



City of Guadalupe
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February 1, 2016

Board of Supervisors
Santa Barbara County
105 East Anapamu Street
Santa Barbara, CA 93101

Dear Supervisors:

The City of Guadalupe asks that you reacquire the 12,214 acre-feet of Suspended Table A State Water available to Santa Barbara County. Guadalupe wants to purchase 600 acre-feet of that water to use as an expanded drought buffer.

This water is intended for use within existing Guadalupe city limits. The water is not intended for expansion purposes. Guadalupe's Sphere of Influence equals our City limits. Guadalupe is completely surrounded by ag land. All but one ag parcel surrounding the City is in Williamson Act protection, and the owner of that one parcel is in the process of trying to obtain Williamson Act protection. There is little risk that this Suspended Table A water will lead to future growth.

Why does Guadalupe want an additional 600 acre-feet of State Water as a drought buffer? To increase the actual amount of State Water we receive in drought years.

When Guadalupe signed up for State Water in the early 1990's, we purchased 550 acre-feet of State Water plus a drought buffer of 55 acre-feet, for a total subscription of 605 acre-feet. At that time the State was regularly able to provide annual allocations of 100%, so we thought we would receive close to or all of our annual subscription every year. Since then, annual State allocations have dropped precipitously, especially during the recent drought.

<u>Years</u>	<u>Average Allocation</u>
1968-1979	99%
1980-1989	100%
1990-1999	83%
2000-2009	68%
2010-2016	39%

By Council policy, we now count State Water at 40% for planning purposes. 40% of 605 acre-feet equals 242 acre-feet per year, much less than we thought we would receive in the 1990's.

By doubling our total subscription to 1205 acre-feet (550 + 55 + 600), we believe we can count on 40% of that each year, 482 acre-feet – much closer to what we thought we would receive when the decision to purchase State water was originally made.

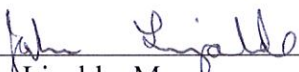
Please note, by banking water in San Luis Reservoir in years with more than a 40% State allocation, Guadalupe is still able to receive significant water in years with less than a 40% State allocation. We began 2016 year with 124 acre-feet of carryover water in San Luis Reservoir. That amount would have been higher with the additional Suspended Table A State Water.

In essence, the additional 600 acre-feet of drought buffer will serve as an insurance policy for Guadalupe. Although that 600 acre-foot insurance policy will cost us about \$1.6 million on a one-time basis, that cost is relatively inexpensive compared to the annual \$730,000 fixed cost we already pay CCWA and DWR for State Water infrastructure even in years when we receive little State water.

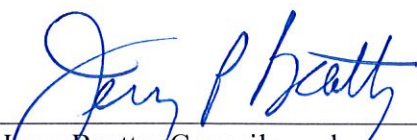
We plan to take out a 30-year bond for this \$1.6 million estimated cost. The annual cost of that bond was incorporated into the water rate increases Guadalupe City Council adopted on 01/26/16 after following the required Prop 218 process. What's more, we have already started charging new development (all infill) their portion of this cost as an impact fee.

When thinking of water, all cities must take the long view. The Suspended Table A State Water is the last water available to Guadalupe. We also use well water from the Santa Maria River basin, but since the basin is adjudicated we can pump no more than 1300 acre-feet from the basin annually. We urge the Board of Supervisors to reacquire the 12,214 acre-feet of Suspended Table A State Water available to Santa Barbara County.

Sincerely,



John Lizalde, Mayor



Jerry Beatty, Councilmember
Board Member, Central Coast Water Authority