



# CITY OF SANTA BARBARA

## COUNCIL AGENDA REPORT

**AGENDA DATE:** December 9, 2014

**TO:** Mayor and Councilmembers

**FROM:** Water Resources Division, Public Works Department

**SUBJECT:** State Grant Funding For Cachuma Emergency Pump Project

**RECOMMENDATION:** That Council:

- A. Adopt, by reading of title only, A Resolution of the Council of the City of Santa Barbara Approving and Authorizing Execution of an Agreement with the California Department of Water Resources to Receive Drought Emergency Response Program Grant Funding for the Cachuma Emergency Pumping Facility Project; and
- B. Adopt, by reading of title only, A Resolution of the Council of the City of Santa Barbara Approving and Authorizing Execution of an Agreement with the California State Water Resources Control Board to Receive Public Water System Drought Emergency Response Program Grant Funding.

### **DISCUSSION:**

On March 1, 2014, Governor Brown approved a \$687.4 million emergency drought relief package to take effect immediately. As a result of the Governor's action, the California Department of Public Health (CDPH) released approved guidelines to administer \$15 million in funding from the Public Water System Drought Emergency Response (PWSDER) Program to provide funding for interim and/or permanent solutions for community water systems and public water systems suffering drought related water outages or threatened emergencies.

In addition, on April 25, 2014, Governor Brown issued an executive order to strengthen the state's ability to manage water effectively in drought conditions. This includes assistance from the Department of Water Resources to public agencies in establishing temporary water supply connections to mitigate the effects of the drought.

In response, City Water Resources Division staff, in cooperation with the Cachuma Operations and Maintenance Board (COMB), generated a funding request for \$500,000 to partially fund the City's share of the Cachuma Emergency Pump Project (Project). The Project, which is led by COMB, will ensure delivery of water to the South Coast

Cachuma Member Units, including the City of Santa Barbara, the Montecito Water District, the Goleta Water District, and the Carpinteria Water District.

Due to the severe drought conditions, the gravity-fed conveyance system that receives water from Lake Cachuma is projected to become inoperable when the lake level falls below the intake portal that is located at the system's intake tower. The Project is necessary to allow for continued use of the reservoir water. It consists of a pumping system to convey water from low lake levels to the COMB conveyance system, including the installation of 3,600 feet of pipeline and the placement of seven pumps on a floating barge. Additionally, sediment that had been blocking the lowest intake portal was dredged to allow for the intake of water at the lower elevations.

The Project has been selected for funding, and two funding agreements have been issued – one by the State Water Resources Control Board (SWRCB) for \$350,000, to offset the capital costs of the Project, and one by the Department of Water Resources (DWR) for \$150,000 to offset the operating costs of the Project.

#### **BUDGET/FINANCIAL INFORMATION:**

On May 20, 2014, Council adopted Resolution No. 14-026, ratifying the COMB approval of the Project and specifying its portion of the cost. The total Project capital cost is estimated to be \$6,022,603. The City of Santa Barbara's share of that total cost is \$2,160,910, of which \$350,000 is to be funded from the SWRCB through the PWSDER Program, and \$1,810,910 is to be funded by the City of Santa Barbara's Water Fund.

Each of the participating COMB member units must enter into a separate grant agreement with the SWRCB in order to be eligible for the grant funding. Under each separate agreement, each member unit is defined as the "Supplier" responsible for the whole of the project costs (\$6,022,603). Under the terms of the agreement, the "Supplier" agrees to fund all project costs in excess of the grant funding (\$350,000) and, further, the Supplier covenants that it has access to the funds covering the total project costs. The City Attorney's Office requested that the language be modified to reflect that the City total share of project costs is \$2,160,910 (per Resolution No. 14-026) and that the other COMB member agencies will be contributing to the total project costs. The SWRCB rejected the City's request stating that each funding agreement must reference only two funding sources (SWRCB and City, in this case) and must demonstrate full project funding.

Given that the COMB member agencies are obligated through the Joint Powers Agreement to share in the Cachuma Emergency Pump Project costs according to the terms of that agreement, and because if the total project costs are not otherwise met, the grant funding simply will not be provided to the City or the other Member units, the legal risks associated with the grant agreement language are expected to be low. With

this understanding, the South Coast Cachuma Member Units are moving forward with the agreement as drafted in order to secure the grant funding.

Operational costs of the Project are estimated to be \$1,656,000. The City of Santa Barbara's share of that total cost is \$594,173, of which \$150,000 is to be funded from DWR through the PWSDER Program, and \$444,173 is to be funded by the City of Santa Barbara.

Also, this Project has also been preliminarily selected for Bureau of Reclamation Emergency Drought Funding in the amount of \$300,000, as well as State DWR Integrated Regional Water Management 2014 Drought Funding in the amount of approximately \$1,000,000. The City's share of these grant awards is currently in negotiation, and funding contracts for these grant awards are in development.

The City's funding share for the Project is available in the current Water Fund Budget. State assistance with drought related grant funding will offset the need for the use of Water Funds for this Project.

**PREPARED BY:** Joshua Haggmark, Acting Water Resources Manager/KD/mh

**SUBMITTED BY:** Rebecca J. Bjork, Public Works Director

**APPROVED BY:** City Administrator's Office