



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: Water Agency
Department No.: 054
For Agenda Of: July 12, 2016
Placement: Departmental
Estimated Time: 60 minutes
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Directors, Water Agency

FROM: Department
Director(s) Scott D. McGolpin, Public Works Director, 568-3010

Contact Info: Thomas D. Fayram, Deputy Public Works Director, 568-3436
SUBJECT: Cachuma Project Update and Contract Renewal; First, Second, Third, and Fourth
Supervisory Districts

County Counsel Concurrence

As to form: Yes

Other Concurrence: N/A

Auditor-Controller Concurrence

As to form: N/A

Recommended Actions:

That the Board of Directors of the Santa Barbara County Water Agency:

- a) Receive and file a Report on the status of Cachuma Lake Water Supply;
- b) Direct staff to contact the United States Bureau of Reclamation to determine the process and timeline to negotiate the renewal of the Water Supply Contract for the Cachuma Project and return to the Board for direction; and
- c) Find that the recommended actions a and b, to receive and file a report and to direct staff to contact the United States Bureau of Reclamation for contract renewal information, are organizational or administrative activities that will not result in direct or indirect physical changes to the environment and therefore do not constitute a "Project" within the meaning of the California Environmental Quality Act, as set forth in 14 CCR 15378(b)(5).

Summary Text:

This item is on the agenda in order to address the request of your Board to provide a comprehensive update on the Cachuma Project and to discuss the process and timeline for the renewal of the current Cachuma Water Supply Contract with the United States Bureau of Reclamation (USBR).

This staff report also details the status of supplies at Cachuma Reservoir and highlights the data the Water Agency reports monthly and the tools used to quantify and forecast Lake levels in Cachuma. In addition, based on this severe drought, the Water Agency initiated a Safe Yield Study for Cachuma to identify changes in future reservoir operations to provide for a stable water supply. Lastly, the current Water Supply Contract is set to expire in 2020. The Contract states that the renewal process should be requested two years prior to its expiration. As such your staff is requesting direction to contact USBR to allow staff to explore what the process entails and understand the costs of the new Contract before the pending 2018 deadline. These costs, as historically has been the case, would be borne by the Cachuma Member Units. Staff and Counsel would concurrently develop a reimbursement agreement for the Member Units and execute these agreements with the Member Units interested in continuing to receive Cachuma Project Water. It is expected all of the existing member Units would have such an interest.

Water Status Reports

The Water Agency started a series of efforts to better communicate available water to the Cachuma Member Units (Goleta Water District, City of Santa Barbara, Montecito Water District, Carpinteria Valley Water District, Santa Ynez River Water Conservation District ID#1). These items include:

- a forecast tool to predict Lake level and storage in the future based on given assumptions,
- a monthly report on water in storage at Cachuma and what that water is allocated to, and
- a monthly report of water in each of the Cachuma Member Unit balances as reported by the Cachuma Operations and Maintenance Board (COMB).

Other data that is available to the Water Agency and Member Units includes the following:

- Downstream Users Accounting Report – this report is prepared monthly by the United States Bureau of Reclamation (USBR) which calculates downstream water rights accounts held in Cachuma. An example of this report can be found in Attachment A.
- Monthly water usage reports by the Cachuma Operations and Maintenance Board. Examples of these can be found in Attachments B and C.

In addition, the Water Agency initiated a new Safe Yield Analysis for Cachuma Reservoir and that process resulted in an internal draft report that clearly shows that a reduced delivery plan is needed for Cachuma. Since the last Contract for Cachuma was executed in 1996, several changes have occurred including:

1. change in reservoir storage,
2. better modeling of downstream water rights stored in Cachuma, and
3. increased releases for Endangered Species Act compliance (Steelhead).

The report was not finalized because it became clear that the current drought may be redefining the critical drought period. Since Cachuma's existence, the critical drought period has been assumed as the period of 1945-1952 (7 years). However, 5 years into this current drought it is possible that we are now

redefining the critical drought period. As such, the Safe Yield Work will need to be updated based on new observations or prescribed assumptions for a new critical drought period. Without any changes in the critical drought period rainfall, it is clear that project deliveries from Cachuma will need to be reduced to assure deliveries throughout the drought period.

Cachuma Safe Yield

Upon execution of the last Contract in 1996, the yield of Cachuma was set at 25,700 Acre-Feet (AF) per year with provisions for taking shortages in successive dry years. However, this information has never been updated since then and several factors impact this number including: reservoir storage losses, environmental / fish releases (including potentially increased releases in the future), downstream water rights operations, and assumptions of the critical drought period.

It is clear that a new Safe Yield calculation is needed and the Water Agency started that effort last year. However, it became clear the climate assumptions are critical to the calculation of the Safe Yield. If our current drought continues, then the assumptions of inflow will need to change and as such calculation of a final Safe Yield may need to wait at least two more years.

In either case, even assuming the 1945-1952 critical drought period stands, the yield of Cachuma will have to be reduced to allow for a secure water source for a period to span the critical drought period. In doing so, ultimately each of the Member Units will need to seek replacement water for this reduction. Due to the costs of supplemental water supplies, increased costs to the Member Units can be expected. This will translate into potential increased costs for customers, including County operations such as County Buildings and parks that use water from a Cachuma water purveyor.

New Cachuma Contract

Since its construction in the 1950's, and again in 1996, the County Water Agency has been the formal water contractor with the USBR. In turn, a series of subcontracts with the Cachuma Member Units have been executed. The current Cachuma Contract is included as Attachment D and a sample Member Unit subcontract is included as Attachment E. Since execution of this contract, the capital costs of the project have been fully repaid.

Within the current contract, which is set to expire on September 30, 2020, it is expressly defined that any request to renew the Water Service Contract be made no less than two (2) years prior to the date of expiration of the current Contract (Article 2). Staff therefore proposes to contact USBR regarding the anticipated process should your Board desire the Water Agency's continued role as Contractor for the next Water Supply Contract with the USBR.

The Water Agency has historically provided technical assistance to the Member Units and has always been involved in studies including:

- reservoir capacity surveys,
- flood forecasting into the reservoir and downstream,
- predictive inflow volumes following storms,
- remaining water available in the reservoir.

In 1994, the Board considered reasons for the County Water Agency to stay involved in the Cachuma Project and decided that several regional issues warranted its continued involvement including: 1) downstream water rights issues, 2) environmental interests, and 3) the operation of the Park at Cachuma Lake, all which have broad regional and public trust interests.

In looking forward, these same issues seem to be as important as ever, and issues related to better management of the water supply benefits of the project with a regional approach to ensure a stable water supply. Current drought conditions have shown that expedited diversions from the Cachuma Project have impacted many matters including water supply reliability. While the Cachuma supply is favored for its relatively low cost and availability, its importance as a critical local supply demands that deliveries be placed on a Safe Yield or Alternative Graduated Yield that assures a base water supply throughout the critical drought period.

As is the case with the current contract, the Cachuma Member Units are responsible for payments to USBR for maintenance and operation of the Project and its facilities. The Water Agency continues to allocate \$100,000 annually to a Cachuma Betterment Fund in recognition of other regional benefits of the Project. Ultimately your Board would provide direction to the level of County Water Agency funding (above staffing costs budgeted annually) as part of any new contract.

Other Issues

Fishery Releases

Your Board has also expressed interest in ongoing water releases from Cachuma Dam for fisheries purposes. While fish releases continue at Cachuma, USBR reduced the flow from approximately 8 AF/day to 4 AF/day. In addition, Endangered Species Act consultations between the USBR and the National Marine Fisheries Service (NMFS) are ongoing. A new Biological Opinion (BO) is expected that will define releases in the future. As a Federal action, these discussions are between USBR and NMFS.

Barge Relocation

COMB has scheduled the barge to be relocated to deeper water in late June. This relocation will allow access to better quality water and continued access to the Lake. Even when Cachuma supplies are exhausted, the pump barge will allow continued deliveries of imported water (State Water, or purchased water) through the Lake.

Downstream Water Rights Releases

As in past years, the Santa Ynez River Water Conservation District (SRWCD) will call for a Water Rights release of water stored in the Lake for downstream users. This release is planned for sometime this summer and will expend more than 7,000 AF of water for replenishment of groundwater basins downstream of the Dam.

Background:

The Cachuma Project was built by the USBR between 1950 and 1956. The Lake first filled and spilled in April 1958. The County Water Agency was established by the State Legislature for purposes of

contracting with the federal government for the Cachuma Project and for the construction of Twitchell Dam. The Water Agency utilized its taxing powers to ensure that the costs of the projects would be repaid to the Federal government.

Since the initial years, the Water Agency and the Flood Control District began to take a central role in the Cachuma Project including technical studies and analysis which included inflow and flood flow forecasting into and out of Cachuma (flood modeling conducted by the Flood Control District).

In addition to the Water Supply Contract held by the Water Agency for the benefit of the Member Units, the County also holds a separate Managing Partners Agreement with USBR for the operation of the park at Cachuma Lake for recreational purposes. USBR is committed to providing multiple benefits from its projects and while the Cachuma Project provides an invaluable water supply to the region, it also offers valuable recreational benefits that are important as well. Cachuma serves as the only real fresh water recreational opportunity for boating, fishing, camping, and offers nature activities as well. Cachuma also has evolved into a vibrant ecosystem important to the area.

These values are not at odds with each other. The park and the environment are well adapted to fluctuating Lake levels based on rainfall patterns. However, as a crucial water supply, Cachuma deliveries need to be planned to span a critical drought period to ensure a stable water supply. In doing so, all other values associated with Cachuma thrive as well.

Cachuma also plays a critical role in the delivery of State Water Project (SWP) allocations to the South Coast. Deliveries of State Water are pumped into the Lake at the Dam and the Lake itself is the conveyance to the South Coast through the Tecolote Tunnel. Currently, those SWP deliveries are being pumped to the tunnel along with remaining Cachuma Project water.

Operation of Cachuma also must be done in accordance with state law which protects downstream water rights. In addition, with USBR as the federal entity that owns and operates the Dam, operations must also conform to the Federal Endangered Species Act requirements.

Fiscal and Facilities Impacts:

Budgeted: Yes

Fiscal Analysis:

<u>Funding Sources</u>	<u>Current FY Cost:</u>	<u>Annualized On-going Cost:</u>	<u>Total One-Time Project Cost</u>
Water Agency funds	\$ 165,000.00		
State			
Federal			
Fees			
Other:			
Total	\$ 165,000.00	\$ -	\$ -

Narrative:

The County Water Agency allocates \$100,000 annually to the Member Units through COMB for funding projects related to Cachuma as directed by the Cachuma Project Member Unit Contracts executed in 1996. In addition, staffing for technical work related to Cachuma is included annually in the Water Agency's budget approved by your Board. Typically this amount is approximately \$65,000.

Should your Board direct staff to initiate renewal of the Cachuma Contract, the costs for this work would be allocated to the Member Units who benefit from the water supply.

Special Instructions:

Direct the Clerk of the Board to send a copy of the minute order of these actions to the Water Agency office, ATTN: Christina Lopez.

Attachments:

Attachment A - Downstream Users Account Report

Attachment B - Monthly Cachuma Storage Report

Attachment C - Monthly Member Unit Bar Charts

Attachment D - Cachuma Project Water Contract w/USBR 1996

Attachment E - Cachuma Project Member Unit Contract (example) 1996

Attachment F - PowerPoint Presentation

Authored by:

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