



Discussion of an Unbalanced Water Exchange & Water Purchase Fund

SGPWA Finance & Engineering Workshop

September 19, 2022

Discussion Items

Water Portfolio Strategy

CCWA/Pass Deal Points

Water Purchase Fund



Water Portfolio Strategy

- Maximize the use of our Table A
- Pursue/Maintain long-term supply
 - Nickel Water (non-Project)
 - City of Ventura (leased Project)
 - Yuba Accord (non-Project)
- Other supply opportunities
 - Article 21 water
 - DWR Dry-Year Program
 - Spot market water
 - Other deals
- Financial positioning
 - Reserves to transport water (power)
 - Reserves to purchase water (water sales)
 - Leverage the portfolio
 - For greater long-term supplies
 - Revenue generation for future supply purchases
 - Be prepared increase supplies in average to wet years

Central Coast Water Authority (CCWA)

City of Guadalupe

City of Santa Maria

City of Buellton

Santa Ynez River Water Conservation District No. 1

Goleta Water District

City of Santa Barbara

Montecito Water District

Carpinteria Valley Water District



CCWA/Pass Deal Points

- **400 AF will be transferred to CCWA from Pass**
 - Deal will have a sale component
 - Deal will have a return water component
 - Water will originate from Agency's portfolio
- Sale
 - \$1,500/AF or \$600,000 to Pass
 - Exchange made at San Luis Reservoir
- Exchange (water debt)
 - 800 AF of water returned to Pass (2:1 exchange)
 - Term – 10 years
 - Minimum 80 AF returned annually (10%)
 - Both parties have protections for very wet or very dry years
 - Intent is to return exchange water as quickly as practical
- Novel Tools
 - Annual meeting to work with a water broker to quickly explore ways to buy down "water debt" with market water



Water Purchase Fund

Revenue from sales (or potentially avoided costs) may be set aside for water purchases to expand the portfolio

New “bucket” may be part of a greater Water Supply Portfolio Strategic Plan (WSPSP)

Gives the Agency a tool to consistently participate in the emerging California water market more deliberately and take advantage of average/ wet year opportunities.

Expect to see a proposal for the development of a formal WSPSP in Q4 2023





Next Steps

Consider a Pass/CCWA Agreement and associated environmental work at the next Board Meeting.

CCWA is on a parallel track.