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August 15, 2016

Honorable Judge James Herman, Presiding Judge
Santa Barbara Superior Court
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Santa Maria, CA 93454

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**RE: 2015-2016 Grand Jury Report - Lake Cachuma, Protecting
a Valuable Resource**

Honorable Judge Herman:

The Santa Ynez River Water Conservation District, Improvement District No. 1, ("ID No. 1") appreciates the opportunity to respond and provide clarification to the Grand Jury Report ("Report") entitled "Lake Cachuma, Protecting a Valuable Resource". By this letter, and in compliance with Penal Code section 933.05(f), the ID No.1 submits its comments on the Grand Jury's findings and recommendations in the Report within the specified sixty (90) day time period. ID No.1 takes the Grand Jury's comments seriously and will provide a thorough and constructive response to each of the applicable findings and recommendations. ID No.1's specific comments to the Report are included below.

Grand Jury Findings and Recommendations

Finding 1

Siltation is continuing to decrease the storage capacity and the safe yield of Lake Cachuma as defined in United States Department of the Interior, Bureau of Reclamation, Cachuma Project, California, Contract Between the United States and Santa Barbara County Water Agency Providing for Water Service from the Project, 1995.

ID No.1 Response to #1: Partially agree with the finding to the extent that there are many elements affecting the storage capacity of a reservoir and the safe yield of the Cachuma Project. For instance, the modifications to and extension of the radial gates in 2004 increased the capacity of the lake by 9,300 AF for fisheries, while conversely, siltation decreased the storage by 2,000 AF from 2008 based on a bathymetric survey conducted in 2014. With that qualification, siltation is a naturally contributing factor that reduces the capacity of the Cachuma Project. Related to the safe yield finding; although "Safe" yield is not defined in Contract No. 175r-1802R, there is

reference to the "Project" yield as 25,714 AF in Section 6(a)(1)(A) line 15, as an assumed annual "Project" yield for water delivery purposes. This is also considered the "operational" yield based on the EIS/EIR for the Cachuma Project Contract Renewal which provided for reductions in deliveries at certain lake levels to extend the life of the water supply during shortage conditions; thus the "operational" yield. A "safe" yield is the amount of yield that provides water supply without shortages and on a reliable basis through wet and extended or prolonged dry period.

Recommendation #1

That the safe yield from Lake Cachuma as defined in United States Department of the Interior, Bureau of Reclamation, Cachuma Project, California, Contract Between the United States and Santa Barbara County Water Agency Providing for Water Service from the Project, 1995, be recalculated and used in the new master contract between the United States Bureau of Reclamation and the Santa Barbara County Water Agency taking into account lost storage capacity due to siltation.

ID No.1 Response to #1: Partially agree with the reference to Safe yield and the finding to the extent that there are many factors affecting the safe yield recalculation for the Cachuma Project. As stated above, "Safe" yield is not defined in Contract No. 175r-1802R, but there is reference to "Project" yield as 25,714 AF in Section 6(a)(1)(A) line 15, as an assumed annual "Project" yield for water delivery purposes. Many elements would be used to calculate the new safe yield including evaporation factors, competing sources for water (e.g. Fisheries), changes in the purpose of use, operations, diversions, seepage, and siltation. Agree with a new recalculated safe yield is necessary for the Cachuma Project Water supplies.

Finding 2

Downstream water rights are protected in the United States Department of the Interior, Bureau of Reclamation, Cachuma Project, California, Contract Between the United States and Santa Barbara County Water Agency Providing for Water Service from the Project, 1995 and must be considered when calculating the safe yield.

ID No.1 Response to #2: Agree. The downstream water rights and protection of those rights are a condition of the Cachuma Project congressional Authorization and Water Rights Orders. However, disagree that the downstream water rights water would be included in the "safe" yield of the Cachuma Project under that Master Contract and calculated in the amount of allocation of Cachuma Project water for diversion. The Downstream Water Rights water is separate from the diversion and allocation of the Cachuma Project water.

Recommendation 2

That the new master contract between the United States Bureau of Reclamation and the Santa Barbara County Water Agency must continue to emphasize the importance of downstream water rights and be used in the calculations of the safe yield.

ID No.1 Response to #2: Agree. The new Master Contract must emphasize the importance of downstream water rights and protection of those rights as they are a condition of the Cachuma Project congressional Authorization and Water Rights Orders. However, disagree that the downstream water rights water would be included in the "safe" yield of the Cachuma Project under that Master Contract and calculated in the amount of allocation of Cachuma Project water for

diversion. The Downstream Water Rights water is separate from the diversion and allocation of the Cachuma Project water.

Finding 3

The United States Department of the Interior, Bureau of Reclamation, Cachuma Project, California, Contract Between the United States and Santa Barbara County Water Agency Providing for Water Service from the Project, 1995 was written prior to the 2000 National Marine Fisheries Service Biological Opinion and does not include the requirement to release water under the auspices of the Endangered Species Act.

ID No.1 Response to #3: Agree.

Recommendation 3a

That the new master contract between the United States Bureau of Reclamation and the Santa Barbara County Water Agency include the required water releases for the protection of fish habitat under the 2000 National Marine Fisheries Service Biological Opinion.

ID No.1 Response to #3a: Disagree. The Biological Opinion was issued by National Marine Fisheries Service to the United States Bureau of Reclamation for the operation and maintenance of Bradbury Dam (the Cachuma Project) on the Santa Ynez River and those effects of the Dam on O.mykiss and downstream habitat. The new Master Contract will be for the water supply to the Cachuma Members Units.

Recommendation 3b

That the new master contract between the United States Bureau of Reclamation and the Santa Barbara County Water Agency add language to include the amount of water that will be required to be released by the new Biological Opinion from the National Marine Fisheries Services when it is released.

ID No.1 Response to #3b: Disagree. The future Biological Opinion addressing those effects of the Dam on O.mykiss and downstream habitat has yet to be issued by National Marine Fisheries Service to the United States Bureau of Reclamation for the operation and maintenance of Bradbury Dam (the Cachuma Project) on the Santa Ynez River. This is a separate matter under the Endangered Species Act Section 7 Consultation process. The new Master Contract separate negotiations with USBR and will be for the water supply to the Cachuma Members Units.

Finding 4

The 2011-2016 drought is far worse than the "design drought" of 1947-1952 used in the United States Department of the Interior, Bureau of Reclamation, Cachuma Project, California, Contract Between the United States and Santa Barbara County Water Agency Providing for Water Service from the Project, 1995 for Lake Cachuma.

ID No.1 Response to #4: Agree with the finding.

Recommendation 4

That the new master contract between the United States Bureau of Reclamation and the Santa Barbara County Water Agency calculate new water entitlements for member units using the current 2011-2016 worst case drought as its "design drought".

ID No.1 Response to #4: Partially agree to the extent that the water entitlement percentages of each Cachuma Member Unit are preserved but the annual yield of the Project water is calculated to reflect the worst-case design drought.

Finding 5

The United States Department of the Interior, Bureau of Reclamation, Cachuma Project, California, Contract Between the United States and Santa Barbara County Water Agency Providing for Water Service from the Project, 1995 extending from 1995 to 2020 (25 years) is too long a period and includes no review and revision clauses to recalculate the "safe yield" of the Cachuma Project.

ID No.1 Response to #5: Agree with the finding.

Recommendation 5a

That the term of the new contract between the United States Bureau of Reclamation and the Santa Barbara County Water Agency be less than 25 years in length.

ID No.1 Response to #5a: The duration of the Master Contract is a term and condition of the Bureau of Reclamation.

Recommendation 5b

That the new contract between the United States Bureau of Reclamation and the Santa Barbara County Water Agency include periodic mandatory review and revision clauses on the order of every five or six years to recalculate the "safe yield" of Lake Cachuma and to make any other necessary contract changes.

ID No.1 Response to #5b: Partially agree. The safe yield of the Project should be reviewed and recalculated as a term and condition of the new Master Contract. Other Contract changes would be subject to legal consideration.

Finding 6

Safe yield from Lake Cachuma in the current United States Department of the Interior, Bureau of Reclamation, Cachuma Project, California, Contract Between the United States and Santa Barbara County Water Agency Providing for Water Service from the Project, 1995 is based on a static volume per year.

ID No.1 Response to #6: Partially agree. The 1995 Master Contract defines the "Available Supply" as the maximum quantity of Project Water the Contracting Officer (USBR) is authorized to deliver to the Cachuma Member Units. The Operational Yield of 25,714 AFY was calculated for rate setting purposes and to extend the duration of water supplies in dry years; delivery shortages were to occur at certain lake levels as part of the that operational yield.

Recommendation 6

That the new master contract between the United States Bureau of Reclamation and the Santa Barbara County Water Agency include a new safe yield in Year One after Lake Cachuma spills, and, in subsequent years, use either a sliding scale or specify mandatory reductions.

ID No.1 Response to #6: Agree with recommendation.

Finding 8

Conservation policies and drought declarations differ from one member unit to another, possibly confusing water users.

ID No.1 Response to #8: Agree with Finding.

Recommendation 8a

That the member units, in conjunction with the Santa Barbara County Water Agency, create consistent policies and procedures that govern conservation efforts especially during times of a severe drought and that these are documented in the subcontracts between the Santa Barbara County Water Agency and the member units.

ID No.1 Response to #8a: Partially agree. The Master Contract term provides that the County Water Agency and each of the Cachuma Member Units develop and implement water conservation plans. Coordination between the agencies is expected to continue; However, each Member Unit has differing water supply profiles and economic factors which the Cachuma Member Unit governing Boards must consider in making independent policy and procedural decisions regarding water conservation.

Recommendation 8b

That the policies and procedures in Recommendation 8a be announced to the community by all member units at the same time.

ID No.1 Response to #8b: Disagree. Each Cachuma Member Unit works cooperatively with the County Water Agency; However, each Member Unit has differing water supplies and economic factors which the Cachuma Member Unit governing Boards must consider in making independent timing decisions regarding water conservation.

Finding 11

Member units approve new water service by issuing, can and will serve letters, intent to serve letters, water service availability documents, or other documents, without expiration dates to citizens and developers.

ID No.1 Response to #11: Agree with Finding that ID No.1 issues Can & Will Serve letters and other documents for water service.

Recommendation 11

That all member units include expiration dates for their water service approval documents.

ID No.1 Response to #11: Agree, ID No.1 will develop policy to provide an expiration date once the restriction on issuance of Can & Will Serve letters for new and additional water service is rescinded due to the water supply shortage emergency.

Finding 12

Member units utilize can and will serve letters, intent to serve letters, water service availability documents, or other documents to grant new water service that are approved based on water availability during a "normal" year's water supply.

ID No.1 Response to #12: Partially agree. ID No.1 bases its issuance of Can & Will Serve letters for new and additional water service on current year water supply and total demand on annual production capability.

Recommendation 12

That member units change their policies to begin approving new water service on the water available during a "worst case" drought year.

ID No.1 Response to #12: Partially agree. ID No.1 utilizes many factors in determining water service and supply availability. Drought conditions are one of those factors along with current year water supply and total demand on annual production capability.

We thank you for the opportunity to respond to the Grand Jury report. Please let us know if there is anything further that you require.

Sincerely,



Chris Dahlstrom
General Manager

cc: Santa Barbara County Grand Jury
Board of Trustees
Gary M. Kvistad, Brownstein Hyatt Farber Schreck, LLP