



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

A-9

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

Department Name: Public Works/Laguna
Department No.: 054
For Agenda Of: 03/03/2009
Placement: Administrative
Estimated Tme:
Continued Item: No
If Yes, date from:
Vote Required: Majority

0503-03 09-0076

TO: Board of Directors, Laguna County Sanitation District

FROM: Department Scott D. McGolpin, Director x3010
Director(s) Public Works Department

MAR 3 - 2009

Contact Info: Mark A. Schleich, Deputy Director, x3605
Resource Recovery & Waste Management Division

SUBJECT: Amendment No. 2 to the Recycled Water Use Agreement with Santa Maria Pacific, LLC – Fourth Supervisorial District

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

Recommended Actions:

Execute Amendment No. 2 to the Recycled Water Use Agreement with Santa Maria Pacific, LLC adding the Escolle and Orcutt oil lease sites.

Summary Text:

The discharge of recycled water is regulated by the Regional Water Quality Control Board (RWQCB). A condition of the Laguna County Sanitation District Waste Discharge Requirements (Order No. 01-042) is that a user agreement be adopted for each off site user of recycled water. The existing agreement was executed by the Board on September 13, 2005 and authorizes the distribution of recycled water to Santa Maria Pacific, LLC (SMP) for the purpose of oil extraction and agricultural irrigation at its Casmalia lease. A provision in the agreement allows for the expansion of use area consistent with regulatory requirements. This amendment requests authorization to provide recycled water to SMP's Escolle and Orcutt oil lease sites. The amendment also establishes provisions regarding the extension of a recycled water pipeline to the lease sites.

Background:

The Laguna County Sanitation District discharges its effluent by treating it to acceptable levels for various industrial and agricultural uses. The water is used on both private and District owned property. Pursuant to conditions of the District’s permit with the RWQCB (Order 01-042), producer/user agreements with off-site users are required in order to address safe use practices and responsibilities.

The original agreement with SMP, executed on September 13, 2005, authorized the distribution of recycled water for the purposes of enhanced oil recovery and cattle grazing on land west of Orcutt and north of Casmalia on the Casmalia oil lease. The Casmalia oil lease is in development and currently uses up to 126,000 gallons per day but may eventually use up to 1.6 million gallons per day. Amendment No. 1 clarified the role of the RWQCB in approval of the distribution system and onsite improvements before delivery is initiated.

SMP has explored the production capabilities of additional oil lease sites it holds. To date, water for exploration has been trucked from the District’s plant to the Orcutt site and SMP now wishes to pursue a permanent pipeline that will supply water to the Escolle and Orcutt leases located west and south of Orcutt respectively, which are expected to require similar future water supply demands. The proposed pipeline would be an extension of the District’s existing recycle water distribution pipeline. This amendment addresses the use of the recycled water at these additional lease sites as well as establishing conditions for the design and construction of the portion of the pipeline that will be dedicated to the District. The District will act as lead agency for the environmental review, permitting, and right-of-way acquisition (if any) upon the appropriate deposit of funds from SMP. SMP will fund all costs associated with the pipeline project. On site system improvements are also the responsibility of SMP.

Performance Measure:

The extension of recycled water distribution facilities will increase the ability of the District to discharge recycled water.

Fiscal and Facilities Impacts:

Budgeted: No

Fiscal Analysis:

<u>Funding Sources</u>	<u>Current FY Cost:</u>	<u>Annualized On-going Cost:</u>	<u>Total One-Time Project Cost</u>
General Fund			
State			
Federal			
Fees			
Other:		\$ 5,000.00	
Total	\$ -	\$ 5,000.00	\$ -

Narrative: SMP will fund the design, environmental, right-of-way, and permitting costs by depositing the necessary funds in the Public Works Department developer trust fund. SMP will also fund the construction, inspection and testing of the system prior to dedication to the District. The only cost to the District will be annualized maintenance costs estimated to be \$5,000 per year.

Staffing Impacts: There are no changes to existing staffing levels as a result of this action.

Legal Positions:

None

FTEs:

None

Special Instructions:

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

Attachments:

Amendment No. 2.

Authored by:

Martin Wilder, Utilities Manager, x8755

cc:

**SECOND AMENDMENT TO
AGREEMENT TO USE RECYCLED WATER**

WHEREAS, LAGUNA COUNTY SANITATION DISTRICT, a county sanitation district, "DISTRICT", and SANTA MARIA PACIFIC, a limited liability corporation, "USER", entered into an agreement dated August 22, 2005 to use recycled water, "Agreement" for industrial and agricultural purposes.

WHEREAS, the undersigned, LAGUNA COUNTY SANITATION DISTRICT and SANTA MARIA PACIFIC, LLC do hereby agree to amend the above-referenced agreement to use recycled water, effective as of the last date written below.

1. RECITAL E is amended to read:

USER occupies certain real property in the County of Santa Barbara on the following oil leases, including but not limited to Assessor's Parcel Nos:

Lease	APNs
Casmalia	113-190-005, 113-220-008, 113-220-009, 113-220-010, 113-230-001, and 113-230-007
Escolle	113-280-009 and 101-020-069
Orcutt	101-020-074, 101-080-082, 101-080-083, 101-080-084, 101-080-085, 101-080-086, 101-080-087, 101-080-088, 101-080-092, 101-080-093, 101-080-094, 101-080-095, and 101-080-096

As shown in Exhibit A (including any additions or subtractions thereto pursuant to Section 2C as amended by Amendment No. 1).

2. Paragraph 1, TERM, is amended to read:

The term of this agreement commences on the first date first written above and terminates on December 31, 2035, unless terminated earlier under the conditions of Section 15 of this Agreement. This agreement may be extended for in additional five (5) year increments at the option of the DISTRICT.

3. Paragraph 3.B, DELIVERY OF RECYCLED WATER, is amended to read:

DISTRICT shall supply recycled water to USER's Casmalia lease from DISTRICT'S storage facilities and or DISTRICT'S outfall pipeline. USER estimated initial annual demand is approximately 300 million gallons. Supply may increase as DISTRICT's plant flow and production increases. Any such increases in recycled water supply will be offered to USER on a first right of refusal basis prior to distribution to other users. USER intends to initially pump recycled water at an average rate of 500 gallons per minute (gpm).

Pursuant to Paragraph 2.C, USER wishes to expand Project Area to include recycled water delivery to its Escolle and Orcutt leases. Exhibits A and B, hereby incorporated by reference, are further amended to include these new use sites in the Project Area.

Delivery of recycled water to these new use sites requires the extension of existing DISTRICK distribution pipeline systems and onsite private pipeline systems. The portion of the distribution system originating from the terminus of DISTRICK's existing distribution pipeline and extending to the Project Areas will be known as DISTRICK's portion. All distribution system improvements located onsite of the Project Areas will be known as USER's portion. USER is willing, at their cost, to finance the design and construction of the extension of the DISTRICK's portion of the distribution system extension given the following provisions:

- A. The DISTRICK's portion will be owned and maintained by DISTRICK and will be designed to deliver recycled water at a rate of 2,000 gpm.
- B. DISTRICK will act as the "Lead Agency" and "Applicant" for all local, state, and federal permits required to construct and operate the DISTRICK's portion of the distribution system extension.
- C. USER will place on deposit with DISTRICK, funds to pay for costs associated with environmental review, and permitting. Deposited funds will be held in the Public Works Department trust fund and must contain a balance sufficient to cover the cost of all contracts or payment of fees. DISTRICK must approve the route, alignment and design of the DISTRICK's portion of the distribution system extension.
- D. USER will contract with one, or more, licensed and bonded contractors in the State of California to construct the recycled water distribution extension. Construction must meet DISTRICK standards and upon passing final inspection and testing, the DISTRICK's portion of the recycled water system extension will be accepted by DISTRICK for ownership and maintenance.
- E. DISTRICK and USER understand that the preferred route may extend across private property. DISTRICK will consider, but is not obligated to exercise its power of condemnation, if requested by USER, to acquire easements or rights-of-way needed for the construction and operation of the DISTRICK's portion of the recycled water distribution system extension. USER will deposit in the Public Works Department trust fund all funds necessary for DISTRICK to acquire any easements or rights-of-way.

All the terms, covenants, conditions, provisions and agreements of said Agreement, as amended, shall remain in full force and effect.


DISTRICT:

USER:

COUNTY OF SANTA BARBARA
LAGUNA COUNTY SANITATION DISTRICT

SANTA MARIA PACIFIC, LLC

By: _____
Chair, Board of Directors

By: 
David L. Pratt, President

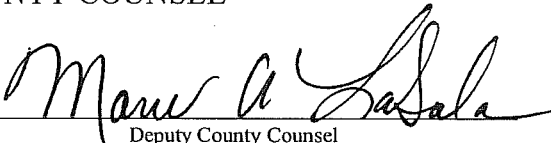
Date: _____

Date: 2/10/09

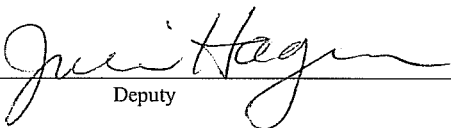
ATTEST:
MICHAEL F. BROWN
CLERK OF THE BOARD

By: _____
Deputy

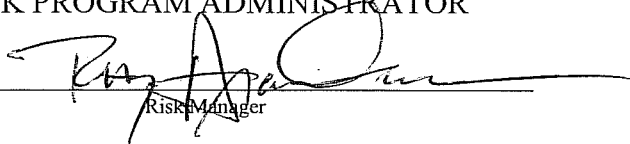
APPROVED AS TO FORM:
DENNIS A. MARSHALL
COUNTY COUNSEL

By: 
Deputy County Counsel

APPROVED AS TO ACCOUNTING FORM:
ROBERT W. GEIS, CPA
AUDITOR-CONTROLLER

By: 
Deputy

APPROVED AS TO FORM:
RAY AROMATORIO
RISK PROGRAM ADMINISTRATOR

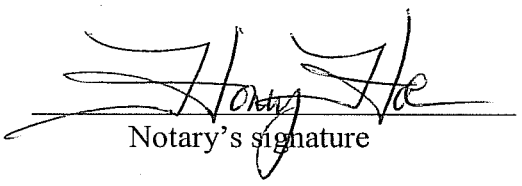
By: 
Risk Manager

STATE OF CALIFORNIA)
COUNTY OF SANTA BARBARA)
SANTA MARIA PACIFIC, L.L.C.)

On February 10, 2009, before me, Honey Ho,
_____, a Notary Public, personally appeared David H. Pratt, who
proved to me on the basis of satisfactory evidence, to be the person(s) whose name(s)
is/are subscribed to the within instrument, and acknowledged to me that he/she/they
executed the same in his/her/their authorized capacity(ies), and that by his/her/their
signature(s) on the instrument the person(s), or the entity on behalf of which the person(s)
acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the state of California
that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.


Notary's signature



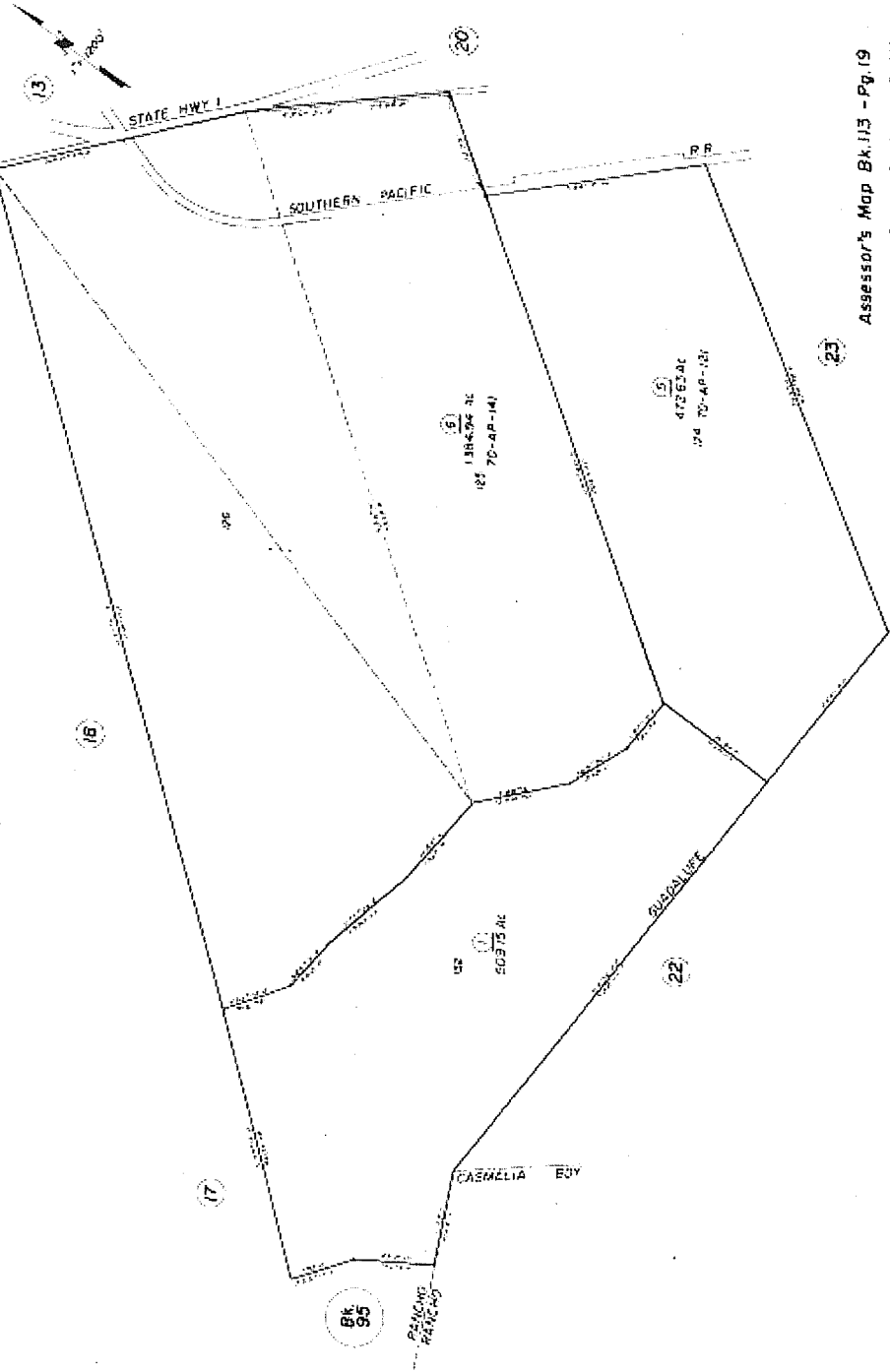
[SEAL]

EXHIBIT A

PHYSICAL PROPERTIES USING RECYCLED WATER

113-19

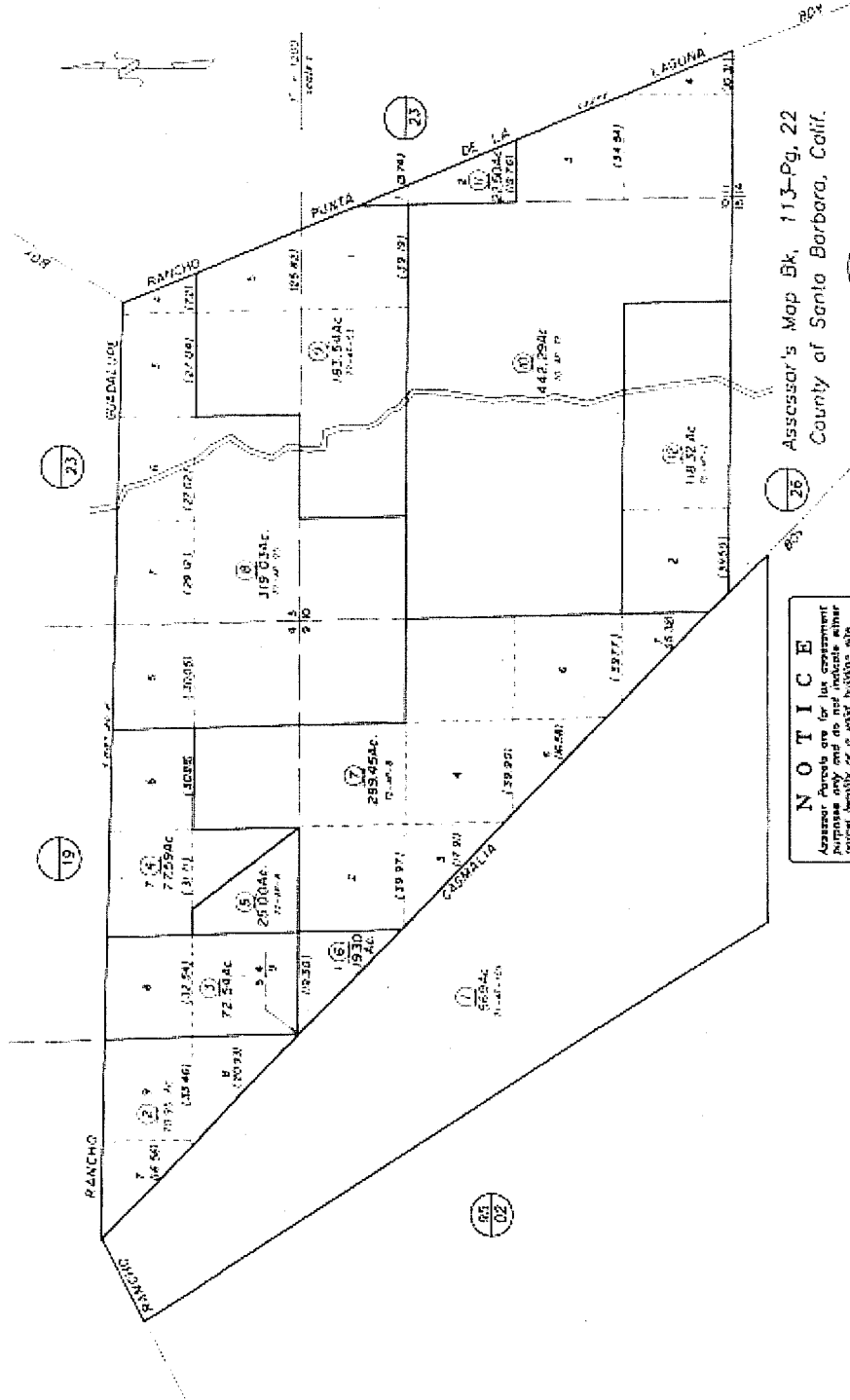
RANCHO GUADALUPE



Assessor's Map Bk 113 - Pg. 19
County of Santa Barbara, Calif.

NOTE - Assessor's Block Numbers Shown in Circles
Assessor's Parcel Numbers Shown in Dashes.

POR. T9N R35W SBB&M & RANCHO CASMALIA



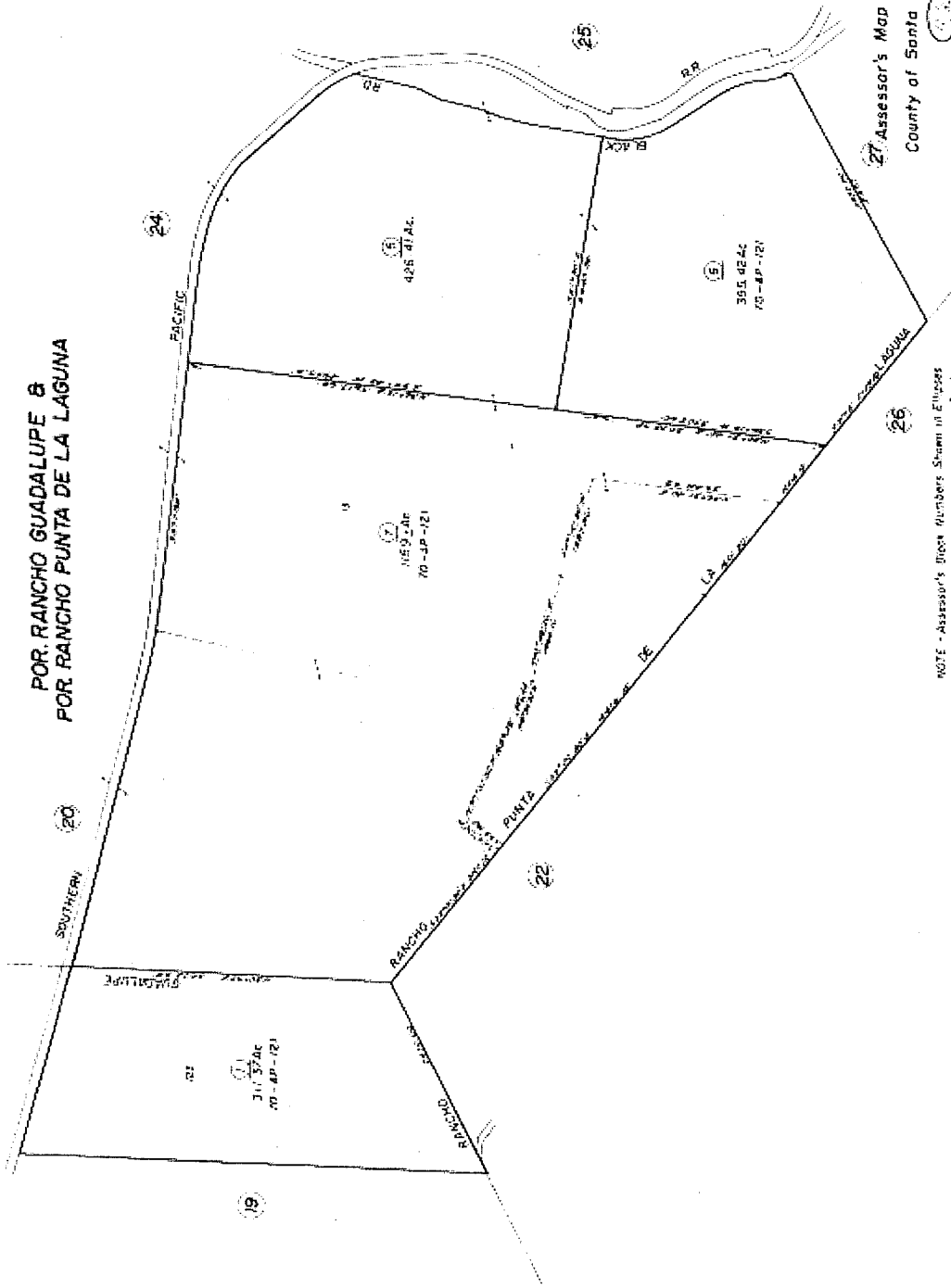
NOTICE
 Assessor's Parcels are for tax assessment purposes only and do not indicate either parcel legality or a valid building site.

Assessor's Map Bk. 113-Pg. 22
 County of Santa Barbara, Calif.

00004



FOR RANCHO GUADALUPE B
FOR RANCHO PUNTA DE LA LAGUNA



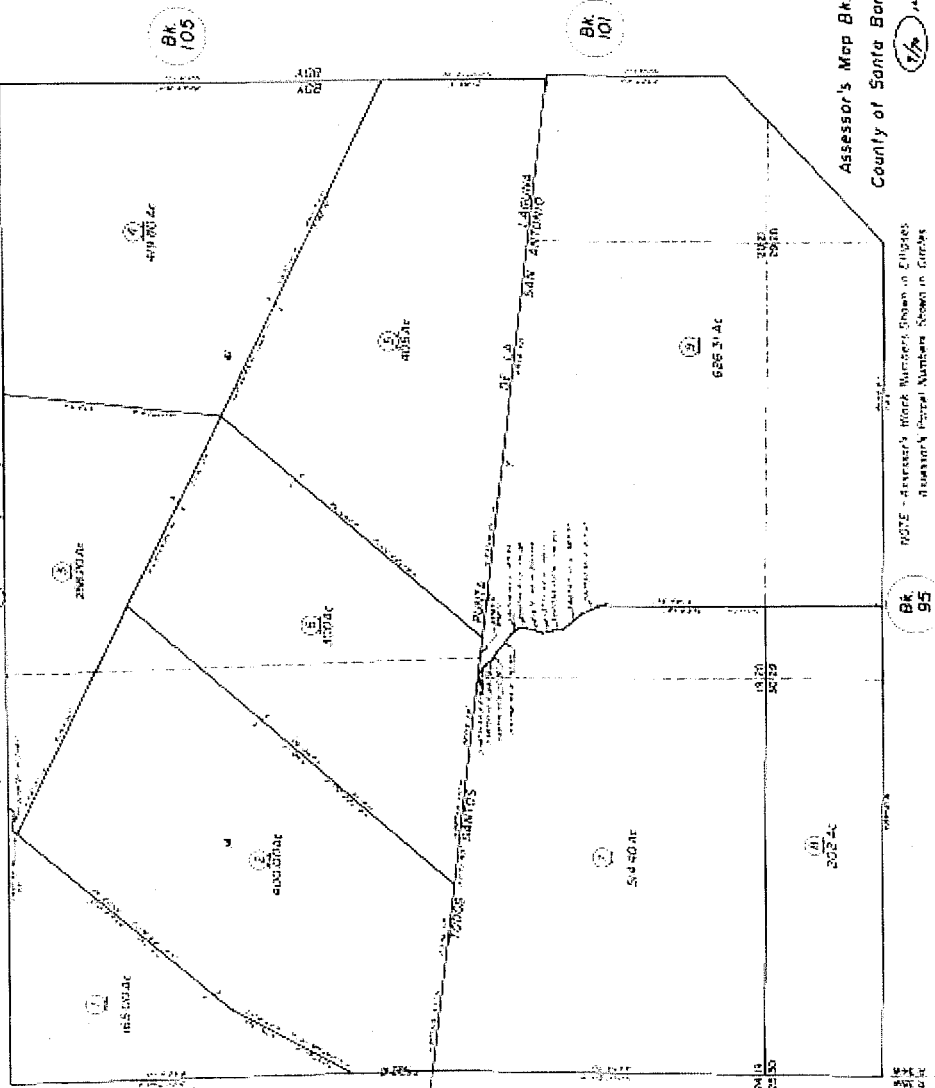
27 Assessor's Map Bk 113 -Pg. 23
County of Santa Barbara, Calif.

NOTE - Assessor's Block Numbers Shown in Ellipses
Assessor's Parcel Numbers Shown in Circles

113-28



POR RANCHO PUNTA DE LA LAGUNA & POR RANCHO TODOS SANTOS Y SAN ANTONIO
Tax Area Code
25, T9N, R34, 36W



Bk 105

Bk 101

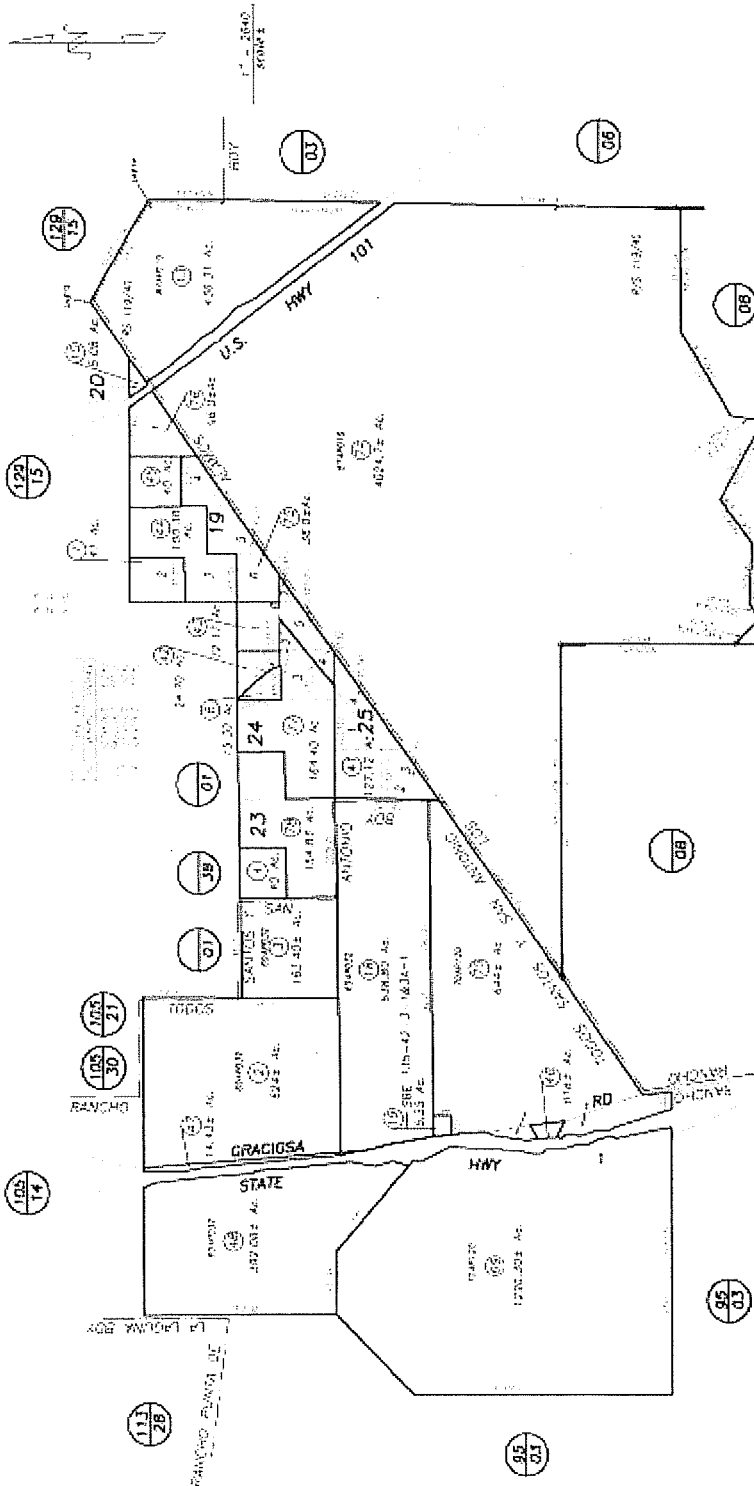
Bk 95

Assessor's Map Bk 113 - Pg. 28
County of Santa Barbara, Calif.

NOTE - Assessor's Block Numbers Shown in Circles
Block's Parcel Numbers Shown in Curly

1/4" = 1.00 mile

POR. RANCHOS LOS ALAMOS & TODOS SANTOS Y SAN ANTONIO
 POR. T9N R33 & 34W SBB&M



Assessor's Map Bk, 101-Pg. 02
 County of Santa Barbara, Calif.

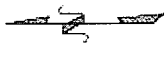
NOTICE
 Assessor Parcel #s for tax assessment
 purposes only and do not indicate either
 parcel legality or a valid building etc.

09/03
 Corrected Map 101-Pg. 02

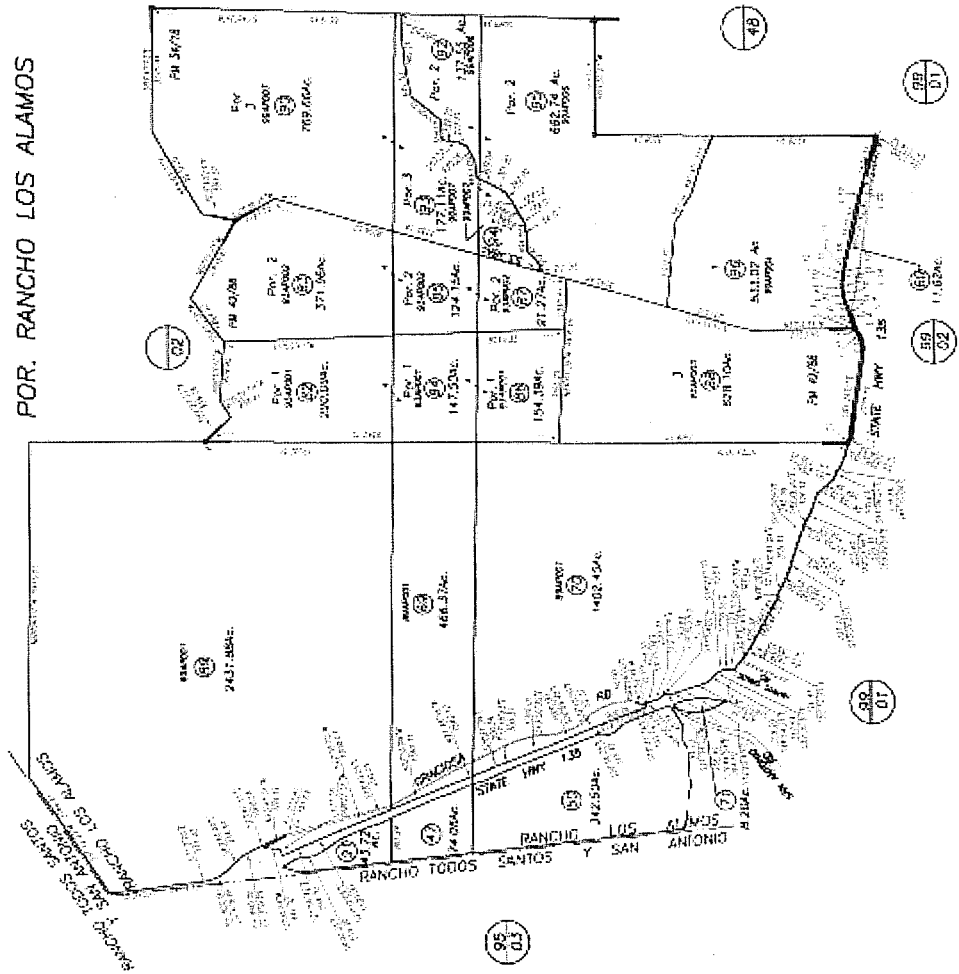
POR. RANCHO LOS ALAMOS

101-08

NO.	AREA	ACRES
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20



1" = 2740'
SCALE

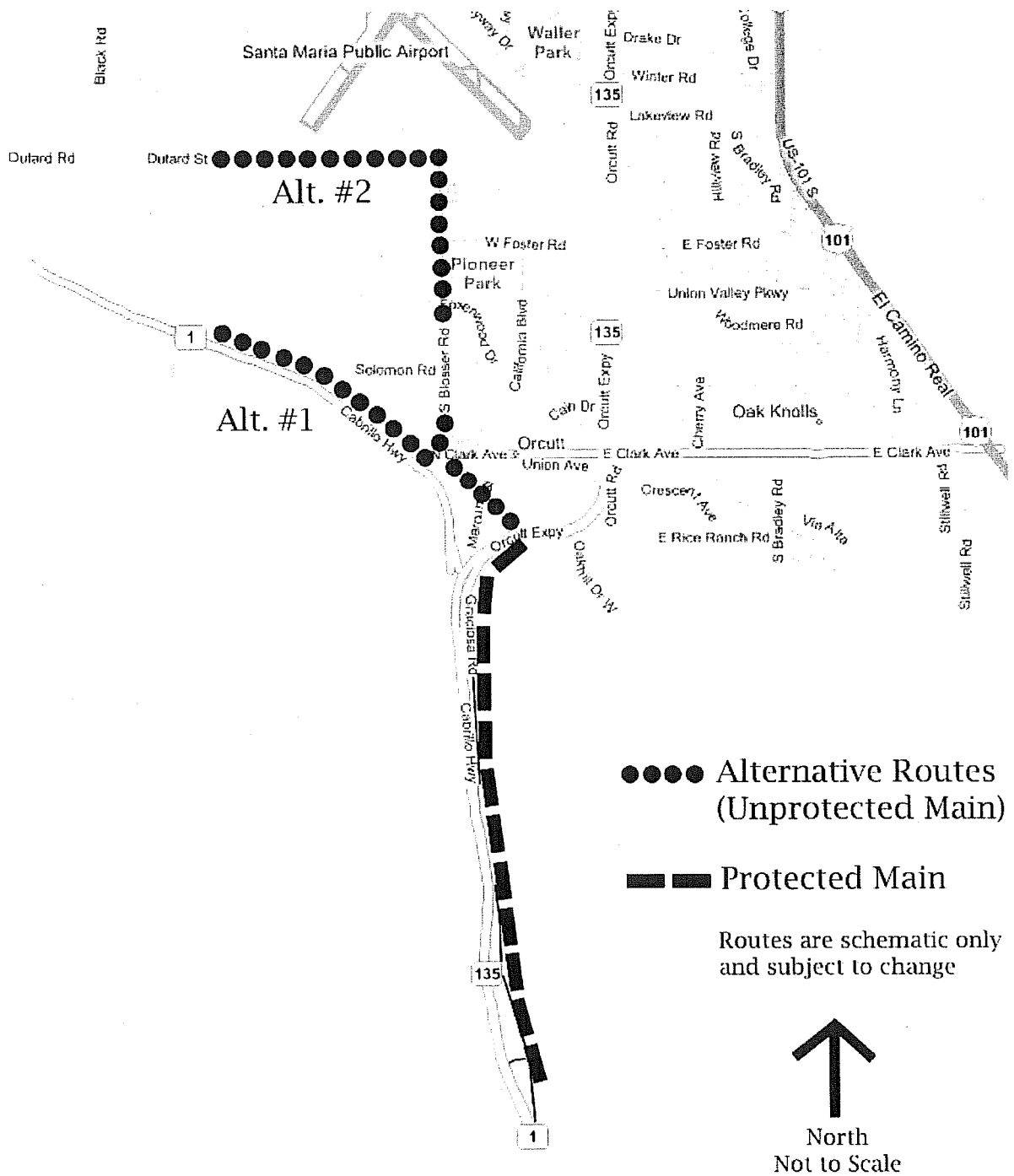


NOTICE
Assessor Parcel IDs for any assessment purposes shall be based on the Assessor's Parcel Map as shown on this map.

Assessor's Map Bk. 101- Pg. 08
County of Santa Barbara, Calif.

101-08-01, 02, 03, 04, 05, 06, 07, 08, 09, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20

EXHIBIT D



Protected Main Exhibit