



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:** October 4, 2016  
**Placement:** Departmental  
**Estimated Time:** 45 minutes  
**Continued Item:** Yes  
**If Yes, date from:** February 9, 2016  
**Vote Required:** Majority

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

**FROM:** Department Scott D. McGolpin, Public Works Director, 568-3010  
Director(s)  
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: N/A

**Other Concurrence:** N/A

**Recommended Actions:**

- a) Consider the request of the Central Coast Water Authority regarding reacquisition of Santa Barbara County Flood Control and Water Conservation District's suspended portion of its State Water Project allocation for delivery within Santa Barbara County;
- b) Authorize staff of the County Executive Office, County Counsel, and Public Works Departments to negotiate an agreement to allocate costs and responsibilities for reacquisition to Central Coast Water Authority and return to the Board for final approval; and
- c) 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 authorizing staff to begin negotiations to reacquire the 12,214 acre-feet (AF) of suspended State Water Project (SWP) allocation also called Table A water. On February 9, 2016, your Board considered the request of the Central Coast Water Authority (CCWA) to reacquire this suspended State Water. Attachment A is the original letter from CCWA. At that time,

your Board responded by sending a letter to the Department of Water Resources (DWR) requesting more information (Attachment B) and DWR responded with a letter on June 21, 2016 with the steps for re-acquisition (Attachment C). DWR has stated that reacquisition of the suspended water would require that a Contract Amendment be executed along with the following tasks:

- 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.

Since the date of the letter, staff has requested an updated cost statement from DWR.

At your 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 State requirements including CEQA (CCWA completed CEQA on all other SWP actions since its formation),
- 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.

CCWA's project participants were all invited to participate in the reacquisition. At this time, four (4) participants elected to do so: 1) the City of Santa Maria, 2) the City of Guadalupe, 3) the City of Solvang, and 4) the Santa Ynez River Water Conservation District Improvement District No. 1 (ID1). CCWA considered simply adding the water to its existing Drought Buffer (currently at 3,908 AF) for the benefit of all CCWA members but has not received consensus from all project participants to do so. All costs associated with this action will be borne by the final pool of willing participants within CCWA.

Since the majority of the Coastal Aqueduct has been constructed without capacity for this water, the water is considered "drought buffer" water because the water can only be moved if capacity in the system exists. Currently two (2) drought buffer pools exist. First, CCWA hold 3,908 AF of drought buffer for the benefit of all its participants; Second, the Goleta Water District holds 2,500 AF of drought buffer water to support its allocation. The financial advantage of drought buffer water for Santa Barbara County is that the majority of the costs of the SWP to our purveyors are in the Coastal Branch in which the purveyors own a vast majority of the capacity. The Coastal Branch serves only Santa Barbara and San Luis Obispo Counties while Santa Barbara County is less than 1% of the capacity in the main California Aqueduct.

### **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.

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 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 the 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 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 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 of 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 for 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 are estimated at around \$30 million. These costs will be borne by the CCWA members that participate. 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) is 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.

**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 - Letter from CCWA dated January 7, 2016 requesting to Reacquire Suspended State Water
- Attachment B - Letter from BOD's to DWR requesting information on Reacquiring Suspended State Water
- Attachment C - Letter to the BOD's from DWR with information on Reacquisition
- Attachment D - PowerPoint Presentation

**Authored by:**

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