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## P R E S S   R E L E A S E

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**FOR IMMEDIATE RELEASE**

### **Goleta Water District Committee Reviews Preliminary Budget Estimates**

The Goleta Water District's newly appointed General Manager, John McInnes presented his first budget estimates for the 2010 – 2011 fiscal year to the District's Administration Committee. The plan calls for expenditures of \$25.6 million on revenues of \$25.95 million. The plan reveals the preventative maintenance and capital projects for the coming year and sets forth a five-year needs projection.

Board President Bill Rosen, who chairs the District's Administration Committee, opened the discussion by stating that: "This is intended to be an open and transparent process. As you will learn, there are considerable issues related to cash flow, reserves and use of funds. I expect this budget will be the initial step in a chain of actions that will stabilize the revenues and expenses of the District."

District General Manager John McInnes advised the Administration Committee that the purpose of the budget overview presentation was to "provide the committee members and the public with the opportunity to consider and comment on the information so that staff can further refine the budget estimates for a future and more detailed Board of Directors' Budget Workshop." McInnes went on to state that "we have built this preliminary budget from the bottom up. We have made some significant cuts over the current year and, probably most important, we are working to develop a 5-year needs assessment that will quantify and plan for significant infrastructure improvement and replacement needs as well as building an adequate contingency reserve." Regarding this last point, McInnes noted that the district lacks required operating and capital reserves. Past practices in the District did not fund the depreciation of District's assets nor provide for adequate operating reserves. The proposed budget plan calls for funding of the needed reserves over several years. McInnes said that "we must start funding these accounts. If anything unexpected happens, the district rate payers will have to absorb substantial costs. We think that the Board understands the urgency of the problem."

District Director Larry Mills, the other member of the Administration Committee, stated that he was comfortable with the direction that staff had taken so far to examine and estimate the costs for providing and maintaining necessary infrastructure.

The Operating Budget is the critical management tool of the District. It enables management to bring together its commitments, its plans and projects and all its costs in one comprehensive document. The budget contrasts total expenditures with the total of expected revenues thereby arriving at a forecast of financial sources and financial requirements for the entire organization.

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