

January 24, 2019

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

Subject: Assignment of 1963 State Water Contract

Dear Chair Hartmann & Members of the Board of Supervisors:

The City of Solvang 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) would be assigned to CCWA. By way of approving this request, CCWA accepts full responsibility for the 1963 Contract and the County of Santa Barbara is fully released from its obligations under the 1963 Contract. 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 with no cost to the County.

Since 1997, the State of California has delivered State Water Project water to CCWA, which has delivered that water to the City of Solvang (through an agreement with the Santa Ynez River Water Conservation District-Improvement District 1), and other CCWA contractors. CCWA has collected, treated and transported the State Water Project water entirely at the cost of its member agencies, who in turn, have passed those costs on to their customers/ratepayers. This has occurred again at no cost to the County.

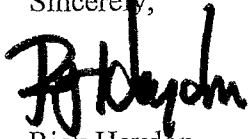
Since 1991, CCWA has never missed a single payment to the State of California, and its financial management and reporting systems have been recognized for their excellence. CCWA has been scrupulous in monitoring and auditing the costs imposed by the State on CCWA, and CCWA has been one of the statewide 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 including the following:

1. Place decision-making authority in the hands of the ratepayers and customers who pay for State Water Project water;
2. Relieve the County of all financial obligations and liability under the 1963 Contract;
3. Protect 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. Streamline decision-making at the local level.

The City of Solvang respectfully requests that the Board of Supervisors approve the proposed Agreement. Thank you in advance for your thoughtful consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Rick Haydon". The signature is written in a cursive, somewhat stylized font.

Rick Haydon  
Interim City Manager