




City of Santa Barbara
Public Works Department

ITEM 8

Interoffice Memorandum

DATE: January 7, 2010
TO: Board of Water Commissioners
FROM: Rebecca Bjork, Water Resources Manager 
SUBJECT: Suspended Table A Water – State Water Project

In 1963, shortly after the State Water Project (SWP) was authorized by California voters, the Santa Barbara County Flood Control and Water Conservation District (FCD) contracted for 57,700 acre-feet (AF) of Table A water from the project. In 1978, Santa Barbara County voters declined to approve bonds to construct facilities to convey State Water to Santa Barbara County, after which the FCD decided to discontinue making payments that would preserve the option to hook up to the statewide system. Soon after that, the FCD surveyed local water agencies to see if they wanted to take over rights and payments for all or a portion of this option. In 1981, the FCD required Water Supply Retention Agreements from all local water agencies interested in retaining State water supplies. The total amount of water retained by the water agencies was 45,486 AF. Pursuant to Amendment No. 9 of the State Water Contract between the State and FCD, Santa Barbara County's Table A amount was reduced to 45,486 AF and ongoing payments to the State on the remaining 12,214 acre-feet were suspended. This water was then no longer reserved for Santa Barbara County, but has not yet been allocated to another SWP participant.

In June 1991, successful bond elections were held to pay for the construction of facilities to convey State Water to ten communities in Santa Barbara County, including the City. Following formation of the Central Coast Water Authority (CCWA) in August 1991, the County signed a Transfer of Financial Responsibility Agreement that would ensure that it would be protected from any costs associated with bringing State Water to the Central Coast. Additionally, CCWA took over the Water Supply Retention Agreements from each agency and provided Water Supply Agreements in their place.

In July 2006, after the CCWA Board of Directors expressed an interest in reacquiring the 12,214 AF that were suspended by Amendment No. 9, CCWA staff began meeting with County representatives as well as representatives of the State Water Contractors and DWR. The CCWA Board believed that this water supply could be used as a cost effective method to increase the reliability of deliveries to project participants receiving State Water. We expect that reacquisition will be an option for CCWA members, including the City, and the issue is scheduled for a hearing before the Santa Barbara County Board of Supervisors on January 19, 2010. A number of issues need to be resolved, including potential reimbursement of SWP costs paid by the County in the past. Environmental review will likely be necessary as well.

CCWA has explored the concept of issuing a bond to finance the reacquisition of the suspended Table A water. A preliminary estimate of the cost to do so would be about \$90 per year, per AF of reacquired Table A water to pay past DWR costs. Annual fixed costs going forward would also increase by an additional \$90 per AF to pay delta water charges, which fund some of the capital and fixed operating costs associated with SWP facilities, just as with any other Table A amounts.

These combined costs have been rounded to \$200 per AF of reacquired Table A water per year for discussion purposes. We estimate the City might be eligible to reacquire up to 1,000 AF of Table A water through this process, which would translate to added SWP fixed costs of about \$200,000 per year. Variable costs for delivery, currently in the range of \$275 to \$300 per AF, would be in addition to this. The benefit for us would be that we could expect an increase in deliveries of State Water through the existing pipeline in years when the SWP project allocation is less than 100%. There are other options for increasing reliability, including groundwater banking and purchase of non-project water on an as needed basis. It is important to also note that Delta improvements, in particular some form of a Peripheral Canal, are anticipated to be funded in large part by State Water Project participants, with cost shares presumably determined in relation to Table A amounts. An increase in Table A amount through reacquisition would increase the City's exposure to such costs, which are expected to be significant.

In summary, while our initial opinion is that reacquisition is not an attractive option for the City, there are still a number of unknowns that need to be clarified before a complete assessment can be made. We expect other CCWA members to be interested in reacquisition, again depending on clarification of remaining issues. We will continue to monitor this issue as a part of our water supply planning efforts.

BF/dm