

Central Services
Joan Araujo, Director

Engineering Services
Christopher Cooper, Director

Roads & Transportation
Christopher Kurgan, Director

Water & Sanitation
Joseph Pope, Director

Watershed Protection
Glenn Shephard, Director

July 26, 2022

Board of Supervisors
Ventura County Watershed Protection District
800 South Victoria Avenue
Ventura, CA 93009

SUBJECT: Adopt Resolution Authorizing the Transfer of State Water Project Water Allocations from the Casitas Municipal Water District to the Central Coast Water Authority; and Authorize the Director of the Ventura County Watershed Protection District to Sign Final Agreements with the California Department of Water Resources to Effectuate the Transfer. All Zones. All Supervisorial Districts.

RECOMMENDATIONS:

1. Adopt resolution authorizing the one-time transfer of State Water Project (SWP) water from the Casitas Municipal Water District to the Central Coast Water Authority (CCWA), and
2. Authorize the Director of the Ventura County Watershed Protection District (PWA-WP) to sign the final agreements with the California Department of Water Resources (DWR) to effectuate the transfer provided the agreements are consistent with proposals described herein and upon review by the County Counsel's Office.

FISCAL IMPACT/MANDATE:

This item has no fiscal impact.

DISCUSSION:

Executive Summary

Casitas wishes to transfer 250 acre-feet (this year's allocation) of their 2022 Table A SWP water to CCWA in Santa Barbara County. Your Board's approval is required for the transfer agreement to proceed.

In 1963, PWA-WP entered an agreement with the State to purchase an entitlement of SWP water, and later sold this entitlement to the Ventura River Municipal Water District (VRMWD), now the Casitas Municipal Water District (Casitas). Although PWA-WP no



longer keeps an allocation, they remain the primary contracting agency with the State, and it can evaluate and coordinate agreements made by the subcontractors. As of February 28, 2021, the Water Management Amendment (WMA) to the State Water Contract took effect. It incorporates contractual steps into the SWP Water Supply Contracts to provide greater flexibility in managing SWP supplies, including transfers of SWP water. Under the WMA, a Resolution by your Board is now required to attest that the tenets have been met in Article 57(g) from the WMA before State the approves a transfer. Your Board last approved a similar one-year SWP allocation transfer for Casitas to the same requesting entities on October 19, 2021.

Background

In 1963, the Ventura County Flood Control District (VCFCD, now the Ventura County Watershed Protection District) entered into an agreement with the State of California for the purchase and delivery of 20,000 acre-feet per year (AFY) of SWP water (PWA-WP/DWR Agreement). At that time, under PWA-WP/DWR Agreement, the PWA-WP made annual payments to DWR related to the SWP infrastructure and facilities, operations, and maintenance based on its allocation of SWP water, regardless of the received amount of SWP water. Like all SWP contractors, the PWA-WP made additional annual payments for conveyance costs related to the amount of SWP water delivered.

In June 1970, the PWA-WP assigned its entire allocation of SWP water (20,000 AFY) to Casitas for Casitas' promise to pay all the PWA-WP's past and future costs under the PWA-WP/DWR Agreement. Next, Casitas assigned 10,000 AFY of that allocation to the City of Ventura (City) and 5,000 AFY of that allocation to the United Water Conservation District (United). At this time, Casitas, the City, and United are entitled to receive respectively up to 5,000 AFY, 10,000 AFY, and 5,000 AFY of SWP water deliveries under the PWA-WP/DWR Agreement. The 1970 agreement between PWA-WP and Casitas, states that "No assignment or commitment of the water referred to in this contract shall be made by VRMWD (Casitas) to any agency outside of Ventura County without prior approval of VCFCD (PWA-WP) and STATE."

Proposed Transfer

Casitas wishes to transfer 250 AF of its 2022 SWP deliveries to CCWA. Pursuant to the transfer, CCWA shall pay Casitas a rate of \$700 for every AF of water that CCWA agrees to purchase from Casitas. CCWA shall be responsible for the DWR variable costs for the water delivered to CCWA and for any administrative and transactional costs charged by DWR.

Annually, DWR issues notices of estimated deliveries to SWP contractors to alert contractors if deliveries will be reduced to a percentage of their normal allocations. Once DWR issues notices of estimated deliveries, the PWA-WP's annual SWP water delivery is adjusted accordingly and then divided proportionally among Casitas, the City, and United per the assignment agreements described above. For example, for the 2022 delivery year, given ongoing dry and drought conditions, DWR informed SWP contractors



that deliveries will be five percent (5%) of their respective annual SWP allocations. Accordingly, this water year, Casitas will have an allocation of 250 AF [5,000 AF x 5% = 250 AF].

DWR Water Management Amendment

In 2020, DWR released an amendment to all its SWP contracts called the WMA. On February 2, 2021, your Board approved the WMA, and it took effect on February 28, 2021, following its approval and execution by 24 of the 27 SWP contractors. The WMA is intended to provide public water agencies with more flexibility to manage their SWP water supplies with sustainability and streamlined previous provisions and requirements to match the state supply and demand. The WMA also revised the process for transferring SWP water deliveries; specifically, DWR now agrees to transfers only after the governing body of the SWP contractor approves the transfer and makes the following findings:

- 1) The Agency has complied with all applicable laws.
- 2) The Agency has provided any required notices to public agencies and the public.
- 3) The Agency has provided the relevant terms to all contractors and the Water Transfers Committee of the State Water Contractors Association.
- 4) The Agency is informed and believes that the transfer or exchange will not harm other contractors.
- 5) The Agency is informed and believes that the transfer or exchange will not adversely impact SWP operations.
- 6) The Agency is informed and believes that the transfer or exchange will not affect its ability to make all payments, including payments when due under its Contract for its share of the financing costs of the State's Central Valley Project Revenue Bonds.
- 7) The Agency has considered the potential impacts of the transfer or exchange within its service area.

To effectuate the proposed transfer, the WMA requires that the PWA-WP, as the original SWP contractor, approve the transfer proposed by Casitas and make the findings described above.

In the past, the parties executed similar agreements for the transfer of SWP water to address the water supply needs of the parties and other agencies. These transfers did not require your Board's approval because the PWA-WP/DWR Agreement did not require the adoption of a resolution or other formal agreement. The WMA now requires formal agreements for all contractors to execute for transfers of SWP water. Instead, these past transfers were effectuated under the terms of the PWA-WP assignment in the original agreement with Casitas.



To support the proposed transfer, Casitas adopted a similar resolution approving the transfer in May 2022 (Exhibit 1). After DWR receives the parties' approved resolutions for the proposed transfer, DWR will generate the final agreements to finalize Casitas's proposed transfer.


The PWA-WP recommends your Board adopt the attached resolution (Resolution) to approve the transfer of 250 AF of SWP water from Casitas to CCWA. The proposed transfer will allow the parties to address their water supply needs flexibly during the current dry and drought conditions.

In addition, the PWA-WP recommends your Board delegate authority to the PWA-WP Director to execute any final agreement(s) generated by DWR necessary to effectuate the proposed transfer, provided the agreement(s) are consistent with proposals described herein and upon review by the County Counsel's Office.

This item has been reviewed by the County Executive Office, the Auditor-Controller's Office, and County Counsel.

If you have questions regarding this item, please call Arne Anselm at (805) 654-3942 or the undersigned at (805) 654-2040.

Sincerely,



Glenn Shephard, P.E.
Director, Watershed Protection District

Attachments:

Resolution – Resolution Approving the Transfer of State Water Project Water from Casitas Municipal Water District to Central Coast Water Authority

Exhibit 1 – Casitas Mutual Water District Resolution

