



Agenda Item No. \_\_\_\_\_

File Code No.

# CITY OF SANTA BARBARA

## COUNCIL AGENDA REPORT

### Item 6

**AGENDA DATE:** February 11, 2014  
**TO:** Mayor and Councilmembers  
**FROM:** Water Resources Division, Public Works Department  
**SUBJECT:** Authorization For Water Purchases

**RECOMMENDATION:** That Council:

- A. Authorize the Public Works Director to secure up to 4,500 acre feet of supplemental water supplies at a cost not to exceed \$3,300,000, and to execute contracts or agreements for purchase of said water in a form acceptable to the City Attorney;
- B. Increase appropriations by \$3,900,000 in the Water Operating Fund from reserves to pay for said water purchases and for the delivery of State Water which is currently stored by the City in San Luis Reservoir ; and
- C. Authorize the General Services manager to increase the contract with Bartkiewicz, Kronick & Shanahan for specialized water rights related legal services by \$100,000,

**DISCUSSION:**

The City is experiencing the third consecutive dry year, and Calendar Year 2013 marked the driest year on record at many locations across the state, including Gibraltar Reservoir. On January 17, 2014, Governor Jerry Brown declared a State of Drought Emergency in California and urged officials to take all necessary actions to prepare for drought conditions.

The City receives imported water as a member of the Central Coast Water Authority (CCWA) from the State Water Project (SWP) which is owned and operated by the California Department of Water Resources (DWR). The City's maximum allocation of State Water is 3,300 Acre Feet per Year (AFY) which is also the City's portion of the conveyance capacity.

DWR has determined that there will be no State Water Allocation in 2014. However, the City has 2600 AF of stored water from last year's allocations. In order to ensure this water will continue to be available to the City, staff has accelerated deliveries of this stored water. The pipe conveying State Water to Lake Cachuma is operating at full capacity, and all available stored water is expected to be delivered by July 2014. These accelerated deliveries will result in approximately \$600,000 of water conveyance costs (pumping) that were not anticipated at the time of budget development for fiscal year 2014.

Staff is asking that the funds to pay for the additional conveyance costs be appropriated to the Water operating budget.

In planning for next year, City staff has considered a worst case scenario of continued dry conditions in which there are no inflows to Gibraltar or Cachuma, and a second year of no State Water . To address the shortage of water supplies the City will need to purchase water from other sources. Given limitations on pumping capacity, tthe amount of additional purchased water that the City could convey to Lake Cachuma this year is up to 1,350 AF and approximately 3,300 AF next year.

The additional costs that would be incurred for the current fiscal year are for water purchases to meet the demands for next year. The conveyance costs for the water would be incurred in the next fiscal year and will be included in the Fiscal Year 15 Water Operating Budget. Below is a summary of preliminary estimated conveyance costs for the stored and purchase cost for water purchase opportunities currently identified:

<b>Estimated Cost for Water Purchases and Conveyance in FY2014 (Preliminary)</b>				
<b>Water Source</b>	<b>Supply Received, AFY</b>	<b>Water Purchase Cost, \$</b>	<b>Water Conveyance Cost, \$</b>	<b>Total Cost for Current Fiscal Year 2014, \$</b>
Table A Carryover	2,100	\$0	\$600,000	\$600,000
South of Delta Water Transfer	1,100	\$1,400,000	\$300,000 (incurred in FY2015)	\$1,400,000
North of Delta Water Transfer	3,300	\$1,900,000	\$925,000 (incurred in FY2015)	\$1,900,000
Total				\$3,900,000

During drought conditions, the City will require support from special counsel in water rights issues associated with water transfers, groundwater management, water rights from the Santa Ynez River and its tributaries, and related matters. These issues require specialized legal knowledge and experience. The City has an existing Agreement No. 22,887 with Bartkiewicz, Kronick & Shanahan (BKS). The original agreement entered into in was for an amount of \$100,000, with approximately \$23,210 remaining. Staff requests authorization to increase the contract with BKS by \$100,000 to a total of \$123,210.

**BUDGET/FINANCIAL INFORMATION**

These are unplanned costs related to the extreme dry weather we are experiencing. There are adequate reserves above policy to cover these costs.

**PREPARED BY:** Joshua Haggmark, Acting Water Resources Manager/KD/mh

**SUBMITTED BY:** Rebecca Bjork, Acting Public Works Director

**APPROVED BY:** City Administrator's Office