



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: June 28, 2016

TO: Mayor and Councilmembers

FROM: Water Resources Division, Public Works Department

SUBJECT: Cachuma Conservation Release Board Fiscal Year 2017 Budget Ratification

RECOMMENDATION:

That Council ratify the Cachuma Conservation Release Board Fiscal Year 2017 budget, with the City's proportional share not to exceed \$448,535.

DISCUSSION:

The Cachuma Conservation Release Board (CCRB) is a joint powers authority agency consisting of three of the four South Coast members of the Cachuma Project: the City of Santa Barbara (City), the Goleta Water District, and the Montecito Water District. CCRB represents the interests of its members in matters relating to Cachuma Project water rights. Councilmember Harwood "Bendy" White represents the City on CCRB issues. The Carpinteria Valley Water District withdrew from CCRB on January 1, 2011.

Major work efforts for the CCRB include representation of its members in the federal re-consultation for the revised Biological Opinion on Cachuma Reservoir (Biological Opinion), the State Water Resources Control Board process for a Cachuma water rights (Water Rights Order), and critical drought support as needed. A brief summary of the background and status of the Biological Opinion and Water Rights Order are provided below.

Federal Biological Opinion:

The Bureau of Reclamation (Reclamation) owns and operates the Cachuma Project, providing water supply to five member units including the City. In 2000, a Biological Opinion was issued by the National Marine Fisheries Service (NMFS) for the Bureau of Reclamation's operation and maintenance of Bradbury Dam (the Cachuma Project). NMFS is the agency that oversees protection of the Southern California Steelhead Trout (Steelhead). The Biological Opinion addresses the effects of the proposed Cachuma Project operations on the Steelhead and its designated critical habitat, in accordance with Section 7 of the Endangered Species Act of 1973. Reclamation and the Cachuma Project Water Agencies have developed the proposed revisions to the project operations since

1993 to improve habitat conditions for the Steelhead, while still maintaining water supplies. In 2014, the NMFS formally initiated a reconsultation of the Biological Opinion. A draft Biological Opinion revision is anticipated to be released in 2016. The revised Biological Opinion is important because it could affect Cachuma Project operations and the amount of water available for water supply purposes.

State Water Rights Order:

Reclamation and the members of the Cachuma Project continue to await a decision on Cachuma Project water rights by the State Water Resources Control Board (SWRCB). The decision will reflect SWRCB's determination on a long-standing review of Cachuma Project operations, in terms of its effects on downstream water users and public trust resources (Steelhead). A December 2002 settlement agreement resolved a number of issues among several of the participants in the hearing and is under consideration by the SWRCB. The Final Environmental Impact Report for the decision has been officially entered into the hearing record. The draft water rights order for the Cachuma Project remains a high priority water rights issue for the SWRCB, although processing water rights orders by the SWRCB has slowed due to drought workload. The SWRCB has not yet rescheduled a tentative date for release of the draft order. Similar to the Biological Opinion, the SWRCB decision is important to the City because it could affect the amount of water available from Lake Cachuma for water supply purposes.

The attached CCRB budget was approved by the CCRB Board on June 2, 2016. To take effect, the budget must be ratified by each member agency. The total CCRB budget is \$1,097,200. The City's share is 40.88 percent, which is \$448,535. The Fiscal Year 2017 CCRB budget is approximately \$291,600 lower than last year, with the City's portion being \$120,200 lower than last year.

The tables on the attached budget for CCRB are divided into three major categories: Administrative Budget, Legal Expenses, and Consultant Activities.

The Administrative Budget of \$185,200 is approximately \$77,800 higher than last year. CCRB is re-evaluating its organizational staffing and administrative needs, given expected work on the Cachuma Biological Opinion and Water Rights Order processes. The budget assumes the revised Biological Opinion will be released by NMFS this summer, and the SWRCB will make its ruling on Cachuma water rights sometime after that. The releases of these documents means that the workload for CCRB staff is likely to be demanding. In previous years, the General Manager was a part-time position held by remote staff in the Los Angeles area. The increased administrative budget reflects a full-time General Manager position, local office space, and more frequent travel to meetings with federal and state agencies in Northern California to address the forthcoming work on the Biological Opinion and SWRCB water rights order.

The Legal Expenses Budget of \$225,000 is \$150,000 lower than last year. The decrease of \$150,000 reflects the removal of budgeted litigation expenses for the *CalTrout v. United State Bureau of Reclamation* lawsuit, which has now been settled. Budgeted legal expenses include anticipated activity on the State Water Board Water Rights decision, re-consultation for the Biological Opinion on the Cachuma Reservoir, and other general counsel activities.

The Consultant Activities Budget includes a public outreach program, legislative and regulatory representation, hydrologic technical support, and a variety of consulting support related to the United States Bureau of Reclamation re-consultation with the NMFS and the eventual water rights process under the State Board. The Consultant Activities Budget of \$626,205 is approximately \$230,200 lower than last year. The scope of work under Consultant Activities will depend on the release and information included in the draft revised Biological Opinion and draft Water Rights Order. Given that the information within and timing of release for these draft documents is currently unknown, the Consultant Activities budget has been divided into an initial and total budget. The initial assessment for Consultant activities is \$182,145 out of the \$626,205 total budget. The remaining \$444,060 will only be assessed after it is determined that additional Consultant work is needed to evaluate the impacts of the revised biological opinion and water rights order.

In summary, the CCRB Fiscal Year 2017 budget is \$291,600 lower than the previous year; the City's portion of this savings is 40.88 percent or \$120,000.

BUDGET/FINANCIAL INFORMATION:

Appropriated funds are included in the recommended Fiscal Year 2017 Water Fund operating budget to cover the City's share of the CCRB Budget.

ATTACHMENT: Cachuma Conservation Release Board Fiscal Year 2016-2017
Adopted Budget

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

SUBMITTED BY: Rebecca J. Bjork, Public Works Director

APPROVED BY: City Administrator's Office

Cachuma Conservation Release Board
Adopted Budget Fiscal Year 2016-17

Account Number	Account Name	Draft Fiscal Year16-17 Budget
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ADMINISTRATIVE

			100.00%
5050	Office Lease		12,000
5100	Audit		8,000
5200	Liability Insurance		4,200
5301	General Manager Salary		120,000
5304	Administrative Support		5,000
5312	Misc. Admin. Exp.		4,000
5313	Communications/Computer		6,000
5316	Admin Fixed Assets		4,000
5330	Admin. Travel		6,000
5331	Travel Exp. Federal & State Meetings		15,000
5332	Transportation		1,000
TOTAL ADMINISTRATIVE			185,200

LEGAL

			100.00%
7000	Legal		100,000
7001	BO Reconsultation Legal Support		75,000
7002	SWRCB Water Rights		50,000
TOTAL LEGAL			225,000

CONSULTANT ACTIVITIES

		TOTAL		
		100.00%	11.58%	88.42%
6001	BO Reconsultation Activities	448,750	51,965	396,785
7200	SWRCB Proceedings Support	46,250	5,356	40,894
	Critical Drought Support	30,000	3,474	26,526
Shared		525,000	60,795	464,205

INITIAL

	100.00%	11.58%	88.42%
	166,000	19,223	146,777
	10,000	1,158	8,842
	30,000	3,474	26,526
	206,000	23,855	182,145

			100.00%
7300	Public Outreach Program	10,000	0
7400	Legislative & Regulatory Analyst	72,000	0
7500	Hydrologic Technical Support	30,000	0
6500	Contingency	50,000	0
CCRB only		162,000	0

TOTAL CONSULTANT ACTIVITIES		687,000	60,795	626,205
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Cachuma Conservation Release Board
Adopted Budget FY 2016-17

<i>TOTAL BUDGET</i>	1,097,200
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<i>INITIAL BUDGET</i>	778,200
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CCRB COST ALLOCATION

MEMBER UNIT	Pro Rata	Annual
Goleta Water District	0.4603	505,041
City of Santa Barbara	0.4088	448,535
Montecito Water District	0.1309	143,623
<i>TOTAL BUDGET</i>	100.00%	1,097,200

MEMBER UNIT	Pro Rata	Annual
Goleta Water District	0.4603	358,205
City of Santa Barbara	0.4088	318,128
Montecito Water District	0.1309	101,866
<i>INITIAL BUDGET</i>	100.00%	778,200

Initial Quarterly Assessments	PERCENT %	Quarterly
Goleta Water District	46.03%	89,551
City of Santa Barbara	40.88%	79,532
Montecito Water District	13.09%	25,467
<i>TOTAL INITIAL QUARTERLY</i>	100.00%	194,550