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P R E S S R E L E A S E

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FOR IMMEDIATE RELEASE

Budget Workshop for Goleta Water District Scheduled for May 20, 2010

On May 20, 2010, the Goleta Water District Board of Directors will hold a workshop to review and discuss the District's proposed 2010-2011 operating budget. The meeting will be held at 5:30 p.m. at the Board offices at 4699 Hollister Avenue in Goleta. The public is welcome and encouraged to attend and participate. A copy of the proposed budget is available for public review on the District's website at www.goletawater.com.

The District has been working on the proposed budget for the past several months under the direction of General Manager John McInnes, who joined the District in December, 2009. This is Mr. McInnes's first budget at the District and he says, "the Operating Budget is the critical management tool of the District. It enables us to bring together our commitments, plans, projects and costs in one comprehensive document."

Planning for the coming fiscal year is based in part on projected results for the current fiscal year, which ends June 30. Like other South Coast water purveyors, the District has seen a decrease in water sales this year due to relatively plentiful winter rains. The economic downturn has also reduced revenues associated with local development. Increased water treatment costs, due to the residual effects of the Zaca fire on the watershed that feeds Lake Cachuma, have significantly raised operating expenses for the District and other local water agencies.

Mr. McInnes noted that in the current fiscal year, revenues are expected to be down from projections by approximately \$1.5 million. He says, "those projections were made under different conditions and those who made them were working with different expectations. We are taking the steps necessary to adjust to changed circumstances." To that end, the District has instituted controls to accomplish a \$1.08 million decrease in expenditures to date, with further reductions expected before the end of the fiscal year.

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The budget for the 2010-2011 fiscal year is built largely around the current year actual projected revenues, which now are estimated at \$25.9 million. Expenses are proposed to be pared a substantial \$2.03 million from the 2009-2010 projected expenses, resulting in proposed expenditures of \$25.57 million. The cost reductions arise from new policies and procedures and intensive efforts at the direction of the District Board to evaluate every expenditure. Mr. McInnes instituted the District's first "zero-based" budgeting process which involved District staff from every department in a comprehensive and exhaustive review that proposed only those activities and projects that are mission critical. Mr. McInnes says "it is essential that the District live within its current income."

The budget to be reviewed at on May 20 will contrast total expenditures with projected revenues, thereby arriving at a forecast of financial sources and requirements for the entire organization. The budget will also provides a future needs assessment that projects 5-year funding requirements for critical functions such as responsive and preventative maintenance, capital improvements and maintaining an adequate contingency operating reserve.

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