



**BOARD OF SUPERVISORS
AGENDA LETTER**

Agenda Number:

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

Department Name: Water Agency
Department No.: 054
For Agenda Of: August 25, 2020
Placement: Administrative
Estimated Time: N/A
Continued Item: No
If Yes, date from:
Vote Required: 4/5 Vote Required

TO: Board of Directors, Water Agency

FROM: Department Scott D. McGolpin, Public Works Director, (805) 568-3010
Director(s)
Contact Info: Thomas D. Fayram, Deputy Public Works Director, (805) 568-3436

SUBJECT: Amendments to the Cachuma Project Master Contract and Member Unit Contracts, All Supervisorial Districts

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

Recommended Actions:

- a) Approve and adopt a resolution authorizing the Public Works Director to execute an Amendment to the Cachuma Project Master Contract with the U.S. Bureau of Reclamation, extending the terms and conditions of the current contract for no more than three years, upon approval of County Counsel, Auditor Controller, and Risk Manager, or their designated representatives (4/5 vote required);
- b) Approve and authorize the Public Works Director to execute First Amendments to Cachuma Project Member Unit Agreements with the Carpinteria Valley Water District, Montecito Water District, City of Santa Barbara, Goleta Water District, and Santa Ynez River Water Conservation District, Improvement District No. 1 (Member Units), extending the terms and conditions of the current contracts coterminous with the amended Master Contract and consistent with the Cachuma Project Master Contract; and
- c) Determine that the proposed actions are not projects pursuant to CEQA Guidelines Section 15378(b)(2), continuing organization or administrative activities, Section 15378(b)(5),

organization or administrative activities that will not result in a direct or indirect physical change in the environment, and further, is not subject to and is exempt from the requirements of CEQA under Guidelines Section 15061(b)(3), no possibility that the activity may have a significant effect on the environment, Section 15261(a), project approved prior to November 23, 1970, and Section 15301, operation of existing facilities.

Summary Text:

This item is on the agenda in order to approve and adopt a resolution (Attachment A) authorizing the Public Works Director to execute an Amendment to the Cachuma Project Master Contract (Master Contract) with the U.S. Bureau of Reclamation (USBR), extending the terms and conditions of the current Water Service Contract #I75r-1802R (Attachment B) for no more than three years, and First Amendments to Cachuma Project Member Unit Agreements in a form substantially the same as shown in Attachment C, extending the terms and conditions of the current contracts (Attachment D).

The Master Contract and Member Unit Contracts are due to expire on September 30, 2020. On May 2, 2017, the Board approved the Chair to sign a letter to the USBR formally requesting renewal of the Master Water Service Contract for the Cachuma Project. For the last three years, the Water Agency has taken all the steps required to execute a renewal of this contract with the USBR, however the USBR has been unable to complete the federal prerequisites to initiate negotiations and execution of a renewal contract before the date on which the Master Contract expires. The Member Unit Contracts with the Water Agency are established at the same time as the Master Contract and provide for the furnishing of a water supply from the Cachuma Project to each Member Unit.

The USBR has indicated they will be seeking an Amendment to the Cachuma Project Master Contract with the Water Agency that will extend the terms and conditions of the current Contract. USBR held a required public contract negotiation session with the Water Agency and Member Units on July 13th and provided a draft Amendment to Contract Between the United States and Santa Barbara County Water Agency for Water Service from the Project (Attachment E). The Water Agency is concerned that receipt of a final Amendment to the Contract may occur without sufficient time to bring it to the Board for approval prior to the contract expiration date. In order to provide continued water service from the Cachuma Project to the Member Units during such time as it takes to renew the contracts on a long-term basis, the Water Agency is seeking authority for the Public Works Director to execute the Amendment to the Master Contract. In addition, the Water Agency is seeking approval of First Amendments to the Member Unit Agreements extending the terms and conditions of their current contracts.

Pursuant to the most recent State Water Resources Control Board Water Rights Order 2019-0148 (Order) for the Cachuma Project, within one year of the adoption of the Order, the USBR is required to analyze the safe yield of the Cachuma Project to prevent the loss of beneficial uses of the Project during severe shortages. In determining the Project's safe yield, the USBR needs to consider the increased flow requirements in wet and above normal water years as defined by the Order, sustaining lake levels through multi-year droughts, and the potential for more frequent and severe periods of drought in the future. The Order also calls for a revision of the assumptions used

in prior determinations of the operational yield of the Project. The Water Agency is currently finalizing a safe and operational yield study with Stetson Engineering that will comply with the Order's requirements and timeframe. The Water Agency anticipates USBR will utilize the information from the yield study when considering allocation requests during the interim contract period and when considering a new yield with the new long-term contract. In addition, a reevaluation of the safe yield for the Cachuma Project was a recommendation of the Grand Jury Report "Lake Cachuma, Protecting a Valuable Resource" dated May 16, 2016.

Background:

The Cachuma Project is a federal water supply project developed by the USBR during the 1940s and 1950s to supply municipal and agricultural water to the South Coast and portions of the Santa Ynez Valley. In 1949 the first water supply contract was executed with the Water Agency for a term of 40 years from when initial deliveries began in 1955, and associated subcontracts were executed with the Cachuma Member Units to provide for payment of the Project costs. On April 14, 1996, after several phased interim contracts, a renewed Master Contract and associated Member Unit Contracts were executed for a term of 25 years from the original 1995 expiration date. Since execution of this contract, the capital costs of the Project have been fully repaid by the Member Units.

The Cachuma Operation and Maintenance Board (COMB) was formed in 1956 pursuant to an agreement with the USBR which transferred to the Member Units the responsibility to operate, repair and maintain all Cachuma Project facilities, except Bradbury Dam which the USBR continues to operate. COMB's Member Agencies include Goleta Water District, the City of Santa Barbara, Montecito Water District, and Carpinteria Valley Water District. COMB is responsible for diversion of water from Lake Cachuma to their Member Agencies through the Tecolote Tunnel. All Member Units are responsible for payments to the USBR for maintenance and operation of the Project and its facilities.

Cachuma plays a critical role in the delivery of State Water Project allocations to the South Coast Member Agencies. State Water is delivered to Lake Cachuma at Bradbury Dam under a Contract for Storage and Conveyance of Non-Project Water between the USBR and Central Coast Water Authority and the lake itself acts as the conveyance to the South Coast through the Tecolote Tunnel.

Fiscal and Facilities Impacts:

Budgeted: Yes

Fiscal Analysis:

Narrative:

Staff time is included annually in the Water Agency budget. Under the terms of the current 1996 contract, the Water Agency contributes \$100,000 per year for the benefit of the Cachuma Project, which helps fund work associated with the Project. In addition, as annually allocated in the Water Agency budget, funding for other technical work and analyses for both the Cachuma and Twitchell Projects have occurred that the Water Agency is ideally situated to provide.

The capital costs of the Cachuma Project were paid off in 2015, ongoing operations and maintenance costs incurred by the USBR will continue to be paid annually by the Member Units. No General Fund monies will be utilized with this Board action.

Special Instructions:

Direct the Clerk of the Board to return a copy of the resolution and minute order of these actions to the Water Agency office: Attn: Christina Lopez.

Attachments:

- Attachment A – Resolution to Authorize the Public Works Director to Execute an Interim Cachuma Project Master Contract
- Attachment B – Cachuma Master Contract #I75r-1802R (Copy)
- Attachment C – First Amendment to Cachuma Member Unit Contract (Example)
- Attachment D – Cachuma Project Member Unit Contract (Example), 1996
- Attachment E – Amendment to Contract Between the United States and Santa Barbara County Water Agency for Water Service from the Project (Draft)

Authored by:

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