

MWD HIGHLIGHTS 2020 THE YEAR IN REVIEW

RELIABLE WATER



SAFE SERVICE

Montecito Water District delivers water that meets the highest quality standards so customers can continue to use and drink tap water as usual. California's comprehensive safe drinking water standards include disinfection processes for drinking water which are effective against viruses, including corona viruses such as COVID-19.



**Nick Turner,
General Manager**

While we miss seeing our customers in person, safety remains a top priority. We want to be in tip-top shape to provide water, and we want our customers to be in tip-top shape to receive it.

Technological advancements made in recent years had MWD well poised to switch to remote operations when called for in March. We continue to adhere to strict protocols for COVID-19 prevention and response. Here are some helpful tips:

- While counters remain closed, MWD's dedicated customer service staff is available Monday – Friday during regular business hours (8am - 5pm) and can be reached by calling 805-969-2271.
- Most business can be conducted online at: www.montecitowater.com where you can access account information and the online billpay portal 24/7. The web site is also a great resource for available forms, instructions on how to read new meters, and the District calendar which shows meter read and public meeting dates.
- For public health and safety, all meetings continue to be conducted virtually. Web access and Teleconferencing information is available on the [agenda for every meeting](#).



FISCAL RESPONSIBILITY

When it comes to the financial arena, the District takes pride in its unyielding stance in the face of the pandemic and delivering what it considers to be truly remarkable achievements in service of its customers. Attending to financial health in 2020 resulted in MWD implementing a new rate structure that supports a more reliable water supply and achieving significant savings through restructuring debt.

NEW RATE STRUCTURE

We heard from our customers, who want their drinking water to come from local, reliable supplies with stable, predictable, and affordable rates.

After rates having not increased since 2016, new rates were adopted in June, 2020. MWD has established rates and charges necessary to maintain an adequate and reliable supply of high quality water. District rates and fees are developed using careful engineering and financial analysis of the cost of service. They are then subject to a rigorous



public review process. All charges reflect a fairness principle that all customers pay for the cost of providing safe and reliable water services—no more and no less. The majority of the District’s costs are fixed, and customers are charged based on a combination of fixed cost and how much water is actually used. With the new rate structure approximately 56% of customers will see a decrease in their bills for the next 12 months, assuming their water consumption remains the same as it has been in the past.



DEBT REDUCTION

Sophisticated transactions, significant savings.

MWD Board and staff coordinated a highly successful multi-faceted refinancing transaction in September, 2020 that will save the District approximately \$3.3 million in the coming nine years. Recognizing the unprecedented low interest rates this year, the District’s Finance Committee moved swiftly to uncover opportunities to restructure long-term debt obligations. Two outstanding debts were combined: \$13,360,000 in 2010 Certificates of Participation (COP) bonds at approximately 5.17% interest rate and \$4,962,107 in a Department of Water Resources (DWR) State Revolving Fund (SRF) loan at 2.513%. At the time of refinancing, debt was further reduced by a \$3,000,000 cash payment made possible by settlement funds from Southern California Edison. Consequently, the District has reduced its refinanced debt obligation to \$11,390,000 at an interest rate of 1.21%.

Note: At the December 15, 2020 Board Meeting the annual independent audit for Fiscal Year 2020 presented an unmodified opinion, which is the most favorable rating available.

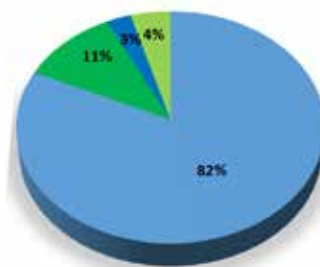
WATER SUPPLY

The District shored up supplies this year and is better-positioned for the long-term with a more diversified portfolio of water sources.

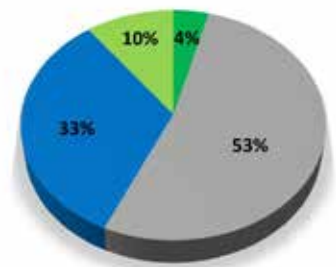
On June 25, 2020 the District approved a 50-year water supply agreement with the City of Santa Barbara, backed by the City’s Charles E. Meyer Desalination Plant. This agreement provides the District with 1,430 acre-feet of water annually irrespective of hydrologic conditions. This new local water supply is nearly 100% reliable and will help mitigate the impact of ongoing and future regulatory, environmental and climatic challenges affecting the District’s current water sources. Deliveries will commence in January 2022 and will drastically improve the District’s long-term water supply outlook, providing approximately 40% of needed supply annually.

The District’s three-year water supply planning outlook projects water supply availability through 2023, with heavy reliance on local surface water supplies, i.e. Cachuma Project and Jameson Lake. The increase in available local surface water supplies has provided the District with an opportunity to store surplus State Water Project allocations in a regional groundwater storage bank, i.e. Semitropic Water Storage District Groundwater Banking and Exchange Program, for use in future drought years or periods of below-average rainfall. The charts below illustrate the contrast in water supply utilization between 2018 actuals—during the historic drought—and 2020 projections. For more details, please see the complete Quarterly [Water Supply update](#) on our web site.

- State Water Project & Supplemental
- Jameson Lake
- Lake Cachuma
- Doulton Tunnel
- Groundwater



2018 Actuals



2020 Projected



Charles E. Meyer Desalination Plant

RECYCLED WATER

The District remains focused on efficiently, effectively, and affordably implementing a recycled water project. Recycled Water would extend drinking water supplies, further enhance water supply reliability, and better prepare the District for future droughts. A Request for Proposals for preliminary design on appropriate facilities has been issued in accordance with the District's Recycled Water Facilities Plan. We look forward to keeping the public informed on continued progress.

CONSERVATION

The District's water shortage emergency continues at Stage 1, and current customer water use restrictions ([Ordinance 96](#)) mirror those mandated by the State's campaign "Conservation is a California Way of Life." Customers are encouraged to call us at 805.969.2271 to schedule a complimentary "water efficiency check-up" which can be virtual or in-person, in English or Spanish, with our Conservation Specialist.

GROUNDWATER

The Montecito Groundwater Basin Groundwater Sustainability Agency (Montecito GSA) formed under the Montecito Water District in 2018 to address long-term sustainability of the basin as required by California's Sustainable Groundwater Management Act. Public participation in the Agency's work is highly encouraged. To learn more about the Montecito GSA, the importance of groundwater in this community, and the status of the Groundwater Sustainability Plan, please visit the web site: www.montecitogsa.com.

FACILITIES & CAPITAL IMPROVEMENTS

The District is at work constantly, upgrading aging infrastructure to help prevent unanticipated water loss and improve water delivery reliability. The District operates and maintains over 110 miles of water distribution pipes, 4600 service connections, groundwater wells, pump stations, Juncal Dam, Jameson Lake, nine reservoirs and two water treatment facilities. Many District-owned pipes, reservoirs, and facilities were built in the 1920s. While timelines had to shift in response to changing circumstances a bit more than normal this year, MWD has pushed through on important projects nonetheless. Here are a few worth mentioning:

JAMESON LAKE

Water deliveries are steady from Jameson Lake after the District's successful implementation of treatment enhancements to address water quality issues resulting from the Thomas Fire incident and subsequent debris flows into the lake. Construction is currently underway to replace the caretaker's cabin and Alder Flume both of which were also destroyed. FEMA funding has essentially supported all of these recovery efforts.



SMART METERS

In 2020 more than 4,600 aging water meters were replaced with new ultrasonic water meters and transmitters. The next step is activating the automatic data collection process. We anticipate having the complete system in place before the end of 2021.

SANTA ROSA WATER MAIN REPLACEMENT

Approximately 1-mile of nearly 100-year old water mains were replaced on Santa Rosa Lane from San Ysidro Road to San Leandro Lane.



WATER QUALITY

The District employs state-certified water treatment professionals who combine round-the-clock monitoring with extensive analysis to ensure compliance with all State and Federal water quality standards. Only the highest quality water that meets all stringent state and federal drinking water requirements is delivered to customers, as detailed in our annual Water Quality Report available at www.montecitowater.com/doc/ccr2019/. Results are released annually by July 1st. For more information on Water Quality, please contact Chad Hurshman, Water Treatment and Production Superintendent.

*Chad Hurshman,
Water Treatment and Production Superintendent*

LOOKING FORWARD TO 2021: THE CENTENNIAL!

November, 10, 2021 will mark the District's 100th year! Established in 1921, the District has supplied the community's water needs through growth and challenges, seen and unforeseen. In anticipation of the century ahead, the Board has initiated a Strategic Planning process to identify priorities and focus resources. Over the coming year, please be on the lookout for more information as we establish a vision for the future and celebrate 100 years of reliable water service.



Juncal Dam at Jameson Lake, February 2020