



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: Flood Control
Department No.: 054
For Agenda Of: 01/12/10
Placement: Set Hearing on 1/19/10
Estimated Tme: 1 hour on 1/19/10
Continued Item: No
If Yes, date from:
Vote Required: Majority

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

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

SUBJECT: Reacquisition of Suspended State Water for Drought Buffer Purposes, All Supervisorial Districts

County Counsel Concurrence

As to form: N/A

Auditor-Controller Concurrence

As to form: N/A

Other Concurrence: N/A

As to form: No

Recommended Actions:

That the Board of Directors:

Set time on the departmental agenda on January 19, 2009 to consider the request of the Central Coast Water Authority (CCWA) as follows (ESTIMATED TIME: 1 hour):

- a. Receive a report from CCWA regarding reacquisition of 12,214 acre-feet of suspended State Water; and
- b. Direct Staff of the CEO's Office and Public Works to work with CCWA on developing an agreement for proceeding with the request and return to the Board (Departmental Agenda) for further action.

Summary Text:

The County of Santa Barbara entered into a contract with the State Department of Water Resources (DWR) in 1963 to receive up to 57,700 acre-feet per year (AFY) allocation from the State Water Project. The County, through the Flood Control and Water Conservation District (District), began making annual payments to the State for its share of the capital costs of the project.

In the early 1980s, after an unsuccessful bond election to pay for local facilities, several water purveyors opted to assume responsibility for payment for 45,486 AFY of the County allocation through a series of Water Supply Retention Agreements (WSRA). At the same time DWR agreed to suspend the payments

on the remaining 12,214AFY pursuant to Contract Amendment No. 9. In a subsequent and separate agreement, DWR gave the County the option to reacquire suspended allocation later if desired. Under the option all of the suspended costs would have to be paid plus interest for any portion of reacquired allocation.

In 1991, CCWA was formed by the various water purveyors to manage the delivery of State Water to the Santa Barbara County. Under the management of the CCWA, the Coastal Branch connection to the State Water Project was completed in 1995 with a design capacity of 39,078 AFY. Since then, CCWA has operated the Coastal Branch and distributed water to its member water purveyors. In addition, with the execution of the Transfer of Financial Responsibility Agreement (TFRA) with the County, CCWA has been responsible for fiscal matters relating to State Water, including all the payments to DWR and protecting the County in the event of one or more of its member units fails to meet its financial responsibilities.

While State Water has been delivered to the County since 1997, several recent years have seen severe cutbacks in water deliveries due to drought conditions and regulatory restrictions on pumping water from the California Delta. The table below illustrates the percent of maximum deliveries of State Water over the past few years.

<u>Year</u>	<u>% of Table A Delivery</u>
2009	40
2008	35
2007	60
2006	100
2005	90
2004	63
2003	90
2002	70
2001	38
2000	90

CCWA has requested that the County initiate the process with DWR to reacquire 12,214 AFY of suspended project allocation (see attached letter). Because the County still officially is the contractor, the State requires this action to be requested by the County. CCWA intends to use this additional allocation to improve reliability of deliveries to Santa Barbara County. The additional allocation would allow CCWA to make deliveries closer to its current allocation in years where there are not full deliveries of State Water. The reacquired water would then in effect allow the delivery of more water to local purveyors than would otherwise have been delivered. It would also allow CCWA to “bank” additional water for delivery in future years, again when deliveries are below the needed allocation amounts.

Since CCWA has stated that there is no plan or effort to construct any additional conveyance facilities, deliveries of State Water would be constrained to the current capacity of the Coastal Branch.

State Water is considered a supplemental water supply. While the City of Santa Maria uses State Water for up to 90% of its water (if available, groundwater makes up any shortfalls), many CCWA member units rely on State Water for 10% - 20% of its supply. Water purveyors round out their water supply with a combination of local surface water reservoirs and groundwater. Thus firming up the delivery of State Water will reduce the use of these local supplies which ultimately makes those supplies more reliable for all users during extended or severe drought conditions.

In addition to our local supplies, a strong conservation program is also needed to manage the overall water supply needs of the County. The Water Agency runs a regional water conservation program in cooperation with many of the CCWA's water purveyors. The Water Agency plans to continue its efforts promoting conservation including additional rebate programs to encourage low water use fixtures and landscaping. New State requirements also require landscape areas in new development meet certain water use requirements.

Staff from CCWA, and staff from various water purveyors, will do a presentation on January 19th, 2010 providing further details on the request and how this benefits the overall water supply picture. Staff will also be available for questions.

If the Board provides direction to proceed with the request, staff from the CEO's office, County Counsel, and Public Works will work with CCWA to return to the Board with an agreement for processing the request. Future actions that would be required include public workshops and completing a CEQA review.

Background:

In 1963, the County executed a water supply contract (SWP Contract) with the DWR to furnish up to 57,700 acre feet of water per year from the State Water Project. The County began making payments for its share of SWP system capital costs. Because the County would not take the water for at least fifteen years, local funding for in-County facilities to distribute the water locally was not included in the County approval.

A 1979 local bond election to pay for construction of in-County SWP distribution facilities failed. In 1981 the District began a process to sign over certain rights and responsibilities for 45,486 AF to several Santa Barbara County area water purveyors through Water Supply Retention Agreements.

In 1981, the District requested and DWR agreed to allow the District to suspend payments on 12,214 AFY of SWP water and the associated transportation facilities costs. This amount was the difference between the 1963 contract amount and the amount retained by County purveyors in 1981. In 1987, DWR granted the District the right to reacquire this suspended water as part of a separate settlement agreement.

In June 1991, voters approved several local water purveyors to finance construction of local distribution facilities and participate in the construction and operation of the Coastal Branch (Phase II) system allowing for delivery of the water to Santa Barbara County. CCWA was formed in August of 1991 to represent purveyors in SWP matters and to design, build, operate and maintain the Coastal Branch Phase II Extension along with related water treatment, storage and local pipeline facilities. In November 1991

a Transfer of Financial Responsibility Agreement between the District and CCWA was executed which consolidated and delegated rights/responsibilities associated with the SWP Contract with CCWA.

The District now requests direction in regard to the reacquisition of the suspended 12,214 AF of State 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:			
Total	\$ -	\$ -	\$ -

Narrative:

Pursuant to the terms of the Transfer of Financial Responsibility Agreement, CCWA and its member units are responsible for all costs associated with the State Water Project, including any reacquisition. CCWA has agreed to reimburse the County all costs associated with any reacquisition process.

Special Instructions:

Direct the Clerk of the Board to send a copy of the minute order of this action to the Flood Control District office, Attn: Christina Lopez

Attachments:

Letter from CCWA dated September 4, 2009

Authored by: Tom Fayram, Deputy Public Works Director, 568-3436

cc: