



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: April 20, 2021
Placement: Departmental
Estimated Time: 40 minutes on
April 20, 2021
Continued Item: Yes
If Yes, date from: February 2, 2021,
March 2, 2021
Vote Required: Majority

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

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: State Water Project Contract Amendment 21

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: N/A

Other Concurrence: County Executive Office

Recommended Actions:

That the Board of Directors:

Consider the request of the Central Coast Water Authority to approve Amendment 21 (Water Management Amendment) to the State Water Contract as follows:

- a) Approve and adopt the attached Resolution entitled "A Resolution to Approve Water Management Tools Amendment (Amendment 21) to State Water Project Water Supply Contract subject to Certain Limitations to Maintain Local Water Supply" that establishes conditions of use of Amendment 21 to protect and secure water supplies for the entire County;
- b) Approve and authorize the Public Works Director to sign and execute Amendment 21 with the State of California and return to the Board with any such transactions involving a sale of State Water outside the County, only after such conditions set forth in the above resolution are met; and
- c) Determine that the proposed actions are 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 Amendment 21 to the State Water Project (SWP) Contract. On February 2, 2021, your Board considered Amendments 20 (contract extension) and 21 (water management tools) and continued those actions to the March 2, 2021 Board meeting. On March 2, 2021, your Board approved Amendment 20 and directed staff to work with the Central Coast Water Authority (CCWA) to define a way to implement Amendment 21 without harm to the County's regional long-term water supplies.

The proposed Resolution recommended by this action will allow implementation of Amendment 21 in a manner to ensure no net loss of long-term water supplies for the County. It will also allow, as CCWA has recently noted as an important need, the purchase of additional water supplies through the SWP. As seen in the most recent drought, CCWA was able to acquire emergency supplies and import water in excess of the current year Table A allocation, and CCWA has expressed concern that additional supplies may be needed soon given current worsening drought conditions. The Resolution also protects regional supplies by requiring any SWP water sale be first offered to CCWA member agencies to solve any regional supply imbalances or shortages at a reasonable cost.

The Resolution provides guidance on any transaction under Amendment 21 including the following:

- a. That requests for purchases of water outside the County to meet local water supply needs are generally recognized as beneficial and may be reviewed and approved by Director of the Flood Control District (District), or his or her designee.
- b. That transfers and sales of SWP water should be prioritized to purveyors inside the County to preserve and maximize the County's available water supplies.
- c. That all requests for sales and transfers of SWP water outside the County, in accordance with Amendment 21, shall be presented to the Board for approval only after there are no in-county transfer options and the sale or transfer meets the following criteria;
 - a. That exchanges should be a minimum 1:1 so that they will not reduce the long-term water supplies, unless otherwise approved by the Board based on evidence of the benefits of the proposed transaction to the County.
 - b. That sales of local SWP water to SWP Contractors outside the County would be considered for approval by the Board based on meeting the following:
 - i. Right of first refusal for in-county agencies be offered first at a reasonable cost to in-county water purveyors; and
 - ii. That any sale of SWP outside the County also show an equivalent replacement of a new local supply.

There are several water supply concerns regionally. First, the State announced the allocation for the SWP was reduced to 5% of the Table A amounts. For all of Santa Barbara County that amounts to 2,276 acre-feet. Second, local supplies are also impacted by a very dry year (~50% of average). With Cachuma supplies mostly committed, it is uncertain if any new allocation of water will be available this October. Water Agency staff will work with the Cachuma Member Units and Bureau of Reclamation on this issue. Supplies from Cachuma are being impacted by State Water Board Orders and possible future actions by resources agencies may make further reductions. Lastly, the Sustainable Groundwater Management Act may limit ground water extraction in some areas in the future.

The erosion of reliability of the SWP makes these supplies critical to meeting the County's water needs in future droughts.

Background:

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

The SWP is an important element of the County's overall water supplies and deliveries of SWP water helps offset use/overuse of groundwater and complements other local supplies. Delivery of high quality water (low in Total Dissolved Solids) provides additional benefits to water purveyors as well. As other existing supplies, such as surface reservoirs, are now and will continue to deliver far less water than originally developed. For example, the Cachuma Project now has shown its inability to provide its original planned allocations through a drought period.

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. Up until approximately 1986, the District made all payments to DWR for the capital costs of the SWP.

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. To date neither CCWA nor the District have ever defaulted on SWP payments.

Fiscal and Facilities Impacts:

Budgeted: Yes

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. However, pursuant to the TFRA costs relating to management of the SWP are reimbursed by CCWA.

Special Instructions:

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

State Water Project Contract Amendment 21

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Attachment A: A Resolution to Approve Water Management Tools Amendment (Amendment 21) to State Water Project Water Supply Contract subject to Certain Limitations to Maintain Local Water Supply

Attachment B: Copy of SWP Contract Amendment No. 21 (Final Version)

Authored by:

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cc: Jeff Frapwell, Assistant CEO