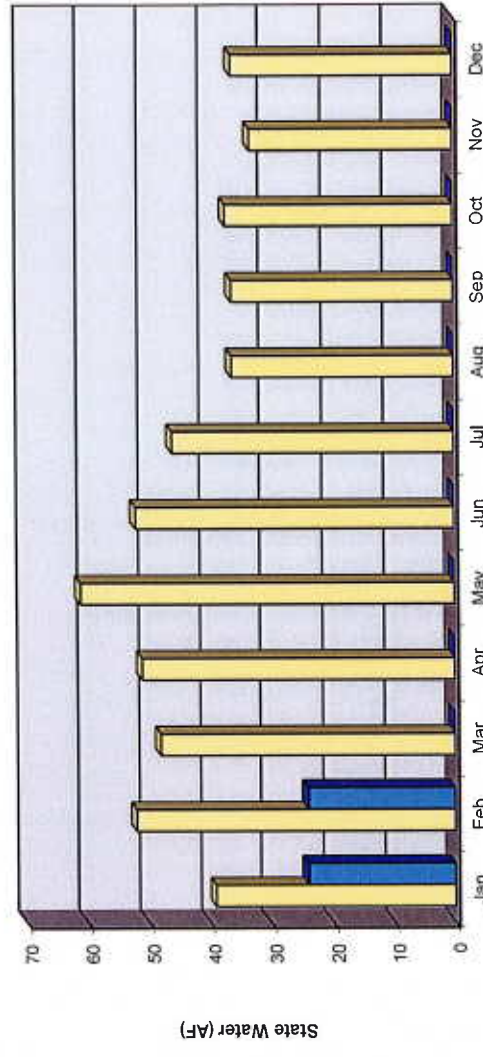
Lopez T.O. - SWP Deliveries in Year 2018

Month	Requested Delivery	Actual Delivery	Allocation Available
Jan	146	0	
Feb	146	44	
Mar	178		
Apr	204		
May	210		
Jun	215		
Jul	221		
Aug	221		
Sep	198		
Oct	136		
Nov	75		
Dec	76		
Total	2027	44	



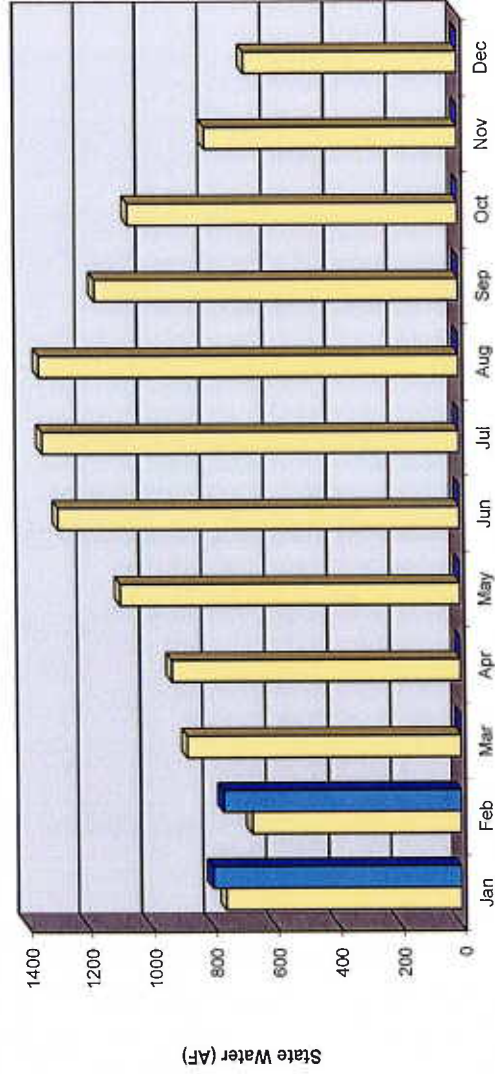
Guadalupe - SWP Deliveries in Year 2018

Month	Requested Delivery	Actual Delivery	Allocation Available
Jan	39	24	
Feb	52	24	
Mar	48		
Apr	51		
May	61		
Jun	52		
Jul	46		
Aug	36		
Sep	36		
Oct	37		
Nov	33		
Dec	36		
Total	527	48	



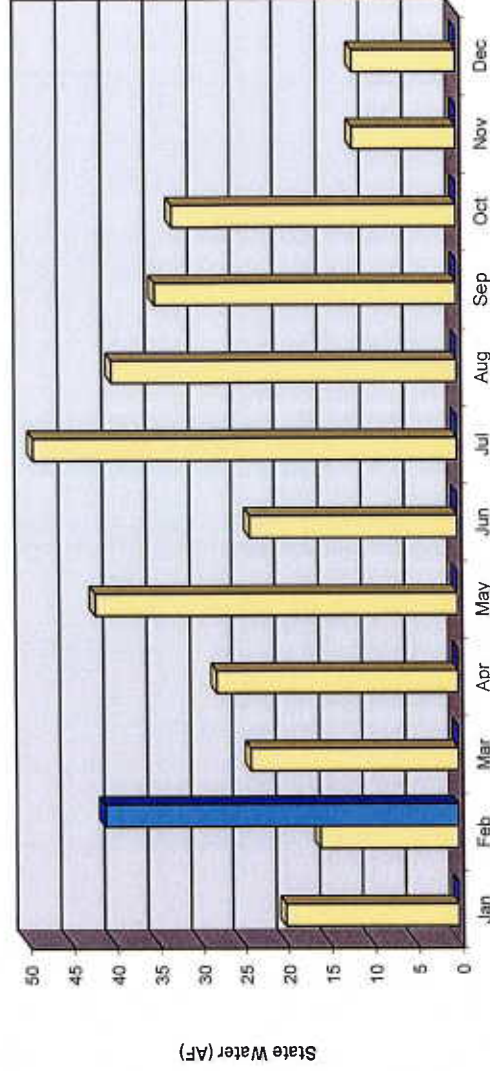
Santa Maria - SWP Deliveries in Year 2018

Month	Requested Delivery	Actual Delivery	Allocation Available
Jan	758	800	
Feb	673	765	
Mar	881		
Apr	928		
May	1091		
Jun	1293		
Jul	1344		
Aug	1353		
Sep	1166		
Oct	1058		
Nov	811		
Dec	685		
Total	12041	1565	



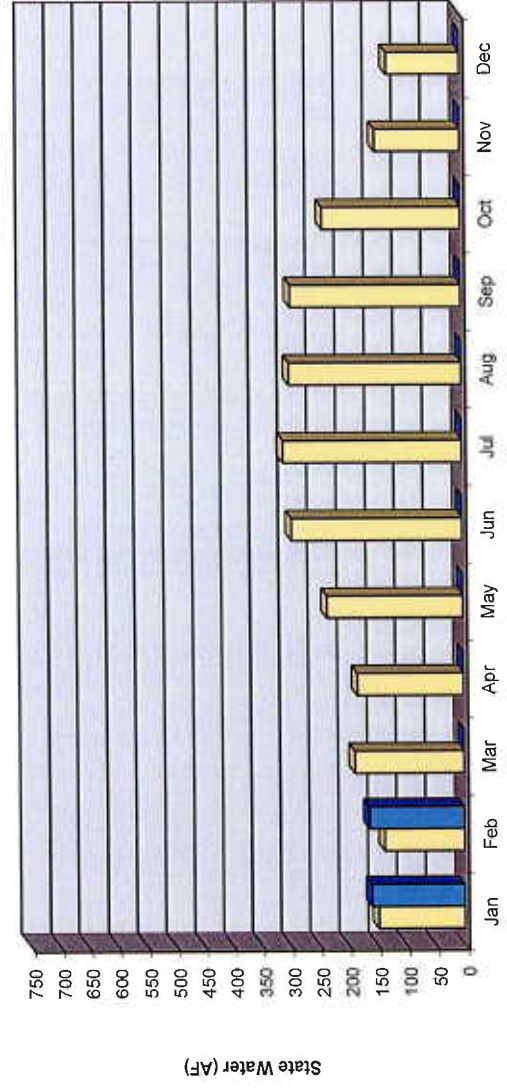
Golden State - SWP Deliveries in Year 2018

Month	Requested Delivery	Actual Delivery	Allocation Available
Jan	20	0	
Feb	16	41	
Mar	24		
Apr	28		
May	42		
Jun	24		
Jul	49		
Aug	40		
Sep	35		
Oct	33		
Nov	12		
Dec	12		
Total	335	41	



VAFB - SWP Deliveries in Year 2018

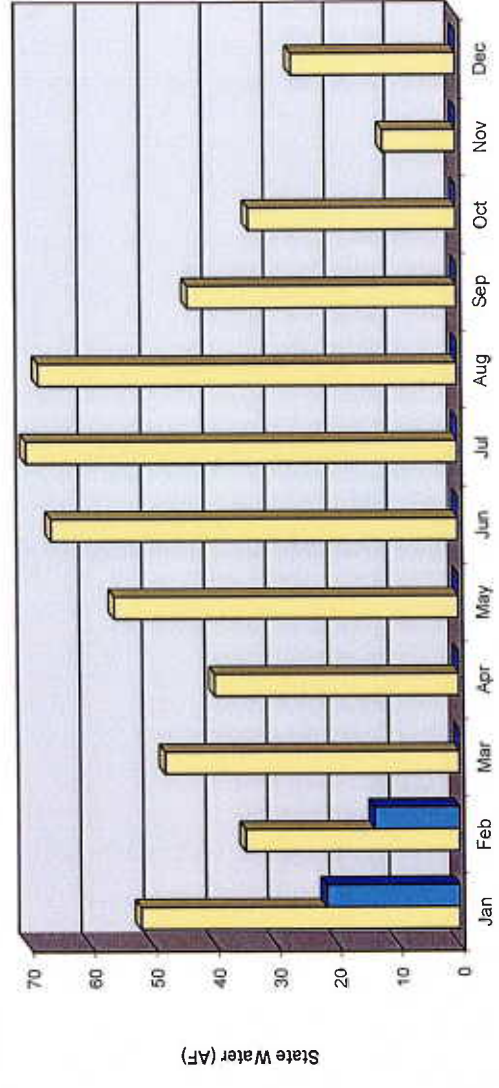
Month	Requested Delivery	Actual Delivery	Allocation Available
Jan	148	160	
Feb	137	164	
Mar	188		
Apr	183		
May	234		
Jun	294		
Jul	308		
Aug	297		
Sep	294		
Oct	238		
Nov	147		
Dec	126		
Total	2594	324	



Requested Delivery
Actual Delivery

Buelton - SWP Deliveries in Year 2018

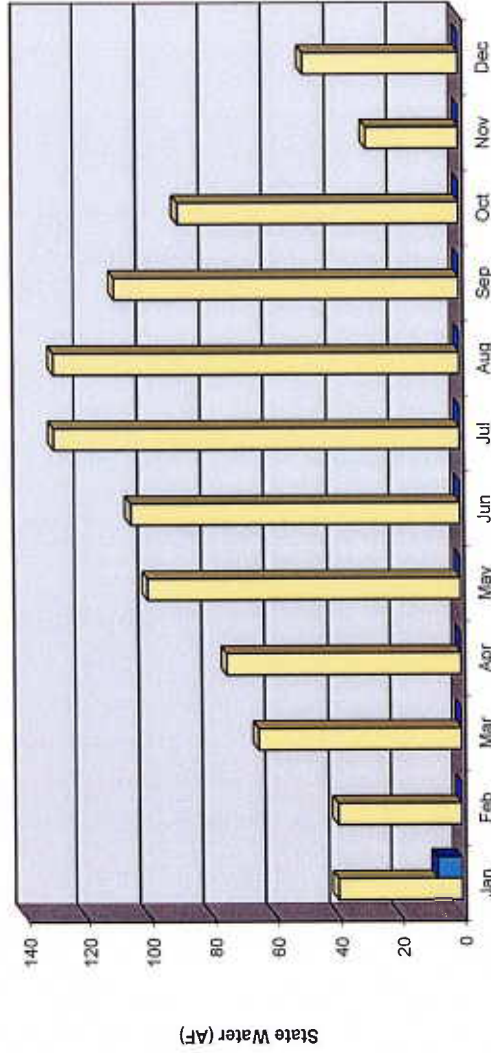
Month	Requested Delivery	Actual Delivery	Allocation Available
Jan	52	22	
Feb	35	14	
Mar	48		
Apr	40		
May	56		
Jun	66		
Jul	70		
Aug	68		
Sep	44		
Oct	34		
Nov	12		
Dec	27		
Total	552	36	



Requested Delivery
Actual Delivery

Santa Ynez - Solvang Only - SWP Deliveries in Year 2018

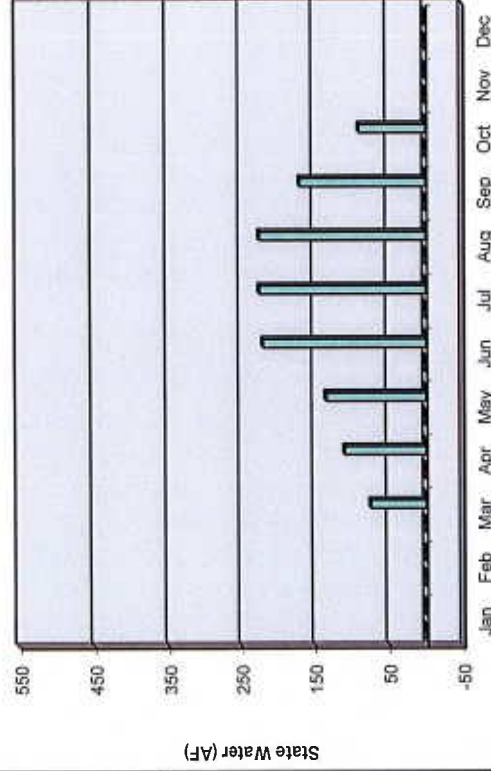
Month	Requested Delivery	Actual Delivery	Allocation Available
Jan	40	8	
Feb	40	0	
Mar	65		
Apr	75		
May	100		
Jun	105		
Jul	130		
Aug	130		
Sep	110		
Oct	90		
Nov	30		
Dec	50		
Total	965	8	



Requested Delivery
Actual Delivery

Santa Ynez (Without Solvang) - SWP Deliveries in Year 2018

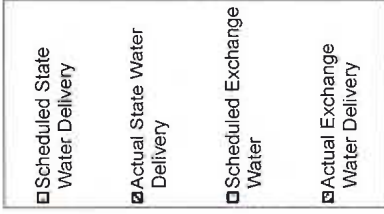
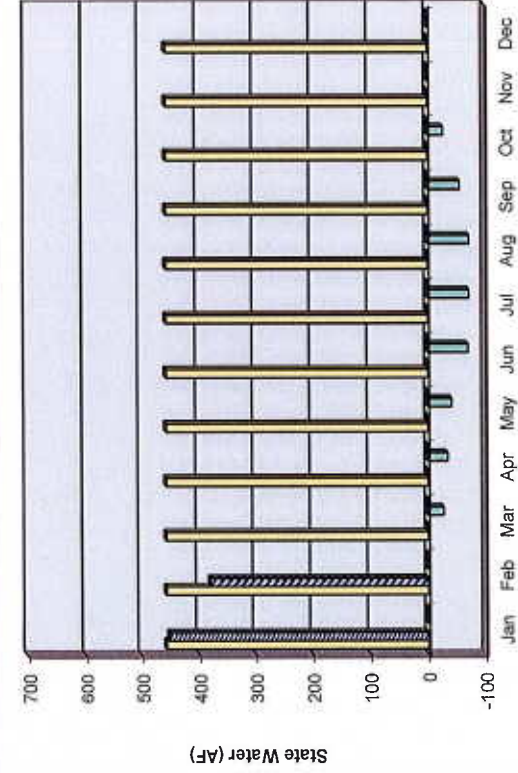
Month	Scheduled State Water Delivery	Scheduled Exchange Water	Total Sched'd Water	Total Sched'd State & Exch. Water Delivery	Actual State Water Delivery	Actual Exchange Water Delivery	Total Actual State & Exch. Water Delivery	Allocation Available
Jan	0	0	0	0	0	0	0	
Feb	0	0	0	0	0	0	0	
Mar	0	75	75	75	0	0	0	
Apr	0	110	110	110	0	0	0	
May	0	135	135	135	0	0	0	
Jun	0	220	220	220	0	0	0	
Jul	0	225	225	225	0	0	0	
Aug	0	225	225	225	0	0	0	
Sep	0	170	170	170	0	0	0	
Oct	0	90	90	90	0	0	0	
Nov	0	0	0	0	0	0	0	
Dec	0	0	0	0	0	0	0	
Total	0	1250	1250	1250	0	0	0	



Scheduled State Water Delivery
Actual State Water Delivery
Scheduled Exchange Water
Actual Exchange Water Delivery

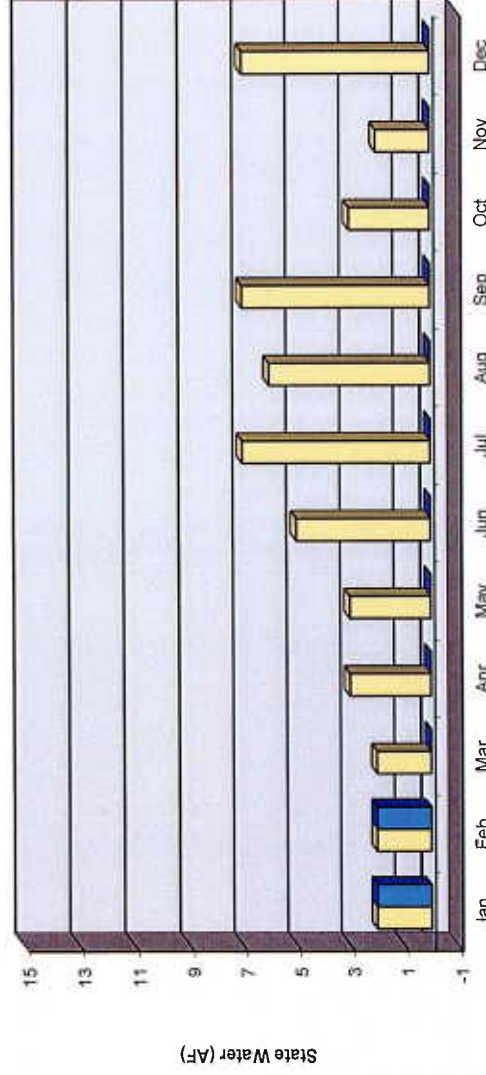
Goleta - SWP Deliveries in Year 2018

Month	Scheduled State Water Delivery	Scheduled Exchange Water	Total Sched. State & Exch. Water Delivery	Actual State Water Delivery	Actual Exchange Water Delivery	Total Actual State & Exch. Water Delivery	Allocation Available
Jan	457	0	457	452	0	452	
Feb	457	0	457	380	0	380	
Mar	457	-27	430				
Apr	457	-34	423				
May	457	-41	416				
Jun	457	-70	387				
Jul	457	-72	385				
Aug	457	-72	385				
Sep	457	-56	401				
Oct	457	-27	430				
Nov	457	0	457				
Dec	457	0	457				
Total	5484	-400	5084	832	0	832	



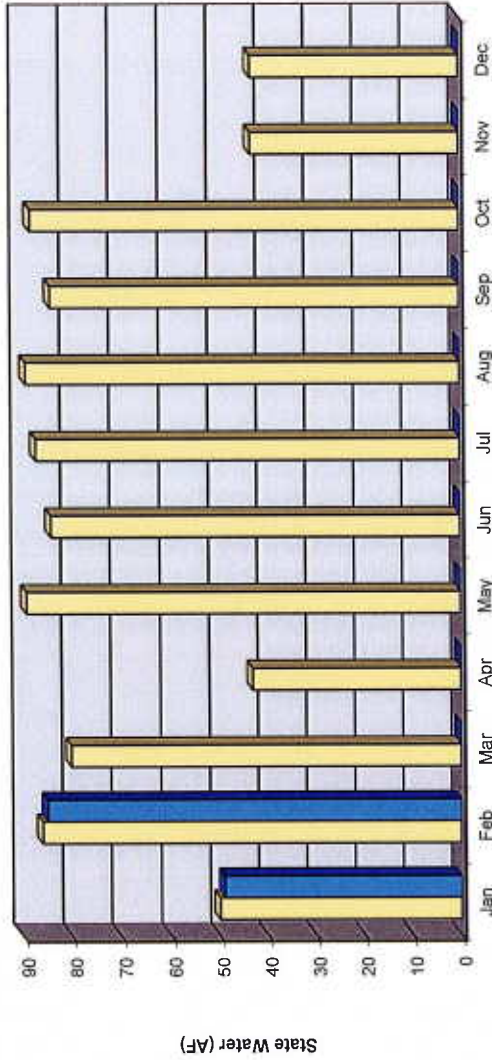
Morehart Land - SWP Deliveries in Year 2018

Month	Requested Delivery	Actual Delivery	Allocation Available
Jan	2	2	
Feb	2	2	
Mar	2		
Apr	3		
May	3		
Jun	5		
Jul	7		
Aug	6		
Sep	7		
Oct	3		
Nov	2		
Dec	7		
Total	49	4	



La Cumbre - SWP Deliveries in Year 2018

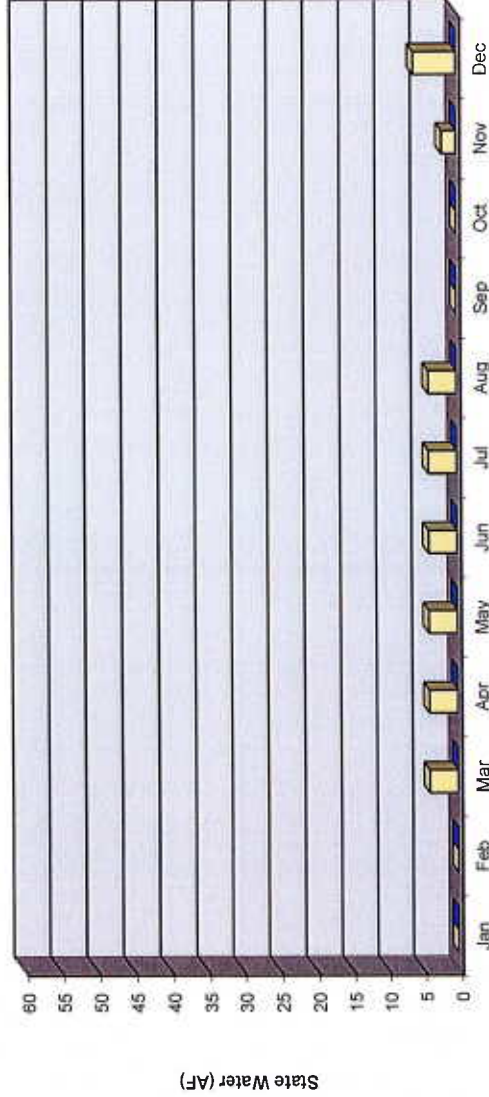
Month	Requested Delivery	Actual Delivery	Allocation Available
Jan	50	49	
Feb	86	85	
Mar	80		
Apr	43		
May	89		
Jun	84		
Jul	87		
Aug	89		
Sep	84		
Oct	88		
Nov	43		
Dec	43		
Total	866	134	



Requested Delivery
Actual Delivery

Raytheon (SBRC) - SWP Deliveries in Year 2018

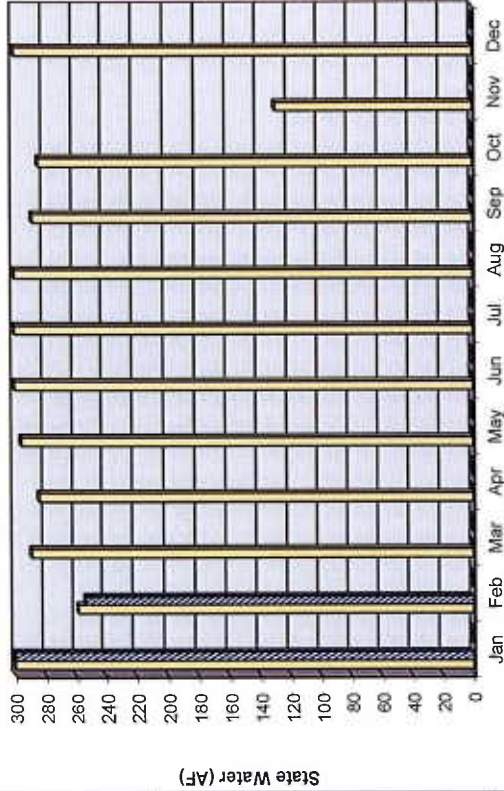
Month	Requested Delivery	Actual Delivery	Allocation Available
Jan	0	0	
Feb	0	0	
Mar	4		
Apr	4		
May	4		
Jun	4		
Jul	4		
Aug	4		
Sep	0		
Oct	0		
Nov	2		
Dec	6		
Total	32	0	



Requested Delivery
Actual Delivery

Santa Barbara - SWP Deliveries in Year 2018

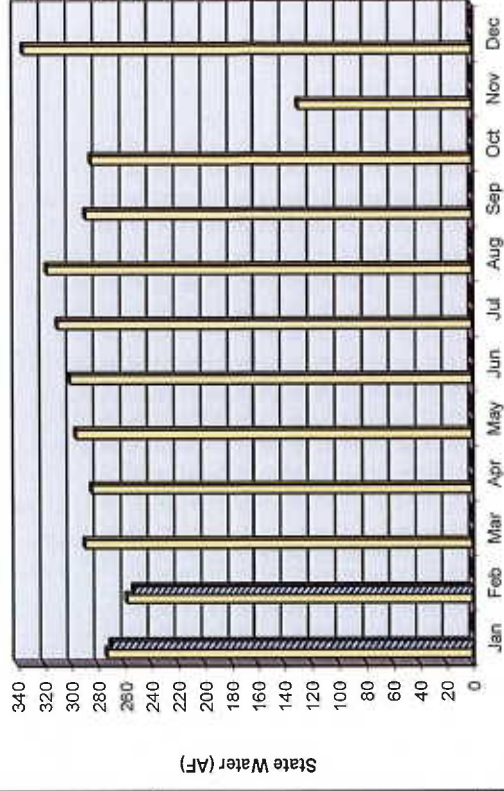
Month	Scheduled State Water Delivery	Scheduled Exchange Water	Total Sched. State & Exch. Water	Actual State Water Delivery	Actual Exchange Water Delivery	Total Actual State & Exch. Water Delivery	Allocation Available
Jan	304	0	304	301	0	301	
Feb	258	0	258	253	0	253	
Mar	289	-18	271				
Apr	284	-23	261				
May	296	-28	268				
Jun	300	-47	253				
Jul	309	-48	261				
Aug	317	-48	269				
Sep	288	-37	251				
Oct	284	-18	266				
Nov	129	0	129				
Dec	334	0	334				
Total	3391	-266	3125	554	0	554	



Scheduled State Water Delivery
 Actual State Water Delivery
 Scheduled Exchange Water
 Actual Exchange Water Delivery

Montecito - SWP Deliveries in Year 2018

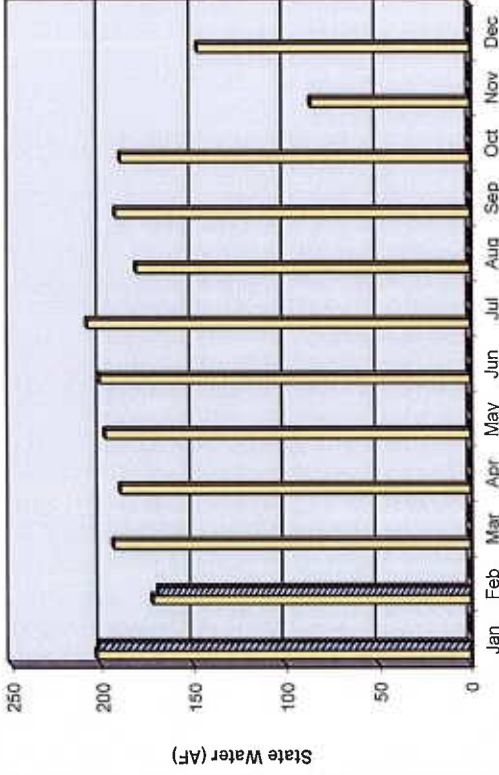
Month	Scheduled State Water Delivery	Scheduled Exchange Water	Total Sched. State & Exch. Water	Actual State Water Delivery	Actual Exchange Water Delivery	Total Actual State & Exch. Water Delivery	Allocation Available
Jan	273	0	273	270	0	270	
Feb	258	0	258	253	0	253	
Mar	289	-18	271				
Apr	284	-23	261				
May	296	-28	268				
Jun	300	-47	253				
Jul	309	-48	261				
Aug	317	-48	269				
Sep	288	-37	251				
Oct	284	-18	266				
Nov	129	0	129				
Dec	334	0	334				
Total	3360	-266	3094	523	0	523	



Scheduled State Water Delivery
 Actual State Water Delivery
 Scheduled Exchange Water
 Actual Exchange Water Delivery

Carpinteria - SWP Deliveries in Year 2018

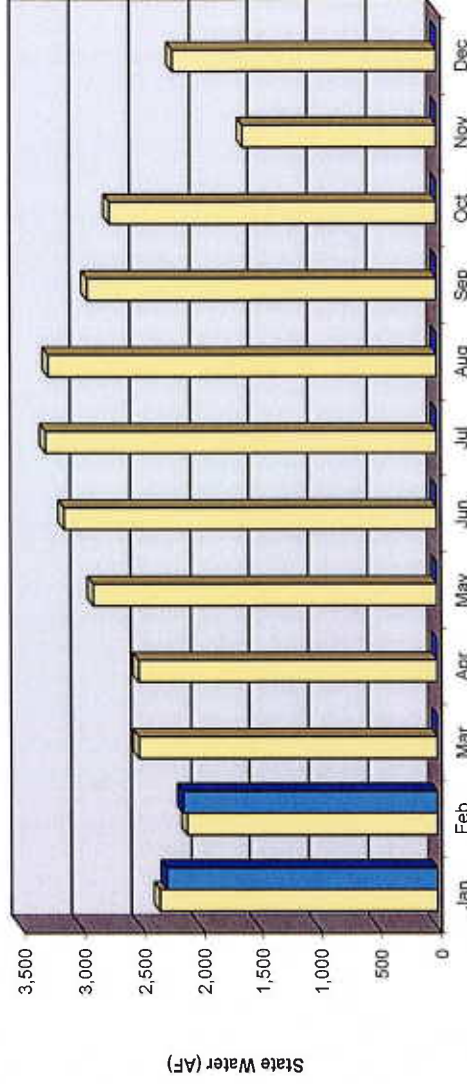
Month	Scheduled State Water Delivery	Scheduled Exchange Water	Total Sched. State & Exch. Water Delivery	Actual State Water Delivery	Actual Exchange Water Delivery	Total Actual State & Exch. Water Delivery	Allocation Available
Jan	202	0	202	201	0	201	
Feb	172	0	172	169	0	169	
Mar	193	-12	181				
Apr	189	-15	174				
May	197	-18	179				
Jun	200	-31	169				
Jul	207	-32	175				
Aug	180	-32	148				
Sep	192	-25	167				
Oct	189	-12	177				
Nov	86	0	86				
Dec	147	0	147				
Total	2155	-178	1977	370	0	370	



- Scheduled State Water Delivery
- Actual State Water Delivery
- Scheduled Exchange Water
- Actual Exchange Water Delivery

Total SB County - SWP Deliveries in Year 2018

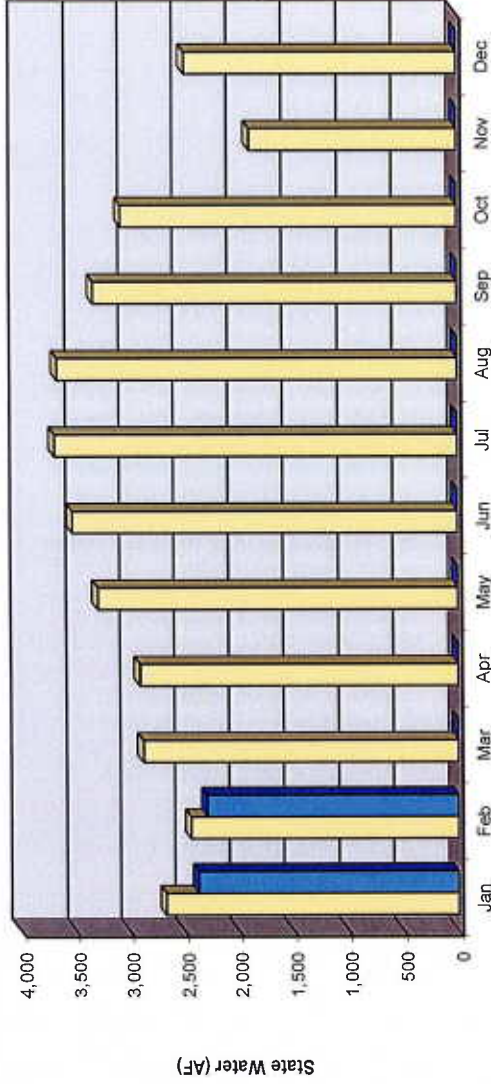
Month	Requested Delivery	Actual Delivery
Jan	2,345	2,289
Feb	2,116	2,152
Mar	2,517	
Apr	2,518	
May	2,892	
Jun	3,131	
Jul	3,287	
Aug	3,264	
Sep	2,936	
Oct	2,751	
Nov	1,628	
Dec	2,225	
Total	31,609	4,441



- Requested Delivery
- Actual Delivery

Total SB and SLO County - SWP Deliveries in Year 2018

Month	Requested Delivery	Actual Delivery
Jan	2,671	2,372
Feb	2,442	2,291
Mar	2,876	
Apr	2,903	
May	3,282	
Jun	3,527	
Jul	3,689	
Aug	3,666	
Sep	3,315	
Oct	3,068	
Nov	1,883	
Dec	2,481	
Total	35,801	4,663



Requested Delivery
Actual Delivery



CENTRAL COAST WATER AUTHORITY

MEMORANDUM

March 12, 2018

TO: CCWA Board of Directors

FROM: Ray A. Stokes 
Executive Director

SUBJECT: State Water Project Contract Amendments Update

DISCUSSION

DWR and the State Water Project Contractors have entered into negotiations to amend the State Water Project Contract to address two primary issues: (1) amending the contract so that the five Contractors north of Sacramento-San Joaquin Delta are exempted from Cal WaterFix costs as they will not receive a benefit from the project and (2) amending the contract to provide enhanced water management tools to allow for greater flexibility in the management of water supplies among the State Water Project Contractors.

DWR and the Contractors have had three negotiating meetings, with the next meeting scheduled for March 21, 2018.

Attached, please find the following documents regarding the contract amendment proceedings:

- (1) Contract Amendment Agenda for the March 7, 2018 meeting
- (2) Powerpoint presentation given by the SWP Contractors outlining the proposed changes to the contract from the SWP Contractors.
- (3) White paper which explains in more detail the SWP contractors proposed contract changes
- (4) Summary notes of the February 28, 2018 negotiating meeting.

Staff will provide an overview of the amendment process and give a status report at the CCWA Board meeting.

RAS

Attachments



SWP CONTRACT AMENDMENT FOR CALIFORNIA WATERFIX

Meeting #3 Agenda
March 7, 2018
10:00 am – TBD based on progress
Holiday Inn
300 J Street
Sacramento, CA

Phone Line: 719-359-4032
Access Code: 474346#

WEBINAR: [HTTP://KEARNSWEST.ADOBECONNECT.COM/CWF/](http://kearnswest.adobeconnect.com/cwf/)

Documents can be found at:

[HTTPS://D3.WATER.CA.GOV/OWNCLOUD/INDEX.PHP/S/MY8GIXSP5JOU0IY](https://d3.water.ca.gov/owncloud/index.php/s/my8gixsp5jou0iy)

AGENDA

MEETING OBJECTIVES

- Discuss Technical Team Report
- Continue Discussion of Water Management Tools
- Discuss Allowing Public Water Agencies to Transfer/Exchange Water in Single or Multiple Years and Being a Buyer and Seller in the Same Year
- Determine Next Steps

I. Welcome/Introductions

II. Meeting Overview

- Meeting Process Ground Rules
- Structure and Format
- Agenda Review

III. Technical Team Report

- Discuss Technical Team Report

IV. Continue General Discussion of Water Management Tools

- DWR Clarifying Questions and Potential Proposals

Note:

- i. Any party can call a caucus at any time.
- ii. Meetings will end at 3:00pm, or when business is completed, or by mutual agreement.
- iii. Public comment period will occur at the end of every negotiation meeting.

LUNCH (not provided)

- V. Discuss Specific Water Management Tools
 - Allowing Public Water Agencies to Transfer/Exchange Water in Single or Multiple Years (#1 of PWA Contractors Presentation)
 - Being a Buyer and Seller in the Same Year (#3 of PWA Contractors Presentation)
- VI. Next Steps
 - Future Agenda Topics, Proposed Schedule
 - Review Actions
- VII. Public Comment
- VIII. Adjourn

Note:

- i. Any party can call a caucus at any time.
- ii. Meetings will end at 3:00pm, or when business is completed, or by mutual agreement.
- iii. Public comment period will occur at the end of every negotiation meeting.

State Water Project Public Water Agencies' Objective 1 – Water Management Tools

CA WaterFix Contract Amendment Committee
February 28, 2018

CA WaterFix Contract Amendment Negotiation Meeting #2

February 28, 2018 | 10:00 AM to 3:00 PM

Holiday Inn, 300 J Street, Sacramento, CA



SWCCWF-0011
February 27, 2018



Objective 1

Enhance management tools to facilitate
greater flexibility for the Public Water
Agencies to meet current and future water
supply challenges

Background

- Existing provisions developed in different era, when:
 - Water demands for agricultural PWAs equaled their Table A amounts
 - Water demands for M&I PWAs were much less than their Table A amounts
- Resolution then:
 - Allocated SWP supplies based on Table A amounts
 - Provided limited set of water management tools for PWAs to manage their available SWP supplies
- Situation now:
 - Water demands for most PWAs is at or near their Table A amounts
 - Today's conditions require additional flexibility



Overarching Goals

- **Flexibility**
- **Efficiency**
- **Certainty**

Issue 1a – Transfers and Exchanges

- **Issue:** Need for greater certainty and flexibility for annual and multi-year transfers and exchanges between PWAs
- **Proposed Solutions:**
 1. Confirm and modify Notice to Contractors 17-11, Section B
 2. Confirm multi-year transfers can extend through end of contract period
 3. Allow PWA to be both a buyer and seller in the same year
 4. Allow PWA to negotiate the compensation terms for transfers and exchanges

Issue 1b – Prohibition from storing and transferring water in a given year

- **Issue:** Contract prohibits PWAs from storing project water outside the PWAs service area and transferring water in the same year, effectively taking away flexibility for those PWAs entering multi-year transfers from storing a portion of their water during the term of those multi-year transfers
- **Proposed Solution:** Amend contract to allow PWA to store water and transfer water in the same year

Issue 1c – Stored Water

- **Issue:** Contract prohibits PWAs from transferring or exchanging project water stored outside of the PWAs service area
- **Proposed Solutions:** Amend contract to:
 1. Allow stored project water to be exchanged or transferred outside a PWAs service area, to another SWP PWA within the SWP service area
 2. Prohibit State from (1) supplying project or non-project water or from (2) authorizing another PWA to supply project or non-project water for use within PWAs boundaries without consent

Issue 1d – Turnback Pool

- **Issue:** Contract limits the means (Turnback Pool) by which a PWA can transfer annual Table A Water
- **Proposed Solution:** Implement one of the following options:
 1. Amend the contract to eliminate the Turnback Pool and allow annual transfers of Table A water within the SWP; or
 2. Amend the contract so the Turnback Pool is not the exclusive means to sell annual Table A water and reference any new contract language that allows for annual transfers.

1e – Bona Fide Exchanges

- **Issue:** Contract is vague on determination of exchange ratios, resulting in disagreements between PWAs and DWR
- **Proposed Solution:** Amend contract to delete Article 56(f) consistent with issue 1a proposed solution

Issue 1z – Continuing Future Negotiations

- **Issue:** Time constraints may limit the items to be resolved in this contract amendment
- **Proposed Solution:** Provide assurance that DWR and the PWAs will begin negotiations, no later than March 2019, on contract amendment to address additional water management tools.

In Summary

Goals for Water Management Tools:

- Flexibility
- Efficiency
- Certainty

Proposed Water Management Solutions:

Allow PWAs to:

1. Transfer/exchange water in single or multiple years
2. Use means other than Turnback Pool to transfer annual Table A water
3. Be a buyer and seller in the same year
4. Negotiate the terms for transfers and exchanges including eliminating terms for Bona Fide exchanges
5. Store and transfer/exchange water in the same year
6. Transfer/exchange stored water outside of PWAs service area within the SWP service area
7. Begin good-faith negotiations with DWR for additional water management tools, no later than March 2019



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DATE: February 28, 2018

WHITEPAPER: SWCCWF-0008

SUBJECT: The State Water Project Public Water Agencies' (Public Water Agencies)¹ Issue Statements and Proposed Solutions for Objective One concerning the contract amendment process of the State Water Project² (SWP) Water Supply Contracts for California WaterFix (CA WaterFix).

Objective 1- Enhance management tools to facilitate greater flexibility for the Public Water Agencies (PWAs) to meet current and future water supply challenges.

Issue 1a: Transfers and Exchanges

In any given year, one or more PWAs may not have a need for their full SWP Table A allocation. Likewise, for certain PWAs, such allocations may exceed their needs for an extended period of time. Yet, the PWAs are obligated by the terms of their existing contracts to pay for all water supply-related costs associated with the SWP.

Despite this financial burden, most PWAs do not want to permanently relinquish their contractual right to receive SWP water, because they anticipate a need for it in the future. Rather, the PWAs would like broad flexibility to pursue both short-term and long-term transfers and/or exchanges of their Table A allocations. Such flexibility will enable the PWAs to meet their current and future water needs, while controlling the costs they incur.

¹ The State Water Project Public Water Agencies throughout this document are the public water agencies that hold contracts with DWR for the delivery of State Water Project water and include Alameda County Flood Control and Water Conservation District (Zone 7), Alameda County Water District, Antelope Valley-East Kern Water Agency, Castaic Lake Water Agency, City of Yuba City, Coachella Valley Water District, County of Butte, County of Kings, Crestline-Lake Arrowhead Water Agency, Desert Water Agency, Dudley Ridge Water District, Empire West Side Irrigation District, Kern County Water Agency, Littlerock Creek Irrigation District, The Metropolitan Water District of Southern California, Mojave Water Agency, Napa County Flood Control and Water Conservation District, Oak Flat Water District, Palmdale Water District, Plumas County Flood Control and Water Conservation District, San Bernardino Valley Municipal Water District, San Gabriel Valley Municipal Water District, San Geronio Pass Water Agency, San Luis Obispo County Flood Control and Water Conservation District, Santa Barbara County Flood Control and Water Conservation District, Santa Clara Valley Water District, Solano County Water Agency, Tulare Lake Basin Water Storage District, and Ventura County Flood Control District.

² The State Water Project is the name commonly used to refer to the State Water Resources Development System (Water Code Section 12931).



To that end, the PWAs should be allowed to pursue water transfers or exchanges on such terms and conditions as make sense to the parties involved, provided the transfer or exchange does not substantially undermine, impair, or interfere with the financial integrity, operations or maintenance of the SWP, the delivery of SWP water to other PWAs, or the storage of SWP water by other PWAs.

Furthermore, a PWA should be allowed to be both a buyer and seller in any given year. Given the ability to enter into multi-year transfers, prohibiting a PWA from being a seller and a buyer in the same year is problematic. The temporal variation in water demands, supplies, regulatory and operational constraints can result in instances where a seller that entered into a multi-year transfer, may determine that in a specific year it also needs to buy some water. This should not be prohibited.

Proposed Solution:

1. Add contract language that specifically provides for annual and multi-year transfers and exchanges between PWAs. This language should confirm section B of Notice to Contractors 17-11 as listed and modified below. This language should also clarify that a PWA can be both a buyer and seller in the same year, which is not clear in section B(3) of the Notice to Contractors.
 - a. All exchanges and transfers must be consistent with the existing Contracts.
 - b. All transfers and exchanges pertain only to SWP water in the year in which the water moves from one SWP PWA to another for compensation, which can but does not need to include the return of water.
 - c. SWP PWAs can be engaged in single or multi-year transfers and exchanges as a buyer, seller or both.
 - d. Multi-year transfers can be as long as the remainder of the contract period.
 - e. Terms and conditions, including compensation and exchange ratios, for all transfers and exchanges will be determined by the transfer/exchange proponents.
 - f. Proponents of all transfers and exchanges must comply with all applicable existing environmental (including CEQA compliance) and regulatory



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requirements. The Department will serve as a lead or responsible agency where applicable.

- g. The Department will review and approve all transfers and exchanges consistent with the terms of the Contracts, including but not limited to, assuring that: (1) the terms comply with the existing SWP Contracts; (2) the delivery of the water is possible/feasible considering the hydrologic conditions and delivery capacity of the SWP; and (3) the financial and operational integrity of the SWP is not substantially impaired.
- h. The Department retains its right to review and reconsider at any time a multi-year transfer agreement if it determines that delivery under the agreement is substantially impairing the financial feasibility of project facilities or is impacting any other SWP PWAs ability to deliver/store its SWP Table A.



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Issue 1b: Prohibition from storing and transferring water in a given year

Currently Article 56(c)(4) disallows the PWAs from storing water and transferring water in the same year. This contract section removes flexibility that is needed within the same year to maximize the beneficial use of water within the SWP. Additionally, it would effectively take away flexibility for those PWAs entering multi-year transfers from storing a portion of their water during the term of those multi-year transfers. As an example, water demands and water supplies vary throughout the year and demand can't be precisely forecasted so a PWA needs the ability to store water at the end of the year for future use in the event the following year results in a low SWP allocation. As water supply develops in the following year, it is not uncommon for PWAs to have a need to exchange a portion of their SWP water while at the same time reserve some water in storage to plan for reduced allocations in future years. The ability to store water is becoming increasingly important as PWAs have been faced with multi-year droughts, hence non-SWP storage investments. During these times the PWAs still have hard demands that require water be delivered.

Proposed Solution:

1. Amend the contract to allow a PWA to store water and transfer water in the same year.



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Issue 1c: Stored Water

In many instances, the most efficient way for PWAs to exchange or transfer water between SWP PWAs is to do so in San Luis Reservoir. Currently, Article 56(c)(1) does not allow the stored water to be transferred. This exclusion does not facilitate best management practices and often results in PWAs having to purchase water from non-SWP PWAs at a high cost. By allowing an exchange or transfer to occur within San Luis Reservoir it can also save significant transportation costs and losses while keeping SWP water in SWP service areas. This enhancement provides good water management by more efficiently allowing exchanges and/or transfers between PWAs.

Proposed Solution:

1. Amend the contract to allow stored water to be exchanged or transferred outside a PWAs service area to another SWP PWA for use in the SWP service area so long as there is no harm to other PWAs.
2. Amend the contract to prohibit the State from (1) supplying project or non-project water or from (2) authorizing any other PWA to supply project or non-project water for use within the boundaries of the PWA without the consent of the PWA.



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Issue 1d: Turnback Pool

The Turnback Pool is an antiquated tool that is less and less used by the PWAs. While it was intended to assist in moving water between PWAs for single year transfers, it is no longer an effective tool. Essentially, the cost of the water far exceeds the payment for the water, so most PWAs elect to take delivery of the water. For example, in 2017 the price for Pool A water was \$34.44/AF and Pool B water was \$17.22/AF. These costs do not begin to cover the actual cost of the water that the PWA participating would have incurred. Furthermore, Article 56(d)(2) provides that the Turnback Pool is the exclusive means by which a PWA can sell annual Table A water.

Proposed Solution:

1. Amend the contract to eliminate the Turnback Pool and allow annual transfers of Table A water within the SWP; or
2. Alternatively, amend the contract so the Turnback Pool is not the exclusive means to sell annual Table A water and reference any new contract language that allows for annual transfers.



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Issue 1e: Bona Fide Exchanges

The current contract language is vague regarding how to determine ratios for exchanges. This has resulted in disagreement between the PWAs and DWR about the interpretation of Article 56 (f). As DWR acknowledged in its Notice to Contractors 17-11, there are other factors that determine the value of water and those factors vary in different year types. For example, under the existing water supply contracts a “substantially similar amount” for an exchange considers timing and other non-financial considerations. In the Notice to Contractors 17-11, DWR acknowledged one such fact, hydrology, and tied the exchange ratio to the SWP allocation. However, the PWAs must consider many other factors in responsibly managing scarce water supplies. These other factors include local supplies, current water in storage, projected water in storage for the following year, and exchange terms between the PWAs as to the conditions for return of the water (i.e., priority of return and similar restrictions).

Proposed Solution:

1. Delete Article 56(f) consistent with Issue 1a solution.



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Issue 1z: Continuing Future Negotiations

There are several other water management tools the PWAs would like DWR to consider. However, in an effort to move this process forward within the prescribed time constraints, the PWAs have attempted to limit the items to resolve in this initial contract amendment.

Proposed Solution: Provide assurance that, no later than March 2019, DWR and the PWAs would continue good-faith negotiations on a contract amendment that would address additional water management tools.



SWP CONTRACT AMENDMENT FOR CALIFORNIA WATERFIX

Meeting Summary and Action Items

SWP Contract Amendment for California WaterFix

February 28, 2018 10:10 AM – 12:39 PM

Draft Meeting Attendance List

California Department of Water Resources Lead Negotiators

- Vinay Behl, California Department of Water Resources
- Spencer Kenner, California Department of Water Resources
- Joel Ledesma, California Department of Water Resources
- Dave Paulson, California Department of Water Resources
- Carl Torgersen, California Department of Water Resources
- Pedro Villalobos, California Department of Water Resources

California Department of Water Resources Staff

- Ted Alvarez, California Department of Water Resources
- Steve Cohen, California Department of Water Resources
- Stan Dirks (by phone), Orrick, on behalf of the California Department of Water Resources
- Cassandra Enos (by phone), California Department of Water Resources
- Avery Estrada, California Department of Water Resources
- Andrea Glasgow (by phone), California Department of Water Resources
- Darryl Hayes, California Department of Water Resources
- Brian "BG" Heiland, California Department of Water Resources

- Marianne Kirkland, California Department of Water Resources
- Chris Martin (by phone), California Department of Water Resources
- Nancy Quan, California Department of Water Resources
- David Sandino (by phone), California Department of Water Resources
- Vera Sandronsky, California Department of Water Resources
- Lisa Toms, California Department of Water Resources

Public Water Agencies (PWAs) Lead Negotiators

- Steve Arakawa, Metropolitan Water District of Southern California
- Jarnail Chahal (by phone), Alameda County Flood Control and Water Conservation District Zone 7
- Robert Cheng, Coachella Valley Water District
- Kathy Cortner, Mojave Water Agency
- Curtis Creel, Kern County Water Agency
- Jeff Davis, San Geronio Pass Water Agency
- Mark Gilkey, County of Kings/Empire-West Side Irrigation District/Tulare Lake Water Storage District
- Paul Gosselin, County of Butte
- Douglas Headrick, San Bernardino Valley Municipal Water District
- Steven Inn, Alameda County Water District
- Cindy Kao, Santa Clara Valley Water District
- Dale Melville, Dudley Ridge Water District

- Phillip Miller, Napa County Flood Control and Water Conservation District
Department of Public Works
- Jon Pernula (by phone), Palmdale Water District
- Valerie Pryor, Santa Clarita Valley Water Agency
- Roland Sanford, Solano County Water Agency
- Ray Stokes, Central Coast Water Authority
- Steve Wickstrum (by phone), Ventura County Watershed Protection District
- Greg Young, City of Yuba City

Public Water Agencies Staff

- Christina Buck, (by phone) Butte County Water and Resource Conservation
- Eric Chapman, State Water Contractors
- Fray Crease (by phone), Santa Barbara County Flood Control and Water Conservation District
- Jaime Dalida (by phone), Metropolitan Water District of Southern California
- Kevin Donhoff, Metropolitan Water District of Southern California
- Mike Ellis (by phone), United Water Conservation District
- Mike Flood (by phone), Antelope Valley-East Kern Water Agency
- Dan Flory, Dudley Ridge Water District/Antelope Valley-East Kern Water Agency
- Dana Jacobson, Santa Clara Valley Water District
- Theresa Lightle, State Water Contractors
- Dirk Marks (by phone), Santa Clarita Valley Water Agency
- Aubrey Mauritsen (by phone), Tulare Lake Basin Water Storage District
- Thomas McCarthy (by phone), Mojave Water District
- Holly Melton, Kern County Water Agency
- Amelia Minaberrigarai, Kern County Water Agency
- Stefanie Morris (by phone), State Water Contractors

- Ted Page (by phone), Kern County Water Agency
- Thomas Pate (by phone), Solano County Water Agency
- Jennifer Pierre, State Water Contractors
- Julie Ramsay, State Water Contractors
- David Reukema (by phone), Metropolitan Water District of Southern California
- Ivory Reyburn (by phone), Coachella Valley Water District
- Jack Safely (by phone), Metropolitan Water District of Southern California
- John Schlotterbeck (by phone), Metropolitan Water District of Southern California
- Linda Standlee, State Water Contractors
- Wes Thompson (by phone), San Luis Obispo Flood Control and Water Conservation District
- Craig Wallace, Kern County Water Agency
- Jacob Westra, Tulare Lake Basin Water Storage District/County of Kings
- Bill Wulff, Kern County Water Agency

Members of the Public

- Jason Gianquinto, Semitropic Water Storage District
- Robert Kunde, Wheeler Ridge-Maricopa Water Storage District
- Dan McDaniel (by phone), Central Delta Water Agency
- Stephen Pang, Delta Stewardship Council
- Tom Schlosser (by phone), Hoopa Valley Tribe
- Harry Starkey, West Kern Water District
- Tim Stroshane, Restore the Delta
- Yung-Hsin Sun (by phone), Stantec
- Michael Thomas (by phone), San Diego County Water Authority
- Brian Victor, Orrick

Facilitation Team

- Mary Beth Day, Kearns & West
- Sasha Torrevillas, Kearns & West
- Anna West, Kearns & West

I. Welcome and Introductions

There were roundtable introductions of the negotiation teams and staff. Members of the public were given the opportunity to introduce themselves.

II. Meeting Overview

Anna West, of Kearns & West, thanked everyone for attending the public negotiation meeting on the contract amendment for California WaterFix. She reviewed the ground rules and outlined the negotiation session agenda. Anna noted that meeting materials were available online at the website listed on the agenda. She outlined the process for public comment at the end of the meeting and reminded everyone that any party (i.e. the Department of Water Resources (DWR) or the Public Water Agency (PWA) Contractors) can call a caucus at any time. Anna asked if there were additional edits to the February 13th meeting summary. Hearing no objections, the meeting summary was approved and will be posted online after the meeting.

Joel Ledesma, on behalf of DWR, provided opening remarks. He thanked everyone for getting the process started at the last meeting, and putting in the time and thought to make today's meeting valuable. He thanked the Contractors for putting together a list of items to be discussed. Joel reminded everyone to remain focused on the objectives. The first priority for DWR is making California WaterFix affordable, followed by making water management tools flexible for the future. Joel noted that DWR is here to listen and ask questions in order to understand to the fullest what the Contractors are asking for, and then move onto the next session to dive into priorities and determine what we think we can get done by June.

III. Technical Team Report

Pedro Villalobos, DWR, provided an update on the Technical Team meeting that was held on February 26. He noted that the meeting was well attended by representatives from north of the Delta, south of the Delta, and DWR. Pedro explained that the Contractors had developed an extensive list of options for how to address cost allocation for California WaterFix. The pros and cons of one of those options was discussed in depth at this Technical Team meeting. Pedro also noted that DWR presented an overview of several additional options and would be formalizing several more to bring to the next Technical Team meeting.

Ray Stokes, Central Coast Water Authority, also provided an update on the February 26 Technical Team meeting. He reiterated that the Technical Team was working through details and technical issues related to exempting the five North of Delta PWAs from incurring costs related to California WaterFix and was fleshing out options for consideration. Ray noted that the Technical Team is working on several action items that should be resolved in the coming weeks. He reported that the next Technical Team meeting will be on the afternoon of Tuesday, March 6. The Technical Team will provide an update on their March 6th meeting at the next negotiation session.

Anna asked when the Technical Team would be ready to bring recommendations to the full group. Ray noted the Technical Team is waiting for the results of a more detailed analysis from DWR and the State

Water Contractors that should take about three weeks to complete. Pedro agreed that the Technical Team needed two to three weeks at most to bring their recommendations to the full group.

Jeff Davis, lead negotiator for the PWA Contractors, stated that the Technical Team was in good hands and that the members from both parties are exactly the right people. He noted that the Contractors have full confidence that the Technical Team will come up with a solution in good time.

IV. Public Water Agency Contractors Overview of Water Management Tools

Jeff gave a presentation on Water Management Tools on behalf of the PWA Contractors. Jeff noted that the Contractors were trying to be very focused and work with their partners at DWR. He explained that the Contractors had taken the universe of all things they wanted and limited what is being presented here to what is necessary for this round of negotiations. Jeff stated that another round would be needed next year to address additional issues. He explained that he will summarize the Contractors objectives again as well as talk about what is important in this process. He emphasized that his presentation will only address water management tools, as the Technical Team already reported on their efforts related to cost allocation. He reminded the group that the Technical Team would be working in parallel with what he will discuss today.

Jeff reminded the group of the Contractors' first objective, which is to "Enhance management tools to facilitate greater flexibility for the Public Water Agencies to meet current and future water supply challenges." He noted that he would mention "flexibility" frequently, as the PWAs feel it is very important for many reasons.

Jeff presented some background information on water management tools. He noted that some water management tools are embedded in the State Water Project (SWP) contracts from the 1960s and 1990s, but that both the 1960s and the 1990s are very different eras than today. He explained that in the 1990s, agricultural PWA demands were equal to their Table A amounts, while municipal and industrial (M&I) PWA demands were much less than their Table A amounts. At the time, water supplies were allocated based on Table A amounts with limited water management tools. Jeff noted that water management tools were limited because of a focus on not impacting other PWAs. Now, water demands for all PWAs are at or near Table A amounts. Jeff emphasized that today's conditions require more flexibility. He noted that this is a different time with different challenges, including drought, the Sustainable Groundwater Management Act, the Biological Opinions of 2008, and climate change. Jeff reiterated that the PWAs need the flexibility to manage the resources they have, especially because PWAs still need to meet customer demands despite dwindling water resources.

Jeff stated that the PWAs have three overarching goals related to water management tools: flexibility, efficiency, and certainty. He noted that efficiency was important because the Contractors don't want resources that could have been used by one PWA to go unused by another PWA. Jeff also described the importance of certainty, explaining that the PWAs answer to boards that are elected by taxpayers and ratepayers. PWAs must look at tax and water rates in the future and have assurances regarding rules.

Jeff continued by describing several specific issues the PWA Contractors think are important for California WaterFix and want to address this year. The first, Issue 1a, relates to transfers and exchanges. The PWAs need greater flexibility and certainty for annual and multi-year transfers and exchanges between PWAs. Jeff described four proposed solutions to this issue:

- Confirm and modify Notice to Contractors 17-11, Section B;
- Confirm multi-year transfers can extend through the end of the contract period;
- Allow PWAs to be both a buyer and seller in the same year; and
- Allow PWAs to negotiate the compensation terms for transfers and exchanges.

Jeff noted that the Notice to Contractors 17-11 was a good start, but some uncertainties exist in the language and some things didn't go as far as the Contractors need. He also explained that the Contractors feel they need the flexibility to be both a buyer and a seller in the same year, especially for negotiating long-term, multi-year deals. This ability would also be useful in years that started out wet but ended up dry (or vice versa). Jeff also remarked that there are currently no guidelines for PWAs when it comes to negotiating terms. He observed that sometimes when PWAs negotiate terms for transfers or exchanges, DWR is happy with those terms, but not always. The Contractors believe that if the elected boards of the PWAs in question come up with terms they both agree with, those terms should be sufficient.

Jeff noted that the Contractors had prepared a White Paper that would be distributed at today's meeting as well as posted online with the other meeting materials. The White Paper goes into greater detail regarding contract language and contract sections relevant to all the water management tool issues discussed in the presentation.

Jeff continued on to Issue 1b, the prohibition of storing and transferring water in a given year. He explained that this also takes away flexibility from PWAs entering into multi-year transfers. The proposed solution to this issue is amending the contract to allow PWAs to store water and transfer water in the same year.

Next, Jeff described Issue 1c, in which the contract currently prohibits PWAs from transferring or exchanging project water stored outside of the PWA's service area. The Contractors' proposed solution to Issue 1c is twofold: amend the contract to allow stored project water to be exchanged or transferred outside a PWAs service area to another SWP PWA within the SWP service area; and amend the contract to prohibit the State from (1) supplying project or non-project water or from (2) authorizing another PWA to supply project or non-project water for use within PWAs boundaries without consent. Jeff remarked that the contract currently speaks to this for project water, but not for non-project water.

Jeff then explained Issue 1d, in which the contract limits the means by which a PWA can transfer annual Table A water (the current mechanism is the Turnback Pool). The Contractors would like to implement one of the following two proposed solutions to address this issue: amend the contract to eliminate the Turnback Pool and allow annual transfers of Table A water with the SWP; or amend the contract so the Turnback Pool is not the exclusive means to sell annual Table A water and reference any new contract language that allows for annual transfers.

Jeff continued on to Issue 1e, bona fide exchanges. The Contractors believe the contract is vague on the determination of exchange ratios, which results in disagreements between PWAs and DWR. The Contractors propose amending the contract to delete Article 56(f), consistent with the proposed solutions in Issue 1a. Jeff acknowledged the overlap between Issue 1a and 1e, but explained that Issue 1e was added to remind DWR of the importance of this topic to the Contractors.

Jeff moved on to present Issue 1z, which notes that time constraints may limit the items to be resolved in this contract amendment. To address this issue, the Contractors would like assurances that DWR and the PWAs will begin negotiations, no later than March 2019, on a contract amendment to address additional water management tools. Jeff explained that the PWAs have some additional ideas for water management tools, but don't want to discuss them today because the PWAs would like to remain focused on the issues presented at this meeting. He emphasized that this doesn't need to be written into the contract, but the PWA Contractors want assurances that DWR understands the need and desire for another round of negotiations.

Finally, Jeff presented a summary slide that emphasized the Contractors' three goals for water management tools (flexibility, efficiency, and certainty) as well as seven items that the proposed water management solutions would allow PWAs to do. These seven items are:

1. Transfer/exchange water in single or multiple years;
2. Use means other than the Turnback Pool to transfer annual Table A water;
3. Be a buyer and seller in the same year;
4. Negotiate the terms for transfers and exchanges, including eliminating terms for bona fide exchanges;
5. Store and transfer/exchange water in the same year;
6. Transfer/exchange stored water outside of PWA's service area within the SWP service area;
7. Begin good-faith negotiations with DWR for additional water management tools, no later than March 2019.

At this time, Anna passed out copies of the Contractors' White Paper to those present. Jeff reiterated that the White Paper discusses specific language and sections of the contract, as well as providing more details about the issues mentioned in the presentation. The Contractors didn't want to go into all of those details in today's meeting, but the information in the White Paper will be needed to discuss these issues going forward.

DWR called for a caucus at 10:50 AM. The meeting resumed at 12:04 PM

Joel restarted the discussion of water management tools, explaining that DWR had some questions they would like to discuss while also acknowledging that some more detailed questions will likely come up in the Technical Team meetings. Joel asked the Contractors for examples of circumstances that would require being a buyer and seller in the same year.

Curtis Creel, Kern County Water Agency, explained that the PWAs have been working on the notion of long-term transfers among Contractors to address some water management issues they can see arising in the future. For instance, Contractor A could be interested in doing a long-term transaction with Contractor B. Some of those years will be very dry, but Contractor A still has an obligation to have some of their water supply go to Contractor B. Contractor A might also have service area responsibilities within a given year. In the long-term, Contractor A is a seller in this scenario, but Contractor A might also need to be a buyer for a single year within that transaction.

Joel thanked Curtis for his response, then he asked if the Contractors could provide clarity on Issue 1c-2 from the presentation.

In Issue 1c-2, the Contractors have proposed that the contract be amended to prohibit the State from (1) supplying project or non-project water or from (2) authorizing another PWA to supply project or non-

project water for use within PWAs boundaries without consent. Steve Arakawa, Metropolitan Water District of Southern California, noted that a Contractor may have sufficient water supply, but water being provided into the Contractor's service area without the consent of the Contractor can negatively affect the financial integrity of the whole system because the PWA is contracting with the State and has payment obligations. The lack of consent can lead to negative financial outcomes. Some Contractors have a provision in article 15(d) that helps address this. Steve also noted that water may or may not be labeled project water, but the same concerns arise.

Pedro asked how often water was moved into a service area without consent.

Steve clarified that there has always been an interest in water not being moved into a Contractor's service area without consent and it is important that these provisions, including how water gets labeled, be very clear going forward. For the Contractors, this issue is more about situations they might encounter in the future rather than addressing an ongoing issue, and they need protections and definitions that are clear to preemptively address future scenarios.

Joel asked if there are any initial thoughts on the rationale for determining compensation for Issue 1a-4?

Dale Melville, Dudley Ridge Water District, explained that the thought process on this issue is that the buyer and seller are both governed by a board of directors. If both parties arrive at a price that meets each of their needs at a fair market value, they should be able to move forward at that price. He noted that many factors might arise that affect prices and determine compensation.

Curtis added that in addition to PWAs being public entities, many PWAs also have governing boards that set policies. Different Contractors will have different resources with different values, and each Contractor will also assess the risks to acquire water or make their water supply available to a different entity in their own way. For example, a surface reservoir has higher costs for construction and operations, but those costs are spread out over a longer period of time. Conversely, ground water storage has different associated costs and different timeframes for getting water in or out. These factors all have a different effect on risk assessment. Curtis emphasized that the entities who can best assess those risks are the buyer and seller of that water supply. Each Contractor should be able to look at their own internal economics and apply risks associated with their water supply activities and communicate that between the two negotiating parties.

Pedro asked for clarification regarding how Contractors would evaluate cost compensation in a scenario with more than two Contractors interested in participating.

Jeff stated that as long as there is a willing buyer and seller, or more than one of either, and the elected bodies agree, there shouldn't be a problem. He noted that the Contractors haven't discussed scenarios with more than two participants in detail. He clarified that the transaction obviously can't impact the integrity of the SWP itself.

Dale noted that the Contractors think that all of these water management tools enhance the ability of the State Water Project (SWP) to remain financially solvent in the future. Without some of these tools in place, some Contractors may no longer have the ability to continue to pay higher and higher costs. He emphasized that some of the proposed water management tools would provide opportunities to strengthen the finances of the SWP.

Carl Torgersen, DWR, stated a need for some way to evaluate if negotiations within the Contractors will impact non-participating Contractors. Perhaps some general guidelines could be developed around negotiations and agreeing on compensation.

Steve asked if DWR is trying to consider how to administer their contracts in a manner that assures fairness to different Contractors. Joel responded in the affirmative.

Steve noted that historically there has been a significant amount of concern about how transactions between Contractors would impact other Contractors, as well as the financial integrity of the SWP. For instance, if there is a significant amount of unused Table A and water gets managed, there has been concern about how that would impact other Contractors not involved in the transaction. However, Steve pointed out that today's system is different. Most, though not all, Contractors have been taking delivery at one time or another of their full Table A amount. The unintended impacts to other Contractors are very different than in the past. DWR may have ideas of necessary steps to take regarding fairness that the Contractors might want to hear about.

Joel confirmed that DWR would explore ways to ensure impacts aren't negative to the greater PWA community via the Technical Team.

Curtis commented that there are examples of places where we've collectively tried to put a set of criteria in place with the idea of providing some incentives for Contractors to use flexibility. He cited the Turnback Pool as a good example of this, but he noted that they consider the Turnback Pool to be a miserable failure. There is no incentive for those who don't need supplies to put in water for others to use or take risks with their own supply to help others. Curtis noted that going forward we have to think about providing incentives for Contractors to manage their supplies in a way that ensures equitability. This will be a challenge since the PWAs will have to meet increased demands with the same or smaller water supplies. We need to focus on water management capabilities to help meet needs across the entire SWP service area.

Dan Flory, Dudley Ridge Water District and Antelope Valley-East Kern (AVEK) Water Agency, noted that when the AVEK board looks at the possibility of a transfer or exchange, they do so with the intension of recovering costs. The AVEK board has also tried to be equitable in their decision-making by not showing bias for one PWA over another PWA. For example, in 2015, they decided to send half to Central Coast Water Authority and half to Santa Clara Valley Water District.

Kathy Cortner, Mojave Water Agency, commented that the Mojave Water Agency board was very similar to the AVEK board. She also noted that transfers and exchanges don't occur in a vacuum. The PWAs have transfer committees where all transfers get presented to the Contractors for input before going to DWR with a letter of support for the transaction.

Joel noted that DWR had no further questions for the Contractors at this time.

V. Next Steps

Joel suggested another Technical Team could be formed to drill down on the issues raised in the water management tools presentation. Jeff acknowledged that he presented a lot of new information at

today's meeting and that the Contractors didn't anticipate that DWR would come up with every question they'd like to ask at today's meeting. He noted that the Contractors are happy to answer questions at any point.

Jeff then suggested that DWR and the PWAs could mutually pick one issue (from 1a to 1e) that might be simple to address and start focusing on that issue at the next meeting. Joel agreed, and DWR selected items 1 and 3 from the water management tools summary slide (transfer/exchange water in single or multiple years and be a buyer and seller in the same year) as the starting point for next week's discussion.

The Lead Negotiators agreed that a second technical group to address water management tools wasn't necessary yet. DWR will prepare in-depth questions regarding the water management tool issues for the next meeting, and if anything can't be answered then, a second technical team will be formed.

The Lead Negotiators agreed that the next meeting would focus on three agenda items:

- a Technical Team report on cost allocation discussions,
- answering DWR questions regarding the water management tools presentation, and
- starting to tackle the issues of allowing PWAs to transfer/exchange water in single or multiple years and be a buyer and seller in the same year.

DWR will prepare its questions in advance and aim to have them available for posting online the day before the next meeting (cob Monday or early Tuesday).

All parties agreed that the next meeting will be Wednesday, March 7, 2018 at 10:00 am, at the Holiday Inn. Anna adjourned the business part of the meeting.

VI. Public Comment

There were no public comments.

VII. Adjourn

The meeting was adjourned at 12:39 PM.

Action List

	Action Items	Responsibility (Due Date)
1)	Post February 13 th Meeting Summary online	DWR (2/28)
2)	Second meeting of Technical Team	BG Heiland to coordinate (3/6)
3)	DWR to prepare questions for Contractors re: water management tools and post online	DWR (3/6)
4)	Develop draft language for a combined North of Delta objective	PWA Contractors, when appropriate

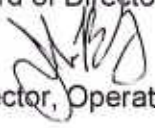


CENTRAL COAST WATER AUTHORITY

MEMORANDUM

March 14, 2018

TO: CCWA Board of Directors

FROM: John Brady 
Deputy Director, Operations and Engineering

SUBJECT: 2018 Ammonium Hydroxide Chemical Contract

Background

The operation of CCWA requires the use of various chemicals in bulk quantities for water treatment. CCWA purchases these chemicals through using competitively bid contracts to secure reasonable and consistent pricing. These contracts have a one year term and also allow for up to two one-year extensions, which are based on performance and proposed pricing for the extension period. In May 2018, the existing bulk chemical contract for Ammonium Hydroxide will expire due to staff already having exercised the two optional contract extensions. Consequently, CCWA staff moved forward with soliciting competitive bids for supplying and delivering Ammonium Hydroxide to the Polonio Pass Water Treatment Plant.

Discussion

CCWA staff prepared a Request For Bids (RFB) for supplying and delivering bulk Ammonium Hydroxide to the Polonio Pass Water Treatment Plant. This RFB was emailed to the established CCWA chemical bidder's list on February 22th, 2018. It was also posted on the CCWA website and advertised through posting notification in the legal section of the San Luis Obispo Tribune on February 26th and March 4th, 2018.

Sealed bids were received and opened on March 8, 2018. Staff subsequently conducted a review of the apparent low bid to determine if the bid was responsive to the requirements outlined in the RFB. Upon review, it was determined that the low bidder was responsive to the contract requirements.

The sealed Bid received from Univar USA did not contain any completed bid documentation. Consequently, it was classified as non-responsive to the requirements of the RFB.

Financial Considerations

Table 1 presents the results of the bid review.

TABLE 1: March 8, 2018 Bid Results

Bidder	Ammonium Hydroxide \$/dry ton	Estimated Annual Cost 5Yr Average of 24 dry tons/year
Hill Brothers Chemical	\$1,495.00 (\$35,880.00)	\$35,880.00
Univar USA	Non-responsive	

The lowest responsive bid will result in a reduction from the existing contract price of \$1,895 per dry ton to \$1,495 per dry ton, which is a 21.1% reduction.

Recommendation

That the Board:

- Authorize the Executive Director to award the chemical contract to the following responsive low bidder:
 - Hill Brothers Chemical Company for Ammonium Hydroxide at a cost of \$1,495.00 per dry ton.



CENTRAL COAST WATER AUTHORITY

MEMORANDUM

March 13, 2018

TO: CCWA Board of Directors
FROM: Ray A. Stokes 
Executive Director
SUBJECT: CCWA FY 2018/19 Preliminary Budget

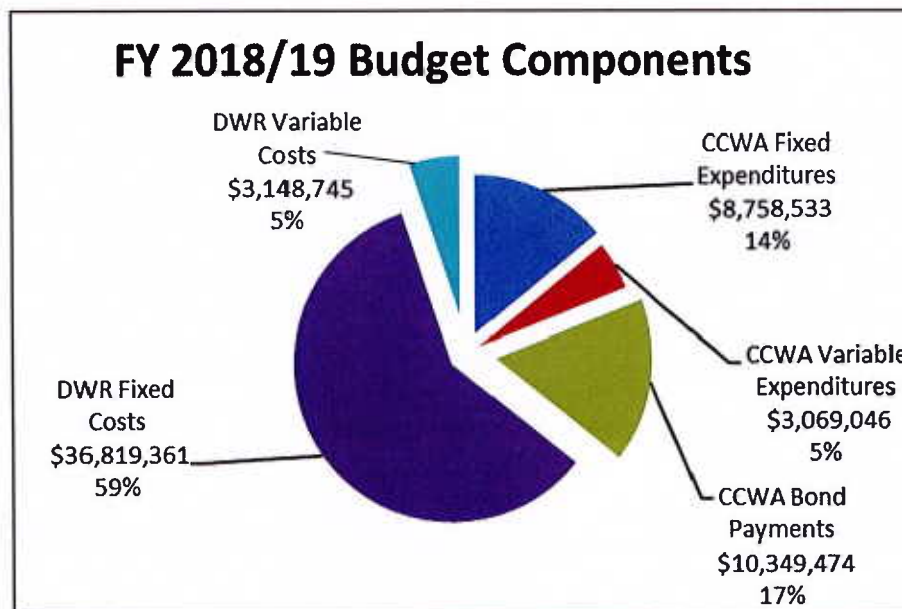
SUMMARY

The Preliminary FY 2018/19 Budget document has been posted for review at the CCWA website <http://www.ccwa.com/docs/Budget2018-19/PreliminaryFY18-19Budget.pdf>. This memorandum provides an overview of the preliminary budget and highlights significant changes between it and the Final FY 2017/18 Budget. Staff will provide an overview of the Preliminary FY 2018/19 Budget at the March 22, 2018 meeting of the CCWA Board of Directors.

DISCUSSION

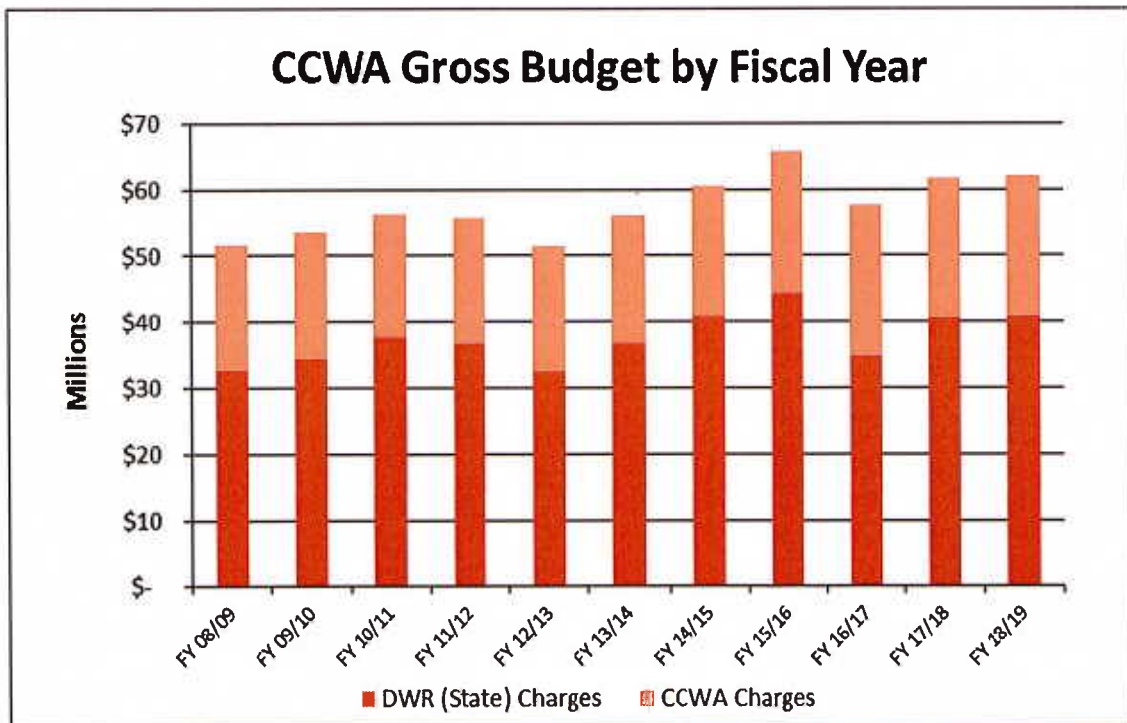
The FY 2018/19 Preliminary Budget calls for total project participant payments of \$61.2 million compared to the FY 2017/18 budget of \$61.4 million, a \$0.2 million decrease.

The following graph shows the various components of the FY 2018/19 Preliminary Budget and subsequent table compares the Preliminary FY 2018/19 Budget and the Final FY 2017/18 Budget:



Budget Item	Final FY 2017/18 Budget	Preliminary FY 2018/19 Budget	Increase (Decrease)
CCWA Expenses			
CCWA Operating Expenses - Fixed	\$ 6,994,222	\$ 7,484,686	\$ 490,464
CCWA Operating Expenses - Variable	2,831,388	3,069,046	237,659
Revenue Bond Debt Service Payments	10,300,030	10,349,474	49,444
Capital Improvement Projects	1,154,853	541,023	(613,830)
Total CCWA Expenses:	21,280,493	21,444,229	163,736
Pass-Through Expenses			
DWR Fixed Costs	34,861,511	36,819,361	1,957,850
DWR Variable Costs	4,882,292	3,148,745	(1,733,548)
Warren Act and Trust Fund Payments	750,994	732,824	(18,170)
Total Pass-Through Expenses:	40,494,796	40,700,929	206,132
Subtotal Gross Budget:	61,775,289	62,145,158	369,869
CCWA Credits	(418,358)	(906,997)	(488,639)
TOTAL:	\$ 61,356,931	\$ 61,238,161	\$ (118,770)

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



CCWA Operating Expense Budget

The Preliminary FY 2018/19 CCWA operating expense budget totals \$10,553,732 which is \$728,123 more than the FY 2017/18 operating expense budget, or a 7.41% increase.

The following table shows the allocation between the fixed and variable CCWA O&M expenses for FY 2018/19 and FY 2017/18.

	Final FY 2017/18 Budget	Preliminary FY 2018/19 Budget	Increase	Percentage Change
Fixed O&M	\$ 6,994,222	\$ 7,484,686	\$ 490,464	7.01%
Variable O&M	2,831,388	3,069,046	237,659	8.39%
Total:	\$ 9,825,610	\$ 10,553,732	\$ 728,123	7.41%

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 2018/19 are 34,359 acre feet compared to the FY 2017/18 requested deliveries of 37,821 acre feet, a decrease of 3,462 acre feet.

Personnel Expenses

Personnel expenses are increasing by about \$121,000 which includes the following changes from the prior year:

- The FY 2018/19 Budget includes the \$117,887 salary pool amount for employee salary increases representing an increase of \$3,201 over the FY 2017/18 budgeted amount of \$114,686. The salary pool percentage for FY 2018/19 is a flat 4% of salaries. On April 27, 2017, the Board of Directors approved that beginning FY 2017/18 CCWA’s Salary Pool calculation be changed from being comprised of a 3% merit component plus the change in the consumer price index, to being based solely on either a flat 4% of salaries, or the actual change in the consumer price index, whichever is higher. This percentage is then applied to the current salaries as of July 1st to create the salary pool for the current fiscal year budget. The newly approved salary pool formula will be automatically included in the budget each year to provide a pool of money for the Executive Director to award salary increases to employees based entirely on performance.

The FY 2018/19 total salaries and wages budget for all departments is held to an increase of \$83,227 as compared to the prior fiscal year budget due to certain employees stalling at the top of their salary range causing actual total salaries on July 1, 2017 to be lower than what was included in the budget for FY 2017/18.

- CalPERS retirement expenses are decreasing by approximately \$5,000 because of a reduction in the employer percentage for employee paid portions of the Classic, PEPRA and 2nd Tier Member rates. The combined CCWA paid employer, employee and

unfunded actuarial liability contribution rates for the FY 2018/19 total 24.285% as compared to the prior year amount of 23.028%, for a combined increase of 1.257%. In FY 2017/18 CCWA employees began paying 50% of the increase in the "normal" PERS employer contribution. Additionally, CCWA now has 3 PEPRA employees, and is expecting to hire the first 2nd Tier employee prior to the end of FY 2017/18.

- Health insurance, dental/vision plan expenses and cafeteria plan benefits combined are decreasing by about \$18,000 over FY 2017/18 due primarily to the following realignment of employee benefits: 1) Effective January 1, 2018, the CCWA cafeteria plan allowance was based on the lowest cost plan available to all CCWA employees, instead of the mid-range PPO in 2017; and 2) In calendar year 2018, CCWA employees began paying 50% of the increase in the cost of dependent portion of healthcare premiums. The 2018 health insurance premiums increased by 3.56%, as opposed to the budgeted increase of 5% for calendar year 2018. The Budget also includes an estimated 5% increase in health insurance premiums effective January 1, 2019.
- The FY 2018/19 Budget includes \$99,476 for deposit into the Retiree Benefit Trust Program which represents a \$47,151 increase in the estimated FY 2018/19 amount over the FY 2017/18 budgeted amount of \$52,325 for the annually required minimum contribution under PEMHCA for the CCWA retiree medical benefit. The increase is due to the estimated additional contribution for a vested portion of the retiree only premiums, based on employees who are at least 62 years of age and who retire from CCWA having completed at least 10 years of service with CCWA.

Supplies and Equipment

Supplies and equipment are increasing by about \$189,000 due entirely to the increased cost of chemicals needed due to reduced flows in the California Aqueduct resulting in lesser water quality. Estimates are based on historical data and the costs of treatment are directly related to changes in water quality, which is expected to be a challenge in FY 2018/19 due to the anticipated drought related water conditions as seen in the preceding fiscal years.

Monitoring Expenses

Monitoring expenses are increasing by about \$7,000 for lab supplies and lab testing due to estimated drought related water quality monitoring.

Repairs and Maintenance

Repairs and maintenance costs are increasing by about \$14,000 because of an increase in age related equipment and building repairs and maintenance.

Professional Services

Professional Services are increasing by a total of about \$33,000 for the following reasons: An increase of \$18,000 in engineering services for seismic joint survey, SCADA and cathodic protection; a \$3,000 increase in professional services due to switchgear maintenance needs; \$4,000 for additional accounting services for actuarial services for Governmental Accounting Standards Board (GASB) reporting of pension and other post-employment benefits (OPEB) and a \$8,500 increase in permits for the drinking water program.

General and Administrative

General and Administrative costs are increasing by about \$8,000 mostly due to the \$6,000 increase in State Water Contractors dues, coupled with a \$1,400 increase for employee training, and a slight increase for advertising.

Utilities

Utility expenses are increasing by about \$44,000 primarily due to an increase in the estimated cost of electricity, which is partially offset by a slight decrease in requested water deliveries to Cachuma Lake of 313 AF when compared to the prior fiscal year.

CCWA Capital Improvement Projects

The Preliminary FY 2018/19 Budget includes \$541,023 for capital improvements, a \$613,830 decrease over the prior year amount. All capital improvement projects are funded on a current basis from project participant assessments.

Please refer to the “Capital Improvements” section of the Preliminary FY 2018/19 Budget for additional information on the budgeted capital improvement projects.

Regional Water Treatment Plant Allocation and Santa Ynez Exchange Agreement Modifications

The Preliminary FY 2018/19 fixed, capital and variable regional water treatment plant allocation expense and corresponding credit is \$1,920,525 or \$49.15/AF for all Project Participants. The Preliminary FY 2018/19 fixed, capital and variable Santa Ynez exchange agreement modifications total \$233,947, or \$211/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.

CCWA 2016A Revenue Bond Debt Service

CCWA 2016A revenue bond debt service for FY 2018/19 totals \$10.3 million, which is \$49,444 more than the prior year amount.

Warren Act and Trust Fund Payments

The Preliminary FY 2018/19 Budget includes \$732,824 for Warren Act and Trust Fund MOU payments based on \$58 per acre foot for 12,635 acre feet of water to be delivered to Cachuma Lake.

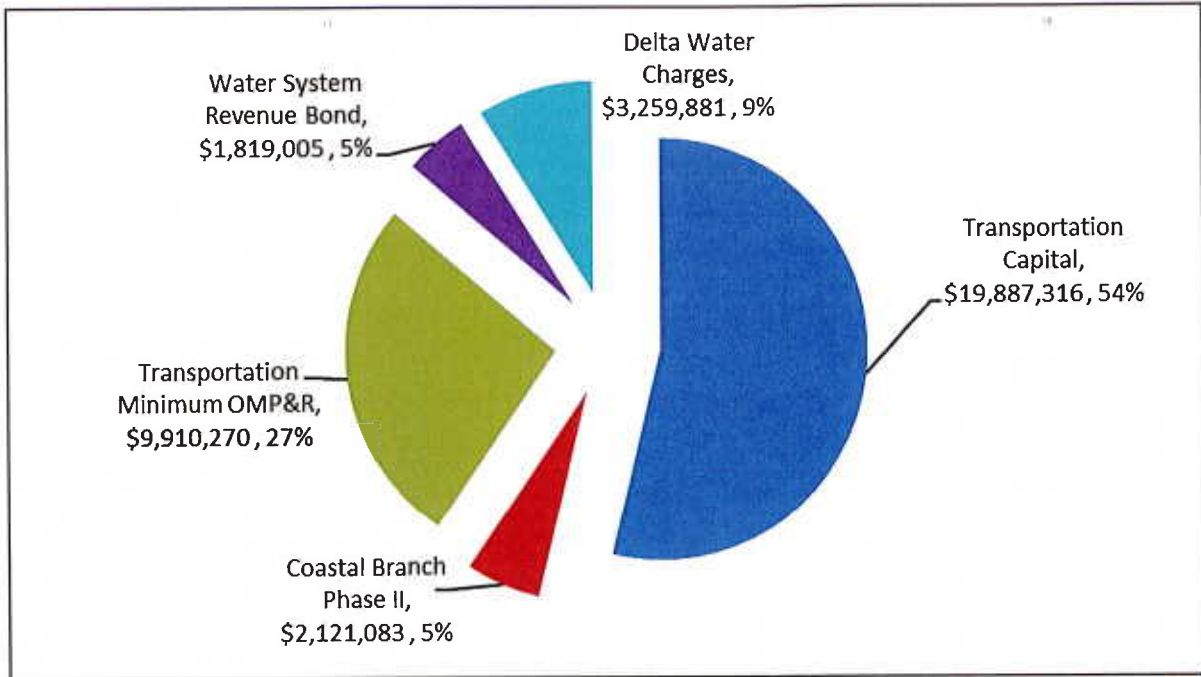
CCWA Credits

The Preliminary FY 2018/19 Budget includes the following credits:

CCWA O&M Credits	\$	805,920
O&M Reserve Fund Interest Income		16,830
Rate Coverage Reserve Fund Interest		80,278
Prepayments and Other Credits		3,969
	\$	906,997

DWR FIXED COSTS

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



The FY 2018/19 DWR fixed charges total \$36,997,554 which is \$2,001,185 higher than the FY 2017/18 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.

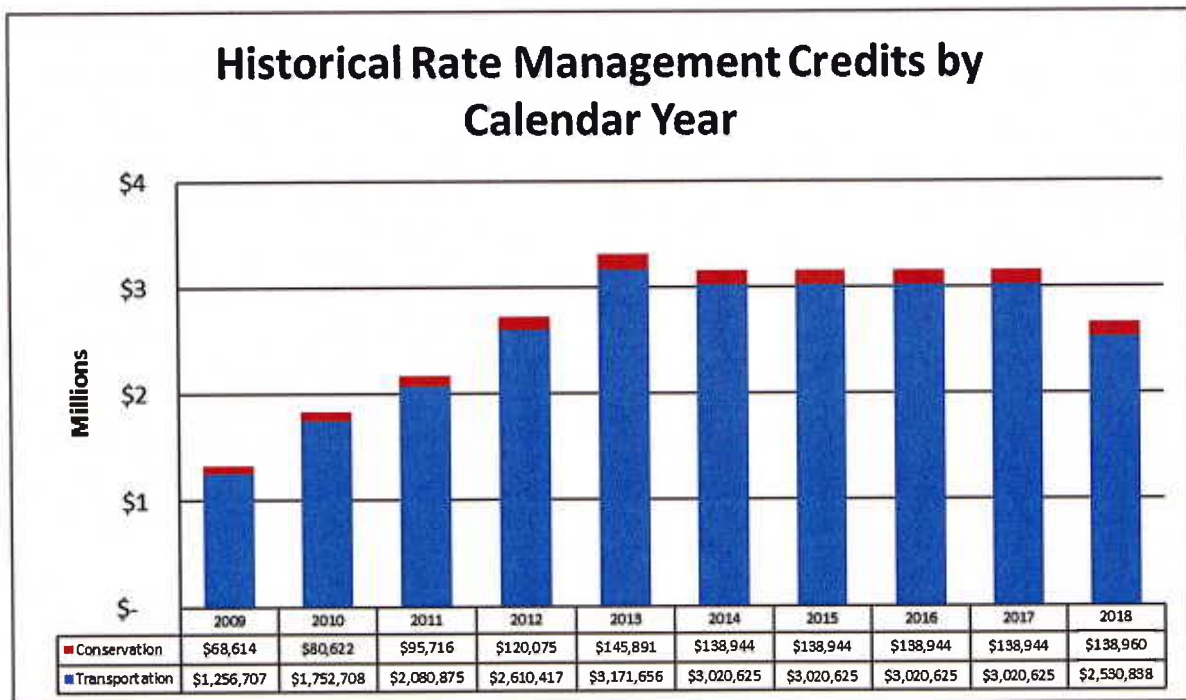
The FY 2018/19 Transportation capital charges are increasing by \$602,991 due to the following:

Transportation Capital Budget-to-Budget Changes			
	FY 2017/18	FY 2018/19	Change
Calculated Component	\$ 22,894,435	\$ 22,875,229	\$ (19,206)
Rate Management Credits	(2,837,351)	(2,377,281)	460,070
Prior Year amount due	(1,879)	175,840	177,719
Prior Year Overcollection Credit	(768,203)	(778,872)	(10,669)
Other Adjustments	(2,598)	(7,600)	(5,002)
Total:	\$ 19,284,405	\$ 19,887,316	\$ 602,911

Rate Management Credits

One provision of the contract between CCWA and the Department of Water Resources provides for the reduction of capital charges based on excess revenues collected by DWR due to differences between collections from the State Water Project Contractors and the actual amounts paid for capital related charges. These credits are referred to as “rate management credits” and are allocated to each Contractor in proportion to their total repayment of capital charges to DWR. As such, CCWA receives a large portion of the annual rate management credits (currently about 9.00%) because our facilities were constructed in the 1990’s while most other Contractor’s facilities were constructed in the 1960’s so that CCWA’s capital repayments to DWR are quite high when compared to other Contractors.

Each year, DWR prepares a financial analysis to determine the revenues that are available to pay rate management credits. Pursuant to the Contract, the maximum amount of rate management credits in any one year does not exceed \$40.5 million to all Contractors. There are a number of factors that can impact the revenues available to pay rate management credits, and therefore, the actual credits provided by DWR have been somewhat volatile as can be seen in the following graph showing the actual historical calendar year rate management credits provided by DWR.



It is anticipated that the revenues available for rate management credits in the future will be substantially more stable and therefore not subject to the volatility as has been the case in the past. For 2014 and beyond, CCWA is projecting DWR will have revenues to pay rate management credits each year of about \$2.5 million.

Coastal Branch Extension-Transportation Capital Reach 37 and 38

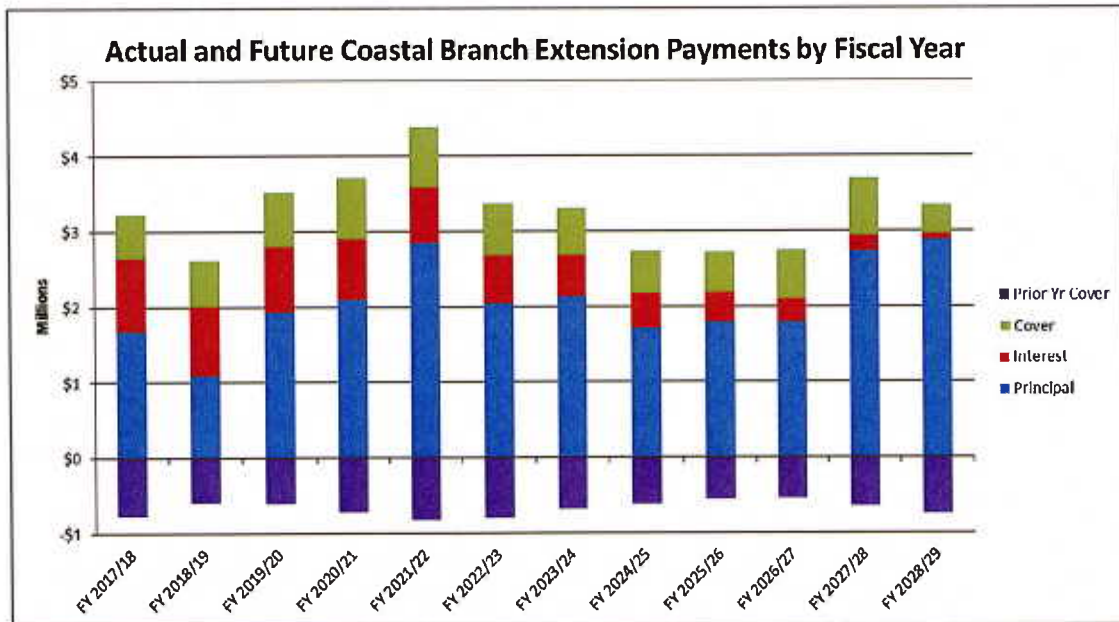
This represents the debt service for the Coastal Branch Extension bonds issued by DWR for the Coastal Branch Extension facilities in Santa Barbara County south of the Santa Maria River. CCWA is solely responsible for repayment of the debt service on these bonds to DWR. The charges are allocated according 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 2018/19 total \$2,121,083, which is \$1,003,274 lower than the prior year amount due to the following:

Coastal Branch Extension Debt Service			
	FY 2017/18	FY 2018/19	Change
Principal Payments	\$ 2,400,429	\$ 1,680,036	\$ (720,393)
Interest Payments	1,036,447	966,408	(70,040)
Bond Cover	769,170	588,314	(180,856)
Rate Management Credits	(183,274)	(153,557)	29,718
Return of Prior Year Cover	(894,052)	(769,622)	124,430
Prior year amount due (credit)	(4,363)	(190,496)	(186,133)
Total:	\$ 3,124,356	\$ 2,121,083	\$ (1,003,274)

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.



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.

Coastal Branch Extension Bond Allocation

CCWA is challenging DWR's allocation of revenue bond debt service payments to CCWA for the Coastal Branch Extension. Total construction and finance related costs were around \$35 million for the project, but DWR is allocating approximately \$46 million in revenue bond principal payments to CCWA. Recently, DWR agreed that the additional bonds allocated above the construction costs is incorrect and that the bonds should be reallocated to the general water system for the State Water Project away from the Coastal Branch Extension.

DWR still has not finalized the corrections to the Coastal Branch Extension debt service schedules for the over allocation of revenue bonds above the construction costs. The corrections, once implemented, will reduce the total debt service costs for the Coastal Branch Extension facilities.

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 2018/19, total Transportation Minimum OMP&R charges are \$9,910,270, which is \$2,351,681 more than the prior year amount due to the following:

<i>Transportation Minimum OMP&R</i>			
	FY 2017/18	FY 2018/19	Change
Calculated Component	\$ 8,504,840	\$ 8,660,511	\$ 155,671
Prior Year (Over)/Under Collection	(302,443)	1,249,759	1,552,202
Prior Year Amount Due (Credit)	(643,808)	-	643,808
Total:	\$ 7,558,589	\$ 9,910,270	\$ 2,351,681

DWR estimates the calendar year charges for each Contractor and then reconciles or "true's-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 2018/19, the WSRB is \$11,392 higher 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 2018/19 Delta Water Charge totals \$3,259,881, which is \$38,476 higher than the prior year amount for the following reasons.

Delta Water Charge			
	FY 2017/18	FY 2018/19	Change
Rate per acre-foot	\$ 73.88	\$ 74.47	\$ 0.59
Delta Water Charge	3,360,349	3,387,364	27,015
Rate Management Credits	(138,944)	(138,952)	(8)
Prior year amount due (credit)	-	11,469.00	11,469
Total:	\$ 3,221,405	\$ 3,259,881	\$ 38,476

As the table above shows, the FY 2018/19 rate per acre-foot totals \$74.47, which is \$0.59/AF more than the prior year amount.

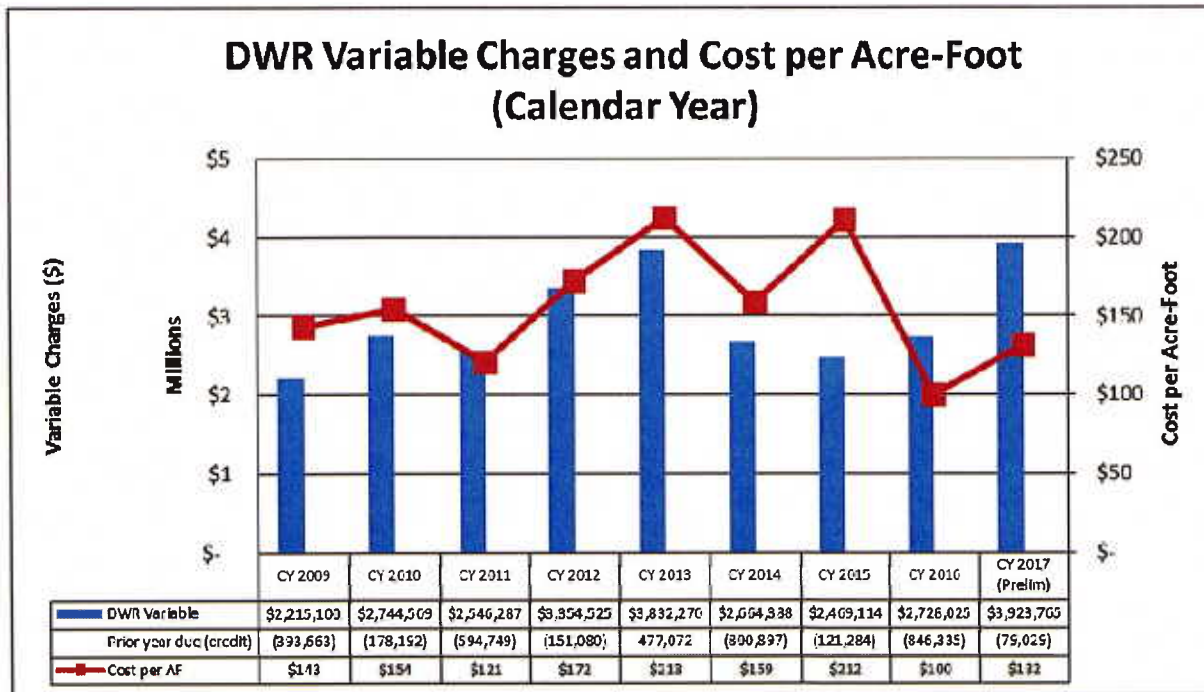
The FY 2018/19 rate includes an estimated \$5.00/AF increase for calendar year 2019 for potential other conservation and delta related facilities (\$2.50/AF on a fiscal year basis).

DWR VARIABLE COSTS

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

- Off-Aqueduct Charge
- Variable OMP&R

The following graph shows the nine-year history of the actual and estimated DWR variable costs and cost per acre-foot for each calendar year.



The DWR variable charges for FY 2018/19 total \$3,148,745, which is \$1,733,547 less than the budgeted FY 2017/18 variable charges.

Off-Aqueduct Charges

Off-aqueduct charges are the bond debt service, bond cover, reserve, and operations and maintenance expenses allocated to power facilities not located on the State water aqueduct.

For FY 2018/19, the budgeted off-aqueduct charges are \$45,810, which is \$45,810 more than the prior year budget, which was zero.

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 FY 2018/19, the variable OMP&R charges total \$3,102,935, which is \$1,779,357 less than the prior year amount. The budget is based on estimated water deliveries of 34,359 acre-feet.

The cost per acre-foot for water deliveries in the first half of FY 2018/19 is estimated to be \$128/AF and \$128/AF for the second half of the fiscal year.

Variable Cost Per Acre-Foot Analysis

The Preliminary FY 2018/19 variable cost per acre-foot for Table A water is \$212.63 for the North County project participants and \$294.75 for South Coast project participants.

The Preliminary Budget for FY 2018/19 reflects 1,110 AF in exchange deliveries between Santa Ynez ID#1 and the South Coast exchange participants.

Three-Year Total Payments History by Project Participant

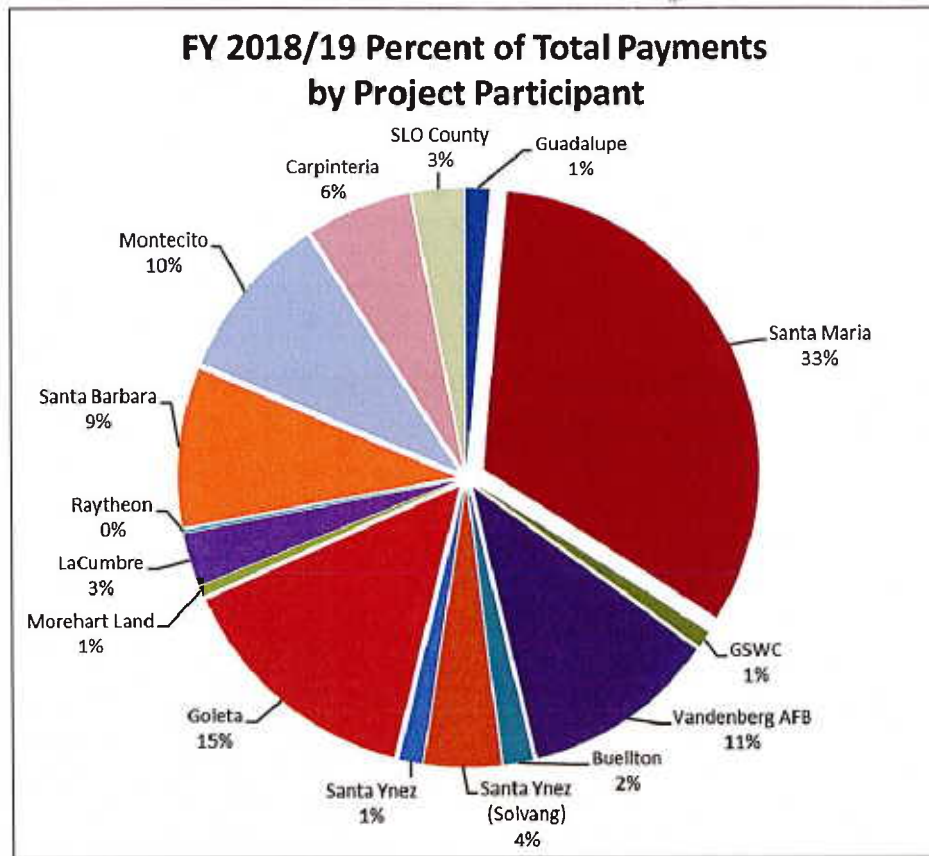
The following table shows the total budgeted payments by project participant for FY 2016/17 through the FY 2018/19 Preliminary Budget and the corresponding increase or decrease for each year.

Three-Year Total Payments History by Project Participant

Project Participant	Total Payments FY 2016/17	Total Payments FY 2017/18	Total Payments FY 2018/19	Change FY 2016/17 to FY 2017/18	Change FY 2017/18 to FY 2018/19
Guadalupe	\$ 748,672	\$ 813,842	\$ 854,506	\$ 65,170	\$ 40,664
Santa Maria	19,880,935	19,404,361	19,940,571	(476,574)	536,210
Golden State Water Co.	547,277	596,013	596,153	48,736	140
Vandenberg AFB	6,553,062	6,862,060	6,985,150	308,998	123,090
Buellton	1,075,811	1,000,133	1,053,409	(75,678)	53,276
Santa Ynez (Solvang)	2,979,459	2,692,253	2,708,171	(287,206)	15,918
Santa Ynez	1,731,905	1,385,566	813,433	(346,339)	(572,133)
Goleta	10,115,326	9,078,465	8,902,057	(1,036,861)	(176,408)
Morehart Land	345,634	330,244	342,572	(15,390)	12,328
La Cumbre	2,105,125	1,900,921	1,887,417	(204,204)	(13,504)
Raytheon	89,813	86,469	85,347	(3,344)	(1,122)
Santa Barbara	6,713,580	5,797,827	5,642,380	(915,753)	(155,447)
Montecito	6,704,114	5,866,356	5,887,492	(837,758)	21,136
Carpinteria	4,028,222	3,651,058	3,711,583	(377,164)	60,525
Shandon	21,623	34,302	28,885	12,679	(5,417)
Chorro Valley	1,362,297	1,289,989	1,270,418	(72,308)	(19,571)
Lopez	560,327	567,072	528,615	6,745	(38,457)
TOTAL:	\$65,563,182	\$ 61,356,931	\$ 61,238,161	\$ (4,206,251)	\$ (118,770)

FY 2018/19 Total Payments by Percentage

The following chart shows the percentage of total payments for FY 2018/19 by project participant.



Budget in Brief

Attached to this report is a "FY 2018/19 Preliminary Budget in Brief" which provides a snapshot of each major component of the proposed FY 2018/19 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 and Goals

If you have specific questions that can be addressed before the meeting, please call me at 688-2292, extension 214.

RAS



Central Coast Water Authority FY 2018/19 Preliminary Budget in Brief

FY 2018/19 PRELIMINARY BUDGET SUMMARY

	FY 2017/18 Budget	FY 2018/19 Budget	Increase (Decrease)
CCWA Operating Expenses	\$ 9,825,610	\$ 10,553,732	\$ 728,123
DWR Fixed and Variable Costs	39,743,803	39,968,105	224,303
Capital Improvement Projects	1,154,853	541,023	(613,830)
Warren Act Charges	750,994	732,824	(18,170)
Debt Service Payments	10,300,030	10,349,474	49,444
Subtotal	61,775,289	62,145,158	369,869
CCWA Credits	(418,358)	(906,997)	(488,639)
TOTAL :	\$ 61,356,931	\$ 61,238,161	\$ (118,770)

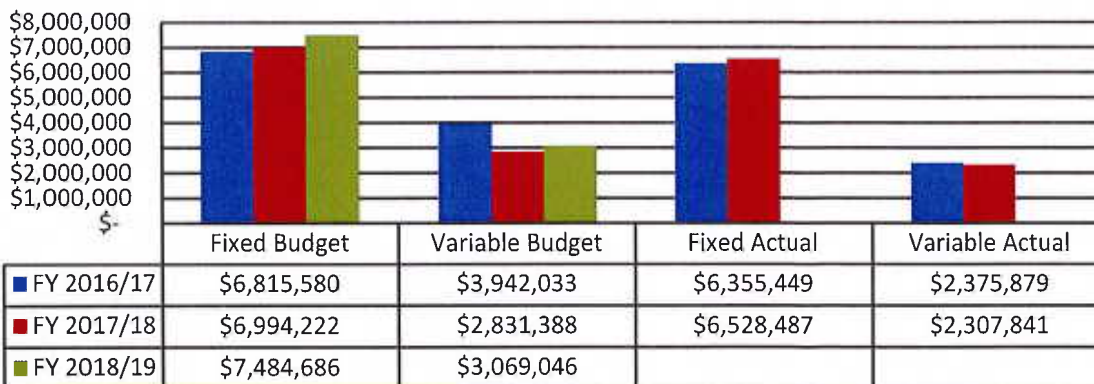
\$0.4 million increase in the gross budget, excluding CCWA credits

CCWA OPERATING EXPENSES

	FY 2017/18 Budget	FY 2018/19 Budget	Increase (Decrease)
Personnel	\$ 4,858,221	\$ 4,979,260	\$ 121,039
Office Expenses	20,500	20,500	-
Supplies & Equipment	1,926,747	2,115,202	188,456
Monitoring Expenses	107,144	113,624	6,480
Repairs & Maintenance	266,380	279,880	13,500
Professional Services	392,580	425,520	32,940
General & Administrative	267,836	275,985	8,150
Utilities	1,259,193	1,302,775	43,583
Other Expenses	727,010	1,040,986	313,975
Total Operating Expense	\$ 9,825,610	\$ 10,553,732	\$ 728,123

Total operating expense increase of \$0.7 million inclusive of the following factors: \$121K increase in personnel, including the \$118K salary pool (4.0%), \$5K decrease in PERS retirement, and a \$18K decrease in cost of all health insurances; \$188K increase in supplies and equipment due to a increase in chemicals needed for anticipated drought related water quality changes; \$33K increase in professional services, of which \$18K is for increased engineering fees, \$9K in permitting fees and \$4K in accounting fees; \$44K increase in utilities due to the estimated increase in cost of electricity per acre foot; \$314K increase in other expenses, which includes \$269K increase in non-capitalized equipment and projects.

Operating Expenses Fixed and Variable Expenses



DWR FIXED AND VARIABLE CHARGES

DWR Fixed cost increase of \$2.0 million due to an under collection by DWR in the Transportation Minimum OMP&R costs for prior years, plus a combined \$0.35K decrease in all other DWR Fixed charges

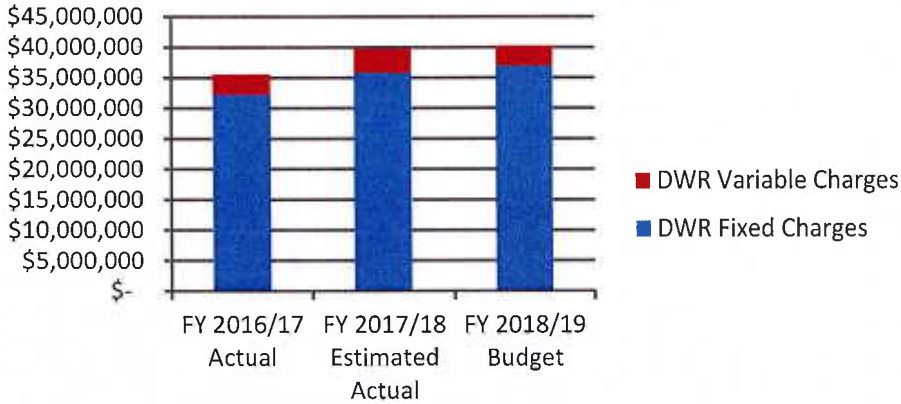
Transportation Capital
 Coastal Branch Phase II
 Transportation Minimum OMP&R
 Water System Revenue Bond
 Delta Water Charge
 Subtotal Fixed DWR Charges

	FY 2017/18 Budget	FY 2018/19 Budget	Increase (Decrease)
Transportation Capital	\$ 19,284,405	\$ 19,887,316	\$ 602,911
Coastal Branch Phase II	3,124,356	2,121,083	(1,003,274)
Transportation Minimum OMP&R	7,558,589	9,910,270	2,351,680
Water System Revenue Bond	1,807,613	1,819,005	11,392
Delta Water Charge	3,221,405	3,259,881	38,476
Subtotal Fixed DWR Charges	34,996,369	36,997,554	2,001,185
Off-Aqueduct Charges	-	45,810	45,810
Variable OMP&R	4,882,292	3,102,935	(1,779,357)
Subtotal Variable DWR Charges	4,882,292	3,148,745	(1,733,547)
DWR Account Investment Income	(134,859)	(178,193)	(43,335)
Total DWR Charges	\$ 39,743,803	\$ 39,968,105	\$ 224,303

Off-Aqueduct Charges
 Variable OMP&R
 Subtotal Variable DWR Charges
 DWR Account Investment Income
Total DWR Charges

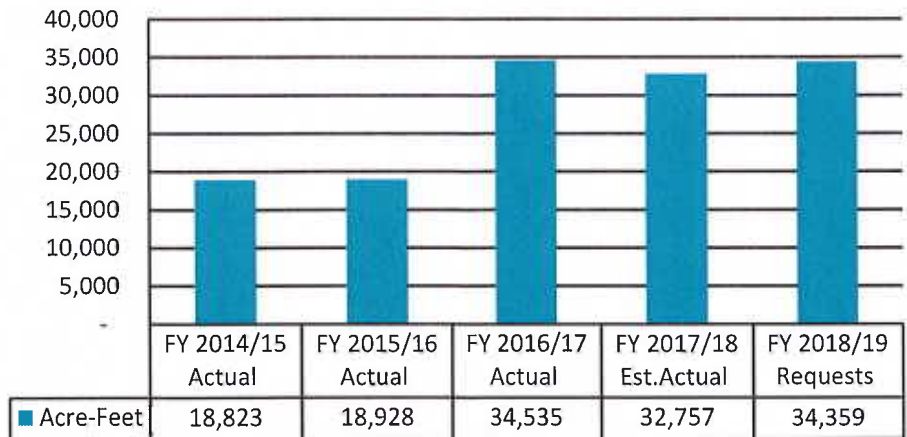
DWR Variable cost decrease of \$1.7 million over FY 2017/18 is due to a decrease in actual deliveries in the prior calendar year as compared to requested deliveries creating an overcharge in the prior year DWR Variable OMP&R

DWR Fixed and Variable Charges



DWR Delivery Allocation Percentage	
Calendar Year	Percentage
2008	35%
2009	40%
2010	50%
2011	80%
2012	65%
2013	60%
2014	5%
2015	20%
2016	60%
2017	85%

Water Deliveries and Requests

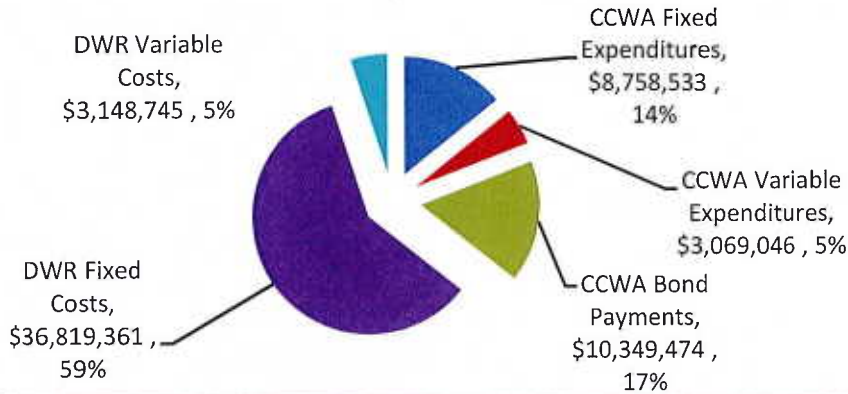


OTHER EXPENDITURES

	FY 2017/18 Budget	FY 2018/19 Budget	Increase (Decrease)
Debt Service Payments	\$ 10,300,030	\$ 10,349,474	\$ 49,444
Capital Improvement Projects	1,154,853	541,023	(613,830)
Warren Act Charges	750,994	732,824	(18,170)
Total Other Expenditures	\$ 12,205,877	\$ 11,623,321	\$ (582,556)

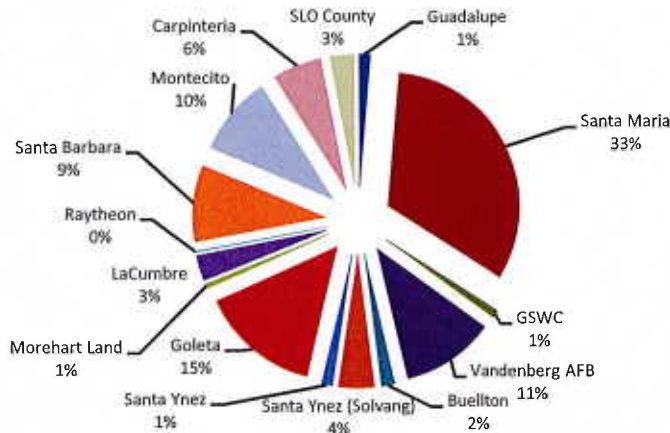
\$0.05 million increase in debt service payments; \$0.6 million decrease in Capital Improvement Projects.

FY 2018/19 Budget Components



81% of the CCWA Budget is outside of the direct control of CCWA. DWR costs comprise 64% of the total CCWA Budget with another 17% representing the CCWA revenue bond debt service payments

FY 2018/19 Percent of Total Payments by Project Participant



FY 2018/19 Variable Cost Per Acre-Foot

Table A Water		
North Santa Barbara County	\$	212.63
South Santa Barbara County	\$	294.75
Santa Ynez Exchange Water		
Santa Ynez ID#1	\$	210.76
South Coast Exchange Participants	\$	129.75

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

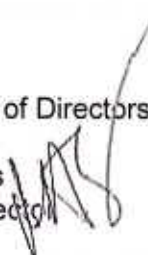


CENTRAL COAST WATER AUTHORITY

MEMORANDUM

March 12, 2018

TO: CCWA Board of Directors

FROM: Ray A. Stokes
Executive Director 

SUBJECT: FY 2016/17 Continuing Disclosure Annual Report for Ratification

SUMMARY

The FY 2016/17 Continuing Disclosure Annual Report was submitted to the CCWA Revenue Bond Trustee prior to the due date of March 15, 2018, and is available online at ccwa.com. If you require a hard copy, please contact Lisa Watkins at lhw@ccwa.com. Hard copies have been included in the Board members' packets.

Please refer to the transmittal letter in the front of the document for the highlights of the report. Additionally, staff will present an overview of the report at the March 22, 2018 Board meeting and request ratification of the report.

RECOMMENDATION

That the CCWA Board of Directors ratify the CCWA FY 2016/17 Continuing Disclosure Annual Report.

RAS

Enclosure



CENTRAL COAST WATER AUTHORITY

MEMORANDUM

March 14, 2018

TO: CCWA Board of Directors

FROM: Ray A. Stokes *RAS*
Executive Director

SUBJECT: Personnel Policy Manual Changes

DISCUSSION

Each year, the CCWA personnel attorney and CCWA staff review the personnel policy manual to identify needed changes based on personnel law changes and operational changes requiring changes or modifications to the manual.

Attached are two memos, one detailing changes recommend by an Ad Hoc Staff Committee and one from the CCWA personnel attorney describing proposed changes to the CCWA Personnel Policies and Procedures Manual.

Staff will provide an overview of the proposed changes at the Board meeting.

RECOMMENDATION

That the Board approve the proposed changes to the Personnel Policy Manual as outlined in the attached memo.

RAS

Attachment




CENTRAL COAST WATER AUTHORITY

MEMORANDUM

March 14, 2018

TO: CCWA Board of Directors

FROM: Ray A. Stokes, Executive Director 

SUBJECT: Staff Recommendations for CCWA Personnel Policies and Procedures Manual Revisions

BACKGROUND

Over time, there have been multiple requests from Staff for clarification of certain sections of the CCWA Personnel Policies and Procedures Manual (the Manual). To address the sections of the Manual that have been questioned in the past, an Ad Hoc Committee of several staff members was formed to review the Manual. The focus of the review was to identify ways to make the verbiage of the Manual more easily understandable as well as to identify ways to avoid misinterpretation.

SUMMARY AND DISCUSSION

The Ad Hoc Committee was comprised of Laura Matthews, Darin Dargatz, Lisa Long, Lacey Adam, Lisa Watkins and John Brady. Several meetings were convened to review and discuss the Manual, especially those sections that have been brought up by staff members for clarification in the past. A total of 13 proposed changes are recommended, none of which will change the substance of the Manual but are all intended to provide greater clarity for staff members in interpreting the intent of policies.

On March 12, 2018, the proposed changes were presented to the CCWA Personnel Committee. The proposed changes were approved by the Committee, pending legal review. The proposed changes were subsequently reviewed by CCWA's Labor Counsel, Mr. Jeff Dinkin, and some modifications were made but did not materially change the intent of the proposed changes.

The recommended changes are detailed below. The convention utilized in this Memorandum are as follows: (1) quotation marks to delineate the specific text taken from the Manual, (2) in the cases where portions of the quotation mark delineated texts were left out for clarity, three dots represent missing words, (3) the text that are marked with strike-out are recommended for removal, and (4) the text marked by being underlined are recommended for addition to the Manual.

The proposed changes and rational are presented below:

- **PROPOSED CHANGE #1**

Marked-up Policy Section: Beginning of Section 1.12

“Section 1.12 Overtime

1. Overtime Compensation for Working Over 40 hours in a Week

All non-exempt employees shall be paid overtime and compensated at the premium rate of 1½ times their regular rate of pay for all hours worked in excess of 40 in one workweek. The workweek for the purpose of overtime calculations for each employee will be determined at the time of hire or by separate policy.

For purposes of determining the “hours worked” in excess of 40 in one workweek, the following hours shall be included in the calculation:

- Actual hours worked during the workweek rounded up to the next highest increment of 15 minutes;
- All paid leave time (pursuant to Section 3.2, 3.3, 3.4, 3.8, 3.11, 3.13, 3.14, or 3.15 of this Manual) taken during the workweek; and
- ~~For non-shift employees, p~~Paid holiday hours during which an employee does no work, if the observed or actual holiday is part of the employee’s regularly scheduled workweek.”

Rational for Change

There is no reason to differentiate between non-shift and shift workers.

• **PROPOSED CHANGE #2**

Marked-up Policy Section: Continuation of Section 1.12.1 Overtime

“The following hours are excluded from the calculation in determining hours worked in excess of 40 in a workweek:

- Compensatory time taken; and
- Paid holiday hours during which an employee does no work, if the observed or actual holiday is not part of the employee’s regularly scheduled workweek.
- For holiday hours worked:
 - If less than 8 hours, the premium paid holiday hours worked on the holiday would not count towards the 40 hour workweek. (i.e. If an employee works 3 hours on a holiday, the day would count as 8 hours towards their 40 hour workweek, not 11 hours, but they would receive premium pay for the 3 hours worked as well as the regular 8 hours holiday pay.
 - If an employee works in excess of the 8 hours on a holiday, the actual hours worked at premium pay would count towards their 40 hour workweek. (i.e. - If an employee works 10 hours on a holiday, the workday would count as 10 hours towards their 40 hour workweek, not 18 hours, but they would receive premium pay for the 10 hours worked, as well as the regular 8 hours holiday pay.)”

Rational for Change

If a holiday fell outside of a scheduled work day (i.e. shift employee), then the employee will earn the 8 hour holiday pay benefit, but the 8 hour holiday pay benefit is not counted as time worked so it would not be paid as overtime rate. Also, if the employee works on the holiday,

the paid holiday hours will not be doubling up the time worked for the overtime calculation for the rest of the workweek. Alternatively, the employee would not be penalized 8 hours towards their workweek if the employee works less than 8 hours on a holiday.

- **PROPOSED CHANGE #3**

Marked-up Policy Section: Section 1.12.3 Unscheduled Work (Call Back Time)

~~“Non-shift employees:~~

~~Whenever non-exempt employees are called back to work to perform emergency work outside their normal working hours with less than 24 hours notice, whether or not they are on standby duty, they shall receive a minimum of one hour of pay at the rate of 1 ½ times their regular hourly rate for the duration of the event, excluding normal scheduled work hours, for a minimum of one hour regardless of the number of hours actually worked during the workweek.~~

Non-exempt employees shall be entitled to a minimum of one hour compensation at the premium rate of 1½ times their regular hourly rate if they are called back to work outside their normal scheduled hours for the current workweek. The premium rate of pay shall apply to all hours outside of their normal schedule for the duration of the event. This section shall not apply if after completing the employee’s normal scheduled hours the employee continues to work beyond the employee’s normal scheduled hours.

~~Relief Operators: Water Treatment Plant Operators assigned to the “relief” shift shall be entitled to compensation at the premium rate of 1 ½ times their regular hourly rate if they are requested work outside their normal relief shift scheduled hours and have received less than 24 hours’ notice, or if the time worked would constitute overtime under this Section. The premium rate of pay shall only apply to hours outside of their normal relief shift schedule and is only subject to the shift they are requested to work for that day.~~

~~Non-Relief Operators: Water Treatment Plant Operators who are assigned shift work as described in Section 1.14.1 and are not assigned to the “relief” shift, and who perform unscheduled work during the same work week as an actual or observed holiday with less than seventy-two (72) hours’ notice, shall be entitled to compensation at the premium rate of 1 ½ times their regular rate of pay for that unscheduled work.”~~

Rational for Change

This suggested change addresses “short notice” Call Back Time, to include those non-exempt employee not on-call. It considers the fact that employees may need to make special arrangements to respond to a Call Back to work, such as child care or other personal commitments during off hours. To encourage non-exempt employee that are not on-call to respond to a Call Back to work on short notice, we are suggesting that CCWA incentivize the non-exempt employee to respond by paying them at least one hour at a rate of 1 ½ time their regular hourly rate. The “current workweek” is a schedule that has already been established by the supervisor. So, Call Backs in the current workweek would qualify for the additional pay, but if there is a need to make long term changes to a schedule, the supervisor can make changes to the workweek schedule before it starts without triggering the additional pay described in this section.

In addition, this suggestion eliminates reference to the 24 hour and 72 hour notice requirements for the Relief and Non-Relief Operators. These sections were originally included in the Personnel Policy to address a legacy issue related to not counting work on a holiday towards overtime calculations. This legacy issue has been addressed in other sections of the Policy and now the 24 and 72 hour notice is no longer applicable.

- **PROPOSED CHANGE #4**

Marked-up Policy Section: Section 1.14 Shift Work/Weekend Watch Standby

“Section 1.14 Shift Work/~~Weekend Watch~~ Standby”

Rational for Change

The heading change is intended to clarify the content of the section.

- **PROPOSED CHANGE #5**

Marked-up Policy Section: Continuation of Section 1.14

“1.14.1 Shift Work

Treatment Plant Operators are normally assigned to a schedule of rotating shifts that involve working day time hours and night time hours. The Executive Director or his designee shall determine the hours of work for each employee in accordance with the needs of the Authority. Shift work shall be arranged with the goal of so that eighty hours are assigned being scheduled for to each operator in a two-week pay period. ~~The nature of shift work consists of working consecutively for a period of eight to twelve hours.~~ Operators on shift duty should take a reasonable meal break at an appropriate time of low system demand, which shall be exercised in such manner that the shift operator be within hearing range of the plant alarm system at all times.

1.14.1.1 Relief Shift

Treatment Plant Operators who are assigned the relief shift will work ~~normal business hours, which are 8:00 AM to 5:00 PM Monday through Friday~~ as scheduled by the Executive Director or his/her designee, with that schedule being subject to change including, except when directed by the Executive Director of his/her designee to relieve Treatment Plant Operators when they take vacations or other leave or when otherwise required due to the needs of the Authority. Relief assignments will be scheduled in advance when possible. In case of an emergency or when an Operator fails to report to work for shift duty, the Operator assigned to the relief shift will cover a partial or full shift respectively.”

Rational for Change

These changes are intended to provide flexibility in scheduling and avoid misinterpretation of the intent of the policy.

- **PROPOSED CHANGE #6**

Marked-up Policy Section: Section 1.14.1.2 Differential Pay

"1.14.1.2 Shift Differential Pay

~~Shift Differential time is paid at five percent of the employee's straight time rate for all scheduled and unscheduled shift work. time outside normal business hours the employee works on a regularly assigned shift that requires him or her to work other than normal business hours (defined as 8:00 AM to 5:00 PM Monday through Friday). Employees shall not be entitled to shift differential pay unless more than two hours of their regularly assigned shift is outside normal business hours, or during leave time. In the event of a relief operator being required to cover a partial shift, all hours worked during the day of the partial shift will receive shift differential pay, including the hours worked as relief operator."~~

Rational for Change

Since all shift schedules extend two hours past normal business hours, all shifts receive shift differential pay. Therefore, we removed this language for clarity. The added language will, on a very infrequent basis, result in more than 24 hours of shift differential pay in a given workday due to the need to overlap of operator shifts.

- **PROPOSED CHANGE #7**

Marked-up Policy Section: Section 1.14 Shift Work/Weekend Watch Standby

"1.14.2 Standby Time

~~Whenever non-exempt, employees are called back to work to perform emergency work outside their normal working hours, whether or not they're on standby duty, they shall receive a minimum of one hour of pay at the rate of 1½ times their regular hourly rate. Additionally, employees on standby duty who are required to monitor the SCADA system remotely using a CCWA laptop computer shall receive a minimum of one hour of pay at the rate of 1½ times their regular rate of pay for each day of monitoring.~~

Operations staff are assigned Standby duty on a rotating schedule by the Executive Director or his designee. The duties associated with Standby vary for each department, and are defined by the position job description. These duties may change as needed, but generally involve being available by phone or responsible for operating and monitoring essential operations 24 hours a day for a one-week period."

Rational for Change

This section applies to Distribution, Instrumentation and other Departments. The change is intended to reflect other definitions within the Section, clarify the item and remove unnecessary, repetitive and potentially confusing verbiage.

- **PROPOSED CHANGE #8**

Marked-up Policy Section: Section 1.14 Shift Work/Weekend Watch Standby

"1.14.2.1 Standby Pay

Employees who are assigned to be on standby ~~for emergency or other work~~ shall be paid five percent of the employee's regular hourly straight time rate for each hour the employee is assigned to standby duty. Standby pay is in addition to any pay for actual work time during the standby period and shall remain in effect throughout the scheduled standby period, regardless if called for duty or not.

The Standby Pay period begins and ends at a scheduled period as established by the Executive Director or his/her designee.

Employees assigned to be on standby shall not receive standby pay for any periods of time they are on paid or unpaid leave unless otherwise agreed to in writing by the employee's supervisor. If an employee scheduled for standby duty calls in sick or otherwise indicates that they cannot respond to a request to work for acceptable reasons, no Standby Pay will be earned for the remainder of the scheduled day."

Rational for Change

This section is intended to avoid misinterpretation of the intent of the policy or misuse of the payment type.

- **PROPOSED CHANGE #9**

Marked-up Policy Section: Section 3.1 Holidays

"3.1.1 General

CCWA observes eleven paid holidays annually...

...In addition, eight hours per year floating holiday for full-time employees (to be taken in eight hour increments.) Part-time employees receive an annual floating holiday equal to eight hours reduced the number of hours of their normal work day. to a prorated amount, based on the number of hours within a normally scheduled workweek in comparison to a full time 40 hour workweek."

Rational for Change

This suggestion is to clarify the calculation for quantifying the floating holiday for part time employees.

- **PROPOSED CHANGE #10**

Marked-up Policy Section: Section 3.1 Holidays

"3.1.2 Non-shift Employees

Non-exempt full-time employees who work on an observed or actual holiday shall be paid at the overtime rate of pay for all hours worked on the observed or actual holiday, plus eight hours straight-time pay for the holiday; Non-exempt part-time employees shall be paid at the overtime rate of pay for all hours worked on an observed or actual holiday, plus straight-time pay for eight hours reduced to a prorated amount, based on the number of hours within

a normally scheduled workweek in comparison to a full time 40 hour workweek for the holiday benefit. for their normal work day falling on an observed or actual holiday."

Rational for Change

This suggestion is to clarify the calculation for quantifying the holiday benefit for part time employees.

- **PROPOSED CHANGE #11**

Marked-up Policy Section: Section 3.1 Holidays

"3.1.3 Shift Employees

Non-exempt full-time shift employees shall receive eight hours of straight-time pay for each observed holiday, payable as part of the workweek in which the observed holiday occurs. Treatment of these eight hours of holiday pay shall not be considered paid leave time for the purpose of calculating overtime purposes is discussed under Section 1.12 of this Manual.

Non-exempt full-time shift employees who work on an observed or actual holiday shall be paid at the overtime rate of pay for all hours worked on the observed or actual holiday. However, non-exempt full-time shift employees who work on both the observed and actual holiday shall only be entitled to holiday overtime pay for hours worked on the chronologically first day of the observed or actual holiday.

Non-exempt part-time shift employees shall receive straight-time pay for that portion of their normally scheduled work day which falls on an observed or actual holiday plus the overtime rate of pay for all hours worked on an observed or actual holiday. Non-exempt part-time shift employees who work on both the observed and actual holiday shall only be entitled to holiday overtime pay for hours worked on the chronologically first day of the observed or actual holiday.

Exempt shift employees who work on an observed or actual holiday shall be provided additional straight time pay in lieu of time off for all hours worked. However, exempt shift employees who work on both the observed and actual holiday shall only be entitled to straight time pay in lieu of time off for hours worked on the chronologically first day of the observed or actual holiday."

Rational for Change

This suggestion refers discussion of overtime pay to the applicable section of the Personnel Policy and eliminates a discrepancy.

- **PROPOSED CHANGE #12**

Marked-up Policy Section: Section 3.3 Vacation

"3.3 Vacation

... Vacation time earned may be taken for a normally scheduled work period after it is accrued subject to the advance approval of the Executive Director. Insofar as possible, vacations will be scheduled on a voluntary basis with consideration given to seniority, the choice of the employee, and the convenience of CCWA. For exempt employees only,

absences of less than one day for reasons covered under this subsection shall not be charged against the employee's accrued vacation time balance..." (found in third paragraph of section)

Rational for Change

This suggestion clarifies that vacation time may only be taken for normally scheduled work. Vacation time cannot be taken in addition to normally scheduled work for the purpose of creating overtime hours.

- **PROPOSED CHANGE #13**

Marked-up Policy Section: New Proposed Section 4.21.1

"4.21.1 Off Duty Access to CCWA Electronic Communications

Employees of CCWA may perform job duties using a variety of electronic communications depending on the nature of the work and responsibilities involved. Some of the required communication mediums might include land lines, cellphones, text messaging devices, computers and handheld computers.

As with other types of authorized work, all time spent by nonexempt employees using electronic communications for work purposes will be considered hours worked; the time is compensable, should be recorded on the employee's time records, and will count toward overtime eligibility as required by law. Therefore, to avoid incurring unnecessary expenses, electronic communications should not be used outside regularly scheduled work hours unless required and authorized by management, as with SCADA monitoring.

Except as provided in the following paragraph, any communication from CCWA to an employee is considered authorized use, therefore should be answered and the time should be recorded as hours worked. Further, if the CCWA Emergency Response Plan requires an employee to call CCWA under the circumstances described in the Emergency Response Plan, then the employee shall call CCWA and this time should be recorded as hours worked.

Any communications initiated by employees related to scheduling, including communications to report illness, ability to work or questions related to timesheet for payroll processing are not considered compensable. Any communications regarding these or similar subjects initiated by CCWA are not consider call back time and shall be compensated only for actual time spent in connection with the communications."

Rational for Change

This suggestion is to comply with the Labor Code related to compensable time for the use of work cell phones, emails, etc.

RECOMMENDATION

That the CCWA Board approve the proposed changes to the CCWA Personnel Policy and Procedures Manual as outlined above.

requested under the FMLA for an employee's own serious health condition. A "serious health condition" is one that requires either in-patient care in a medical facility or continuing treatment or supervision by a health care provider.

"Qualifying exigency leave" may be requested under the FMLA for qualifying exigencies arising out of the fact that an employee's spouse, son, daughter, or parent is on active duty (or has been notified of an impending call or order to active duty) in the Armed Forces in support of a contingency operation. "Qualifying exigencies" include certain absences related to short-notice deployment, military events and related activities, childcare and school activities, financial and legal arrangements, counseling, rest and recuperation, post-deployment activities, and additional activities. Employees may contact the Executive Director or his or her designee for more information about what qualifies as a "qualifying exigency."

"Military caregiver leave" may be requested under the FMLA to care for a "covered service member" if the employee is a spouse, child, parent, or next of kin of the "covered service member." A "covered service member" is:

- a member of the Armed Forces, including the National Guard and Reserves, who, because of a serious injury or illness incurred in the line of duty while on active duty may render the member medically unfit to perform the duties of the member's office, grade, rank, or rating, is: (1) undergoing medical treatment, recuperation, or therapy; (2) in outpatient status; or (3) on the temporary disability retired list; or
- a veteran who is undergoing medical treatment, recuperation, or therapy, for a serious injury or illness and who was a member of the Armed Forces (including a member of the National Guard or Reserves) at any time during the period of 5 years preceding the date on which the veteran undergoes that medical treatment, recuperation, or therapy.

3.5.2.2 Amount of FMLA Leave Available

Provided all the conditions of this policy are met, an employee may take a maximum of twelve weeks total of family care leave, medical leave, and qualifying exigency leave under the FMLA in a 12-month period. This 12-month period commences on the first day on which the first family care leave, medical leave, or qualifying exigency leave is taken under the FMLA. Spouses who are both employed by CCWA may take a maximum combined total of twelve weeks of family care leave under the FMLA in a 12-month period for the birth, adoption, or foster care of their child.

Provided all of the conditions of this policy are met, an employee may take up to 26 weeks total of a combination of all leaves under the FMLA during a 12-month period (up to 12 weeks of which may be for FMLA leave other than military caregiver leave). The 12-month period used to measure this entitlement will commence upon the first use of military caregiver leave under the FMLA for a covered service member's particular injury.

3.5.3 CFRA Leave

"Family care leave" may be requested under the CFRA for (1) the birth or adoption of an employee's child, (2) the placement of a foster child with the employee; or (3) the serious health condition of an employee's child, spouse, domestic partner as defined in California Family Code Section 297, or parent. "Medical leave" may be requested for an employee's own serious health condition. A "serious health condition" is one that requires either in-patient care in a medical facility or continuing treatment or supervision by a health care provider.

Provided all of the conditions of this policy are met, an employee may take up to twelve weeks of leave under the CFRA during a 12-month period. This 12-month period commences on the first day on which leave is taken under the CFRA. Spouses who are both employed by CCWA may take a maximum combined total of twelve weeks of family care leave under the CFRA in a 12-month period for the birth, adoption, or foster care of their child.

3.5.3 NPLA Leave

Upon request, an eligible employee may take up to twelve weeks of parental leave to bond with a new child within one year of the child's birth, adoption, or foster care placement.

If both parents work for CCWA and are eligible for parental leave under this provision, CCWA will grant a maximum combined total of twelve weeks of leave to the employees. CCWA may, but is not required to, grant simultaneous leave to both employees.

3.5.4 Intermittent Leave

FMLA/CFRA/NPLA Leave taken for the birth, adoption, or foster care placement of a child must be commenced within the first year of the birth, adoption, or placement. Further, leave taken for the birth, adoption, or foster care placement of a child and may not be taken intermittently or on a reduced schedule without CCWA's permission, except that if the leave is taken pursuant to the NPLA the employee may take leave in minimum durations of two weeks, and CCWA shall also grant at least two requests for leave of less than two weeks' duration by the employee. Qualifying exigency leave under the FMLA may be taken on an intermittent or reduced schedule as required by the qualifying exigency. FMLA/CFRA Leave for any other reason may be taken intermittently or on a reduced schedule where medically necessary. If leave is authorized to be taken intermittently or on a reduced schedule, CCWA retains the discretion to transfer the employee temporarily to an alternative position with equivalent pay and benefits which better accommodates the employee's leave schedule.

3.5.5 Substitution of Paid Leave

Employees are required to substitute accrued vacation time and other paid personal leave (except sick leave) for all FMLA/CFRA Leaves, and are entitled, but not required, to substitute accrued vacation time and other paid personal leave time, including sick leave, for all NPLA Leaves. Employees are required to substitute accrued sick leave only for FMLA/CFRA Leaves taken for an employee's own serious health condition. Employees may elect to substitute sick leave for other types of FMLA/CFRA Leave. If the employee is receiving payments from State Disability Insurance (SDI) or Paid Family Leave (PFL) while on FMLA/CFRA/NPLA leave, the accrued paid leave time will only be used in an amount which supplements the SDI payment such that the employee receives the full amount of his or her regular compensation as an active employee.

The substitution of paid leave for FMLA/CFRA/NPLA Leave does not extend the total duration of FMLA/CFRA/NPLA Leave to which an employee is entitled. For example, if an employee has accrued four weeks of unused paid vacation time at the time of a request for FMLA/CFRA/NPLA Leave, that paid vacation time will be substituted for the first four weeks of FMLA/CFRA/NPLA Leave, leaving up to eight additional weeks of unpaid FMLA/CFRA/NPLA Leave.

3.5.6 Leave's Effect on Pay

Except to the extent that other paid leave is substituted for FMLA/CFRA/NPLA Leave, FMLA/CFRA/NPLA Leave is unpaid.

3.5.7 Leave's Effect on Benefits

During an employee's FMLA/CFRA/NPLA Leave, CCWA shall continue to pay for the employee's participation in CCWA's group health plans to the same extent and under the same terms and conditions as would apply had the employee not taken leave. Employees are required to continue to make any payments they normally make towards healthcare coverage premiums while on leave. In the event an employee on leave fails to make timely payment for their portion of healthcare coverage premiums, the Authority will notify the employee of such failure and, if payment is not made, terminate the coverage.

If the employee fails to return from the leave at its expiration for a reason other than the recurrence, onset or continuation of the a serious health condition that brought about the leave or other circumstances beyond the employee's control, CCWA is entitled to recover any health premiums paid by CCWA on the employee's behalf during any unpaid period of the leave.

Employees on FMLA/CFRA/NPLA Leave accrue employment benefits, such as holidays, sick leave, vacation benefits, or seniority, only when paid leave is being substituted for unpaid leave and only if the employee would otherwise be entitled to such accrual. If the employee is using accrued paid leave to supplement SDI payments as discussed in Section 3.5.5-6 above, he or she will accrue employment benefits on a pro rata basis.

3.5.8 Procedure for Requesting Family Care and Medical Leave

3.5.8.1 Notice Requirements

Employees should notify the Deputy Director of their request for FMLA/CFRA/NPLA Leave as soon as they are aware of the need for such leave. For foreseeable events if possible, the employee shall provide thirty calendar days advance written notice to the Deputy Director of the need for FMLA/NPLA/CFRA Leave. For events that are unforeseeable thirty days in advance, but are not emergencies, the employee must notify the Deputy Director, in writing, as soon as he or she learns of the need for the leave, ordinarily no later than two to three working days after the employee learns of the need for the leave. If the FMLA leave is requested in connection with a planned, non-emergency medical treatment, the employee may be requested to reschedule the treatment so as to minimize disruption of CCWA's business.

If an employee fails to provide the requisite 30-day advance notice for foreseeable events without any reasonable excuse for the delay, CCWA reserves the right to deny the taking of the leave.

All requests for FMLA/NPLA/CFRA Leave should include anticipated date(s) and duration of the leave. Any requests for extensions of such a leave must be received at least ten working days before the date on which the employee was originally scheduled to return to work and must include the revised anticipated date(s) and duration of the leave.

3.5.8.2 Certification

Any request for FMLA/CFRA Leave must be supported by proper certification of the need for leave. Employees must provide the required certification within fifteen calendar days after CCWA's request for certification. Failure to provide the required certification may result in the denial of foreseeable leaves until such certification is provided. In the case of unforeseeable leaves, failure to provide the required certification within fifteen days of being requested to do so may result in a denial of the employee's continued leave. Any request for an extension of the leave also must be supported by an updated certification.

Certification of FMLA/CFRA Leave to care for a child, spouse, domestic partner as defined in Family Code Section 297, or parent with a serious health condition shall include (1) the date on which the serious health condition commenced; (2) the probable duration of the condition; (3) the health care provider's estimate of the amount of time needed for family care; and (4) the health care provider's assurance that the health care condition requires family care leave.

Certification of FMLA/CFRA Leave for the employee's own serious health condition shall include (1) the date on which the serious health condition commenced; (2) the probable duration of the condition; (3) a statement that, due to the serious health condition, the employee is unable to perform the functions of his or her position. In addition, CCWA may require the employee to obtain a second

opinion from a doctor of CCWA's choosing at CCWA's expense. If the employee's health care provider and the doctor providing the second opinion do not agree, CCWA may require a third opinion, also at CCWA's expense, performed by a mutually agreeable doctor who will make a final determination. Before permitting the employee to return to work, CCWA may also require the employee to provide a written verification from the employee's health care provider that indicates that he or she is fit to return to work. When determining whether an employee who is disabled within the meaning of the federal disability law is able to return to work, the health care provider should make an individualized assessment of whether the employee can, with or without reasonable accommodation, perform the essential functions of the employee's position.

Certification of a military caregiver leave under the FMLA shall be either (1) an appropriate medical certification from an authorized health care provider or (2) a copy of an Invitation Travel Order or Authorization issued by the Department of Defense.

The nature and format of the certification of a qualifying exigency leave under the FMLA will vary depending on the nature of the qualifying exigency, and will typically include a copy of the active duty orders for the employee's spouse, son, daughter, or parent.

3.5.9 Leave's Effect on Reinstatement

An employee returning from FMLA/CFRANPLA Leave is entitled to reinstatement to the same or comparable position consistent with applicable law, provided that the total period of the FMLA/CFRANPLA Leave does not exceed the employee's maximum leave entitlements as described above. CCWA retains the right to deny reinstatement to employees taking FMLA leave who are among the highest paid ten percent (10%) of CCWA's employees or whose reinstatement would cause substantial and grievous economic injury to the CCWA's operations ("key employees").

Employees who take Family Care and Medical Leave for their own serious health condition must provide medical certifications verifying that they are able to return to work in the same manner as employees who return to work from other types of medical leave.

3.5.10 Extended Medical Leave of Absence

An employee who is unable to return to work from FMLA/CFRA Leave because of the continuation of the employee's own serious health condition, or because of the continuation of the serious health condition of the employee's child, spouse, domestic partner as defined in California Family Code Section 297, or parent, that brought about the FMLA/CFRA Leave, and an employee who is unable to return to work from pregnancy-related disability leave under Section 3.6, may take an Extended Medical Leave of Absence after his or her FMLA/CFRA Leave is exhausted as provided for in this Section, or after her pregnancy-related disability leave is exhausted as provided for in Section 3.6. Employees unable to return to work from FMLA/CFRA Leave or pregnancy-disability leave for any other reason are not entitled to take an Extended Medical Leave of Absence under this policy. An Extended Medical Leave of Absence may run concurrently with other leaves of absence, such as a leave of absence under

Section 3.7. An employee may not be granted another Extended Medical Leave of Absence within twenty-four months of the conclusion of a previous Extended Medical Leave of Absence.

CCWA reserves the right to request supporting medical and/or other appropriate documentation of the employee's need for Extended Medical Leave of Absence, and the date the employee is anticipated to be able to return to work and perform the essential functions of his or her job, with or without reasonable accommodation.

Time spent on an Extended Medical Leave of Absence is unpaid, except to the extent that other paid leave is substituted for Extended Medical Leave of Absence. Employees are required to substitute accrued vacation time and other paid personal leave (including sick leave) for time spent on an Extended Medical Leave of Absence. If the employee is receiving payments from State Disability Insurance (SDI "), Paid Family Leave benefits ("PFL"), or worker's compensation benefits, the accrued paid leave time will only be used in an amount which supplements the SDI, PFL or worker's compensation payment such that the employee receives the full amount of his or her regular compensation as an active employee.

Provided that the other requirements of this policy are met, the maximum amount of time that an employee may remain on Extended Medical Leave of Absence is the longer of the following two time periods: (1) ninety days from the start of the Extended Medical Leave of Absence (the duration of the ninety day period is not extended if the employee takes Extended Medical Leave on an intermittent basis); or (2) the time period required to exhaust the employee's total accrued vacation time and other paid personal leave time (including compensatory time, sick leave and Donated Sick Leave Time) during the Extended Medical Leave of Absence.

CCWA reserves the right to deny an employee's request for an Extended Medical Leave of Absence, to limit the maximum amount of time that an employee may remain on an Extended Medical Leave of Absence to less than ninety days, or to limit how long an Extended Medical Leave of Absence may continue beyond ninety days regardless of an employee's accrued vacation or other paid personal leave time balances, when granting the Extended Medical Leave of Absence or the continuation of the Extended Medical Leave of Absence would be contrary to the operational or business needs of CCWA, as determined in the discretion of CCWA.

Employees on an Extended Medical Leave of Absence accrue employment benefits, such as holidays, sick leave and vacation benefits, only when paid leave, except Donated Sick Leave Time, is being substituted for unpaid leave and only if the employee would otherwise be entitled to such accrual. If the employee is using accrued paid leave to supplement SDI payments as discussed above, he or she will accrue employment benefits on a pro rata basis.

During an Extended Medical Leave of Absence, up to a maximum of ninety days, CCWA shall continue to pay for the employee's participation in CCWA's group health plans for medical, dental and vision insurance to the same extent and under the same terms and conditions as would apply had the employee not taken leave. During an employee's Extended Medical Leave of Absence, Employees are required to continue to make any payments they normally make towards healthcare coverage. However, employees are not eligible for coverage for long term disability insurance or for life insurance during the period the employee is on an Extended Medical Leave of Absence, and coverage under long term disability insurance and life insurance will not continue during the Extended Medical Leave of Absence. In the event an employee on an Extended Medical Leave of Absence fails to make timely payment for their portion of healthcare coverage premiums, CCWA will notify the employee of such failure and, if payment

is not made, terminate the coverage. If the Extended Medical Leave of Absence exceeds ninety days, CCWA will stop making any further employer contributions toward any employee benefit plan while off work on Extended Leave of Absence unless the employee is utilizing accrued vacation, sick or compensatory time, but excluding Donated Sick Leave Time. Upon CCWA ceasing to making employer contributions as discussed above, the employee may elect to continue participating in enrolled employee benefit plans (medical, dental and vision insurance only), at the employee's own expense, to the extent permitted by such plans.

An employee returning from Extended Medical Leave of Absence is entitled to reinstatement to the same or comparable position. Employees who take Extended Medical Leave of Absence must provide medical certifications verifying that they are able to return to work in the same manner as employees who return to work from other types of medical leave.

An employee who is unable to return to work upon the conclusion of an Extended Medical Leave of Absence may be terminated from employment with CCWA unless otherwise required by law. CCWA reserves the right to request supporting medical and/or other appropriate documentation of the employee's need to remain off work after the conclusion of his or her Extended Medical Leave of Absence, and the date the employee is anticipated to be able to return to work and perform the essential functions of his or her job, with or without reasonable accommodation. Sick leave time accruing to the employee's sick leave balance as a result of donations under the Donated Leave Program (Section 3.3.2) cannot be used to extend the time an employee may remain off work after the conclusion of an Extended Medical Leave of Absence.