

SANTA BARBARA COUNTY BOARD AGENDA LETTER



Clerk of the Board of Supervisors
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Agenda Number:
Prepared on:
Department Name: Public Works/Flood Control
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TO: Board of Directors
Santa Barbara County Flood Control and Water Conservation District

FROM: Phillip M. Demery
Public Works Director

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Robert Almy, Water Agency Manager, Ext. 3542

SUBJECT: **State Water Project and Central Coast Water Authority Financial Report**

Recommendation(s):

That the Board of Directors:

Receive and file this report from the Water Agency staff and Central Coast Water Authority regarding current State Water Project financial issues.

Alignment with Board Strategic Plan:

The recommendation is primarily aligned with Goal No. 1. An Efficient Government Able to Respond to the Needs of the Community.

Executive Summary and Discussion:

The Santa Barbara County Flood Control and Water Conservation District (District) originally contracted for a share of the State Water Project (SWP), but has transferred its rights and responsibilities for the project to the Central Coast Water Authority (CCWA) and several CCWA members through Water Supply Retention Agreements (executed in the mid 1980's) and the November 21, 1991 agreement with CCWA. The SWP contract establishes the District and its taxpayers as the ultimate guarantor for financial obligations of the "State" portion of the project. (The distribution facilities south of Casmalia and the water treatment plant, the "local facilities", were financed with bonds issued by CCWA directly.) The State accepts the transfer of obligations and rights but still regards the District as the contractor in case of default by CCWA in making its payments. Since the District remains the contractor for the project, failure of any CCWA members to meet financial obligations could be of direct concern to your Board.

Your Board has requested an annual update from CCWA on the financing of the State Water Project. CCWA has recently approved a comprehensive assessment of its financial condition and three related documents are attached for your review:

- FY 2003-04 CCWA Budget (provided to you under separate cover),
- FY 2002-03 Comprehensive Annual Financial report (CAFR) (provided to you under separate cover),
- 2001-02 Annual Report on Continuing Disclosure for \$198 million Revenue Bonds (provided to you under separate cover).

Together these documents address the capacity of CCWA and its members to continue meeting their financial commitments. The Auditor/Controller has reviewed these documents and concludes that CCWA financial position has not changed substantially since the last report and presentation to your Board.

Mandates and Service Levels:

CCWA provides water to several entities in Santa Barbara County including the Cities of Buellton, Guadalupe, Santa Barbara, and Santa Maria; the Goleta, Carpinteria Valley and Montecito Water Districts; Santa Ynez Water Conservation District Improvement District No.1, the Vandenberg Air Force Base, La Cumbre Mutual Water Company, the California Cities Water Company (Orcutt) and two private entities.

Fiscal and Facilities Impacts:

The receipt of this report will have no fiscal impacts. The report relates to the CCWA and its financial issues.

Concurrence: Auditor-Controller