



# CITY OF SANTA BARBARA

## COUNCIL AGENDA REPORT

**AGENDA DATE:** March 2, 2010

**TO:** Mayor and Councilmembers

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

**SUBJECT:** Discussion Of South Coast Conduit Second Barrel Project

### **RECOMMENDATION:**

That Council provide conceptual approval for Water Resources staff to take the lead in a joint project with other South Coast Water Districts to finance and construct a section of pipe between the South portal of the Tecolote Tunnel and the Corona Del Mar Water Treatment Plant in Goleta.

### **DISCUSSION:**

The City participates with Goleta Water District, Montecito Water District, Carpinteria Valley Water District and Santa Ynez Water Conservation District - Improvement District #1 (ID#1) - in the Cachuma Operations Maintenance Board (COMB). COMB is a Joint Powers Authority for the operation and maintenance of infrastructure used to deliver water from Cachuma Lake. COMB has completed the engineering design for a section of pipe that will restore the original capacity of the South Coast Conduit (SCC) as well as provide reliability in the event that the original pipeline becomes unusable for any number of reasons.

Additionally, the proposed second pipeline would allow the existing pipeline to be taken out of service for inspection and maintenance. The cost of the second pipeline is expected to be between \$10 and \$11 million.

COMB submitted the pipeline as part of a regional suite of projects for State grant funding under Proposition 50 which was approved by the statewide electorate in 2002. The State has awarded \$3.2 million to COMB to construct the SSC project. COMB had intended to finance the balance of project costs through issuance of tax-exempt debt, with the debt service paid by the City Water Fund and Goleta Water District. Montecito Water District intended to fund its share of the project costs from reserves. The Carpinteria Valley Water District is contemplating their participation in the project. If they participate, they will also use capital funds from their reserves.

The COMB Joint Powers Agreement requires that any expenditure of more than \$1 million or any debt obligation be unanimously approved by all of the member agencies. Although they are not a participant in the SCC Project and will be fully protected from any cost or liability of the Project, Improvement District #1 of the Santa Ynez Water River Conservation District (ID#1), as a member of COMB, has voted against issuance of the debt. The ID#1 Board has taken this position because of other unrelated COMB activity concerning the construction of fish passage projects to restore habitat for endangered steelhead.

ID#1 contends that the steelhead projects are not within the purview of COMB, but should instead be completed by the Cachuma Conservation Release Board (CCRB), in partnership with ID#1. CCRB is another joint powers agency comprised of the City and the South Coast Water agencies organized for the purpose of preserving the water rights of the member agencies. The fisheries projects are required mitigation for the effects of Bradbury Dam (the dam that creates Cachuma Reservoir).

The \$3.2 million of State Proposition 50 grant funds represents a significant opportunity to fund needed infrastructure. In order to be reimbursed from Proposition 50 bond funds, the funds must be expended by approximately June 2012. Because of the length of time it will take to bid and construct this project, it is necessary to move forward with the SCC Project at this time or to abandon it.

City staff, in discussion with staff from the other South Coast Water Districts, has tentatively proposed that the City take the lead to finance and to bid and construct the Project with appropriate financial participation by the other South Coast agencies. At this time, staff is seeking conceptual approval of this approach to preserve the grant funds and construct this Project. If the Council and the other agencies are in support of this approach, we will return to Council with a plan for how the partnership would be structured, and to request necessary authorizations.

**PREPARED BY:** Rebecca Bjork, Water Resources Manager/RB/mh

**SUBMITTED BY:** Christine F. Andersen, Public Works Director

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