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CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: December 8, 2020

TO: Mayor and Councilmembers

FROM: Water Resources Division, Public Works Department

SUBJECT: Limited Term Water Sales Agreement With La Cumbre Mutual Water Company

RECOMMENDATION: That Council:

- A. Authorize the Water Resources Manager to execute a limited term water purchase agreement with La Cumbre Mutual Water Company; and
- B. Authorize the Public Works Director to amend the agreement to sell LCMWC a volume of water not to exceed 350 acre-feet per year three additional occurrences over the next three water years (September through October), should the City's water supply condition remain in a state of surplus during those years.

DISCUSSION:

The La Cumbre Mutual Water Company (LCMWC) provides water to over 1,400 customers in Hope Ranch and the area between Hope Ranch and Hollister Avenue. The main sources of supply for the small mutual water company are the Foothill Groundwater Basin, shared with the City and a few other smaller pumpers, and the State Water Project. LCMWC has requested to purchase up to 350 acre-feet of water from the City because of concerns regarding the availability of its limited water supplies.

Current forecasting indicates the City has surplus water above and beyond the amount of water necessary to meet current retail demands through the fall of 2023. This is a result of the City's surplus Lake Cachuma supplies and sound management of the City's other available supplies. Selling surplus water to LCMWC supports the City's goals of recovering the groundwater basins, since selling water to LCMWC will allow them to pump less water from the shared Foothill Groundwater Basin.

A similar agreement for the purchase of up to 200 acre-feet of water to LCMWC was approved by Council in June 2020. LCMWC has fully utilized that agreement and is looking for additional water for Water Year 2021. Staff is also requesting authorization for the Public Works Director to amend this agreement to sell LCMWC a volume of water not to exceed

DRAFT

350 acre-feet per year three additional times over the next three water years (September through October) should the City's water supply condition remain in a state of surplus during those years.

LCMWC has agreed to purchase up to 350 acre-foot of water at a cost of \$2,400 per acre-foot. The City and LCMWC are parties to an existing agreement titled "Water Conveyance Agreement (State Water Project) / City of Santa Barbara – La Cumbre Mutual Water Company," dated Feb. 11, 1993 (Agreement No. 16,838), pursuant to which the City treats and conveys LCMWC's State Water Project water to LCMWC. The surplus water delivery point will be the same as specified in Agreement No. 16,838. Staff is recommending Council approve the Water Purchase Agreement (Attachment 2) between the City and LCMWC.

BUDGET/FINANCIAL INFORMATION:

LCMWC will purchase up to 3500 acre-feet of water at a cost of \$2,400, for a potential total amount of a \$840,000 payment to the Water Fund.

WATER COMMISSION RECOMMENDATION:

This item was presented to the Water Commission at its meeting on November 19, 2020, and the Commission voted **X-X** in support of staff's recommendation.

ENVIRONMENTAL REVIEW:

Receiving a water supply condition report and authorizing a one-time water purchase agreement does not require California Environmental Quality Act (CEQA) review.

A copy of the contract may be requested from the Public Works Department for public review; please contact us at PWInfo@SantaBarbaraCA.gov to request a copy.

ATTACHMENT: Water Purchase Agreement
PREPARED BY: Dakota Corey, Water Supply Analyst/rb
SUBMITTED BY: Brian D'Amour, Acting Public Works Director
APPROVED BY: City Administrator's Office

**Contract for the Purchase, Sale, and Delivery of 350
Acre Feet of Surplus Water between City of Santa
Barbara and La Cumbre Mutual Water Company**

1. The City of Santa Barbara (Seller) and the La Cumbre Mutual Water Company (Buyer) agree to the following terms for sale and delivery by Seller and the purchase by Buyer of 350 acre-feet of potable water that Seller has determined is surplus to the amount of water necessary for Seller to meet current retail demands within Seller's service territory due to the operation of the Charles E. Meyer Desalination Plant and management of Seller's other available supplies (Surplus Water), Seller may provide the Surplus Water from any source available to it. The Surplus Water delivered to Buyer will be potable water of the same quality as Seller generally makes available to its retail water customers.

2. Seller and Buyer are parties to an existing agreement titled "Water Conveyance Agreement (State Water Project) / City of Santa Barbara - La Cumbre Mutual Water Company," dated Feb. 11, 1993 (Agreement No. 16,838), pursuant to which Seller treats and conveys Buyer's State Water Project water to Buyer. The delivery point for the Surplus Water will be the same delivery point specified in Agreement No. 16,838 and referred to in that agreement as the Modoc Meter. Sections 4, 8, 9, and 10 of Agreement No. 16,838 will apply to delivery of Surplus Water and are incorporated into this contract by reference.

3. Buyer may order water in monthly quantities of not less than 42 acre-feet or more than 120 acre-feet. Monthly water orders will be communicated to Seller in the same manner as orders under Agreement No. 16,838. Orders may be made for a duration of 12 months beginning on the first day of the month immediately following the effective date of this contract.

4. Buyer will pay a purchase price of \$2,400 for each acre-foot of water ordered. Buyer will pay for a monthly water order concurrently with the placement of the order. An order will not be effective until payment is made.

5. In consideration of payment of the purchase price, Seller will deliver Surplus Water according to each monthly order to the delivery point. Deliveries will be subject to the capacity limitations specified in Section 4 of Agreement No. 16,838 and conveyance loss specified in Section 10 of Agreement No. 16,838.

6. Seller will not be liable or obligated in any manner for any special, incidental, consequential, punitive or similar damages based upon claims arising

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out of or in connection with the performance or non-performance of its obligations under this Contract whether such claims are based upon contract, tort, negligence, warranty or other legal theory.

7. Seller may suspend deliveries or terminate this contract if it determines, at its sole discretion, that the Surplus Water is required to meet retail demands within Seller's service territory.

8. This contract contains the entire understanding of the parties relating to the purchase, sale, and delivery of the Surplus Water. This contract may not be amended except by a writing executed by an authorized representative of each party.

9. This contract, and any contract amendment, may be executed in counterparts. Each party may execute a counterpart and deliver an electronic copy of the executed counterpart to the other party. The contract is effective as of the date when both parties have executed the same document or counterparts.

Seller:

Buyer:

By: _____
Joshua Haggmark
Water Resources Manager
City of Santa Barbara

By: _____
Mike Alvarado
General Manager
La Cumbre Mutual Water Company

Date: _____

Date: _____