

**COUNTY OF SANTA BARBARA  
PLANNING AND DEVELOPMENT**

**MEMORANDUM**

TO: Planning Commission

FROM: John Cuykendall, Project Manager

DATE: March 7, 2001

RE: Orcutt Community Plan Amendments

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**1.0 RECOMMENDATION**

That your Commission adopt the findings in Attachment D and recommends that the Board of Supervisors:

1. Approve the Addendum #2, dated March 7, 2001, to 95-EIR-01 (Attachment C);
2. Adopt the findings including the Mitigation Monitoring & Reporting Plan and the Implementation Summary (Attachments D, E, and H);
3. Adopt a Resolution incorporating the new policies, development standards, programs and actions as part of the OCP (this includes the policies, development standards and actions conceptually approved on November 8, 2000, the Wastewater policies, development standards and actions as presented to the Planning Commission on October 11, 2000, and the Water policies, development standards, programs and actions as presented to the Planning Commission and revised on March 7, 2001) (Attachment F); and
4. Adopt an Ordinance amending Chapter 35, Article III of the County Code, rezoning selected parcels in Old Town Orcutt and rural agriculture within the Orcutt Planning Area.

**2.0 BACKGROUND**

On October 11 and November 8, 2000, the Planning Commission considered proposed amendments to the OCP. On November 8 the Commission conceptually approved recommendations that the Board of Supervisors adopt the amendments to selected OCP policies, development standards, and actions as presented, with the exception of Wastewater and Water issue. Your Commission also recommended that the Board approve the revised Draft Addendum, Findings, MMRP, and Implementation Summary and changes in land use and zoning designations (rezones) for selected Old Town and agricultural parcels.

On January 24, 2001, your Commission considered new information concerning proposed revisions to the OCP Wastewater and Water policies. The Commission requested clarification on specifics pertaining to the proposed water policies and continued the hearing to March 7, 2001, with direction to staff to return with additional information concerning the proposed delivery of supplemental water to serve future Orcutt development projects.

### **3.0 WATER**

During the January 24<sup>th</sup> hearing, the Planning Commission requested additional information on the City of Santa Maria Water Resources, Cal-Cities Water Resources, and specifics concerning State Water. The topics listed below and related issues are analyzed in this memorandum.

- City of Santa Maria Water Resources and “blending”
- Drought Buffer, Storage in Basin
- Coastal Branch Pipeline Capacity
- California Cities Water Company Water Resources
- State Water Reliability Factor
- Santa Maria Groundwater Basin litigation
- State Water “Entitlement” versus “Equal Dignity” to other customers
- Contract “County as Third Party Beneficiary”
- Water Transfers (Wheeling)
- Water Supply Reporting
- Clear Standards for LUDP No.4 findings

#### **3.1 City of Santa Maria Water Resources**

The City of Santa Maria water supply has historically been provided through pumpage of the Santa Maria Valley groundwater aquifer, with the majority of the pumping occurring from the Orcutt sub-basin (12,000 AFY). In 1997, the City as a project participant in the State Water Project (SWP) began taking delivery of State Water from the Central Coast Water Agency (CCWA) and began to reduce the City’s reliance on groundwater. To date, the City’s current water demand on an annual basis is approximately 13,800 AF. The City contracted for a State Water entitlement of 16,200 AFY (does not include CCWA “drought buffer” allocation of 1,620 AF), which is currently used as the primary water supply for the City. As a result, the City is not currently pumping groundwater to meet its current water demand.

As identified in the City of Santa Maria 2001 Urban Water Management Plan, projected buildout water demand for the City is approximately 19,360 AFY in the year 2020. To meet this demand, the City plans to supplement State Water deliveries with groundwater pumpage (within historical pumpage). According to the City, pumpage of the basin combined with State Water deliveries would be more than adequate to meet City buildout water demand and would not exacerbate the current overdraft condition of the basin. Table 1 shows the City’s projected water resources and identifies a “surplus” of water resources beyond buildout demand.

**Table 1**  
**City of Santa Maria**  
**Future Water Resources**

<u>Source</u>	<u>Flow (AFY)</u>
State Water Project (79.4% reliability)	14,149
Historical Groundwater Pumpage	12,000
<b>Total</b>	<b>26,149</b>
Buildout demand (with conservation measures)	19,360
<b>Surplus (projected)</b>	<b>6,789</b>

(Note: Source projections do not include projected return flows of 50%)

Based on the numbers presented in Table 1 above, the City Council recently approved a Memorandum of Understanding to allow the City to negotiate an arrangement to possibly sell a portion of its “surplus” water to an Orcutt area development project. To date, no formal agreement has been reached.

Drought Buffer: In 1993 CCWA acquired an additional 3,908 AFY of SWP entitlement to firm up the reliability of each project participant’s SWP contract allotment. This additional entitlement, referred to as CCWA’s “drought buffer” entitlement, increases the total SWP entitlement held by CCWA by 10%. The “drought buffer” is allocated to each project participant in proportion to its SWP contract allotment. For the City of Santa Maria an additional 1,620 AFY of CCWA “drought buffer” entitlement is available to the City in addition to its 16,200 AFY SWP contract allotment. The “drought buffer” entitlement enjoys the same status as SWP contract entitlement. It can be used by the City as originally intended (i.e., increase the reliability of its 16,200 AF SWP contract allotment by 10%) or it can be used to supplement SWP contract allotment deliveries as if it effectively holds a 17,820 AF SWP contract allotment (source: CCWA February 13, 2001 letter). There is no requirement that the City’s additional “drought buffer” allocation of State Water be pumped into the groundwater basin.

Pipeline Capacity: The water delivery infrastructure currently in place (i.e., pipelines) extending from the Coastal Branch of the State Water project to the City of Santa Maria and south to Lake Cachuma is sized to accommodate delivery of full entitlement (including “drought buffer” entitlement) by participating project applicants. Attached to this document is a letter from CCWA confirming the capacity of the State Water Project pipeline.

Blending Requirements: The City of Santa Maria has adopted water quality goals to reduce TDS levels and total hardness of its water to 500mg/l and 300 mg/l, respectively. Upon initial delivery of State Water in 1996 to the City, groundwater was initially blended with the higher quality State Water to satisfy peak demands. The blending of water supplies is inherent in conjunctive use where supplies are combined together to meet demand. The City is under no legal obligation to use State Water to achieve its goal. However, the City is currently using its State Water entitlement to meet current water demand, because the higher quality State Water return flows

are percolated back into the basin after treatment naturally blending with the high TDS groundwater to improve the quality of the basin.

*Staff Recommendation: P&D believes that existing and future projected City of Santa Maria water demand can be accommodated with some sale of surplus water. In addition, the OCP Amendments include measures that will allow your Commission to review and consider proposed water supplies to serve Orcutt area development projects in the context of the Santa Maria Groundwater Basin.*

### **3.2 California Cities Water Company Water Resources**

The California Cities Water Company (Cal-Cities) is a private water purveyor serving most of Orcutt. Cal-Cities water supply is produced from pumpage of the groundwater basin and State Water entitlement. Currently, Cal-Cities pumps on average approximately 8,682 AFY to serve its customers within the Orcutt Planning Area. The current overdraft condition of the basin limits the amount of water that Cal-Cities may withdraw from the basin. As a result, Cal-Cities would need to import supplemental water to serve future customers.

Cal-Cities eventually contracted with the Central Coast Water Authority to obtain 500 AF of permanent State Water entitlement to serve future development in Orcutt. The CCWA additional 10% of State Water equates to an additional 50 AF of State Water entitlement for Cal-Cities, for a total State Water entitlement of 550 AF. Annual safe yield of this water supply is based on the Department of Water Resources reliability factor, which is 79.4% and equates to 437 AF (79.4% of 550 AF = 437 AF). However, when the additional 10% drought buffer acquired by CCWA is factored in as part of Cal-Cities contracted 500 AF, actual annual safe yield of the 500 AF secured by Cal-Cities increases to 87.3% or 437 AF (87.3% of 500 AF = 437 AF). Of the annual safe yield of 437 AF of State Water, the County has approved and/or is reviewing projects that would require approximately 221 AF of this offsetting water supply, leaving about 216 AF for additional development. Additional long-term supplemental water supplies will need to be secured to serve development exceeding Cal-Cities water resources.

Last year, Cal-Cities imported approximately 160 AF of State Water through its Tanglewood turnout and an additional 41 AF was purchased from the City of Santa Maria through a MOU for emergency deliveries to the northern Orcutt area to supplement inactive wells due to high nitrate levels. If the inactive wells are not repaired and/or replaced this supplemental water supply may be necessary for the long-term, thereby requiring additional water resources be identified to meet Orcutt buildout water demands.

Cal-Cities is currently considering a plan that may involve the sale of its 500 AFY of State Water Entitlement to the City of Santa Maria in exchange for an agreement for the City to provide Cal-Cities with 1,600 AFY of supplemental State Water to serve future development in Orcutt. Details of this plan are not available since the two agencies are in preliminary negotiations.

*Staff Recommendation: The County will need to continue to work with Cal-Cities to keep track of current available supply of State Water as new projects are approved. Should Cal-Cities pursue the proposed plan of relinquishing its State Water allocation to the City of Santa Maria in exchange for other supplies, through the proposed OCP Amendments the County will be able to ensure that the agreement does not contribute to further overdraft of the basin and work with Cal-Cities in an attempt to ensure that existing Orcutt residents as ratepayers are not impacted by this plan.*

### **3.3 State Water Reliability Factor**

Your Commission has expressed concern regarding the reliability factor of State Water. As discussed in Section 4.2 of the January 24, 2001 Memorandum to the Planning Commission, staff presented information about the State Water Project reliability factor and recommended that the County maintain the current OCP policy of determining supplemental water reliability factors based on current (at time of discretionary project approval) Department of Water Resources analysis, as confirmed by the County Water Agency.

*Staff Recommendation: P&D believes that this approach will allow the County to use appropriate reliability factors as discretionary projects are considered, consistent with the application of LUDP#4 findings county-wide.*

### **3.4 Santa Maria Groundwater Basin litigation**

The Santa Maria Groundwater Basin is currently in “adjudication” litigation to determine the rights among the users of the basin. Typically, adjudication of a basin is a lengthy process for all parties involved. However, once completed all users of the basin will have their water rights quantified. It is unknown at this time when this litigation might be finalized, but estimates range from 18 months to as long as 5 years or more. It is unclear at this point what effect the adjudication of the basin will have on water purveyors. However, once rights are determined, it is possible that individuals will be able to lease or permanently transfer their Basin water rights to other parties in the Basin. This could be used to allow proposed development projects to purchase local groundwater rights to support the water supply needs of the project, consistent with other policies of the Comprehensive Plan (e.g. Agricultural Element).

*Staff Recommendation: P&D recommends that the Commission approve the proposed OCP Amendments, which continue to provide the County the ability to determine adequate water supplies during discretionary project review. The effect of future adjudication of the basin, if any on existing water purveyors would be addressed at time of discretionary approval of new development.*

### **3.5 Entitlement vs Equal Dignity**

Your Commission expressed concern about the term “Permanent” and how the County will be able to ensure that reliable future water supplies identified to serve Orcutt development projects will be available for the long-term. P&D has reviewed and considered this issue and has developed the following requirements to ensure long-term future supplemental water supplies. If State Water is identified as the source of supplemental water to serve the project, then the appropriate water purveyor must either acquire the entitlement of this water to ensure that this water source is permanent (County accepts State Water as a permanent water supply) or provide a water agreement (contract) for County review between the participating water purveyor(s) that includes a provision to ensure future property owners will enjoy the same benefits as the other water purveyor customers “equal dignity”. These requirements are incorporated into the proposed OCP Amendments.

*Staff Recommendation: The OCP Amendments include a requirement that if the purveyor does not have entitlement to State Water then a water agreement (contract) containing a provision ensuring the new supplemental water supply is secured for the long-term must be provided for County review and approval. P&D believes that this measure addresses the Commission’s concern on this issue, and therefore, the Commission should approve the proposed OCP Water Amendments.*

### **3.6 Contract “County as Third Party Beneficiary”**

Your Commission expressed concern as to whether including the County as a “third party beneficiary” as part of any contract to deliver water would provide the assurance the County was seeking. Upon further review and consultation with County Counsel, adding the County to a water contract as a “third party beneficiary” would not provide any guarantee that the County could enforce the contract. As a result, the OCP Amendments have been revised to remove the “third party beneficiary” requirement from the amendments and new development standards have been proposed to require additional information to clarify what exactly will be required as part of any contract to deliver water to Orcutt development projects.

*Staff Recommendation: Approve the proposed revisions to the OCP Amendments, which require additional information for County review to determine whether the contract satisfies the requirements outlined in the development standards.*

### **3.6 Water Transfers (Wheeling)**

Water transfers have become a permanent and necessary part of California’s water picture. State law supports voluntary water transfers, and directs State agencies to encourage and facilitate voluntary transfers in a manner that protects existing water users including providing technical assistance to parties to implement water conservation measures which will make additional water available for transfers.

California water law applied to water transfers depends on whether the water transfer originates within the watershed or is imported to the watershed and whether it is surface water or

groundwater. The laws governing water transfers are designed to prevent injury to other water users from the water transfer. Environmental review is required in some cases. Long-term water transfers are subject to the California Environmental Quality Act (CEQA) and appropriate state agency review.

*Staff Recommendation: The proposed OCP Amendments provide the Commission the ability to review any future water transfer agreement entered into by a developer and/or water purveyor(s) to determine consistency with adopted County policies.*

### **3.7 Water Supply Reporting**

#### Urban Water Management Planning Act (AB 797)

In 1983, the Urban Water Management Planning Act (UWMPA) was enacted by the California Legislature (Assembly Bill 797). This legislation requires that urban water purveyors, serving 3,000 or more customers or providing at least 3,000 acre-feet of water per year, prepare and adopt an Urban Water Management Plan (UWMP). The goals of the UWMP are:

- To summarize the historic water supply and quality for an urban area;
- To project future water demand based on population projections;
- To evaluate the ability of the current supply to meet the future demands, in terms of quantity and quality;
- To evaluate potential alternative supplies available to the area; and
- To evaluate specific conservation measures outlined in the Act as they apply to the area.

The Act further requires that the UWMP be updated every five years in order to reassess and add to previously completed plans and updates.

#### SB 901

In 1995, the California legislature passed Senate Bill (SB) 901. SB 901 requires cities and counties to consult with water agencies on water supply issues before approving large development projects. This bill provided for the first time a link between land use and water supply planning.

Pursuant to SB 901, land use planning agencies (lead agency) must request that water supply agencies assess water supply issues on large scale projects with Environmental Impact Reports (EIR). The projects include the larger residential projects with 500 or more dwelling units, a shopping center employing 1,000 or more persons or an industrial development center employing 1,000 or more persons.

Water supply agencies must provide to the lead-planning agency their assessment of the proposed project within 30 days. This assessment must discuss whether the described project was included as part of the water agency's most recently adopted urban water management plan. As part of the

assessment, the water agency shall indicate whether its total projected water supplies available during normal, single-dry, and multiple-dry water years included in the 20-year projection contained in the urban water management plan will meet the projected water demand associated with the proposed project, in addition to the water agencies existing and planned future uses. If the water supply is determined to be insufficient, the water agency must provide its plan for acquiring additional water supplies to the lead-planning agency. Those plans may include the estimated total costs, proposed method of financing the costs, all federal, state and local permits, approvals, or entitlements that are anticipated to be required in order to acquire and develop the additional water supplies.

If the water supply agency fails to submit an EIR assessment within 30 days without requesting an extension, it will be assumed that the water agency has no information or comments to submit.

The lead agency shall determine based on the entire record whether the projected water supplies will be sufficient to satisfy the demands of the proposed project, in addition to existing and planned future uses. If the lead agency determines that water supplies will not be sufficient, the lead agency shall include that determination in its findings.

#### PUC Annual Reports

It is P&D's understanding that the PUC requires private water companies to provide an annual report on the amount of water used by a purveyor for the preceding year. This information is provided in gross amounts. In discussions with Cal-Cities, this information can be fairly easily disaggregated to distinguish between amount of groundwater pumpage and use of State Water. The proposed OCP Amendments include a requirement that the developer provide this information to the County.

*Staff Recommendation: The statutory requirements of the UWMPA, SB 901, and the PUC provide local agencies with a comprehensive set of data regarding the availability of local water supplies. These requirements allow the County to assess the water supplies proposed to serve a project. Staff believes that the existing statutory requirements are adequate to provide the County with reliable water supply data to fulfill new Action WAT-O-1.4. P&D recommends that the OCP Amendments including Action WAT-O-1.4 be adopted as presented.*

### **3.8 Land Use Development Policy No. 4 (LUDP #4)**

This policy requires that adequate resources be available to serve a proposed development prior to the issuance of a development permit. To find consistency with this policy, the County would evaluate the proposed water supply facilities and resources and determine whether they are adequate to serve the project. To assist staff, decision-makers and future applicants in determining consistency with this County policy, staff recommends amending Policy WAT-O-2 and DevStd WAT-O-2.1 and adding two new development standards to clarify what information will be required by the County to make a determination of consistency with LUDP #4 and

applicable OCP Policies and development standards and where the information must be provided.

Table 2 below shows staff's recommended revisions to the OCP Water policies and development standards for consideration by your Commission. The proposed revisions improve the clarity and timing of submittal requirements for OCP policy and development standards and provide standards for project consistency with LUDP #4. These changes will provide applicants, staff and decision-makers the information needed to be able to evaluate the adequacy of the water supply in a public process in order to make a finding of consistency with applicable County policies.

**Table 2**  
**P&D's Recommended Revisions**  
**OCP Water Policies / Development Standards**

**Policy Wat-O-1:** County staff shall actively assist local purveyors, users, special districts and/or regulators in the development of a long-term\* supplemental\*\* water supply to meet present and future water needs for Orcutt. However, the County shall not become a water purveyor or attempt to manage groundwater through a Groundwater Management Plan.

\* "long-term" means permanent source of water for development.

\*\* "supplemental" means a source of water other than groundwater, unless the groundwater basin has been determined to be no longer in overdraft.

**Prog. WAT-O-1.1:** County staff shall assist the Cal Cities Water Company and the Conservation District in preparing and implementing a long-term water supply program for the community of Orcutt. This program should include pursuit of (1) long-term supplemental sources such as additional State Water entitlement and long-term exchange agreements with out-of-basin water purveyors, and (2) analysis of the availability and reliability of long-term supplemental water supplies, to be reflected in periodic reports prepared by the County Water Agency and Planning & Development.

**Action WAT-O-1.4:** No less often than every 5 years, County shall undertake review and publish a report on water supply issues relevant to the OPA based on available information. Said review and report shall address, at a minimum, the following issues:

- a. Identify and evaluate the factors affecting reliability of supplemental supplies. Review the effectiveness of state water entitlement "drought buffers" maintained by purveyors serving wholesale or retail customers in the OPA. Identify the known availability and use of water storage strategies, conjunctive groundwater use, or banking techniques that potentially enhance the reliability of supplemental water supplies delivered to the OPA. Report the projected range of potential state water delivery amounts to the County under drought and normal conditions for the forthcoming 5 year period, and the percentage of the County's full entitlement that all OPA and other County purveyors have accepted and are projected to accept during that period. (CWA, with CCWA)
- b. Calculate amount of supplemental water entitlement available for new development. Identify how much of supplemental water supplies are serving existing residents and other uses in the OPA, and calculate the amount of supplemental water available for future customers and new development in the OPA. (CWA, with PDD)
- c. Review fundamental assumptions of supplemental supply availability and reliability. Identify and review

the central assumptions relied upon in state predictions of future supply adequacy and reliability within the OPA such as conservation programs, management of drought buffer entitlement, and availability of storage facilities for drought buffers and/or other surplus water. Identify any instances where OPA purveyors' actions and/or policies significantly differ from the central assumptions concerning the availability, reliability or adequacy of water supplies. (CWA)

- d. Compare projections of demand with actual consumption. Compare the projected water demand from each approved project, subdivision or area of development and the total actual consumption from these projects, subdivisions or areas of development, to the extent possible. Identify projects, subdivisions or areas of development whose actual consumption is substantially different from the projected demand. (PDD)
- e. Changed conditions affecting entitlement. Report any modification of the County master and/or purveyors' state water entitlement due to master contract adjustments, reductions in entitlement or delivery due to reduced state water project system reliability, over-subscription, system failure or other changed circumstances. (CWA)

**Policy WAT-O-2:** In order to be found consistent with Land Use Development Policy No. 4 (LUDP#4), the water demand of new discretionary development must be offset by long-term\* supplemental\*\* water supplies that do not result in further overdraft of the local groundwater basin and that are adequate to meet the project's net water demand as determined by the County considering appropriate reliability factors as determined by County Water Agency. To demonstrate an adequate long-term supplemental water supply, projects must comply with the following development standards:

\* "long-term" means permanent source of water for development.

\*\* "supplemental" means a source of water other than groundwater, unless the groundwater basin has been determined to be no longer in overdraft.

**DevStd WAT-O-2.1:** Prior to discretionary action by any County decision-maker on new development, the applicant shall provide one of the following:

1. A "Can and Will Serve" letter from California Cities Water Company dated before July 1997;
2. An "Intent to Serve" letter from California Cities Water Company or other water purveyor(s) including draft contract(s), if any, demonstrating to the County's satisfaction that the development's net water demand will be offset by a long-term supplemental water supply and that the development will have a continuing right to obtain water equal to that of the water purveyor's other customers. Contract(s), if any, must include terms consistent with the requirements of DevStd WAT-O-2.2.

**DevStd WAT-O-2.2:** Prior to discretionary action on new development, the applicant must demonstrate adequacy of the water supply proposed to serve the project, unless the applicant has satisfied DevStd WAT-O-2.1 #1 above. This demonstration shall be based on the following information which must be provided prior to application completeness:

Resources

- Provide information on project's projected gross and net demand for water. The supplemental water supply must offset the project's net water demand.
- Documentation of the reliability of the proposed water supply as projected by the Department of Water Resources (for State Water) and confirmed by the County Water Agency.
- A description of how the project will be served during drought periods. If conjunctive use of the Santa Maria Groundwater Basin is planned, demonstration that use of the basin will not contribute to long-term groundwater overdraft considering drought periods. The factual determination of overdraft contribution shall be made by the Planning & Development Department and County Water Agency.
- Provide a factual demonstration that the water purveyor has available, firm, long-term reliable water supplies which equal or exceed present demand from existing customers, projects approved for new service, the proposed

project under County review, and reasonable foreseeable future projects. The demonstration should also show that the project use would not contribute to overdraft of the basin. The factual determination of no additional overdraft shall be made by Planning & Development and County Water Agency.

- Provide draft contract(s) with water purveyor(s), which demonstrate(s) to the satisfaction of the County that the development will be served by a long-term supplemental water source and will have a continuing right to obtain water equal to that of the water purveyor's other customers.
- Provide information on the water purveyor's existing and projected range of potential State Water and/or other supplemental water delivery amounts, status of conservation programs, drought buffers, and groundwater pumpage consistent with applicable state government code requirements on water reporting. Provide information on the most recent annual water deliveries from various sources in the purveyor's service area, as available from existing reports.

Facilities

- Documentation of the facilities necessary to deliver water and demonstration of permanent access to the facilities such that uninterrupted service would be provided. The documentation must include a list and description of facilities, site plans, capacity and capital costs necessary to distribute water to the project.
- Demonstration that capital costs will not impact existing Orcutt development.
- Demonstration that the water supply project is designed, approved, funded and scheduled for implementation prior to tract map recordation or land use clearance.
- Describe approvals and entitlements necessary for the proposed water supply and delivery system.

**DevStd WAT-O-2.3:** Prior to map recordation or land use clearance, the developer must provide a Can and Will Serve letter and necessary final contract(s) consistent with the conditions of the discretionary permits and terms of the draft contract(s).

To assist your Commission in tracking the proposed changes of these policies and development standards from the previous hearing, Staff has prepared a table that shows the existing OCP policy / development standard language, proposed changes presented at the January 24<sup>th</sup> hearing, and staff's recommended revisions for today's hearing. This table is included as Attachment B.

#### **4.0 PLANNING COMMISSION OPTIONS**

Two options are presented below for consideration by your Commission.

- 1.) Approve Staff's recommendation to approve the proposed OCP amendments as presented in Section 1.0.

OR

- 2.) Recommend that the Board of Supervisors initiate other OCP amendments.

Attachments: CCWA Letter  
OCP Amendment Water Policy Comparison Table  
Addendum  
Findings  
MMRP  
Resolution  
Ordinance  
Implementation Summary