

**SANTA BARBARA COUNTY  
BOARD AGENDA LETTER**



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

**Agenda Number:**  
**Prepared on:** 7/25/05  
**Department Name:** PW/Laguna Sanitation District  
**Department No.:** 054  
**Agenda Date:** 9/13/05  
**Placement:** Administrative  
**Estimate Time:**  
**Continued Item:** NO  
**If Yes, date from:**

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**TO:** Board of Directors  
Laguna County Sanitation District

**FROM:** Phillip M. Demery, Director

**STAFF** Mark A. Schleich, Deputy Director  
**CONTACT:** Martin J. Wilder, District Manager, x8750

**SUBJECT:** Recycled Water User Agreement with the Santa Maria Pacific, LLC - Fourth Supervisorial District

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**Recommendation(s):**

That the Board of Directors:

- A. Execute the Recycled Water Use Agreement with the Santa Maria Pacific, LLC.

**Alignment with Board Strategic Plan:**

The recommendation(s) are primarily aligned with Goal No. 2. A Safe and Healthy Community in Which to Live, Work, and Visit.

**Executive Summary and Discussion:**

The Laguna County Sanitation District disposes of its effluent by treating it to acceptable levels for various industrial and agricultural uses. Use of recycled water is conducted on District property as well as on private property. The Regional Water Quality Control Board (RWQCB) requires Producer/User agreements for irrigation on off-site properties. For the past several months, the District has been discussing the distribution of recycled water to Santa Maria Pacific, LLC for the purposes of enhanced oil recovery and cattle grazing on land between Orcutt and Casmalia.

The attached recycled water user agreement has been negotiated between the District and Santa Maria Pacific, LLC. Initial demand for start up is estimated at 84,000 gallons per day and is expected to grow to over 1.6 million gallons per day over a six year period. The water will be sold to the user at \$153.45 per million gallons (\$50/acre-foot) since that amount is comparable to user's alternative water source costs and is subject to an annual consumer price index adjustment (not to exceed 2% per year). Revenue is, therefore,

expected to range from \$400/month to \$7,500/month as demand increases. The Agreement provides for the distribution of water through 2035. The water will be transported to Santa Maria Pacific's pump station from the District's existing storage facilities via existing pipeline(s). Santa Maria Pacific's pump station will deliver the water to the user sites. Delivery is expected to begin in October 2005.

**Mandates and Service Levels:**

There are no changes to service levels with this action.

**Fiscal and Facilities Impacts:**

There are no changes to fiscal and facilities impacts. Revenue from the sale of recycled water is expected to generate between \$5,000 per year initially to \$90,000 per year at full demand. The revenue will be used in the annual operating budget (approximately \$5 million annually).

**Special Instructions:**

Please forward a certified minute order and two (2) of the three (3) original agreements to the Public Works Department, Laguna County Sanitation District, attn: Martin Wilder, at 620 West Foster Road in Santa Maria and retain one (1) original for the Clerk of the Board.

**Concurrence:**

County Counsel  
Auditor-Controller  
Risk Management