

December 18, 2018

Honorable Steve Lavagnino, Chair, and
Members of the Board of Supervisors
County of Santa Barbara
101 E. Anapamu Street
Santa Barbara, CA 93101

TRUSTEES:

DIVISION 1
LOS OLIVOS
Harlan J. Burchardi

DIVISION 2
SOLVANG
Jeff Clay

DIVISION 3
SOLVANG
Kevin Walsh

DIVISION 4
SANTA YNEZ
Michael Burchardi

TRUSTEE-AT-LARGE
Brad Joos

GENERAL MANAGER
Chris Dahlstrom

Subject: Assignment of 1963 Contract

Dear Chair Lavagnino and Members of the Board of Supervisors:

The Santa Ynez River Water Conservation District, Improvement District No.1 ("ID No.1") is one of eight member agencies of the Central Coast Water Authority ("CCWA"), a Joint Powers Authority, which contracts for State Water Project water and acts on behalf of the City of Solvang for its 75 percent share of ID No.1's State Water Project water pursuant to a Water Supply Agreement. ID No.1 respectfully requests that the Board of Supervisors approve the proposed Assignment, Assumption and Release Agreement ("Agreement") by which the 1963 State Water Project Contract ("1963 Contract") is assigned to CCWA. This assignment would provide for CCWA accepting full responsibility for the 1963 Contract and the County of Santa Barbara fully releasing its obligations under the 1963 Contract. A copy of the proposed Agreement is attached for your reference.

Assignment of the 1963 Contract to CCWA has been contemplated since 1991, when CCWA and the County signed a Transfer of Financial Responsibility Agreement. At that time, CCWA agreed to assume 100% of the County's financial obligations under the 1963 Contract, which it has done successfully. Between 1991 and 1997, CCWA constructed the local State Water Project facilities, and that construction was completed on time and on budget. CCWA, not the County, paid and continues to pay for the entire cost of construction.

Since 1997, the State of California has delivered State Water Project water to CCWA, which has delivered that water to us, its member agencies, and other CCWA contractors. CCWA has collected, treated and transported the State Water Project water entirely at our costs, which we, in turn, have passed on to our customers, the ratepayers. The County has not paid a nickel toward the cost of those deliveries.

Since 1991, CCWA has never missed a single payment to the State of California, and its financial management and reporting systems have been recognized for their excellence. CCWA has been scrupulous in monitoring and

auditing the costs imposed by the State on CCWA, and CCWA has been one of the statewide leaders in efforts to promote accuracy and transparency in the State's cost accounting for the State Water Project. Given this 27 year record of fiscal responsibility, it is now time to fulfill the promises made in 1991.

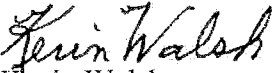
The proposed Agreement would provide numerous benefits to the County and its residents:

1. Placing decision-making authority in the hands of the ratepayers and customers who pay 100% for State Water Project water;
2. Relieving the County of all financial obligations and liability under the 1963 Contract;
3. Protecting residents in local cities and other communities who do not receive State Water Project water (e.g., Lompoc, Mission Hills, Vandenberg Village) from any potential future financial obligation under the 1963 Contract; and
4. Streamlining decision-making at the local level by eliminating duplicative and unnecessary approvals by the County.
5. Provides for the direct representation for future water supplies between CCWA and DWR.

We respectfully ask that the Board of Supervisors approve the proposed Agreement.

Thank you for your kind consideration.

Sincerely,


Kevin Walsh,
President

Attachment: Assignment, Assumption, and Release Agreement