

MEMBER UNITS EXHIBIT NUMBER 81

**CACHUMA CONSERVATION RELEASE BOARD
P.O. BOX 5037
MONTECITO, CA 93108**

January 6, 1999

City Council
City of Lompoc
P.O. Box 8001
Lompoc, CA 93498-8001

Board of Directors
Santa Ynez River Water Conservation District
P.O. Box 719
Santa Ynez, CA 93460

RE: INVITATION TO TALK RELATIVE TO LOMPOC GROUNDWATER
 QUALITY IMPROVEMENT PROGRAM

Dear Mayor and Councilmembers and District President and Directors:

The Member Units of the Cachuma Project (the City of Santa Barbara, the Goleta, Montecito and Carpinteria Valley Water Districts, all represented by the Cachuma Conservation Release Board, and the Santa Ynez River Water Conservation District, Improvement District No. 1) invite you to discuss with us resolution to certain long-standing issues, possible mutual advantages and possible cost sharing for a water quality improvement program for the Lompoc Groundwater Basin. This invitation to talk is made without strings or preconditions. The concepts outlined below are intended to describe the subject matter of what we want to talk to you about, but we do not intend the outline to restrict the issues or positions to be taken by any party to the talks. Our contact person to accept this invitation and arrange a mutually convenient and appropriate meeting is Steve Mack, Water Supply Manager, City of Santa Barbara, phone at (805) 564-5501.

We propose and wish to talk to you about concepts to establish a Lompoc Groundwater Quality Improvement Program which would provide a physical solution to improve water quality to the City of Lompoc and the Lompoc Basin:

1. **Physical Solution:** The core concept of the Lompoc Groundwater Quality Improvement Program ("LGQIP") is a three-way exchange of water:

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A. The City of Lompoc would not produce a portion of the groundwater that it would otherwise produce from the Lompoc Basin. Lompoc's forgone groundwater production would equal the amount of water calculated to be in the Below Narrows Account ("BNA") at Lake Cachuma. This pumping reduction will provide "in lieu recharge" to the Lompoc Basin in an amount of water equal to the BNA. The Santa Ynez River Water Conservation District constituents would thereby receive water in place in the Lompoc Basin instead of recharge water from the BNA.

B. The Member Units would provide a quantity of State Water Project ("SWP") water to replace the amount of groundwater not produced by Lompoc. The Member Units would deliver this water to the City of Lompoc at the SWP pipeline near Lompoc.

C. The Member Units would receive BNA water in place at Lake Cachuma instead of the SWP water made available to Lompoc.

2. Mutual Benefits: The Member Units believe that the LGQIP concept can benefit each of the parties:

A. The Santa Ynez River Water Conservation District: The groundwater producers from the Lompoc Basin should benefit from the LGQIP proposal by (1) stabilization of the groundwater table and reduction of pumping lifts because of Lompoc's reduced groundwater pumping, and (2) improved "return flow" water quality to the Lompoc Basin following use in Lompoc. In addition, the Santa Ynez River Water Conservation District may avoid issues of endangered species "take" associated with the timing and ramp down of high volume BNA water releases to the lower Santa Ynez River main stem.

B. City of Lompoc: Lompoc should benefit by receiving better quality water (up to 1150 mg/l lower Total Dissolved Solids) for nearly half of its annual water requirement. City water customers may enjoy lower costs for water softening. City wastewater treatment costs may be reduced because of better quality influent to wastewater treatment facilities, including reduced volume of water softening by-products. City water system maintenance costs should be reduced.

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C. Member Units: The Cachuma Member Units should benefit by reducing the cost of water at Lake Cachuma.

3. Explanations. Preliminarily, and subject to discussion, the Member Units believe that the LGQIP should include the following features:

A. The LGQIP concept is not an admission by the Member Units that the Cachuma Project has had any material effect on the quality of water available in the Lompoc groundwater basin or to the City of Lompoc.

B. The Member Units believe that the LGQIP should improve Lompoc delivered water quality sufficiently to resolve Lompoc's existing and future administrative protests and litigation against the Cachuma Project and its Member Units relative to water quality issues.

C. The Santa Ynez River Water Conservation District and the Member Units will need to agree to or affirm future calculation methodology for the Below Narrows Account, which is integral to the LGQIP.

D. The LGQIP can be implemented only in years when both (1) SWP water is available to be delivered to Lompoc and (2) BNA water is available at Lake Cachuma.

4. Terms Open for Discussion: The Member Units believe that all terms and conditions of the LGQIP are subject to discussion. The following are identified as likely matters subject to negotiation:

A. Considering the avoided costs of groundwater production and treatment and the great improvement in water quality, the water rate for SWP water made available to Lompoc will need to be negotiated.

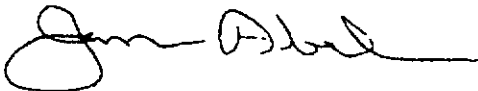
B. Considering all who will benefit from the LGQIP, the parties will need to negotiate who will pay, and in what shares, the capital and operating cost of water transmission facilities to connect the Lompoc water distribution system from a point of delivery on the SWP aqueduct.

C. Other issues identified through discussions.

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Yours very truly,



Jan E. Abel, President
Cachuma Conservation Release Board



Harlan Burchardi, President
Santa Ynez River Water Conservation District,
Improvement District No. 1

cc: John Caffrey, Chair, State Water Resources Control Board
Roger Patterson, Regional Director, U.S. Bureau of Reclamation