



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: May 2, 2017
Placement: Administration
Estimated Time: N/A
Continued Item: Yes
If Yes, date from: December 13, 2016
Vote Required: Majority

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**

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 Lead Agency Agreement with the California Department of Water Resources and the Central Coast Water Authority regarding the Proposed Project to Amend the Water Supply Contract to Reacquire Suspended State Water Project Allocation; and
- b) 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 Lead Agency Agreement with the California Department of Water Resources (DWR) and the Central Coast Water Authority (CCWA) (Attachment A) to establish California Environmental Quality Act (CEQA) responsibilities associated with CEQA compliance for the reacquisition of 12,214 acre-feet (AF) of suspended State Water Project (SWP) allocation, also called Table A Water.

On December 13, 2016, your Board approved a Term Sheet with the CCWA (Attachment B) for the process of reacquisition of this water. In that Term Sheet, Article 13 designates CCWA as the Lead

Agency for the project while your Board as the Board of Directors of the Flood Control and Water Conservation District (District) will be a Responsible Agency under CEQA.

Background:

The District entered into a contract with DWR in 1963 to receive an allocation of up to 57,700 acre-feet per year (AFY) of water 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 financial responsibility 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 payments on the remaining 12,214 AFY. DWR granted the District the option to reacquire the 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 the 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 various water purveyors to manage the delivery of State Water to Santa Barbara County. Under the management of CCWA, the Coastal Branch connection to the SWP was studied, as required by CEQA, and 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 fail to meet its financial obligations.

CEQA Guidelines section 15051(d) allow public agencies to designate a lead agency by agreement when two or more public agencies have a substantial claim to be the lead agency. The proposed agreement designates CCWA as the lead agency and provides that CCWA will be responsible for all costs associated with compliance with CEQA.

Fiscal and Facilities Impacts:

Budgeted: Yes

Fiscal Analysis:

Narrative:

The State Water Project is an ongoing program in the Water Resources Division in the Public Works Department and staff time is included in the budget every year. However, pursuant to the TFRA, all District costs associated with the SWP are subject to reimbursement by CCWA.

All costs to reacquire this water include: CEQA, payment of suspended costs plus interest to DWR, and repayment of past payments made by the District plus interest, which will be borne by the CCWA members that participate and are estimated at approximately \$30 million. There are no General Fund monies associated with approval of this agreement.

Special Instructions:

Direct the Clerk of the Board to send the three originals of the agreement with a certified copy of the minute order of these actions to the Flood Control District office, Attn: Christina Lopez. An original Lead Agency Agreement will be returned to the COB once DWR has executed the agreement.

Attachments:

Attachment A - Lead Agency Agreement (3 originals)
Attachment B - Term Sheet regarding Reacquisition of Table A Water

Authored by:

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