



# Update of CCWA Transfer Policy and Procedures

Operations Committee Meeting  
January 11, 2024

# Proposal

- CCWA staff proposes updating and supplementing CCWA's current Policies and Procedures for Water Transfers ("CCWA Transfer Rules") to:
  - Implement the Water Management Amendment
  - Standardize procedures
- No action requested at this time
- NOTE: This presentation is for discussion purposes only. The proposed updated CCWA Transfer Rules described in this presentation are preliminary and subject to change.

# Proposed Application of Updated Transfer Rules

- Updated Transfer Rules would apply to all non-permanent transfers and exchanges conveyed through the SWP and CCWA facilities
  - Purchase or sale of Project Water (SWP Water)
    - Single and multi-year
  - Purchase of Nonproject Water
    - Example: groundwater substitution and/or fallowing transfers
  - Balanced and unbalanced exchanges
- Updated Transfer Rules would not apply to any permanent sale of a Participant's Project Allotment

# Background

- 2013: CCWA adopted Policies and Procedures for Water Transfers
  - CCWA website at: <https://www.ccwa.com/water-transfer-request>
- 2021: CCWA adopted Resolution 21-01
  - Grants a Right of First Refusal (ROFR) to all Participants to purchase Project Water on the same terms and conditions before it is transferred outside Santa Barbara County
- 2021: SWP Contract amended by the Water Management Amendment
  - Authorizes transfers and exchanges of Project Water, subject to its terms and conditions

# General Framework

- Transfers and exchanges internal to CCWA
  - No CCWA approval required
- Transfers and exchanges outside of CCWA
  - Require approval from CCWA, SBCFCWCD and DWR
  - Participants responsible for all costs and compliance with CEQA
  - Participants must comply with Article 57(g) of the SWP Contract
    - CCWA and SBCFCWD also comply
  - Participants must indemnify CCWA and other Participants from all liability

# General Framework (cont.)

- CCWA Transfer Programs
  - Two types:
    - Supplemental Water Purchase Program (ongoing)
    - Surplus Water Transfer/Sale Program (proposed)
  - Participants contract with CCWA for purchase/sale of specific supply
  - CCWA directs/manages transfer and contracts with 3<sup>rd</sup> party buyer/seller
- Participant-Directed Transfers
  - Participant may contract directly with 3<sup>rd</sup> parties
  - CCWA assists Participant as necessary to facilitate coordination with DWR and ensure delivery via CCWA facilities



# Transfers and Exchanges Outside of Santa Barbara County

# Process

- Early and regular communication between Participant Seller, CCWA and other Participants encouraged
- First, CCWA intends to fulfill Participant needs internally:
  - December 1: DWR releases initial allocation percentage
  - December 5: CCWA estimates quantity of Project Water available to each Participant and notifies Participants
  - December 15: Participants notify CCWA of initial intent to buy or sell water in following year
  - January 1 - May 1: CCWA facilitates transfers internal to CCWA to meet all Participant needs



# Compliance with Resolution No. 21-01

- If total Participant demand for water is  $<$  water available for sale by Participants, Participant Seller(s) may contract with CCWA or a 3<sup>rd</sup> party for sale of the surplus supply, subject to compliance with Resolution No. 21-01
  - Participant Seller has obligation to comply with Resolution No. 21-01
- 1<sup>st</sup> Notice: When terms and conditions of proposed sale to 3<sup>rd</sup> party known to Participant Seller (i.e., Term Sheet available), Participant Seller to provide 1<sup>st</sup> notice of potential sale to all other Participants
  - Recommend providing at least 15 days for Participant review and any responses

## Compliance with Resolution No. 21-01 (cont.)

- If no Participant provides notice of intent to exercise ROFR by deadline, Participant Seller proceeds to development of final contract with 3<sup>rd</sup> party buyer
- 2<sup>nd</sup> Notice: At least 30 days prior to execution of contract with 3<sup>rd</sup> party, Participant Seller to provide 2<sup>nd</sup> notice of potential sale to all other Participants
  - Recommend providing at least 30 days for Participant review and response
- If any Participant exercises ROFR and makes binding commitment to purchase the water for sale on the same terms and conditions, Participant Seller to complete sale with Participant
- If no Participant exercises ROFR, sale to 3<sup>rd</sup> party buyer proceeds

# Project Water Types

- Project Water available for transfer/exchange:
  - Table A Water
  - Article 56 Carryover Water
  - Article 21 Water – special circumstances only
- Project Water not available for transfer/exchange:
  - Article 14B Water

# Article 56 Carryover Water

- Contractors permitted to transfer/exchange up to 50% of their carryover water stored in San Luis Reservoir
- Process:
  - CCWA estimates quantity available to transfer and notifies Participants
  - Participants notify CCWA of intent to transfer some portion
  - DWR determines maximum quantity available for transfer by CCWA
- If total Article 56 carryover water to be transferred is  $<$  total quantity permitted to be transferred, Participants to share in the balance available pro rata
- If total Article 56 carryover water to be transferred  $>$  total quantity permitted to be transferred, quantity each Participant may transfer is reduced pro rata

## Article 21 Water

- Generally, transfer of Article 21 water not permitted unless SWP Contractor demonstrates special need
- DWR makes Article 21 water available for delivery to SWP Contractors on a weekly basis
- SWP Contractors must take delivery in “real time”
- SWP Contractors may change the point of delivery (POD)
  - Example: redirect Article 21 water to a groundwater bank
- TBD whether CCWA can simultaneously take delivery of some portion of its Article 21 water and redirect some portion to another POD
- Given short time to exercise right, any contracts for delivery of CCWA’s Article 21 water to a POD outside CCWA’s service area must be in place in advance



# Proposed Process and Timing

- January Meetings (Operations and Board of Directors)
  - Begin discussions re. concepts to be addressed
- February 15, 2024 – CCWA Board Agenda Packet
  - Draft updated CCWA Transfer Rules available for review by Participants and the public
- February 22, 2024 – CCWA Board Meeting
  - Discussion re. draft updated CCWA Transfer Rules
- March 1, 2024 – Deadline to receive comments
- March 21, 2024 – CCWA Board Agenda Packet
  - Final updated CCWA Transfer Rules available for review
- March 28, 2024 – CCWA Board Meeting
  - CCWA Board considers updated CCWA Transfer Rules



# Questions and Discussion