



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/Water Agency
Department No.: 054
For Agenda Of: January 29, 2019
Placement: Set Hearing
Estimated Time: 1 hour on February 5, 2019
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Directors, Flood Control and Water Conservation District
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: Water Supply Contracts Updates, All Supervisorial Districts

County Counsel Concurrence

As to form: Yes

Other Concurrence: N/A

Auditor-Controller Concurrence

As to form: N/A

Recommended Actions:

That the Board of Directors, Flood Control and Water Conservation District:

Set a hearing to consider recommendations regarding the State Water Project Contract (FOR FEBRUARY 5, 2019 ESTIMATED TIME: 30 MINUTES):

- a) Receive a report on the request from the Central Coast Water Authority for the assignment of the State Water Project Contract from the County Flood Control District to the Central Coast Water Authority;
- b) Direct staff to:
 - i. Receive comments from the Board regarding the transfer of the State Water Project Contract from the Flood Control District to the Central Coast Water Authority and return to the Board with analysis of these issues and to receive a presentation by the Central Coast Water Authority on their request; or
 - ii. Take no action on the assignment request from the Central Coast Water Authority; and

- c) Determine that the proposed actions are not a project under the California Environmental Quality Act, pursuant to Guidelines Section 15378(b)(5), organizational or administrative activities that will not result in a direct or indirect physical change in the environment.

That the Board of Directors, Water Agency:

Set a hearing to consider recommendations regarding the Cachuma Project Water Service Contract Renewal (FOR FEBRUARY 5, 2019 ESTIMATED TIME: 30 MINUTES):

- d) Receive a report on the status of the Cachuma Project Water Service Contract Renewal Process; and
- e) Determine that the proposed actions are not a project under the California Environmental Quality Act, pursuant to Guidelines Section 15378(b)(5), organizational 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 update the Board on pending items related to the State Water Project (SWP) Contract and the Cachuma Project Water Service Contract Renewal.

State Water Contract

The Central Coast Water Authority (CCWA) has been seeking the approval of the State of California Department of Water Resources (DWR) to be assigned the State Water Contract for many years. Since 1991, DWR has not approved an assignment because it was not clear if CCWA, as a Joint Powers Authority (JPA), could levy a property tax in the event one or more of its member units fails to meet its financial responsibilities to DWR required under Article 34 of the contract. In 2015, Government Code section 6502 was amended to clarify that JPAs have all powers common to the contracted parties including the authority to levy a fee, assessment or tax. Recently, via email, DWR (Attachment A) indicated to the County that DWR is now willing to accept full assignment of the State Water Contract to CCWA if the Flood Control District was agreeable to do so.

There are at least two outstanding issues that would require Contract amendments to the SWP Contract. These include a contract amendment to extend the term of the SWP Contract past 2038 and acquisition of the Suspended Table A water previously considered by your board.

In a letter dated September 17, 2018, CCWA requested the District consider assignment of the State Water Project Contract to CCWA (Attachment B). This request is at the discretion of the Board of Directors of the District and staff is bringing this to your Board for direction.

Cachuma Contract

The Cachuma Project was originally developed to secure a reliable local water supply to meet future demands including maintaining available water through the most severe drought of record, which, as defined by the 1995 EIS/EIR, was at the time, the six year period of 1946-1951 as noted by historical rainfall records. The current contract calculated a yield of 25,700 acre-feet (AF). That yield has proven

to force drastic shortages much sooner and even resulted in a zero allocation in 2016 and as such is no longer valid as a viable yield for the critical drought period. While the new critical drought period is now the past seven water years, the length and severity of the critical drought period is still to be determined and will be defined this year and perhaps beyond if significant rain does not develop this winter.

In moving forward on the contract renewal process, staff believes that a new yield approach is needed to ensure a reliable local supply is available from Cachuma as the project was intended. As such, supplemental supplies are needed to meet individual needs. This could come from groundwater, desalination, State Water deliveries, or other supplies as developed (such as recycled water). On July 12, 2016, your Board responded to a Grand Jury Report related to Cachuma in which key elements of a new contract with the U.S. Bureau of Reclamation (USBR) should include:

- Calculation of a new Safe Yield of the Project.
- Periodic recalculation of the Safe Yield as conditions change (such as sedimentation, climate, downstream water rights, and fish releases).
- A minimum contract term of 25 years.

These terms will be addressed through the negotiation process and will be coordinated with the Cachuma Member Units (Goleta Water District, City of Santa Barbara, Montecito Water District, Carpinteria Valley Water District, and the Santa Ynez River Water Conservation District ID#1). Contract negotiations will principally occur between the USBR and Water Agency as the contracting entities, with participation and input from the Cachuma Member Units. Negotiation of the contract will be done in conjunction with County Counsel and the County Executive Office.

Background:

State Water Contract

The District initially entered into the State Water Contract with the DWR in 1963. In November 1991, the District entered into an agreement with the CCWA, which formally transferred fiscal responsibility and most decision-making authority regarding the State Water Project to CCWA. The State Water Project (SWP) began delivering water to Santa Barbara County in 1997 and was intended to be a supplemental source of water for the participating members. The CCWA represents those entities in Santa Barbara County participating in the State Water Project, and on their behalf holds a total of 45,486 acre feet per year of entitlement.

CCWA and its members have the obligation to make all payments to the DWR required by the District's State Water Project contract. Various provisions of agreements among the DWR, the District, and CCWA are intended to minimize the fiscal liability to the District and local taxpayers in areas not receiving project water.

Cachuma Contract

The Cachuma Project is a federal water supply project developed by the USBR in the 1940s-1950s to supply municipal and agricultural water to the South Coast and portions of the Santa Ynez Valley. The

first contract was executed with the Water Agency in 1949 and was for a 40-year term. Associated subcontracts were executed with the Cachuma Member Units to provide for payment of the Project costs. On April 14, 1996, a renewed contract and associated Member Unit Contracts were executed for a term of 25 years. These contracts are now near completion of their terms and renewal is necessary for continued water supply. On May 2, 2017, your Board authorized the Chair to sign a letter to USBR requesting renewal of the contract for the Cachuma Project.

Fiscal and Facilities Impacts:

Budgeted: Yes

Fiscal Analysis:

Narrative:

Management of the water supply agreements are ongoing programs and staff time is included every year in the budget in the Water Resources Division of the Public Works Department.

Special Instructions:

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

Attachments:

Attachment A - Email from DWR

Attachment B - Letter from CCWA requesting assignment of the SWP Contract (w/attachments)

Authored by:

Thomas D. Fayram, Deputy Public Works Director, 805-568-3436