



January 7, 2019

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

Re: Assignment of 1963 Contract to Central Coast Water Authority
(CCWA)

Board of Directors

Floyd Wicks
President

Tobz Plough
Vice President

Ken Coates
Director

Brian Goebel
Director

Cori Hayman
Director

**General Manager
and Board Secretary**
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Dear Chair Lavagnino and Members of the Board of Supervisors:

The Montecito Water District 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. CCWA accepts full responsibility for the 1963 Contract and the County of Santa Barbara is fully released from 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 successfully done. As a result of the signing of the Transfer of Financial Responsibility Agreement, CCWA constructed the local State Water Project facilities, and that construction was completed in 1997; on time and on budget. The County did not assume any responsibility for the ongoing amortization payments made toward the pipeline, treatment plant, pump stations and storage tanks.

Since 1997, the State of California has delivered State Water Project (SWP) water to CCWA, which has delivered that water to the Montecito Water District, one of its member agencies, and other CCWA contractors. CCWA has collected, treated and transported the SWP water entirely at our costs, which we, in turn, have passed on to our customers. The County has not had to supplement any costs whatsoever, toward the delivery of SWP water supplies.

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 commitments made by the parties in 1991.

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

1. Placing decision-making authority in the hands of the customers who pay 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 redundant and unnecessary approvals by the County.

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

Thank you for your kind consideration.

Sincerely,



Floyd Wicks, Board President
Montecito Water District

Attachment: Assignment, Assumption, and Release Agreement