



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

A-15

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

Department Name: Flood Control
Department No.: 054
For Agenda Of: July 1, 2008
Placement: Administrative
Estimated Tme:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Directors, Flood Control and Water Conservation District

FROM: Department Director(s) Contact Info: Scott McGolpin, Public Works Director, 568-3010 *SM*
Thomas Fayram, Deputy Public Works Director, 568-3436 *TDF*

SUBJECT: State Water Project and Agreement with Department of Water Resources regarding delivery of 1,000 Acre feet of water to Kern County Water Agency for a ground water bank

County Counsel Concurrence

As to form: Yes

Other Concurrence: N/A

As to form: N/A

Auditor-Controller Concurrence

As to form: N/A

Recommended Actions:

Approve and authorize the Chair to execute an Agreement to allow the State Department of Water Resources (DWR) to deliver 1,000 acre feet of water to the Kern County Water Agency (KCWA) for storage in a groundwater bank on behalf of the Carpinteria Valley Water District (CVWD).

Summary Text:

The Board of Supervisors, acting as the Board of Directors of the Santa Barbara County Flood Control and Water Conservation District is asked to approve and execute the attached Letter Agreement with DWR that provides for transfer of 1,000 of acre feet of water to a ground water bank on the Strand Ranch in Kern County operated by the Rosedale-Rio Bravo Water Storage District (Rosedale) and the Irvine Ranch Water District (IRWD) through the Kern County Water Agency. The Carpinteria Valley Water District would be entitled to withdraw 500 acre feet of water at a future date. If CVWD does not use its Table A amount in any give year that amount is not available to CVWD in future years.

Background:

The Santa Barbara County Flood Control and Water Conservation District (District) originally contracted for a share of the State Water Project (SWP), but has transferred its rights and responsibilities for the project to the Central Coast Water Authority (CCWA) and several CCWA members through

Water Supply Retention Agreements (executed in the mid 1980's) and the November 21, 1991 agreement with CCWA. The SWP contract establishes the District and its taxpayers as the ultimate guarantor for financial obligations of the "State" portion of the project. (The distribution facilities south of Casmalia and the water treatment plant, the "local facilities", were financed with bonds issued by CCWA directly.) The State accepts the transfer of obligations and rights but still regards the District as the contractor in case of default by CCWA in making its payments. Since the District remains the contractor for the project, your Board must approve Amendments to the SWP Contract and certain other agreements such as this letter agreement. CCWA and CVWD have requested your Board approve the Letter Agreement (Attachment A).

The Kern County Water Agency (KCWA) with its member agency the Rosedale-Rio Bravo Water Storage District (Rosedale) have partnered with the Irvine Ranch Water District (IRWD) in a ground water banking project in Kern County. In 2006, IRWD and Rosedale constructed an Interim Recharge Project on the Strand Ranch in Kern County. The pilot recharge project consists of three recharge basins covering 125 acres. Rosedale is a member agency of KCWA and holds a SWP Table A Amount of 29,900 acre-feet. All CEQA requirements have been completed for the Interim Recharge Project.

In the Interim Recharge Project, CCWA will deliver up to 1,000 acre-feet of SWP Table A Amount to KCWA which will transfer the water to the IRWD/Rosedale groundwater bank. Within five years, CCWA will have the right to recover 50% of the water placed into storage less 50% of the evaporation losses attributed to conveyance and recharge operations. In exchange for use of the Interim Recharge Project, KCWA with its member agency (in partnership with IRWD) will retain 50% of the water stored less the balance of all other losses. All water not returned to CCWA will remain in Kern County and be used locally (for overdraft correction in pursuit of perfecting the long-term recharge project).

Although the County does not play a direct role in delivery or payment issues relating to the State Water Project, the State still desires the ultimate Contracting entity to acknowledge such actions. Thus approval by your Board will allow CVWD to proceed with their project.

Fiscal and Facilities Impacts:

Budgeted: Yes Staff time to administer these types of issues for the SWP is included every year in the Water Agency cost center of the Water Resources Division of the Public Works Department.

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:			
Total	\$ -	\$ -	\$ -

Narrative:

Since CCWA is responsible for all SWP costs, including costs of operation, Board action will have no fiscal impacts on the County or the Flood Control District.

Approval of this agreement would provide future water credits given to CCWA (and thus to CVWD) for water that would have been unused in this fiscal year and therefore not available in future years.

Special Instructions:

Direct the Clerk of the Board to return the three originals of the First Amendment to Tolling and Waiver Agreement along with a copy of the minute order to the Flood Control District office, Attn: Christina Lopez. The District will forward this agreement to the State for their approval. Once the State has approved the amendment, the District will return an original to the COB for their files.

Attachments:

Proposed Letter Agreement
Letter from CCWA requesting Board Action (Attachment A)
Overview of the Letter Agreement (Attachment B)
Notice of Exemption (Attachment C)

Authored by:

Robert Almy, Water Agency Manager, 568-3542

DEPARTMENT OF WATER RESOURCES

1416 NINTH STREET, P.O. BOX 942836
SACRAMENTO, CA 94236-0001
(916) 653-5791

**MAY 21 2008**

Mr. Robert Almy
Water Resources Planning Manager
Santa Barbara County Flood Control
and Water Conservation District
123 East Anapamu Street
Santa Barbara, California 93101-2058

Mr. James M. Beck
General Manager
Kern County Water Agency
3200 Rio Mirada Drive
Bakersfield, California 93308

This is in response to Central Coast Water Authority's (CCWA) request to the Department of Water Resources (DWR) for the approval to transfer up to 1,000 acre-feet of Santa Barbara County Flood Control and Water Conservation District's (SBCFCWCD) 2008 approved Table A water to Kern County Water Agency (KCWA). In return, KCWA will exchange up to 500 acre-feet of its future Table A water to SBCFCWCD. CCWA is requesting this exchange on behalf of one of SBCFCWCD's member agencies, the Carpinteria Valley Water District.

In 2006, Rosedale Rio-Bravo Water Storage District (RRBWSD), a member unit of KCWA, and Irvine Ranch Water District (IRWD) constructed an Interim Recharge Project in Kern County. Under the Interim Recharge Project, SBCFCWCD will deliver up to 1,000 acre-feet of its approved 2008 Table A water to KCWA to store in the IRWD/RRBWSD groundwater bank. Fifty percent (50%) of the stored water will be returned to SBCFCWCD by May 1, 2013. The exchange water will be from RRBWSD's portion of KCWA's future allocation of Table A water in the year when the water is returned. The remainder of the banked water, minus losses, will remain in Kern County and be used locally.

CCWA, on behalf of SBCFCWCD, has determined that this water exchange is categorically exempt from the California Environmental Quality Act (CEQA) under Guidelines Section 15301 (Existing Facilities), and has filed a Notice of Exemption (NOE) with the State Clearinghouse (SCH #2008058069) on May 8, 2008. DWR will file an NOE based on CEQA Guidelines Section 15301 and the following criteria: the proposed project uses only existing facilities for the transfer of water from one State Water Project (SWP) contractor's service area to another SWP contractor's service area; is wholly within the SWP place of use; and is expected to result in no change in land use.

DWR is willing to approve the delivery of a portion of SBCFCWCD's 2008 Table A water to KCWA in exchange for the return of a portion of KCWA's future approved Table A water to SBCFCWCD under the following terms and conditions:

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GENERAL PROVISIONS

1. DWR's approval under this Letter Agreement is unique and shall not be considered a precedent for future agreements.
2. This Letter Agreement shall become effective on the date of execution by all the parties and shall remain in effect through December 31, 2013.
3. The water delivered under this Letter Agreement shall be contingent on, and subject to, any necessary approvals and shall be governed by the terms and conditions of such approvals and any other applicable regulations. SBCFCWCD and KCWA shall be responsible for complying with all applicable laws and regulations and for securing any required consent, permit, or order. SBCFCWCD and KCWA shall furnish to DWR copies of all approvals and agreements required for the delivery of water under this Letter Agreement.
4. DWR will maintain records documenting the conveyance of SBCFCWCD's approved 2008 Table A water to KCWA and the return delivery of exchange water from KCWA to SBCFCWCD. KCWA and SBCFCWCD shall certify to the State Water Project Analysis Office the amount of SBCFCWCD's SWP water delivered to KCWA and the return delivery of exchange water from KCWA to SBCFCWCD under this Letter Agreement by January 31st of the year following the actual delivery.

WATER DELIVERED FROM SBCFCWCD TO KCWA

5. The water delivered to KCWA shall be from SBCFCWCD's 2008 approved Table A water.
6. The delivery of a portion of SBCFCWCD's approved 2008 Table A water to KCWA shall be in accordance with a schedule approved by DWR. DWR's approval is dependent upon the times and amounts of the delivery and the overall delivery capability of the SWP. DWR shall not be obligated to deliver the water at times, locations, or in amounts in excess of KCWA's contractual limitations if those deliveries adversely impact SWP contractors, operations, or facilities.
7. SBCFCWCD shall obtain KCWA's approval for the water delivery schedule before submitting the schedule to DWR. All water delivery schedules and revisions shall be in accordance with Article 12 of SBCFCWCD's and KCWA's long-term Water Supply Contracts with DWR. The sum of deliveries scheduled to KCWA under this Letter Agreement plus KCWA's scheduled approved annual Table A deliveries shall not exceed its contractual limits, unless DWR determines that deliveries will not adversely impact SWP contractors, operations, or facilities.

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8. DWR will deliver up to 1,000 acre-feet of SBCFCWCD's approved 2008 Table A water, previously scheduled for delivery to SBCFCWCD's service area, to KCWA. Deliveries to KCWA will be from Reach 12E of the California Aqueduct. Delivery of 2008 water supplies shall be completed by December 31, 2008.

RETURN WATER DELIVERED FROM KCWA TO SBCFCWCD

9. The return water delivered to SBCFCWCD shall not exceed 500 acre-feet and shall be from KCWA's future Table A water allocated to KCWA in the year that water is returned.
10. The delivery of return water to SBCFCWCD shall be in accordance with a schedule approved by DWR. DWR's approval is dependent upon the times and amounts of the delivery and the overall delivery capability of the SWP. DWR shall not be obligated to deliver the water at times, locations, or in amounts in excess of SBCFCWCD's contractual limitations if those deliveries would adversely impact SWP contractors, operations, or facilities.
11. KCWA shall obtain SBCFCWCD's approval of the water delivery schedule before submitting the schedule to DWR. All water delivery schedules and revisions shall be in accordance with Article 12 of SBCFCWCD's and KCWA's long-term Water Supply Contracts with DWR. The sum of deliveries scheduled to SBCFCWCD under this Letter Agreement plus SBCFCWCD's scheduled approved annual Table A deliveries for the year of delivery shall not exceed its contractual limitations, unless DWR determines that deliveries will not adversely impact SWP contractors, operations, or facilities.
12. DWR will deliver up to 500 acre-feet of KCWA's future Table A water scheduled for delivery to KCWA's service area to SBCFCWCD's service area from Reaches 37 and 38 of the Coastal Aqueduct. Delivery of KCWA's future Table A water to SBCFCWCD shall be completed by December 31, 2013.

SWP TABLE A ALLOCATION

13. Water returned to SBCFCWCD under this Letter Agreement shall not be considered by DWR in the determination of approved annual Table A deliveries or allocation of other SWP water to SBCFCWCD under Article 18 of SBCFCWCD's long-term contract.

LIABILITY

14. Notwithstanding Article 13 of the long-term Water Supply Contract, in the event that any claim of liability against DWR, its officers, employees, or agents arises out of this

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Letter Agreement, SBCFCWCD and KCWA agree to defend, indemnify, and hold DWR and any of its officers, employees, and agents, jointly or severally, harmless from any such claim.

15. SBCFCWCD and KCWA shall be responsible for any identified adverse impacts that may result from deliveries under this Letter Agreement as determined by DWR.

CHARGES

16. When the water is delivered to KCWA under this Letter Agreement, KCWA shall pay to DWR the charges associated with the delivery of this water from the Delta to KCWA's turnouts at Reach 12E of the California Aqueduct. KCWA shall pay to DWR the 2008 variable operation, maintenance, power, and replacement components of the Transportation Charge and Off-Aqueduct Power Facilities Charge associated with the delivery of water exchanged by SBCFCWCD from the Delta to KCWA's point of acceptance. This Letter Agreement shall be subject to and governed by the provisions of KCWA's long-term Water Supply Contract.
17. In the year when water is returned to SBCFCWCD, SBCFCWCD shall pay to DWR the charges associated with the delivery of the return water from the Delta to SBCFCWCD's turnouts at Reaches 37 and 38 on the Coastal Aqueduct. The charges associated with the return water will be the variable operation, maintenance, power, and replacement component of the Transportation Charge and the Off-Aqueduct Power Facilities Charges in effect for the year when the water is returned to SBCFCWCD.
18. In addition to the charges identified above, SBCFCWCD and KCWA agree to pay to DWR any identified demonstrable increase in costs that would otherwise be borne by the SWP contractors not signatory to this Letter Agreement or by DWR as a result of activities pursuant to this Letter Agreement.
19. Payment terms shall be in accordance with SBCFCWCD's and KCWA's long-term Water Supply Contracts with DWR.

EXECUTION

20. This Letter Agreement may be executed in counterpart. The parties agree to accept facsimile signatures as original signatures. The agreement shall take effect as soon as all parties have signed.
21. Immediately after execution, SBCFCWCD and KCWA shall transmit a copy of the executed Letter Agreement by facsimile to Robert B. Cooke, Chief, State Water Project Analysis Office at (916) 653-9628 and to each other at:

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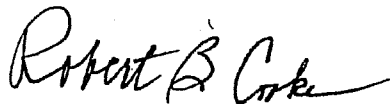
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SBCFCWCD: (805) 568-3434
KCWA: (661) 634-1428

If SBCFCWCD or KCWA needs a Board of Directors' approval of this Letter Agreement, that party shall send a facsimile of the board approval to the other two parties.

If you have any questions about these conditions, please contact me at (916) 653-4313 and refer to SWPAO # 08008.

Sincerely,



Robert B. Cooke, Chief
State Water Project Analysis Office

ACCEPTED:

SANTA BARBARA COUNTY FLOOD CONTROL
AND WATER CONSERVATION DISTRICT

KERN COUNTY WATER AGENCY

Signature
Supervisor Salud Carbajal
Chair, Board of Directors

Title

July 1, 2008

Date

Signature

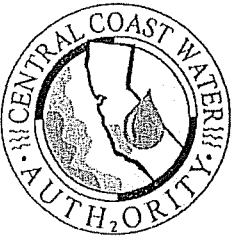
Title

Date

Enclosures

cc: Mr. Terry Erlewine, General Manager
State Water Contractors
455 Capitol Mall, Suite 220
Sacramento, California 95814

Attachment A



June 12, 2008

Leo Trujillo
Chairman

Fred Lemere
Vice Chairman

William J. Brennan
Executive Director

Brownstein Hyatt
Farber Schreck
General Counsel

Member Agencies

City of Buellton

Carpinteria Valley
Water District

City of Guadalupe

City of Santa Barbara

City of Santa Maria

Goleta Water District

Montecito Water District

Santa Ynez River Water
Conservation District,
Improvement District #1

Associate Member

La Cumbre Mutual
Water Company

Rob Almy
Santa Barbara County Water Agency
123 East Anapamu Street
Santa Barbara, Ca. 93101-2058

Subject: State Water Project and Agreement with Department of Water Resources
regarding delivery of 1,000 Acre feet of water to Kern County Water Agency
for a ground water bank.

Dear Rob:

In accordance with the November 12, 1991 transfer of Financial Responsibility
Agreement between the Santa Barbara County Flood Control and Water
Conservation District (SBCFC&WCD) and CCWA, we request that the
SBCFC&WCD execute the above referenced agreement on behalf of CCWA.

Thank you for your assistance.

Sincerely,

Bill Brennan
Executive Director

WJB

255 Industrial Way
Buellton, CA 93427-9565
(805) 688-2292
FAX: (805) 686-4700



Attachment B
Overview of Proposed Short-Term Exchange and Water Banking Program
Between the
Central Coast Water Authority and the
Kern County Water Agency

Parties:

- The Central Coast Water Authority (CCWA) with its project participant, the Carpinteria Valley Water District (CVWD).
- The Kern County Water Agency (KCWA) with its member agency the Rosedale-Rio Bravo Water Storage District (Rosedale) who has partnered with the Irvine Ranch Water District (IRWD) in a ground water banking project in Kern County.

Project:

In 2006, IRWD and Rosedale constructed an Interim Recharge Project on the Strand Ranch in Kern County. The pilot recharge project consists of three recharge basins covering 125 acres. Rosedale is a member agency of KCWA and holds a SWP Table A Amount of 29,900 acre-feet. All CEQA requirements have been completed for the Interim Recharge Project.

In the Interim Recharge Project, CCWA will deliver up to 1,000 acre-feet of SWP Table A Amount to KCWA which will transfer the water to the IRWD/Rosedale groundwater bank. Within five years, CCWA will have the right to recover 50% of the water placed into storage less 50% of the evaporation losses attributed to conveyance and recharge operations. In exchange for use of the Interim Recharge Project, KCWA with its member agency (in partnership with IRWD) will retain 50% of the water stored less the balance of all other losses. All water not returned to CCWA will remain in Kern County and be used locally (overdraft correction in pursuit of perfecting the long-term recharge project).

Schedule:

Delivery and recharge of up to 1,000 acre-feet will occur by December 31, 2008. Recovery of the stored water by CCWA will occur by December 31, 2013.

Recovery Method:

CCWA's recovery of stored water shall be by means of exchange of KCWA SWP water (from Rosedale's account) for banked water. The schedule for recovery shall be subject to Rosedale's ability to exchange water in any given year, given its contractual obligations. Physical extraction from the groundwater bank will not be utilized in the Interim Recharge Project.

Delivery, Recharge and Recovery Costs:

IRWD, in partnership with Rosedale and with the consent of KCWA, will reimburse CCWA for all variable costs incurred for the initial transport and recharge of the banked water. CCWA will be responsible for all DWR fixed costs. CCWA will reimburse those variable costs back to IRWD for any water that is returned to CCWA through the exchange.

NOTICE OF EXEMPTION

To: Office of Planning and Research
P.O. Box 3044, Room 212
Sacramento, CA 95812-3044

From: Central Coast Water Authority
255 Industrial Way
Buellton, CA 93460

To: Santa Barbara County
Clerk-Recorder-Assessor
105 East Anapamu Street
Santa Barbara, CA 93101

Project Title: Kern County Water Agency/Central Coast Water Authority Short-Term Exchange and Water Banking Program

Location: Santa Barbara County, Kern County

Description of Nature, Purpose, and Beneficiaries of Project: See attached "Overview of Proposed Short-Term Exchange and Water Banking Program Between the Central Coast Water Authority and the Kern County Water Agency."

Public Agency Approving or Carrying Out Activity: Central Coast Water Authority.

Public Agencies Carrying Out Activity: Kern County Water Agency; Central Coast Water Authority, Rosedale-Rio Bravo Water Storage District, Carpinteria Valley Water District, Irvine Ranch Water District.

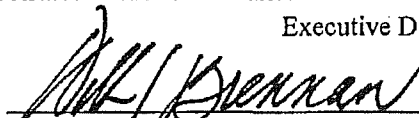
Exempt Status: Existing Facilities, 14 Cal. Code Reg. Sec. 15301.

Reasons why activity is exempt: The project involves an exchange of water between the Kern County Water Agency ("KCWA") and the Central Coast Water Authority ("CCWA"). The exchange will use existing facilities owned and operated by CCWA. There will be no change to those facilities and no construction of any additional facilities. The project will result in no impacts on existing CCWA water treatment or deliveries, since the exchange water will be delivered using existing capacity that is already available for use by Carpinteria Valley Water District.

Lead Agency Contact Person: William J. Brennan
Title: Executive Director

Telephone: (805) 688-2292

Signature:


Executive Director

Date:

5/2/08

Date received for filing by the OPR

Date received for filing by County Clerk:
