



City of Santa Barbara

Office of the Mayor

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September 10, 2019

Cathy Murillo
Mayor

City Hall
735 Anacapa Street
Santa Barbara, CA
93101-1990

Honorable Michael J. Carrozzo
Presiding Judge
Santa Barbara Superior Court
County Courthouse
1100 Anacapa Street
Santa Barbara, CA 93101

Mailing Address:
PO Box 1990
Santa Barbara, CA
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Re: Response to Santa Barbara Civil Grand Jury report titled, "Cachuma Project Contract and Management" (Published June 28, 2019, Grand Jury Website: <http://www.sbcgj.org/2019/>)

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Dear Judge Carrozzo,

Please find attached the City of Santa Barbara (City) response to the above referenced Civil Grand Jury Report. As directed by the Grand Jury, all responses are provided in accordance with Section 933.05 of the California Penal Code.

Sincerely,

A handwritten signature in blue ink, appearing to read "Cathy Murillo", with a long horizontal flourish extending to the right.

Cathy Murillo, Mayor
City of Santa Barbara

KD/

Cc: City of Santa Barbara Councilmembers
Robert R. Downer, Foreperson, 2018-19 Santa Barbara Civil Grand Jury

Response to the Santa Barbara County Grand Jury 2018-2019 Report “Cachuma Project Contract and Management”

FINDING 1

The current Contract does not fully address future water management problems such as will arise from climate and other rapid environmental changes.

The City disagrees with this finding. The purpose of the Contract is to establish contractual water rights and payment terms for use of Available supply, which is subject to hydrologic availability, environmental requirements, State law and Federal law. The Contract should be sufficiently flexible to allow for the United States Bureau of Reclamation to determine water supply allocations based on the circumstances faced at the time. The long-term contract should not include detailed operating procedures that will make the Contract inaccurate in the future, since impacts of climate change and future environmental requirements are not currently known. Such details are more appropriate in other planning efforts, such as supply plans and reservoir operations plans, which can be updated more efficiently for adaptive management purposes. The City is required to prepare Urban Water Management Plans, which analyze supply and demands over various hydrologic scenarios, and are required to be updated every five years.

Recommendation 1

That the Directors of the Member Units and the Santa Barbara County Board of Supervisors, acting as Directors of the SBCWA, pursue the upcoming 2020 contract negotiations as an opportunity to create a completely new contract.

This recommendation will not be implemented because it is impractical. The United States Bureau of Reclamation (USBR) owns the Cachuma Project, and determines the terms in its water supply agreements for various projects throughout the West. USBR’s contracts contain standard language that is guided by USBR directive and policy, and the Member Units and SBCWA lack the authority to change. In addition, the existing contract states that “[...] this contract and each renewal thereof shall be renewed pursuant to the Act of July 2, 1956 (70 Stat 483) and the Act of June 21, 1963 (77 Stat 68); provided, that the request for renewal is given no later than two (2) years prior to the date on which the then-existing contract expires.” Since the existing contract contemplates renewal, the recommendation will not be implemented. However, the City acknowledges that some of the existing contract will require updating and revision as appropriate, such as the provisions related to repayment of Cachuma Project capital construction costs, which have now completely paid off by the Member Units as of September 30, 2015, and are no longer applicable.

FINDING 2

Public understanding and effective operation of the Cachuma Project would be enhanced if key terms in the Contract were in the Contract were defined and used more precisely.

The City partially disagrees with the finding. The Contract is an agreement with the United States Bureau of Reclamation, which includes standard articles and definitions that are guided by USBR directive and policy, and the Member Units and SBCWA lack the authority to change. Nonetheless, the City agrees that terms should be defined appropriately and used consistently for purposes of effective operations and administration of the Contract.

Recommendation 2

That the Directors of the Member Units and the Santa Barbara County Board of Supervisors, acting as Directors of the SBCWA, require that key terms in the new Contract are defined clearly and used in a consistent manner.

This recommendation will be implemented at the time of Contract negotiations as appropriate. However, the

United States Bureau of Reclamation uses standard articles and definitions, which may not be negotiable.

FINDING 3

The roles and responsibilities of SBCWA and the Member Units are not clearly defined in the current Contract.

The City partially disagrees with this finding. The current Contract states that the role of the SBCWA is to act on behalf of the Member Units. The Member Units are the sole recipients of water supply from the Cachuma Project, and have paid for the cost of the Cachuma Project. The SBCWA role in the Master Contract has been to act as the vehicle between the Member Units and USBR for administrative and financial activities. In addition, roles and responsibilities of the Member Units and USBR are determined by founding legislation and enabling acts of the respective governmental agencies, and replicating definitions of those roles is outside the scope of the Contract.

Recommendation 3

That the Directors of the Member Units and the Santa Barbara County Board of Supervisors, acting as Directors of the SBCWA, ensure their roles and responsibilities are clearly defined in the new Contract.

This recommendation will be implemented at the time of Contract negotiations as necessary, and roles and responsibilities, as they relate to the water supply Contract, could be further defined or changed as part of those negotiations.

FINDING 4

The current Water Year, October 1 to September 30, makes diversion recommendations and decisions difficult because it comes just before the rainy season, which the quantify of water in Cachuma for the next few months is highly unpredictable.

The City disagrees with this finding. The current schedule has worked sufficiently for many years, and the current Contract allows for mid-year adjustments to allocations as appropriate.

Recommendation 4

That the Directors of the Member Units and the Santa Barbara County Board of Supervisors, acting as Directors of the SBCWA, strongly urge in negotiations for the new Cachuma Project Contract that the Water Year should run from May 1 to April 30, or similar period, to allow diversion requests to be made soon after the usual winter rain period.

The recommendation to strongly urge a change to the Contract Year will not implemented, since benefits of changing the contract water year are not clear, and consequences related to various agreements, water rights, and planning documents will need to be considered before changing the contract water year. The current Contract requires that delivery requests be made to the Bureau of Reclamation three months prior to the start of the contract year, which means that delivery requests must be submitted by July 1 under the current Contract. Since the rainy season typically ends by May, the month of June is the time when modeling analyses of Available Supply can be performed, which should be done prior to the July 1 deadline for delivery requests. If the contract is revised such that delivery requests must be submitted by January 1 (three months prior to the start of a Contract year beginning in April), then delivery requests would need to be submitted before the rainy season is over and when the Available Supply is not fully known. Therefore, the City will consider a change to the Contract Year, but will not be strongly urging a change to the Contract Year without clear benefits that outweigh potential consequences.

FINDING 5

Provisions in the 2020 Contract will need more frequent updating than those in previous Contracts due to rapid climate change altering the natural conditions affecting water supply.

The City disagrees with this finding. The purpose of the Contract is to establish contractual water rights and payment terms for use of Available supply, which is subject to hydrologic availability, environmental requirements, State law and Federal law. The Contract should be sufficiently flexible to allow for the United States Bureau of Reclamation to determine water supply allocations based on the circumstances faced at the time. The long-term contract should not include detailed operating procedures that will make the Contract inaccurate in the future, since impacts of climate change and future environmental requirements are not currently known. Such details are more appropriate in other planning efforts, such as supply plans and reservoir operations plans, which can be updated more efficiently for adaptive management purposes. The process for Contract changes is much more cumbersome, which introduces inefficiency and risk.

Recommendation 5

That the Directors of the Member Units and the Santa Barbara County Board of Supervisors, acting as Directors of the SBCWA, propose to the Bureau of Reclamation that the new Cachuma Project Contract require a meeting between them and the Bureau every five years, with a public agenda, to consider changes to Contract provisions which have become outdated.

This recommendation will not be implemented. While the City cannot support frequent updates to a long-term contract, the City supports development of an operations plans that can be more easily updated for adaptive management purposes.

FINDING 6

Under the 1995 Contract, Article 9(g), the required five-year meetings cannot result in increased water diversions to Member Units.

The City disagrees with this finding. Article 9 (g) states that the Contracting Office may modify the operations of the Project provided that such changes are consistent with Federal law, State law, Project Water Rights, and the Contract; and do not reduce the Available Supply in any Water Year.

Recommendation 6

That the Directors of the Member Units and the Santa Barbara County Board of Supervisors, acting as Directors of the SBCWA, propose to the Bureau of Reclamation that the required five-year meetings allow changes to the operations of the new Contract, including increased diversions, provided they are consistent with Federal law, State law, and Project Water Rights, and do not negatively affect the environment or the groundwater quality downstream of Bradbury Dam.

This recommendation will be implemented such that it will be considered at the time of Contract negotiations, but the ability to implement may be limited by State law, Federal law, and standard articles and provisions dictated by USBR policies.

FINDING 7

Member Units and SBCWA have expressed support for formal, quantitative methods of decision-making under uncertainty which can identify sources of disagreement, and thus facilitate compromise solutions.

The City agrees with this finding.

Recommendation 7

That the Directors of the Member Units and the Santa Barbara County Board of Supervisors, acting as Directors of the SBCWA, establish a format for quantitative decision-making under uncertainty; and seek to narrow their differences on such components as probabilities of future rainfall patterns and criteria for desirable outcomes.

This recommendation will not be implemented because a format already exists with use of various modeling tools that forecast reservoir levels and storm inflows. However, the City acknowledges the lack of a fair decision-making process when there is disagreement among Member Units and SBCWA, and the format may be improved through a weighted voting structure for the SBCWA and Member Units.

FINDING 8

SBCWA and the Member Units agree that meetings of their technical staffs are valuable but disagree over the organizational concerns of past meetings, such as claims of infrequency, non-attendance, non-response and cancellation without notice.

The City agrees with this finding.

Recommendation 8

That each year the Directors of the Member Units and the Santa Barbara County Board of Supervisors, acting as Directors of the SBCWA, determine a schedule of multiple meetings of key technical staffs to discuss Cachuma Project operations, including upcoming diversions, and to report major points of potential agreement or disagreement to their Boards.

This recommendation will not be implemented because staff of the SBCWA and Member Units already have a standing monthly meeting. Each month, the SBCWA and Member Units confer on potential agenda items and whether a meeting is necessary.

FINDING 9

The websites of the Member Units and SBCWA lack clarity and detail on the Cachuma Project.

The City partially disagrees with this finding. Frequently requested information is available on Member Unit websites, and Cachuma Project history and operational information is located on the Reclamation website. Additional information is available upon request.

Recommendation 9

That the Directors of the Member Units and the Santa Barbara County Board of Supervisors, acting as Directors of the SBCWA, set up and maintain a specific website for detailed information on the Cachuma Project's history, structure, governance, and operations, with links to additional historical documents and records.

The recommendation has already been implemented through Bureau of Reclamation, Cachuma Operation and Maintenance Board, and Member Unit websites. The City doesn't use its website as a repository of all documents and records, but additional information is available upon request.