



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:** December 13, 2016  
**Placement:** Admin  
**Estimated Time:** N/A  
**Continued Item:** Yes  
**If Yes, date from:** November 1, 2016  
**Vote Required:** Majority

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

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

**SUBJECT:** **Reacquisition of Santa Barbara County Flood Control and Water Conservation District's Suspended State Water, All Supervisorial Districts**

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**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 authorize the Chair to execute the Term Sheet regarding Reacquisition of Table A Water as negotiated with the Central Coast Water Authority as the basis of developing terms of an Implementation Agreement with the Central Coast Water Authority and its participating members in reacquisition of Santa Barbara County's Suspended Table A State Water;
- b) Direct staff of the County Executive Office, County Counsel, and Public Works Department to negotiate an Implementation Agreement to facilitate execution of an Amendment to the State Water Contract allocating costs and responsibilities for reacquisition of the suspended water to the Central Coast Water Authority and return to the Board for final approval;
- c) Direct staff to negotiate an amendment to the State Water Contract with the Department of Water Resources to reacquire the suspended water and return to the Board for final approval; and
- d) Determine that the proposed action is not a project under the California Environmental Quality Act, pursuant to Guidelines Section 15378(b)(5), organization or administrative activities that will not result in a direct or indirect physical change in the environment.

**Summary Text:**

This item is on the agenda to consider approving the Term Sheet (Attachment A) as a basis of developing an Implementation Agreement with the Central Coast Water Authority (CCWA) to reacquire the 12,214 acre-feet (AF) of suspended State Water Project (SWP) allocation, also called Table A Water.

On November 1, 2016, your Board directed staff to negotiate terms of the reacquisition with CCWA. Attachment A is the proposed terms of the reacquisition. CCWA will be responsible for completing environmental review under the California Environmental Quality Act (CEQA). Ultimately, a contract amendment to the SWP Contract will need to be executed. Prior to approving an amendment, the State Department of Water Resources (DWR) requires completion of the following items as identified in their letter dated June 21, 2016:

- California Environmental Quality Act (CEQA) Compliance,
- Demonstration that the reacquired water can be put to beneficial use given conveyance constraints,
- Repayment of all suspended costs plus interest since 1981, and
- Payment of all future costs associated with the SWP allocated to that water.

At the Board's direction, the first step to completing this reacquisition would be an agreement between CCWA and the Flood Control District (District) to complete the necessary steps for a contract amendment. Items for this agreement would include:

- Indemnification of the District from any and all liabilities associated with this transaction,
- Require CCWA to comply with all DWR requirements including CEQA (CCWA completed CEQA on all other SWP actions since its formation), and
- Require CCWA pay all costs for completing this transaction including: all past charges due to DWR, all past District payments plus interest, all future costs incurred by the District for completing this transaction.

As a part of the process the Implementation Agreement will be a new stand-alone agreement that will offer full indemnification to the District from CCWA, and the participating members in this reacquisition, as well as completion of the various terms.

**Background:**

The District entered into a contract with DWR in 1963 to receive up to 57,700 acre-feet per year (AFY) of allocation from the State Water Project. The District then began making annual payments to DWR for its share of the capital costs of the project.

After an unsuccessful bond election in the early 1980s to pay for local facilities, several water purveyors opted to assume responsibility for payment for 45,486 AFY of the District's allocation through a series of Water Supply Retention Agreements (WSRAs). Around the same time, DWR agreed to suspend the payments on the remaining 12,214 AFY. Also, DWR gave the District the option to reacquire suspended allocation at a later date if desired. Under this option, all of the suspended costs would have

to be paid plus interest for any portion of reacquired allocation. CCWA has since been in contact over the years with DWR to express their interest in ultimately reacquiring this water.

In 1991, CCWA was formed by the various water purveyors to manage the delivery of State Water to Santa Barbara County. Under the management of the CCWA, the Coastal Branch connection to the SWP 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 District, CCWA has been responsible for fiscal matters relating to State Water, including all the payments to DWR and protecting the District in the event that one or more of its member units fails to meet its financial responsibilities.

**Fiscal and Facilities Impacts:**

Budgeted: N/A

**Fiscal Analysis:**

Narrative:

Pursuant to the TFRA, all District costs associated with the SWP are subject to reimbursement by CCWA.

Costs to reacquire this water will include payment of suspended costs plus interest to DWR and repayment of past payments made by the District, plus interest. These costs will be borne by the CCWA members that participate and are estimated at approximately \$30 million. Ongoing annual costs are estimated by CCWA at approximately \$150 per AF. These costs, like other CCWA drought buffer water (currently held by CCWA and Goleta Water District) are far less expensive than its other Table A Water since the capital costs for most of the Coastal Aqueduct are not allocated to drought buffer water.

There are no General Fund monies associated with approval of these Board actions.

**Special Instructions:**

Direct the Clerk of the Board to send a certified copy of the minute order of these actions to the Flood Control District office, Attn: Christina Lopez.

**Attachments:**

Attachment A - Term Sheet regarding Reacquisition of Table A Water

**Authored by:**

Thomas D. Fayram, Deputy Public Works Director, 568-3436