



A Special Meeting of the
**BOARD OF DIRECTORS
 OF THE
 CENTRAL COAST WATER AUTHORITY**

will be held at 8:30 a.m., on Wednesday, February 17, 2021
 via URL: <https://meetings.ringcentral.com/j/1492239080>
 or via telephone by dialing 1(623) 404-9000 and entering code 149-223-9080#

CCWA's Board meetings are conducted pursuant to California Government Code Section 54953 and Governor Newsom's Executive Orders (N-25-20, N-29-20 and N-35-20), temporarily suspending portions of the Brown Act in response to the COVID-19 pandemic. Members of the Board will participate in this meeting by video call or telephone.

Public Comment on agenda items may occur via video call or telephonically, or by submission to the Board Secretary via email at lfw@ccwa.com no later than 7:30 a.m. on the day of the meeting. In your email, please specify (1) the meeting date and agenda item (number and title) on which you are providing a comment and (2) that you would like your comment read into the record during the meeting. If you would like your comment read into the record during the meeting (as either general public comment or on a specific agenda item), please limit your comments to no more than 250 words.

Every effort will be made to read comments into the record, but some comments may not be read due to time limitations. Please also note that if you submit a written comment and do not specify that you would like this comment read into the record during the meeting, your comment will be forwarded to Board members for their consideration.

Pursuant to Government Code section 54957.5, non-exempt public records that relate to open session agenda items and are distributed to a majority of the Board less than seventy-two (72) hours prior to the meeting will be available on the CCWA internet web site, accessible at <https://www.ccwa.com>.

Eric Friedman
Chairman

Ed Andrisek
Vice Chairman

Ray A. Stokes
Executive Director

Brownstein Hyatt
Farber Schreck
General Counsel

Member Agencies

City of Buellton

Carpinteria Valley
Water District

City of Guadalupe

City of Santa Barbara

City of Santa Maria

Goleta Water District

Montecito Water District

Santa Ynez River Water
Conservation District,
Improvement District #1

Associate Member

La Cumbre Mutual
Water Company

I. Call to Order and Roll Call

II. Public Comment – (Any member of the public may address the Board relating to any matter within the Board’s jurisdiction. Individual Speakers may be limited to five minutes; all speakers to a total of fifteen minutes.)

III. Executive Director’s Report

- * A. Santa Barbara Flood Control and Water Conservation District Staff’s Proposed Conditions of Approval of Amendment No. 20 (The Contract Extension Amendment) to the State Water Contract
 - 1. Authorize the Executive Director to execute and send a letter to Mr. Tom Fayram confirming CCWA’s intention that the term of the TFRA is the same as the SWP Contract, as amended by Amendment No. 20
- * B. Santa Barbara Flood Control and Water Conservation District Staff’s Proposed Conditions of Approval of Amendment No. 21 (The Water Management Amendment)
 - 1. Resolution No. 21-01 of the Board of Directors of the Central Coast Water Authority Adopting A Right of First Refusal Rule For Any Transfer of State Water Project Water Outside the County of Santa Barbara Pursuant To the State Water Supply Contract, As Amended By Amendment No. 21 (The Water Management Amendment)
- * C. Request for Authorization to Retain the Services of Terrain Consulting in an Amount Not to Exceed \$50,000 for Governmental Relation and Communications Services

IV. CLOSED SESSION

- A. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION Initiation of litigation pursuant to Government Code section 54956.9(d) (4): 2 cases

V. Items for Next Regular Meeting Agenda

VI. Date of Next Regular Meeting: February 25, 2021

VII. Adjournment

* Indicates attachment of document to original agenda packet.



CENTRAL COAST WATER AUTHORITY

MEMORANDUM

February 11, 2021

TO: CCWA Board of Directors

FROM: Ray A. Stokes
Executive Director 

SUBJECT: Santa Barbara Flood Control and Water Conservation District Staff's Proposed Conditions of Approval of Amendment No. 20 (the Contract Extension Amendment) to the State Water Contract

SUMMARY:

As a condition of the Santa Barbara County Flood Control and Water Conservation District (District)'s execution of Amendment No. 20 (The Contract Extension Amendment), District staff¹ requires that CCWA execute an amendment to the Transfer of Financial Responsibility Agreement (TFRA). (See **Attachment A**: District's proposed First Amendment to TFRA.)

RECOMMENDED ACTIONS:

Staff recommends that the Board of Directors:

1. Affirm the Board of Directors' action taken at its January 28, 2021 meeting objecting to any District-imposed conditions on Amendment No. 20; and
2. Authorize the Executive Director to execute and send a letter to Mr. Tom Fayram confirming CCWA's intention that the term of the TFRA is the same as the SWP Contract, as amended by Amendment No. 20. (See **Attachment B**: Draft Letter to T. Fayram from R. Stokes.)

BACKGROUND:

By letter dated November 2, 2020, CCWA requested the Santa Barbara County Flood Control and Water Conservation District (District)'s execution of Amendment No. 20 (The Contract Extension Amendment).

In anticipation of the District's consideration of CCWA's request, District staff recommended to the Board of Supervisors that execution of Amendment No. 20 be conditioned upon CCWA's execution of a proposed amendment to the 1991 Transfer

¹ For clarity, the condition of approval has been recommended by the District staff. The condition has not received approval of the County Board of Supervisors.

of Financial Responsibility Agreement (TFRA). (See **Attachment C**: January 21, 2021 District Agenda Letter.)

At its meeting on January 28, 2021, the CCWA Board of Directors declined to amend the TFRA, authorized CCWA staff to seek a continuance of the Board of Supervisors' March 2, 2021 consideration of CCWA's request, and further authorized delivery of a letter to the Board of Supervisors notifying it of CCWA's actions. (See **Attachment D**: January 29, 2021 Letter from CCWA to Board of Supervisors re. Amendment No. 20.)

On February 2, 2021, the County Board of Supervisors, acting in its capacity as the governing board of the District, considered CCWA's request and continued the item to March 2, 2021.

CCWA staff met with District staff on February 4 and February 11, 2021 to discuss District staff's proposed condition.

On February 4, 2021, County Counsel transmitted a revised proposed amendment to the TFRA. (See **Attachment A**; see also **Attachment E**: February 9, 2020 email from T. Fayram to R. Stokes and S. Hastings.)

DISCUSSION

District staff's revised proposed First Amendment to the TFRA makes the following change (shown in bold and underline) to the original proposal:

2. Covenant to Raise Funds. CCWA agrees to take all actions authorized under the JPA Agreement, as amended, and the WSAs to raise the funds required to satisfy its obligations to the District under this agreement. Such actions shall include, but not be limited to, enforcement by CCWA of any provisions of WSAs requiring that CCWA Contractors increase their payments to CCWA in order to assure that a failure to pay CCWA by a defaulting CCWA Contractor does not impair CCWA's ability to make payments to the District hereunder, and imposing a tax, **if allowed by law.**

All other terms are the same as originally proposed and as considered by this Board at its January Board meeting.

For the reasons provided in CCWA's January 22, 2021 staff report, and as discussed at the January 28, 2021 CCWA Board Meeting, CCWA staff continues to recommend that this Board object to any conditions imposed on the District's execution of Amendment No. 20.

For the reasons provided in CCWA's January 22, 2021 staff report, CCWA staff does not recommend amendment of the term of the TFRA.

For the reasons provided in CCWA's January 22, 2021 staff report, CCWA staff does not recommend amendment of the covenant to raise funds in the TFRA. District staff's

proposed addition of the phrase “if allowed by law,” does not change CCWA staff’s recommendation.

ATTACHMENTS:

- A. District’s proposed First Amendment to 1991 Transfer of Financial Responsibility Agreement
- B. DRAFT letter from R. Stokes to T. Fayram
- C. January 21, 2021 Agenda Letter
- D. January 29, 2021 Letter from CCWA to Board of Supervisors re. Amendment No. 20
- E. February 9, 2020 email from T. Fayram to R. Stokes and S. Hastings

FIRST AMENDMENT TO TRANSFER OF FINANCIAL RESPONSIBILITY AGREEMENT

THE TRANSFER OF FINANCIAL RESPONSIBILITY AGREEMENT (hereinafter TFRA) between the Santa Barbara County Flood Control and Water Conservation District, a political subdivision of the State of California (hereafter District), and the Central Coast Water Authority, a joint powers agency (hereafter CCWA), is hereby amended as follows:

RECITALS

WHEREAS, the District and the California Department of Water Resources (DWR) entered into a Water Supply Contract (SWP Contract) for the State Water Project (SWP) in 1963;

WHEREAS, based on the SWP Contract, the District and CCWA entered into the Transfer of Financial Responsibility Agreement (TFRA) to provide for the continued delivery of State Water Project water to CCWA on the terms and conditions of the SWP Contract;

WHEREAS, the SWP Contract currently expires on February 26, 2038, and DWR has proposed an amendment, Amendment 20, to the SWP Contract to extend the term to December 31, 2085 or the period ending with the latest maturity date of any SWP bond;

WHEREAS, CCWA supports Amendment 20 and has requested the District execute Amendment 20 to the SWP Contract with DWR; and

WHEREAS, this First Amendment to the TFRA seeks to extend the TFRA to match the term of the SWP Contract, as extended, and clarify that CCWA remains responsible for compliance with terms of the SWP Contract, as may be amended, for the extended term and shall continue to indemnify the District as provided in the TFRA for the extended term.

NOW, THEREFORE, it is hereby mutually agreed by the parties as follows:

A. Paragraph 1 of the TFRA is amended to read as follows:

1. Term. This Agreement shall be in effect for the same term as the SWP Contract, as may be extended or amended, pursuant to Articles II and IV thereof, and shall terminate upon the later of termination of the SWP Contract or termination of all liability of the District thereunder.

B. Paragraph 2, E of the TFRA is amended to read as follows:

- E. Covenant to Raise Funds. CCWA agrees to take all actions authorized under the JPA Agreement, as amended, and the WSAs to raise the funds required to satisfy its obligations to the District under this agreement. Such actions shall include, but not be limited to, enforcement by CCWA of any provisions of WSAs requiring that CCWA Contractors increase their payments to CCWA in order to assure that a failure to pay CCWA by a defaulting CCWA Contractor does not impair CCWA's ability to make payments to the District hereunder, and imposing a tax, if allowed by law.

C. In all other respects, the TFRA remains unchanged and in full force and effect.

IN WITNESS WHEREOF, the parties have executed this First Amendment to the TFRA to be effective on the date executed by DISTRICT.

ATTEST:

By:

CENTRAL COAST WATER AUTHORITY:

By:

Chair, Board of Directors

Date:

SANTA BARBARA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT:

By:

Date:

APPROVED AS TO FORM:

Ray Aromatorio, ARM, AIC
Risk Manager

By:

APPROVED AS TO FORM:

Michael C. Ghizzoni
County Counsel

By:

Deputy

APPROVED AS TO ACCOUNTING FORM:

Betsy M. Schaffer, CPA
Auditor-Controller

By:

Deputy



February 17, 2021

Mr. Thomas Fayram
Thomas D. Fayram
Deputy Public Works Director
County of Santa Barbara Public Works
123 East Anapamu
Santa Barbara, CA 93101

Eric Friedman
Chairman

Ed Andrisek
Vice Chairman

Ray A. Stokes
Executive Director

Brownstein Hyatt
Farber Schreck
General Counsel

Member Agencies

City of Buellton

Carpinteria Valley
Water District

City of Guadalupe

City of Santa Barbara

City of Santa Maria

Goleta Water District

Montecito Water District

Santa Ynez River Water
Conservation District,
Improvement District #1

Associate Member

La Cumbre Mutual
Water Company

Re: Confirmation of the Term of the 1991 Transfer of Financial Responsibility Agreement

Dear Mr. Fayram:

The purpose of this correspondence is to confirm certain matters relating to Section 1 (the "Term") of the 1991 Transfer of Financial Responsibility Agreement.

In response to CCWA's November 3, 2020 request that the Santa Barbara County Board of Supervisors (Board), acting in its capacity as the governing board of the Santa Barbara County Flood Control and Water Conservation District (District), execute Amendment No. 20 (the Contract Extension Amendment) to the State Water Contract on behalf of CCWA, pursuant to the Transfer of Financial Responsibility Agreement, District staff identified a potential ambiguity in the term of the Transfer of Financial Responsibility Agreement and proposed amendment to the Transfer of Financial Responsibility Agreement to address that potential ambiguity, among other things. On February 2, 2021, the Board considered CCWA's request regarding Amendment No. 20 and unanimously agreed to continue the matter until March 2, 2021.

On February 17, 2021, the Board of Directors of the Central Coast Water Authority (CCWA) authorized me to confirm with you CCWA's interpretation of the Transfer of Financial Responsibility Agreement and to confirm our mutual intentions with respect to the term of the Transfer of Financial Responsibility Agreement, as set forth below, in lieu of an amendment to the Transfer of Financial Responsibility Agreement.

The Transfer of Financial Responsibility Agreement defines the term "SWP Contract" as the 1963 Water Supply Contract between the District and the State of California, Department of Water Resources, (SWP Contract) "as it may be amended and supplemented from time to time." Section 1 of the Transfer of Financial Responsibility Agreements provides:

This [Transfer of Financial Responsibility] Agreement shall be in effect for the same term as the SWP Contract pursuant to Articles II and IV thereof, and shall terminate upon the later of termination of the SWP Contract or termination of all liability of the District thereunder.

Mr. Thomas Fayram

February 17, 2021

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Therefore, the Transfer of Financial Responsibility Agreement has the same term as the SWP Contract, whatever it may be. Amendment No. 20 to the SWP Contract amends the term of the SWP Contract pursuant to Article II. Amendment of the term of the SWP Contract necessarily includes extension of the SWP Contract.

To memorialize CCWA's and the District's mutual agreement that the term of the Transfer of Financial Responsibility Agreement is the same as the SWP Contract, as amended by Amendment No. 20 (The Contract Extension Agreement), CCWA proposes the agreement set forth below.

Please provide your signature in the space below confirming your agreement and return this letter to me at your earliest convenience.

Respectfully,

Ray Stokes, Executive Director

AGREEMENT
CONFIRMING THE TERM OF THE
TRANSFER OF FINANCIAL RESPONSIBILITY AGREEMENT

1. It is the intention of CCWA and the District, the parties to the Transfer of Financial Responsibility Agreement (collectively "Parties" and individually "Party"), that the purpose of this Agreement is to confirm the term of the Transfer of Financial Responsibility Agreement and thereby to resolve any perceived ambiguity or potential disagreement with respect to the term. As it relates to the Transfer of Financial Responsibility Agreement, the Parties acknowledge and agree that this Agreement is interpretive in nature only and that nothing in this Agreement amends or modifies, or shall be construed to amend or modify, the Transfer of Financial Responsibility Agreement in any way. The Parties further agree that the Transfer of Financial Responsibility Agreement remains in full force and effect.

2. It is the intention of the Parties that the term "SWP Contract," as defined in the Transfer of Financial Responsibility Agreement, includes any extension of that agreement by amendment, including but not limited to Amendment No. 20 (the Contract Extension Amendment).

3. The persons executing this Agreement on behalf of the Parties hereto warrant that such Party is duly authorized to execute and deliver this Agreement on behalf of said Party and to bind that Party, including but not limited to its directors, officers, members, managers, agents, successors and assigns, board members, representatives,

officials and elected officials; and by so executing this Agreement, such Party is formally bound to its provisions.

4. This Agreement is conditioned upon and will take effect only upon approval by each of the Parties, demonstrated by their respective signatures to this Agreement. The date the last of these events occurs constitutes the "Effective Date" of this Agreement.

**CENTRAL COAST WATER
AUTHORITY**

**SANTA BARBARA FLOOD CONTROL
AND WATER CONSERVATION
DISTRICT**

Ray Stokes, Executive Director

Tom Fayram, Water Resources Deputy
Director

Dated: _____

Dated: _____

cc: CCWA Board of Directors
Ed Andrisek, Vice Chair, City of Buellton
Farfalla Borah, Goleta Water District
Jeff Clay, Santa Ynez River Water Conservation District, ID #1
Shirley Johnson, Carpinteria Valley Water District
Julian Ariston, City of Guadalupe
Etta Waterfield, City of Santa Maria
Floyd Wicks, Montecito Water District
CCWA Operating Committee
Mike Alvarado, La Cumbre Mutual Water Company
Paeter Garcia, Santa Ynez River Water Conservation District, ID #1
Rose Hess, City of Buellton
Robert McDonald, Carpinteria Valley Water District
John McInnes, Goleta Water District
Pernell Rush, Vandenberg AFB 30 CES/CEOEO 1028
Shad Springer, City of Santa Maria
Shannon Sweeney, City of Guadalupe
Cathy Taylor, City of Santa Barbara
Nick Turner, Montecito Water District
Matt van der Linden, City of Solvang
Mona Miyasato, County Executive Officer, Santa Barbara County
Michael Gizonni, County Counsel, Santa Barbara County
Johannah Hartley, Deputy County Counsel, Santa Barbara County
Matt Young, Water Agency Manager, Santa Barbara County FC&WCD



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: Flood Control
Department No.: 054
For Agenda Of: January 26, 2021
Placement: Set Hearing
Estimated Time: 90 minutes on
February 2, 2021
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Directors, Flood Control and Water Conservation District

FROM: Department Scott D. McGolpin, Public Works Director, 805-568-3010
Director(s)
Contact Info: Thomas D. Fayram, Deputy Public Works Director, 805-568-3436

SUBJECT: State Water Project Contract Amendments

County Counsel Concurrence

As to form: Yes

Other Concurrence: County Executive Office

Auditor-Controller Concurrence

As to form: N/A

Recommended Actions:

That the Board of Directors:

Set a hearing for February 2, 2021 (ESTIMATED TIME: 90 MINUTES) to consider the request of the Central Coast Water Authority (CCWA) to approve two Water Supply Contract Amendments as follows:

- a) Consider the request of the Central Coast Water Authority (CCWA) to approve Amendment 20 (Contract Extension Amendment) to the State Water Project (SWP) Contract;
 - i. Approve and authorize the Public Works Director or his designee to execute Amendment 20 (Contract Extension) to the SWP Contract contingent upon full approval and execution of the First Amendment to the Transfer of Financial Responsibility Agreement;
 - ii. Approve and authorize the Public Works Director or designee to execute the First Amendment to the Transfer of Financial Responsibility Agreement (TFRA) with CCWA to extend the term of the TFRA to match the extended term of the SWP as approved in Amendment 20;
 - iii. Certify that the Board, acting as a Responsible Agency, has reviewed and considered the information and environmental effects contained in the Final Environmental Impact Report (FEIR) for Amendment 20 to the SWP Contract, and that the California Department of Water Resources (DWR) as Lead Agency found no significant impacts and is the custodian of the records located at <https://ceqanet.opr.ca.gov/2014092036/2>;

- b) Consider the request of the Central Coast Water Authority (CCWA) to approve Amendment 21 (Water Management Amendment) to the SWP Contract;
 - i. Authorize the Public Works Director or his designee to negotiate a revenue sharing and water sales agreement with CCWA as a contingency for approval of Amendment 21 to the SWP Contract;
 - ii. Direct staff to return to the Board with both the revenue sharing and water sales agreement and Amendment 21 for approval;
- c) Provide additional direction to staff regarding the State Water Project; and
- d) Determine that the proposed actions are not a project under the California Environmental Quality Act, pursuant to Guidelines Section 15378(b)(5), organization or administrative activities that will not result in a direct or indirect physical change in the environment.

Summary Text:

This item is on the agenda to consider the request of the Central Coast Water Authority (CCWA) to approve two proposed amendments to the State Water Project (SWP) Contract, Amendment 20, Contract Extension and; Amendment 21 Water Management. As the SWP Contract is between the Santa Barbara County Flood Control and Water Conservation District (District) and the California Department of Water Resources (DWR) your Board must approve any amendments to the Contract.

Amendment 20 (Contract Extension)

CCWA sent a letter dated November 3, 2020 (Attachment A) requesting that your Board approve Amendment 20 to the SWP Contract (Attachment B).

Amendment 20 extends the Contract term to 2085, from its current expiration in 2038, or 17 years from now. Amendment 20 makes it clear that Santa Barbara County, as well as the other SWP Contractors, would continue to receive water deliveries from the SWP past 2038. This extension would continue the SWP deliveries to 2085. These deliveries are critical for several CCWA participants where SWP deliveries are an important part of their water supplies. In addition, it must be noted that surface water reservoirs in the County are aging and suffering from siltation and other restrictions that result in less water available moving forward.

SWP deliveries are plumbed from Santa Maria to Carpinteria with participating agencies as follows:

- City of Buellton
- Carpinteria Valley Water District
- Goleta Water District
- City of Guadalupe
- La Cumbre Mutual Water Company
- Montecito Water District
- Morehart Land Company
- City of Santa Barbara
- Raytheon Systems Company (SBRC)
- City of Santa Maria
- Santa Ynez River W.C.D., ID #1 (includes City of Solvang)
- Golden State Water (SCWC)

- Vandenberg Air Force Base

CCWA reports that several financial benefits are realized associated with adoption of this amendment. DWR typically finances capital projects over a 30-year period to obtain the most favorable rates. However, because the current contract expires in less than 20 years, DWR has been forced to finance capital projects over a shorter, 15-year bonding period, which has resulted less favorable financing terms. The Contract Extension Amendment is intended to alleviate this problem and reduce costs associated with the SWP.

Amendment 20 also increases the maximum amount of “rate management credits” which are applied to charges roughly in proportion to the capital charges paid by each SWP contractor. Amendment 20 increases the maximum rate management credits from \$40.5 million per year available for all contractors, to \$48 million per year, an increase of \$7.5 million per year. According to CCWA, its share of the increase is projected to be approximately \$520,000 per year, or roughly \$7.8 million between 2020 and the year 2035. This would be a significant financial benefit to project participants.

This amendment also eliminates a fixed interest rate for amortizing capital and operations and maintenance costs known as the project interest rate (PIR). The PIR, set at 4.16% for many years, is also used to collect interest on underpayments or pay interest on overpayments by contractors. Recently, under collection by DWR to CCWA resulted in interested rate payments at the PIR of roughly \$1.2 million. Elimination of the PIR would result in avoidance of these types of charges in the future.

Extending the contract is unrelated to the Delta Conveyance Project. DWR has allowed contractors to choose to opt-out of this project, and CCWA has elected to do so. No planning or constructions costs for the Delta Conveyance would accrue to CCWA as a result of approving Amendment 20.

Transfer of Financial Responsibility (TFRA)

While extension of the contract ensures continued deliveries from the SWP, the Staff is also proposing extension of the Transfer of Financial Responsibility Agreement (Attachment C) between the District and CCWA to limit the financial liability to the Flood Control District. In 1991, the TFRA was executed to address administration and financial responsibilities for the SWP Contract. Because the current Contract runs to 2038, the proposed amendment to the TFRA makes it clear that the provisions of the TFRA continue past 2038 should the Board approve Amendment 20. One concern staff has raised on contract extension with DWR and with CCWA is how it impacts Article 34(a) post-Proposition 13 limitations. DWR has filed a validation action on the Contract Extension which is currently pending in the Sacramento Superior Court. The Contract Extension Amendment provides that if it is determined by a court of competent jurisdiction determines that nay part of the amendment is invalid or unenforceable then the amendment will be of no force and effect unless waived in writing by DWR and 15 SWP Contractors.

Amendment 21 (Water Management Amendment)

In a letter dated October 28, 2020, CCWA requested that your Board execute Amendment 21 (Attachment D). This amendment (Attachment E) to the SWP Contract was negotiated by the State and various SWP Contractors, would allow individual contractors the ability to sell and buy water without a commitment to return or receive water in exchange.

The current State Water Contract does not allow outright sales of water, but only allows exchanges, with repayment of water in future water years. These exchanges are allowed to be unbalanced, with a higher repayment in future years in order to receive urgently needed water in the short term. This exchange mechanism is not well defined in the current contract and is used infrequently. Amendment 21 clarifies existing exchange practices, provides for single and multi-year water transfers with compensation to be determined by the participants, and allows for transfers of water stored outside of a contractor's service area. The amendment also requires that a selling agency confirm to the State that the transfer not cause harm to the SWP and other contractors, and that DWR approve the transfer and ensure that these conditions are met. A more detailed technical explanation of the mechanisms included in Amendment 21 are included in the attached CCWA Request Letter (Attachment D).

Amendment 21 has the potential to provide benefits to CCWA members. The flexibility to acquire water without the need to repay a water debt in future years could be beneficial to an agency in urgent need of additional supplies. Similarly, a SWP Contractor with excess supply in a given year could offset costs by selling unneeded water. Participating in the water market could provide CCWA members flexibility in managing their supply portfolios.

However, the amendment raises several policy issues. When the SWP was extended to Santa Barbara County, the entire County tax base paid for capital costs until 1986, in recognition that the entire County required a stable external supply of water for residents and businesses. If water is sold out of the County, a given purveyor may benefit financially, but the regional water supply situation may deteriorate. The County as a whole has a distinct financial investment in the SWP and as such should a sale be proposed, how the County's investment is addressed is needed. To this end your Board may wish to direct staff to negotiate a revenue sharing agreement with CCWA so that the District to can recoup its costs in revenue from any sales of SWP water to entities outside of the County.

Currently, within CCWA if a member wishes to exchange water, other CCWA members have a right of first refusal before the water is offered outside of the County. There are currently no such provisions on the water transfers provided for in Amendment 21, and CCWA has not yet developed administrative procedures to ensure that local needs are met first.

The SWP was originally signed in 1963 to provide for secure water supplies for the County. In 1991, following a significant drought, the voters in several areas of the County voted to begin importing SWP Supplies. In addition, overall groundwater conditions in the County were cited as another need for the SWP. In the most recent drought, the SWP was an important supply and several exchanges were executed to increase deliveries to the County. The drought also highlighted concerns on the overall water supply in the County.

If your Board approves Amendment 21, it should be noted that all sales of Santa Barbara County SWP water to entities outside the County would need approval by the County Flood Control District as the SWP Contractor and as such any proposed sales or purchase would come back to your Board for approval.

Background:

The District entered into a contract with DWR in 1963 to receive an allocation of up to 57,700 acre-feet per year (AFY) of water from the State Water Project. The District then began making annual payments to DWR for its share of the capital costs of the project.

The SWP is an important element of the County's overall water supplies and deliveries of SWP water helps offset use/overuse of groundwater and compliments other local supplies. Delivery of high quality water (low in Total Dissolved Solids) provides additional benefits to water purveyors as well. As other existing supplies, such as surface reservoirs, are now and will continue to deliver far less water than originally developed. For example, the Cachuma Project now has shown its inability to provide its original planned allocations through a drought period.

In the early 1980s, after an unsuccessful bond election to pay for local facilities, several water purveyors opted to assume responsibility for payment for 45,486 AFY of the District's allocation through a series of Water Supply Retention Agreements (WSRAs). Up until approximately 1986 the District made all payments to DWR for the capital costs of the SWP.

In 1991, CCWA was formed by various water purveyors to manage the delivery of State Water to Santa Barbara County. Under the management of CCWA, the Coastal Branch connection to the SWP was studied, as required by CEQA, and completed in 1995 with a design capacity of 39,078 AFY. Since then, CCWA has operated the Coastal Branch and distributed water to its member water purveyors. In addition, with the execution of the Transfer of Financial Responsibility Agreement (TFRA) with the District, CCWA has been responsible for fiscal matters relating to State Water, including all the payments to DWR and protecting the District in the event that one or more of its member units fail to meet its financial obligations. To date neither CCWA nor the District have ever defaulted on SWP payments.

Fiscal and Facilities Impacts:

Budgeted: Yes

Narrative:

Management of the water supply agreements are ongoing programs and staff time is included every year in the budget in the Water Resources Division of the Public Works Department. However, pursuant to the TFRA costs relating to management of the SWP are reimbursed by CCWA.

Special Instructions:

Direct the Clerk of the Board to email the minute order of these actions to clopez@cosbpw.net.

Attachments:

- Attachment A - CCWA Request for Amendment 20
- Attachment B - Copy of SWP Contract Amendment No. 20 (FINAL)
- Attachment C - Draft First Amendment to the Transfer of Financial Responsibility Agreement
- Attachment D - CCWA Request for Amendment No. 21
- Attachment E - Copy of SWP Contract Amendment No. 21 (FINAL)
- Attachment F - EIR for SWP Amendment No. 20
- Attachment G - EIR for SWP Amendment No. 21

State Water Project Contract Amendments

Agenda Date: January 26, 2021

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Authored by:

Matt Young, Water Agency Manager, (805) 568-3546

cc: Jeff Frapwell, Assistant CEO



January 29, 2021

Eric Friedman
Chairman

Ed Andrisek
Vice Chairman

Ray A. Stokes
Executive Director

Brownstein Hyatt
Farber Schreck
General Counsel

Member Agencies

City of Buellton

Carpinteria Valley
Water District

City of Guadalupe

City of Santa Barbara

City of Santa Maria

Goleta Water District

Montecito Water District

Santa Ynez River Water
Conservation District,
Improvement District #1

Associate Member

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Water Company

Honorable Bob Nelson, Chair and
Members of the Board of Supervisors
County of Santa Barbara
105 East Anapamu Street
Santa Barbara, CA 93101

Re: February 2, 2021 Agenda Item No. 3 (File No. 21-00088): Santa Barbara Flood Control and Water Conservation District's Proposed Conditions of Approval of Amendment No. 20 (the Contract Extension Amendment) to the State Water Contract

Dear Chair Nelson and Members of the Board of Supervisors:

As you recall, on November 3, 2020, on behalf of the Central Coast Water Authority (CCWA), I requested that the Santa Barbara County Board of Supervisors (Board), acting in its capacity as the governing board of the Santa Barbara County Flood Control and Water Conservation District (District), authorize the District to execute Amendment No. 20 (the Contract Extension Amendment) to the State Water Contract on behalf of CCWA. This matter is on your February 2, 2021 agenda for your consideration. District staff's Agenda Letter for this matter recommends that the Board approve and authorize the Public Works Director to execute Amendment No. 20, *contingent upon* full approval and execution of the District staff's proposed First Amendment to the Transfer of Financial Responsibility Agreement (First Amendment).

At our January 28, 2021 meeting, the CCWA's Board of Directors considered the District staff's proposed condition and First Amendment and authorized me to send this letter.

As a preliminary matter, while CCWA appreciates your prompt consideration of Amendment No. 20, CCWA requests that you continue your consideration of this matter until **March 2, 2021** to permit our respective staff sufficient time to discuss District staff's proposed condition and the First Amendment in particular, and any other concerns the District may have. As detailed in my prior correspondence, this matter is of vital importance to CCWA's participants, the cities and water districts that provide retail water service within the County, and to the nearly 85 percent of County residents who pay for the delivery of State Water Project water to supplement our local county supplies when needed.¹ For this reason, CCWA supports a reasonable delay in the Board's consideration of Amendment No. 20 to ensure that both parties have the opportunity to better understand, and if possible, address each other's concerns.

¹ For example, Amendment No. 20 increases the maximum "rate management credits" allowable under the State Water Contract. As the third highest payor, CCWA's share of the increase is projected to be approximately \$520,000 per year, or roughly \$7.8 million between 2020 and 2035. But if Amendment No. 20 is not executed, CCWA will not be entitled to these credits.

Further, in hopes of advancing those discussions and ultimately the District's execution of Amendment No. 20 without conditions, CCWA is also providing you its concerns with the District staff's recommended approach.

First, CCWA objects to the District's imposition of any conditions on the District's execution of Amendment No. 20. The District does not have the authority to impose conditions on its execution of Amendment No. 20. At the time the Transfer of Financial Responsibility Agreement was executed, the State Water Contract had already been amended 14 times, and future additional amendments were fully anticipated. The District and CCWA expressly agreed that the District's financial obligations under the State Water Contract, as that contract had been amended, "and as it may be amended and supplemented from time to time" in the future, would be completely and fully assumed and satisfied by CCWA. Accordingly, Amendment No. 20 is squarely within the scope of the Transfer of Financial Responsibility Agreement.

Second, the District's proposed First Amendment is infeasible.² The proposed First Amendment seeks to impose a new obligation on CCWA—that CCWA levy a property tax to satisfy its obligations under the Transfer of Financial Responsibility. In relevant part, the proposed First Amendment provides:

E. Covenant to Raise Funds. CCWA agrees to take all actions authorized under the JPA Agreement, as amended, and the WSAs to raise the funds required to satisfy its obligations to the District under this agreement. Such actions shall include, but not be limited to, enforcement by CCWA of any provisions of WSAs requiring that CCWA Contractors increase their payments to CCWA in order to assure that a failure to pay CCWA by a defaulting CCWA Contractor does not impair CCWA's ability to make payments to the District hereunder, and imposing a tax.

(Emphasis added.) CCWA does not have the power to levy a property tax, except as the contracting party to the State Water Contract, which it is not presently.³ Moreover,

² Although a minor point, the District's proposed First Amendment is also unnecessary. It proposes to amend the Transfer of Financial Responsibility Agreement to clarify that the term of the Transfer of Financial Responsibility Agreement is the same as the State Water Contract. However, no clarification is required—it is undisputed that Transfer of Financial Responsibility Agreement has the same term as the State Water Contract, whatever it may be. (See Transfer of Financial Responsibility Agreement, Recital A; see also § 1.)

³ CCWA's Joint Exercise of Powers Agreement, as amended, provides:

Powers. The Authority shall have the power in its own name to do any of the following: . . . To contract with the DWR for delivery of water from the State Water Project, along with all necessary and incidental powers as may be required by the Authority to carry out the Authority's rights and obligations under the State Water Supply Contract, including, but not limited to, the right to levy a tax or assessment on all properties within the jurisdiction of the Authority not exempt from taxation, as mandated by the California Water Code and the State Water Supply Contract.

(Joint Exercise of Powers Agreement, § 5(P) (emphasis added).)

the State Water Contract requires the District, as the contracting party, to levy a property tax upon all property within the County if required by the State Water Contract.⁴

On behalf of CCWA, thank you in advance for your consideration of this important matter. We look forward to working with the District to ensure the timely execution of Amendment No. 20. If you have any questions or require any additional information, please let me know.

Respectfully,



Eric Friedman, Chair of the Board of Directors

cc: CCWA Board of Directors
Ed Andrisek, Vice Chair, City of Buellton
Farfalla Borah, Goleta Water District
Jeff Clay, Santa Ynez River Water Conservation District, ID #1
Shirley Johnson, Carpinteria Valley Water District
Julian Ariston, City of Guadalupe
Etta Waterfield, City of Santa Maria
Floyd Wicks, Montecito Water District
CCWA Operating Committee
Mike Alvarado, La Cumbre Mutual Water Company
Paeter Garcia, Santa Ynez River Water Conservation District, ID #1
Rose Hess, City of Buellton
Robert McDonald, Carpinteria Valley Water District
John McInnes, Goleta Water District
Pernell Rush, Vandenberg AFB 30 CES/CEOEO 1028
Shad Springer, City of Santa Maria
Shannon Sweeney, City of Guadalupe
Cathy Taylor, City of Santa Barbara
Nick Turner, Montecito Water District
Matt van der Linden, City of Solvang
Mona Miyasato, County Executive Officer, Santa Barbara County
Matt Young, Water Agency Manager, Santa Barbara County FC&WCD
Tom Fayram, Water Resources Deputy Director, Santa Barbara County Public Works Dept.
Johannah Hartley, Deputy County Counsel, Santa Barbara County

⁴ If the District wishes to be relieved of this obligation, it should assign the State Water Contract to CCWA. In 1991, the District expressed its intention to work with CCWA to obtain DWR's approval of a full assignment of the State Water Contract from the District to CCWA. In 2017, CCWA's Board of Directors *unanimously* agreed to accept assignment of the State Water Contract and to release the District from all liability for it. And in 2018, CCWA secured DWR's approval for assignment.

Lisa F. Watkins

From: Fayram, Tom <Tfayram@cosbpw.net>
Sent: Tuesday, February 9, 2021 10:21 AM
To: Ray Stokes; 'Hastings, Stephanie'
Cc: Ghizzoni, Michael; Hartley, Johannah; McGolpin, Scott; Frapwell, Jeff; Young, Matthew
Subject: SWP Amendments Call Thursday Feb 11

Hello Ray and Stephanie -

As we discussed, the terms below are what staff collectively believes has a chance for approval at the Board. We believe it is best to move forward with those elements that we all can agree upon. While not the entire approval CCWA seeks, the elements we can agree upon here stand to benefit CCWA and its members financially.

Proposed terms are;

1. To recommend approval of Amendment 20, that CCWA agrees to execute the first amendment to the TFRA, with the provision added that makes CCWA responsible for imposing taxes for a default **IF STATE LAW ALLOWS**.
2. To recommend approval of Amendment 21, provided that CCWA agrees to the provision that;
 - a. Requests to purchase water for importing would be needed to address shortages.
 - b. Requests to sell water out of County would not be considered / approved and in County transfers be sought instead.

If CCWA agrees to these, we can seek Board approval on March 2nd. If not then the matter may not return to the Board on March 2nd. We will discuss this more at our call on Thursday.

Also, as we discussed, if CCWA has an alternative proposal that might meet County Board approval, please provide that in advance of the meeting as well.

Thank you.

Thomas D. Fayram
Deputy Public Works Director
County of Santa Barbara Public Works
805-568-3436



CENTRAL COAST WATER AUTHORITY

MEMORANDUM

February 12, 2021

TO: CCWA Board of Directors

FROM: Ray A. Stokes
Executive Director 

SUBJECT: Santa Barbara Flood Control and Water Conservation District Staff's Proposed Conditions of Approval of Amendment No. 21 (The Water Management Amendment)

SUMMARY:

As a condition of the Santa Barbara County Flood Control and Water Conservation District (District)'s execution of Amendment No. 21 (The Water Management Amendment), District staff¹ proposes certain conditions on CCWA's ability to transfer or exchange water pursuant to the Water Management Amendment, including but not limited to a prohibition on all out-of-county transfers of State Water Project (SWP) water.

RECOMMENDED ACTIONS:

Staff recommends that the CCWA Board of Directors:

1. Affirm the Board of Directors' action taken at its January 28, 2021 meeting objecting to any District-imposed conditions on Amendment No. 21 (The Water Management Amendment); and
2. Adopt Resolution 21-01 Adopting A Right Of First Refusal Rule For Any Transfer Of State Water Project Water Outside The County Of Santa Barbara Pursuant To The State Water Supply Contract, As Amended By Amendment No. 21 (The Water Management Amendment)

BACKGROUND:

By letter dated October 28, 2020, CCWA requested the Santa Barbara County Flood Control and Water Conservation District (District)'s execution of Amendment No. 21 (The Water Management Amendment).

In anticipation of the District's consideration of CCWA's request, District staff recommended to the Board of Supervisors that execution of Amendment No. 21 be conditioned upon CCWA's

¹ For clarity, the conditions of approval have been proposed by District staff and we anticipate will be recommended by the District staff. The conditions have not received approval of the County Board of Supervisors.

execution of “revenue sharing and water sales agreement.” (See **Attachment A**: January 21, 2021 District Agenda Letter.)

At its meeting on January 28, 2021, the CCWA Board of Directors declined to negotiate and execute a “revenue sharing and water sales agreement,” authorized CCWA staff to seek a continuance of the Board of Supervisors’ March 2, 2021 consideration of CCWA’s request, and further authorized delivery of a letter to the Board of Supervisors notifying it of CCWA’s actions. (See **Attachment B**: January 29, 2021 Letter from CCWA to Board of Supervisors re. Amendment No. 21.)

On February 2, 2021, the County Board of Supervisors, acting in its capacity as the governing board of the District, considered CCWA’s request and continued the item to March 2, 2021.

CCWA staff met with District staff on February 4 and February 11, 2021 to discuss District staff’s proposed conditions.

On February 9, 2021, District staff transmitted an email containing new conditions on the District’s execution of Amendment No. 21. (See **Attachment C**: February 9, 2020 email from T. Fayram to R. Stokes and S. Hastings.)

DISCUSSION:

District staff’s proposed conditions would make some, but not all of the benefits of Amendment No. 21 available to CCWA and its participants. Based on District staff’s February 9, 2021 email(Attachment C) and CCWA staff’s further discussions with District staff, we believe that District staff will recommend to the County Board of Supervisors approval of Amendment No. 21, subject to the following conditions:

1. any transfer or exchange would be subject to the District’s discretionary approval at the time it is proposed; and
2. purchases of SWP Water (in excess of the participant’s allocated Table A) may be limited to only certain conditions – i.e., if a participant has a “shortage;”
3. unbalanced exchanges in favor of another SWP contractor would be prohibited; and
4. all out-of-county sales would be prohibited.

The proposed conditions would deprive CCWA and its participants of all of the benefits of Amendment No. 21, benefits that will be enjoyed by all other contracting agencies. To date, 25 SWP contractors have executed Amendment No. 21 and it is anticipated to become effective on February 28, 2021. Following the effective date, the District, on behalf of CCWA, will have 60 days to execute Amendment No. 21, or risk being able to participate at all.

Specifically, the proposed conditions would have the following impacts:

1. Prohibit Sales of SWP Water Outside of Santa Barbara County

By prohibiting sales of SWP water outside of Santa Barbara County, the District would be severely limiting a significant benefit of Amendment No. 21 to CCWA and its project participants. This would mean that for those agencies that are developing other local sources

of supply such as desalination plants or potable reuse, etc., they would be prohibited from utilizing the provision in Amendment No. 21 that allows for single year or multi-year transfers and the revenues that could be received from such sales to help offset the costs of developing local supplies within the CCWA participants' service areas.

2. Potential Loss of Carryover Water Stored in San Luis Reservoir

One of the provisions of Amendment No. 21 is the ability to transfer or exchange up to 50% of a SWP Contractor's carryover water stored in San Luis Reservoir (more than 50% may be transferred or exchanged if approved by DWR). Carryover water is water that is made available to a SWP Contractor in one calendar year but not delivered to the SWP Contractor and therefore "carried over" in San Luis Reservoir to the next calendar year.

Carryover water is subject to "spill" or loss in the event the reservoir completely fills in the next calendar year. If CCWA and its participants are precluded from this provision of Amendment No. 21, they will be deprived of a valuable tool in helping manage their unused State water supplies stored in San Luis Reservoir.

3. Inability to Transfer Water Stored Outside of Santa Barbara County

Another provision of Amendment No. 21 allows for SWP water that is stored outside of a Contractor's service area (i.e., groundwater banks) to be transferred to another SWP Contractor without it first being returned to the SWP Contractor's service area. In other words, those CCWA project participants that have stored SWP water outside of Santa Barbara County would be precluded from selling that stored water to another SWP Contractor unless the stored water was brought back into Santa Barbara County before being transferred to another SWP Contractor thereby greatly increasing the costs of the transaction.

4. Inability to Participate in Unbalanced Exchanges

This District proposes that only balanced exchanges would be allowed by CCWA and its participants. This means that CCWA would be at a significant disadvantage regarding its ability to participate in exchange transactions in future and would only be able to participate in exchanges whereby CCWA is providing the water to another SWP Contractor and receiving exactly the same amount of water in return. It is unlikely other SWP Contractors will want to participate in an exchange with CCWA on these terms as Amendment No. 21 allows for exchange ratios up to 5:1.

PROPOSED RESOLUTION:

At the February 2, 2021 meeting of the Board of Supervisors, two Supervisors expressed an interest in a requirement that any proposed transfer of water out of the County would be subject to a Right of First Refusal by all CCWA Participants.

CCWA staff agrees that it would be beneficial for CCWA as a whole to have a first right of refusal for temporary water transfers out of Santa Barbara County on the same terms and conditions as negotiated with another SWP Contractor. In other words, if one of the CCWA participants have negotiated a temporary water sale with another SWP Contractor, the CCWA participant would be required to offer the water to other CCWA project participants on the

same terms and conditions. If no other CCWA participant elects to acquire the water, the temporary transfer to the other SWP Contractor would be allowed to proceed.

For this reason, CCWA staff proposes for this Board's consideration Resolution No. 21-01: Adopting A Right Of First Refusal Rule For Any Transfer Of State Water Project Water Outside The County Of Santa Barbara Pursuant To The State Water Supply Contract, As Amended By Amendment No. 21 (The Water Management Amendment) (see **Attachment D**). Resolution No. 21-01 would require CCWA participants to first offer any proposed transfer of SWP water out of the County to all other CCWA participants, on the same terms and conditions as negotiated with any out-of-County transferee as a condition of CCWA's approval.

ATTACHMENTS:

- A. January 21, 2021 Agenda Letter
- B. January 29, 2021 Letter from CCWA to Board of Supervisors re. Amendment No. 21
- C. February 9, 2020 email from T. Fayram to R. Stokes and S. Hastings
- D. Resolution 21-01



**BOARD OF SUPERVISORS
AGENDA LETTER**

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: Flood Control
Department No.: 054
For Agenda Of: January 26, 2021
Placement: Set Hearing
Estimated Time: 90 minutes on
February 2, 2021
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Directors, Flood Control and Water Conservation District

FROM: Department Scott D. McGolpin, Public Works Director, 805-568-3010
Director(s)
Contact Info: Thomas D. Fayram, Deputy Public Works Director, 805-568-3436

SUBJECT: State Water Project Contract Amendments

County Counsel Concurrence

As to form: Yes

Other Concurrence: County Executive Office

Auditor-Controller Concurrence

As to form: N/A

Recommended Actions:

That the Board of Directors:

Set a hearing for February 2, 2021 (ESTIMATED TIME: 90 MINUTES) to consider the request of the Central Coast Water Authority (CCWA) to approve two Water Supply Contract Amendments as follows:

- a) Consider the request of the Central Coast Water Authority (CCWA) to approve Amendment 20 (Contract Extension Amendment) to the State Water Project (SWP) Contract;
 - i. Approve and authorize the Public Works Director or his designee to execute Amendment 20 (Contract Extension) to the SWP Contract contingent upon full approval and execution of the First Amendment to the Transfer of Financial Responsibility Agreement;
 - ii. Approve and authorize the Public Works Director or designee to execute the First Amendment to the Transfer of Financial Responsibility Agreement (TFRA) with CCWA to extend the term of the TFRA to match the extended term of the SWP as approved in Amendment 20;
 - iii. Certify that the Board, acting as a Responsible Agency, has reviewed and considered the information and environmental effects contained in the Final Environmental Impact Report (FEIR) for Amendment 20 to the SWP Contract, and that the California Department of Water Resources (DWR) as Lead Agency found no significant impacts and is the custodian of the records located at <https://ceqanet.opr.ca.gov/2014092036/2>;

- b) Consider the request of the Central Coast Water Authority (CCWA) to approve Amendment 21 (Water Management Amendment) to the SWP Contract;
 - i. Authorize the Public Works Director or his designee to negotiate a revenue sharing and water sales agreement with CCWA as a contingency for approval of Amendment 21 to the SWP Contract;
 - ii. Direct staff to return to the Board with both the revenue sharing and water sales agreement and Amendment 21 for approval;
- c) Provide additional direction to staff regarding the State Water Project; and
- d) Determine that the proposed actions are not a project under the California Environmental Quality Act, pursuant to Guidelines Section 15378(b)(5), organization or administrative activities that will not result in a direct or indirect physical change in the environment.

Summary Text:

This item is on the agenda to consider the request of the Central Coast Water Authority (CCWA) to approve two proposed amendments to the State Water Project (SWP) Contract, Amendment 20, Contract Extension and; Amendment 21 Water Management. As the SWP Contract is between the Santa Barbara County Flood Control and Water Conservation District (District) and the California Department of Water Resources (DWR) your Board must approve any amendments to the Contract.

Amendment 20 (Contract Extension)

CCWA sent a letter dated November 3, 2020 (Attachment A) requesting that your Board approve Amendment 20 to the SWP Contract (Attachment B).

Amendment 20 extends the Contract term to 2085, from its current expiration in 2038, or 17 years from now. Amendment 20 makes it clear that Santa Barbara County, as well as the other SWP Contractors, would continue to receive water deliveries from the SWP past 2038. This extension would continue the SWP deliveries to 2085. These deliveries are critical for several CCWA participants where SWP deliveries are an important part of their water supplies. In addition, it must be noted that surface water reservoirs in the County are aging and suffering from siltation and other restrictions that result in less water available moving forward.

SWP deliveries are plumbed from Santa Maria to Carpinteria with participating agencies as follows:

- City of Buellton
- Carpinteria Valley Water District
- Goleta Water District
- City of Guadalupe
- La Cumbre Mutual Water Company
- Montecito Water District
- Morehart Land Company
- City of Santa Barbara
- Raytheon Systems Company (SBRC)
- City of Santa Maria
- Santa Ynez River W.C.D., ID #1 (includes City of Solvang)
- Golden State Water (SCWC)

- Vandenberg Air Force Base

CCWA reports that several financial benefits are realized associated with adoption of this amendment. DWR typically finances capital projects over a 30-year period to obtain the most favorable rates. However, because the current contract expires in less than 20 years, DWR has been forced to finance capital projects over a shorter, 15-year bonding period, which has resulted less favorable financing terms. The Contract Extension Amendment is intended to alleviate this problem and reduce costs associated with the SWP.

Amendment 20 also increases the maximum amount of “rate management credits” which are applied to charges roughly in proportion to the capital charges paid by each SWP contractor. Amendment 20 increases the maximum rate management credits from \$40.5 million per year available for all contractors, to \$48 million per year, an increase of \$7.5 million per year. According to CCWA, its share of the increase is projected to be approximately \$520,000 per year, or roughly \$7.8 million between 2020 and the year 2035. This would be a significant financial benefit to project participants.

This amendment also eliminates a fixed interest rate for amortizing capital and operations and maintenance costs known as the project interest rate (PIR). The PIR, set at 4.16% for many years, is also used to collect interest on underpayments or pay interest on overpayments by contractors. Recently, under collection by DWR to CCWA resulted in interested rate payments at the PIR of roughly \$1.2 million. Elimination of the PIR would result in avoidance of these types of charges in the future.

Extending the contract is unrelated to the Delta Conveyance Project. DWR has allowed contractors to choose to opt-out of this project, and CCWA has elected to do so. No planning or constructions costs for the Delta Conveyance would accrue to CCWA as a result of approving Amendment 20.

Transfer of Financial Responsibility (TFRA)

While extension of the contract ensures continued deliveries from the SWP, the Staff is also proposing extension of the Transfer of Financial Responsibility Agreement (Attachment C) between the District and CCWA to limit the financial liability to the Flood Control District. In 1991, the TFRA was executed to address administration and financial responsibilities for the SWP Contract. Because the current Contract runs to 2038, the proposed amendment to the TFRA makes it clear that the provisions of the TFRA continue past 2038 should the Board approve Amendment 20. One concern staff has raised on contract extension with DWR and with CCWA is how it impacts Article 34(a) post-Proposition 13 limitations. DWR has filed a validation action on the Contract Extension which is currently pending in the Sacramento Superior Court. The Contract Extension Amendment provides that if it is determined by a court of competent jurisdiction determines that nay part of the amendment is invalid or unenforceable then the amendment will be of no force and effect unless waived in writing by DWR and 15 SWP Contractors.

Amendment 21 (Water Management Amendment)

In a letter dated October 28, 2020, CCWA requested that your Board execute Amendment 21 (Attachment D). This amendment (Attachment E) to the SWP Contract was negotiated by the State and various SWP Contractors, would allow individual contractors the ability to sell and buy water without a commitment to return or receive water in exchange.

The current State Water Contract does not allow outright sales of water, but only allows exchanges, with repayment of water in future water years. These exchanges are allowed to be unbalanced, with a higher repayment in future years in order to receive urgently needed water in the short term. This exchange mechanism is not well defined in the current contract and is used infrequently. Amendment 21 clarifies existing exchange practices, provides for single and multi-year water transfers with compensation to be determined by the participants, and allows for transfers of water stored outside of a contractor's service area. The amendment also requires that a selling agency confirm to the State that the transfer not cause harm to the SWP and other contractors, and that DWR approve the transfer and ensure that these conditions are met. A more detailed technical explanation of the mechanisms included in Amendment 21 are included in the attached CCWA Request Letter (Attachment D).

Amendment 21 has the potential to provide benefits to CCWA members. The flexibility to acquire water without the need to repay a water debt in future years could be beneficial to an agency in urgent need of additional supplies. Similarly, a SWP Contractor with excess supply in a given year could offset costs by selling unneeded water. Participating in the water market could provide CCWA members flexibility in managing their supply portfolios.

However, the amendment raises several policy issues. When the SWP was extended to Santa Barbara County, the entire County tax base paid for capital costs until 1986, in recognition that the entire County required a stable external supply of water for residents and businesses. If water is sold out of the County, a given purveyor may benefit financially, but the regional water supply situation may deteriorate. The County as a whole has a distinct financial investment in the SWP and as such should a sale be proposed, how the County's investment is addressed is needed. To this end your Board may wish to direct staff to negotiate a revenue sharing agreement with CCWA so that the District to can recoup its costs in revenue from any sales of SWP water to entities outside of the County.

Currently, within CCWA if a member wishes to exchange water, other CCWA members have a right of first refusal before the water is offered outside of the County. There are currently no such provisions on the water transfers provided for in Amendment 21, and CCWA has not yet developed administrative procedures to ensure that local needs are met first.

The SWP was originally signed in 1963 to provide for secure water supplies for the County. In 1991, following a significant drought, the voters in several areas of the County voted to begin importing SWP Supplies. In addition, overall groundwater conditions in the County were cited as another need for the SWP. In the most recent drought, the SWP was an important supply and several exchanges were executed to increase deliveries to the County. The drought also highlighted concerns on the overall water supply in the County.

If your Board approves Amendment 21, it should be noted that all sales of Santa Barbara County SWP water to entities outside the County would need approval by the County Flood Control District as the SWP Contractor and as such any proposed sales or purchase would come back to your Board for approval.

Background:

The District entered into a contract with DWR in 1963 to receive an allocation of up to 57,700 acre-feet per year (AFY) of water from the State Water Project. The District then began making annual payments to DWR for its share of the capital costs of the project.

The SWP is an important element of the County's overall water supplies and deliveries of SWP water helps offset use/overuse of groundwater and compliments other local supplies. Delivery of high quality water (low in Total Dissolved Solids) provides additional benefits to water purveyors as well. As other existing supplies, such as surface reservoirs, are now and will continue to deliver far less water than originally developed. For example, the Cachuma Project now has shown its inability to provide its original planned allocations through a drought period.

In the early 1980s, after an unsuccessful bond election to pay for local facilities, several water purveyors opted to assume responsibility for payment for 45,486 AFY of the District's allocation through a series of Water Supply Retention Agreements (WSRAs). Up until approximately 1986 the District made all payments to DWR for the capital costs of the SWP.

In 1991, CCWA was formed by various water purveyors to manage the delivery of State Water to Santa Barbara County. Under the management of CCWA, the Coastal Branch connection to the SWP was studied, as required by CEQA, and completed in 1995 with a design capacity of 39,078 AFY. Since then, CCWA has operated the Coastal Branch and distributed water to its member water purveyors. In addition, with the execution of the Transfer of Financial Responsibility Agreement (TFRA) with the District, CCWA has been responsible for fiscal matters relating to State Water, including all the payments to DWR and protecting the District in the event that one or more of its member units fail to meet its financial obligations. To date neither CCWA nor the District have ever defaulted on SWP payments.

Fiscal and Facilities Impacts:

Budgeted: Yes

Narrative:

Management of the water supply agreements are ongoing programs and staff time is included every year in the budget in the Water Resources Division of the Public Works Department. However, pursuant to the TFRA costs relating to management of the SWP are reimbursed by CCWA.

Special Instructions:

Direct the Clerk of the Board to email the minute order of these actions to clopez@cosbpw.net.

Attachments:

- Attachment A - CCWA Request for Amendment 20
- Attachment B - Copy of SWP Contract Amendment No. 20 (FINAL)
- Attachment C - Draft First Amendment to the Transfer of Financial Responsibility Agreement
- Attachment D - CCWA Request for Amendment No. 21
- Attachment E - Copy of SWP Contract Amendment No. 21 (FINAL)
- Attachment F - EIR for SWP Amendment No. 20
- Attachment G - EIR for SWP Amendment No. 21

State Water Project Contract Amendments

Agenda Date: January 26, 2021

Page 6 of 6

Authored by:

Matt Young, Water Agency Manager, (805) 568-3546

cc: Jeff Frapwell, Assistant CEO



January 29, 2021

Eric Friedman
Chairman

Ed Andrisek
Vice Chairman

Ray A. Stokes
Executive Director

Brownstein Hyatt
Farber Schreck
General Counsel

Member Agencies

City of Buellton

Carpinteria Valley
Water District

City of Guadalupe

City of Santa Barbara

City of Santa Maria

Goleta Water District

Montecito Water District

Santa Ynez River Water
Conservation District,
Improvement District #1

Associate Member

La Cumbre Mutual
Water Company

Honorable Bob Nelson, Chair and
Members of the Board of Supervisors
County of Santa Barbara
105 East Anapamu Street
Santa Barbara, CA 93101

Re: February 2, 2021 Agenda Item No. 3 (File No. 21-00088): Santa Barbara Flood Control and Water Conservation District's Proposed Conditions of Approval of Amendment No. 21 (the Water Management Amendment) to the State Water Contract

Dear Chair Nelson and Members of the Board of Supervisors:

By letter dated October 28, 2020, Ray Stokes, Executive Director of the Central Coast Water Authority (CCWA), requested that the Santa Barbara County Flood Control and Water Conservation District (District) execute Amendment No. 21 (the Water Management Amendment) to the State Water Contract on behalf of CCWA. This matter, together with your consideration of Amendment No. 20 (the Contract Extension Amendment), is on your February 2, 2021 agenda for your consideration. District staff's Agenda Letter for this matter recommends that the Board, acting in its capacity as the governing board of the District, approve and authorize the Public Works Director to "negotiate a revenue sharing and water sales agreement with CCWA as a contingency for approval of Amendment No. 21," and "to return to the Board with both the revenue sharing and water sales agreement and Amendment No. 21 for approval." To date, CCWA has not received any proposed "revenue sharing and water sales agreement."

At our January 28, 2021 meeting, the CCWA's Board of Directors considered the District staff's proposed condition and proposed revenue sharing concept, to the extent it is understood, and authorized me to send this letter.

As a preliminary matter, while CCWA appreciates your prompt consideration of Amendment No. 21, especially in light of the urgent timing of this matter,¹ CCWA requests that you continue your consideration of this matter until **March 2, 2021** to permit our respective staff sufficient time to discuss District staff's proposed conditions, and any other concerns the District may have. As detailed in my prior correspondence, this matter is of vital importance to CCWA's participants, the cities and water districts that provide retail water service within the County, and to the nearly 85 percent County residents who pay for the delivery of State Water Project water to supplement our local county supplies when needed. For this reason, CCWA supports a reasonable delay in

¹ Amendment No. 21 is anticipated to become effective on January 31, 2021. Thereafter, the District, on behalf of CCWA, will have 60 to execute the Amendment to ensure participation.

the Board's consideration of Amendment No. 21 to ensure that both parties have the opportunity to better understand, and if possible, address each other's concerns.

Further, in hopes of advancing those discussions and ultimately the District's execution of Amendment No. 21 without conditions, CCWA is also providing you its concerns with the District staff's recommended approach.

First, the District does not have authority to impose conditions on its execution of Amendment No. 21. At the time the Transfer of Financial Responsibility Agreement was executed, the State Water Contract had already been amended 14 times, and future additional amendments were fully anticipated. The District and CCWA expressly agreed that the District's financial obligations under the State Water Contract, as that contract had been amended, "and as it may be amended and supplemented from time to time" in the future, would be completely and fully assumed and satisfied by CCWA.² Accordingly, Amendment No. 21, which supplements the State Water Contract by creating new water management tools and enhanced flexibility to respond to changes in hydrology and increasing constraints on the operation of the State Water Project, among other things, is squarely within the scope of the Transfer of Financial Responsibility Agreement.

Second, to the extent CCWA understands the "revenue sharing" concept, CCWA objects to any fee on transfers permitted by the Water Management Amendment. Such a fee would be passed directly on to the CCWA participant that proposes the transfer, and in turn on to the participant's ratepayers, making the cost of State Water Project water even more expensive for the ratepayers and/or negating any potential financial benefits of the sale in the first place. For example, in a year in which a CCWA participant has determined that it has adequate supplies to meet its customers' needs, and that it can better manage the overall costs of its water supply portfolio by transferring a portion of its supply to a third party, the District's fee could make the proposed transfer infeasible, in which case the excess water supply would be wasted if CCWA and/or the participant does not have sufficient storage capacity. Moreover, it is unclear how such a fee could be levied on a proposed transfer legally, how it would be calculated without unfairly penalizing CCWA participants that endeavor to maximize the beneficial use of their water supplies, and for what lawful purpose it could be used. District staff's Agenda Letter suggests that some form of "reimbursement" of the District is required. However, prior to the transfer of all financial obligations of the State Water Contract to CCWA and its participants, the County's *property owners*, more than 85 percent of whom are also the ratepayers, invested in retaining the right to State Water; the District did not.

Lastly, failure to participate in Amendment No. 21 by March 31, 2021 could have immediate adverse impacts on CCWA's participants. Despite this week's rain, water year 2020-21 is anticipated to be a critically dry year, much like 2014 when some of CCWA's participants experienced severe water supply shortages. It is CCWA staff's belief that when the Water Management Amendment becomes effective on January 31, 2021, most State Water Contractors will prefer to negotiate one-way transfers (sales), as opposed to exchanges which require a return of a portion of the water exchanged and are limited in the amount of money the exchanging Contractor may receive. If the transfer provisions included in the Water Management Amendment are not available to

² Transfer of Financial Responsibility Agreement, Recitals A and J.

CCWA, its participants may not be able to get access to supplemental water supplies when they need them.

On behalf of CCWA, thank you in advance for your consideration of this important matter. We look forward to working with the District to ensure the timely execution of Amendment No. 21 (the Water Management Amendment). If you have any questions or require any additional information, please let me know.

Respectfully,



Eric Friedman, Chair of the Board of Directors

cc: CCWA Board of Directors
Ed Andrisek, Vice Chair, City of Buellton
Farfalla Borah, Goleta Water District
Jeff Clay, Santa Ynez River Water Conservation District, ID #1
Shirley Johnson, Carpinteria Valley Water District
Julian Ariston, City of Guadalupe
Etta Waterfield, City of Santa Maria
Floyd Wicks, Montecito Water District
CCWA Operating Committee
Mike Alvarado, La Cumbre Mutual Water Company
Paeter Garcia, Santa Ynez River Water Conservation District, ID #1
Rose Hess, City of Buellton
Robert McDonald, Carpinteria Valley Water District
John McInnes, Goleta Water District
Pernell Rush, Vandenberg AFB 30 CES/CEOEO 1028
Shad Springer, City of Santa Maria
Shannon Sweeney, City of Guadalupe
Cathy Taylor, City of Santa Barbara
Nick Turner, Montecito Water District
Matt van der Linden, City of Solvang
Mona Miyasato, County Executive Officer, Santa Barbara County
Matt Young, Water Agency Manager, Santa Barbara County FC&WCD
Tom Fayram, Water Resources Deputy Director, Santa Barbara County Public Works Dept.
Johannah Hartley, Deputy County Counsel, Santa Barbara County

Lisa F. Watkins

From: Fayram, Tom <Tfayram@cosbpw.net>
Sent: Tuesday, February 9, 2021 10:21 AM
To: Ray Stokes; 'Hastings, Stephanie'
Cc: Ghizzoni, Michael; Hartley, Johannah; McGolpin, Scott; Frapwell, Jeff; Young, Matthew
Subject: SWP Amendments Call Thursday Feb 11

Hello Ray and Stephanie -

As we discussed, the terms below are what staff collectively believes has a chance for approval at the Board. We believe it is best to move forward with those elements that we all can agree upon. While not the entire approval CCWA seeks, the elements we can agree upon here stand to benefit CCWA and its members financially.

Proposed terms are;

1. To recommend approval of Amendment 20, that CCWA agrees to execute the first amendment to the TFRA, with the provision added that makes CCWA responsible for imposing taxes for a default **IF STATE LAW ALLOWS**.
2. To recommend approval of Amendment 21, provided that CCWA agrees to the provision that;
 - a. Requests to purchase water for importing would be needed to address shortages.
 - b. Requests to sell water out of County would not be considered / approved and in County transfers be sought instead.

If CCWA agrees to these, we can seek Board approval on March 2nd. If not then the matter may not return to the Board on March 2nd. We will discuss this more at our call on Thursday.

Also, as we discussed, if CCWA has an alternative proposal that might meet County Board approval, please provide that in advance of the meeting as well.

Thank you.

Thomas D. Fayram
Deputy Public Works Director
County of Santa Barbara Public Works
805-568-3436

RESOLUTION NO. 21-01

**A RESOLUTION OF THE BOARD OF DIRECTORS OF
THE CENTRAL COAST WATER AUTHORITY
ADOPTING A RIGHT OF FIRST REFUSAL RULE FOR ANY
TRANSFER OF STATE WATER PROJECT WATER OUTSIDE THE
COUNTY OF SANTA BARBARA PURSUANT TO THE STATE WATER
SUPPLY CONTRACT, AS AMENDED BY AMENDMENT NO. 21 (THE
WATER MANAGEMENT AMENDMENT)**

WHEREAS, the Central Coast Water Authority (Authority) is a Joint Powers Agency formed pursuant to Government Code section 6500 et seq. and that certain Joint Exercise of Powers Agreement dated August 1, 1991, as amended; and

WHEREAS, in 1963, following the voters' 1960 approval of the California Water Resources Development Bond Act, the Santa Barbara County Flood Control and Water Conservation District (District) and the Department of Water Resources (DWR), acting on behalf of the State of California, executed that certain agreement dated February 26, 1963 for the supply and delivery of State Water Project (SWP) water (SWP Water) (SWP Contract); and

WHEREAS, on November 12, 1991, the District and the Authority entered into the Transfer of Financial Responsibility Agreement whereby the Authority assumed full responsibility for all of the District's obligations pursuant to the SWP Contract; and

WHEREAS, the Authority entered into a series of "Water Supply Agreements" with various cities, water districts, and other water supply retailers who purchase and deliver SWP Water to their customers, and other end users of SWP Water, in portions of the County of Santa Barbara (each a "Participant" and collectively, the "Participants"); and

WHEREAS, under the existing SWP Contract, the provisions allowing for transfers and exchanges of SWP Water are limited and lack clarity, resulting in infrequent water transactions, inefficient use of SWP supplies, and restraints to effective water supply planning; and

WHEREAS, CCWA and other public water agencies which contract with DWR for the delivery of SWP Water (Agencies), in an effort to manage water supplies in a changing environment, to enhance flexibility and reliability of SWP Water, and to maintain and diversify water supplies, worked together to develop a program of transfers and exchanges of SWP Water supplies commonly referred to as the "Agreement in Principle" that provides greater flexibility to managing SWP Water without changing the way the SWP operates; and

WHEREAS, Amendment No. 21 (The Water Management Amendment) to the SWP Contract, a true and correct copy of which is attached to this Resolution as Exhibit A, implements the Agreement in Principle; and

WHEREAS, The Water Management Amendment clarifies and enhances the terms of the SWP Contract related to transfers and exchanges of SWP Water to improve

water management capabilities and options for all Agencies and the Participants and the communities and ratepayers they serve; and

WHEREAS, DWR proposes to amend the SWP Contract by approving The Water Management Amendment; and

WHEREAS, on October 22, 2020, pursuant to Resolution No. 20-01, the Authority approved The Water Management Amendment to the SWP Contract and authorized the Authority's Executive Director to transmit The Water Management Amendment to the District for the District's execution and delivery of The Water Management Amendment, on behalf of CCWA, to DWR in accordance with the provisions of the Transfer of Financial Responsibility Agreement; and

WHEREAS, on October 28, 2020, the Authority's Executive Director transmitted The Water Management Amendment to the District as directed by Resolution No. 20-01; and

WHEREAS, in anticipation of the District's execution of The Water Management Amendment, and DWR's approval and implementation of The Water Management Amendment, the Authority wishes to ensure that any transfer of SWP Water outside of the County of Santa Barbara undertaken pursuant to The Water Management Amendment is sufficiently protective of the water supply needs of all of the Participants; and

WHEREAS, the Authority desires to provide each Participant with a "right of first refusal" for any proposed transfer of SWP Water outside of the County of Santa Barbara by any other Participant.

NOW, THEREFORE, BE IT RESOLVED as follows:

SECTION 1.

The above recitals are true and correct and are incorporated herein as though set forth in full.

SECTION 2.

The Board of Directors of the Authority adopts the following rule (Right of First Refusal Rule) for any proposed transfer of SWP Water outside of the County of Santa Barbara pursuant to the SWP Contract, as amended by The Water Management Amendment, by any Participant:

A Participant may transfer all or any portion of its available SWP Water within its boundaries or to another Participant without approval by the Authority. As may be permitted by the SWP Contract, a Participant may transfer all or any portion of its available SWP Water outside the County of Santa Barbara County with the approval of the Authority, which approval shall not be unreasonably withheld, provided that the Authority shall require that any such proposed transfer outside of the County of Santa Barbara shall be subject to a right of first refusal of all

Participants on a pro rata basis to take delivery of such SWP Water on the same terms and conditions.

This Resolution and the Right of First Refusal Rule shall take effect upon the “Water Management Amendment effective date,” as that term is defined by The Water Management Amendment, or the date on which both the District and DWR have executed The Water Management Amendment to the SWP Contract, whichever is later.

SECTION 3.

In addition to the Right of First Refusal Rule, any transfer of SWP Water must comply with the SWP Contract, including as amended by The Water Management Amendment, and any applicable rule or regulation adopted by DWR governing the transfer of SWP Water.

The Board of Directors of the Authority may adopt additional rules and procedures as may be necessary to implement the Right of First Refusal Rule.

—continued on next page—

I certify that the foregoing Resolution No. 21-01 was adopted by the Board of Directors of the Central Coast Water Authority at a meeting held February 17, 2021.

Eric Friedman, Board Chair

[Seal]

Attest:

Elizabeth Watkins
Secretary to the Board of Directors

	VOTING PERCENTAGE	AYE	NAY	ABSTAIN	ABSENT
City of Buellton	2.21%	_____	_____	_____	_____
Carpinteria Valley Water District	7.64%	_____	_____	_____	_____
Goleta Water District	17.20%	_____	_____	_____	_____
City of Guadalupe	1.15%	_____	_____	_____	_____
Montecito Water District	9.50%	_____	_____	_____	_____
City of Santa Barbara	11.47%	_____	_____	_____	_____
City of Santa Maria	43.19%	_____	_____	_____	_____
Santa Ynez River Water Conservation District, Improvement District No. 1	7.64%	_____	_____	_____	_____

APPROVED AS TO FORM:

Brownstein Hyatt Farber Schreck LLP
General Counsel to the Central Coast Water Authority

Stephanie Osler Hastings

Exhibits:

- A. Amendment No. 21 (The Water Management Amendment)



CENTRAL COAST WATER AUTHORITY

MEMORANDUM

February 11, 2021

TO: CCWA Board of Directors

FROM: Ray A. Stokes
Executive Director 

SUBJECT: Request for Authorization to Retain the Services of Terrain Consulting in an Amount Not to Exceed \$50,000 for Governmental Relation and Communications Services

DISCUSSION

CCWA staff believes it would be beneficial to retain the services of a firm to assist in public relations and overall communications strategies. To that end, we have interviewed two local firms and are recommending CCWA retain the services of Terrain Consulting to assist CCWA in our communications endeavors.

Terrain Consulting is based in the City of Santa Barbara and has extensive knowledge regarding local issues as well as personal knowledge of many governmental individuals throughout the County.

Terrain Consulting has provided the attached brief proposal for CCWA's consideration in which they request an initial retainer fee of \$7,500 per month for the first three months and then subject to further negotiation as the scope of services desired by CCWA becomes clearer.

RECOMMENDATION

CCWA staff recommends that the CCWA Board of Directors authorize the Executive Director to retain the services of Terrain Consulting in an amount not to exceed \$50,000 for governmental relations and communications services.

RAS

Attachment: Terrain Consulting Proposal for Strategic Communication Services



February 11, 2021

Mr. Ray Stokes
Executive Director
Central Coast Water Authority
255 Industrial Way
Buellton, CA 93427

RE: *Strategic Communications Services in the County of Santa Barbara*

Mr. Stokes,

Thank you for reaching out to us regarding Central Coast Water Authority's (CCWA) desire to retain a professional consulting firm to provide strategic communications services. We applaud you and your board's interest in improving the ways in which you communicate with agency partners, constituents, and the broader general public.

We have worked for 30 years in Santa Barbara County, including with many public agencies, on challenges ranging from inter-agency communications/entitlements, to elected official and media relations, to customer/general public outreach. From Carpinteria to Santa Maria, we intimately know these communities, and well understand their issues and civic dynamics.

Find more information on Terrain Consulting and its services by visiting our website:
www.terrainconsulting.com

As we have stated, it is too early to determine the best strategy moving forward to achieve CCWA's goals. However, we can provide strategic advice for your immediate situation while crafting longer-term plans. The services we believe will be most helpful to pressing matters include providing counsel for: government staff/elected official relations, member agency coordination on lobbying/communications and customer engagement, media management, message development and hearing preparation.

Once we collectively develop a broader long-term strategy, we can assist with implementing a more proactive communications plan that may include:

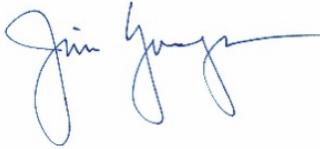
- CCWA Branding and Message Development
- Earned Media – Press Releases, Opinion Editorials, etc.
- Digital Media – CCWA Website, Social Media, E-Newsletters, etc.

- Direct Mail – Informational Postcards, Newsletters, etc.
- Public Presentations

To prioritize this immediately and guarantee our time commitment we would require a \$7,500 flat fee, per month, for the first three months. Once a long-term strategy is put into place, we can negotiate mutually agreeable terms moving forward. Reimbursable expenses (reproductions, direct mail, photo processing, production services, printing, etc.) are billed at cost plus 15 percent. Mileage rates will be based upon the 2021 IRS travel standard of 56 cents per mile.

If you have any questions or comments, feel free to contact us. Please let us know how we can facilitate this so we can begin our initial work.

Sincerely,

A handwritten signature in blue ink that reads "Jim Youngson". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Jim Youngson
Principal/Government Affairs