



SEP 12 2017


JAMES E. HERMAN

September 5, 2017

Honorable Judge James Herman, Presiding Judge
Santa Barbara Superior Court, Department 1
1100 Anacapa Street
Santa Barbara, CA 93101

TRUSTEES:

DIVISION 1
LOS OLIVOS
Harlan J. Burchardi

DIVISION 2
SOLVANG
Jeff Clay

DIVISION 3
SOLVANG
Kevin Walsh

DIVISION 4
SANTA YNEZ
Michael Burchardi

TRUSTEE-AT-LARGE
Brad Joos

GENERAL MANAGER
Chris Dahlstrom

RE: 2016-2017 Grand Jury Report – Managing Regional Water Supplies

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 "Managing Regional Water Supplies". By this letter, and in compliance with Penal Code section 933.05(f), 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

No single entity has decision or enforcement power within Santa Barbara County to lead regional planning.

ID No.1 Response to Finding 1: Respectfully disagree with the finding to the extent that there is an entity that has such regional authority on behalf of its contracting agencies. The Central Coast Water Authority ("CCWA") is a joint powers authority agency consisting of 12 contracting agencies, which have decision and enforcement powers pursuant to State law and its governing policies. CCWA successfully plans and implements water supplies deliveries from the State of California to its 12 contracting agencies throughout Santa Barbara County, financially transacts and controls funding for the operation and maintenance of the regional transmission system and treatment facility, and, throughout the drought of 2011-2016 was solely instrumental in securing supplemental and emergency water for the benefit the agencies it serves. CCWA is uniquely qualified to continue to serve as lead in regional water planning and make decisions as a regional board.

Recommendation 1

The Santa Barbara County Water Agency be designated as the permanent lead agency of the Santa Barbara Cooperating Partners and granted enforcement power to ensure reliability of Santa Barbara County water supplies.

ID No.1 Response to Recommendation 1: Respectfully disagree with the reference and cannot support that the Santa Barbara County Water Agency be designated as the permanent lead agency to ensure reliability of water supplies for the region and ID No.1. ID No.1 was formed in 1959 pursuant to the California Water Code 74000 & 75000 with broad powers and authority over its water supplies and other latent powers, and has wide-ranging governance powers afforded by that law. As such, ID No.1 is controlled by an elected governing body that represents its interests and rate paying constituents with the authority to control financing, acquire and manage water supplies, and act as lead agency to make water supply decisions at a local level while coordinating and participating on a regional basis. ID No.1 has secured water rights in the Santa Ynez River, it contracts and funds its prorated cost share for State Water Project ("SWP") water through CCWA, interacts with Bureau of Reclamation and pays for all costs for its allocated water supply from the Cachuma Project, and conjunctively operates and manages its groundwater source of supply in the Santa Ynez Upland Groundwater Basin. ID No.1 with its local and regional water supplies are subject to Federal and State licenses, permits and regulations that ensure public health, safety, and trust resources are protected.

The Water Agency does not have the governance structure to fairly represent ID No.1's local and regional water supplies. The County has no voting structure to represent ID No.1's water supplies, nor fiduciary responsibility, it has no role providing water service as it has no customers, no infrastructure, no permits or licenses issued by the State Water Resources Control Board ("SWRCB") or Division of Drinking Water, does not set water rates, nor direct accountability to the customers receiving water from ID No.1; thus no water management experience. Although this recommendation in concept may appeal to those on the Grand Jury, the Santa Barbara County Water Agency is not impartial due to the complexities and divergent positions regarding water supply, has conflicting policy goals per the SWRCB hearing record 2003, and has also relinquished its one role as a lead agency in 2013 in the IRWM grant process leaving it to the local water agencies. As such, another layer of governmental control would further constrain and obfuscate the ability of ID No.1 as a water management agency under its governance authority pursuant to the California Water Code.

Finding 9

None of the Santa Barbara County south coast water purveyors has established a capital replacement account.

ID No.1 Response to Finding 9: A point of clarification is needed. ID No.1 is not a south coast water purveyor. The south coast is a geographic region or location in the coastal plains of the county and that is uniquely separated by the Santa Ynez Range. ID No.1 is in the central portion of the County north of the Santa Ynez Range.

Disagree with the Finding. ID No.1 has both a capital repair and replacement, and plant expansion reserve used to fund capital projects.

Recommendation 9

That each Santa Barbara County south coast water purveyor establish and fund a restricted capital replacement account.

ID No.1 Response to Recommendation #9: The ID No.1 Board established a reserve policy and reviews and updates those policies from time-to-time. The ID No.1 capital repair and replacement, and plant expansion reserves (accounts) are unrestricted, Board reserved and approved for funding in accordance with the Capital Improvement Plan and with Board action on the annual budget. These reserves are replenished with year-end unexpended revenues. ID No.1 also has on deposit with CCWA a "rate coverage reserve fund" for the purpose of complying with the rate covenant for maintaining financial coverage. The Board maintains the authority to restrict reserves.

Because the report references replacement funds related to the Tecolote Tunnel and the South Coast Conduit on page 4 paragraph 1, it is important to note that ID No.1 does not receive its Cachuma water through either of those USBR owned and COMB operated and maintained facilities, receives no conveyance benefit from those facilities, and therefore does not fund nor is responsible for cost obligation to operate or maintain those Project Works..

The following are additional comments and corrections to the Grand Jury Report respectfully submitted by ID No.1.

Statement on Page 1, Paragraph 2 "...Lake Cachuma (Lake), the heart of the system."

Comment: Lake Cachuma may be located in the Santa Ynez River but is hardly considered the heart of the USBR's system. The Cachuma Project is a source of water for the south coast Cachuma Member Units. It is also one of four sources of supply for ID No.1 in the Santa Ynez Valley. Cachuma Project water represents approximately 40% of ID No.1's total water supply during a normal year. The Lake is also used as the terminal reservoir to convey CCWA's south coast contracting agency's SWP water allocation but is not part of the State Water Project.

Statement on Page 1, Paragraph 2 "...The Cachuma Operation and Maintenance Board (COMB)...was formed to operate the surface water distribution system from the Lake to the coastal communities and the upper Santa Ynez Valley."

Comment: This statement is partly incorrect. COMB does not distribute water from the Lake to the upper or anywhere in Santa Ynez Valley. COMB was exclusively formed to convey water to the south coast of Santa Barbara through the USBR owned Tecolote Tunnel and South Coast Conduit.

Statement on Page 9, Paragraph 1 “Day-to-day operation of the Cachuma Project is currently the responsibility of the Cachuma Operation and Maintenance Board.”

Comment: This statement that needs correcting. COMB is only responsible for operation and maintenance of the “Project Works” consisting of the Tecolote intake, Tecolote Tunnel and South Coast Conduit System pursuant to Contract No. 14-06-200-5222R for the south coast Cachuma Member Units. The Cachuma Project is owned and operated by USBR including Bradbury Dam and the lake.

Statement on Page 9, Paragraph 2 “ID1 unilaterally terminated their relationship with COMB last year after a dispute over finances and management of the Fish Management Plan. Whether the ID1 actually has the authority to do so has not been determined.”

Comment: This statement is one sided, does not reflect circumstances regarding ID No.1's withdrawal from COMB, which is now subject to threatened litigation by COMB against ID No.1. This should be deleted to avoid due to its inflammatory statement.

Statement on Page 9, Paragraph 7 continued to page 10 “One Member, ID1...voted against the motion...”

Comment: Without the full context of the Board meeting discussion and complex circumstances including but not limited to the barge relocation issues related to downstream water rights, and that new point of diversion that impacted the minimum pool used for public trust resources, this statement is inflammatory and can be construed as one-sided. ID1 requests this statement be deleted.

Statement on Page 11 Paragraph 3 “The U.S Bureau of Reclamation has expressed the desire that the new contract in 2020 remain with the County...”as the “single contracting entity” for this contract.”

Comment: This is not a foregone conclusion and ID No.1 and the City of Santa Barbara have requested that USBR explore other water service contract options available to the Cachuma Member Units.

Figure 4 page 12 Surface Water Management and Operation Structure in Santa Barbara County.

Comment: COMB only provides Operation and Maintenance services to the Project Works as should be shown as the Tecolote Tunnel in the diagram. This figure as depicted in the report misrepresents that COMB provides O&M to the Cachuma Project and should be corrected to accurately reflect the Contract No. 14-06-200-5222R terms and responsibilities.

The ID No.1 Board of Trustees and Management again sincerely thank those individuals serving on the Grand Jury for volunteering their time, trying to gain an understanding of the very complicated and complex issue of water, and preparing this report in a short amount of time. By incorporating the submitted comments, this report will then accurately reflect these complex water matters and provide the community an informative document. 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: Board of Trustees
Santa Barbara County Grand Jury