

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Public Works	(2) MEETING DATE 4/2/2013	(3) CONTACT/PHONE Tom Trott, Project Manager (805) 781-1186	
(4) SUBJECT Request approval of an agreement among the Department of Water Resources of the State of California, San Luis Obispo County Flood Control and Water Conservation District, and Central Coast Water Authority for construction, operation and maintenance of the Shandon Turnout, required for implementation of the County Service Area No. 16 State Water Turnout Project, Shandon. District 1.			
(5) RECOMMENDED ACTION It is our recommendation that your Honorable Board, acting as the San Luis Obispo County Flood Control and Water Conservation District (District), approve an agreement among the Department of Water Resources of the State of California (DWR), San Luis Obispo County Flood Control and Water Conservation District (District), and Central Coast Water Authority (CCWA) for construction, operation and maintenance of the Shandon Turnout (Turnout Agreement) that is proposed to be constructed as part of the County Service Area (CSA) No. 16 State Water Turnout Project.			
(6) FUNDING SOURCE(S) CSA 16 - Water	(7) CURRENT YEAR FINANCIAL IMPACT \$45,000.00	(8) ANNUAL FINANCIAL IMPACT N/A	(9) BUDGETED? Yes
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. ___) <input type="checkbox"/> Board Business (Time Est. ___)			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input checked="" type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A <input type="checkbox"/> 4/5th's Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP Attached	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date: <u>8/28/12 C-1; 1/25/11 BB-1</u>	
(17) ADMINISTRATIVE OFFICE REVIEW <i>Nikki J. Schmidt</i>			
(18) SUPERVISOR DISTRICT(S) District 1 -			

Reference: 13APR02-C-2

County of San Luis Obispo



TO: Board of Supervisors

FROM: Public Works
Tom Trott, Project Manager

VIA: Dean Benedix, Utilities Division Manager

DATE: 4/2/2013

SUBJECT: Request approval of an agreement among the Department of Water Resources of the State of California, San Luis Obispo County Flood Control and Water Conservation District, and Central Coast Water Authority for construction, operation and maintenance of the Shandon Turnout, required for implementation of the County Service Area No. 16 State Water Turnout Project, Shandon. District 1.

RECOMMENDATION

It is our recommendation that your Honorable Board, acting as the San Luis Obispo County Flood Control and Water Conservation District (District), approve an agreement among the Department of Water Resources of the State of California (DWR), San Luis Obispo County Flood Control and Water Conservation District (District), and Central Coast Water Authority (CCWA) for construction, operation and maintenance of the Shandon Turnout (Turnout Agreement) that is proposed to be constructed as part of the County Service Area (CSA) No. 16 State Water Turnout Project.

DISCUSSION

In 1992, your Board entered into the following two agreements on behalf of CSA 16: 1) Water Supply Agreement, which provided for a 100 acre-feet per year (AFY) water allocation from the State Water Project (SWP), and 2) Water Treatment and Local Facilities Agreement, which provided water treatment by CCWA.

In 1997, DWR completed construction of the Coastal Branch of the State Water Project (Coastal SWP), which was constructed to provide State Water deliveries to communities within San Luis Obispo and Santa Barbara Counties. Turnout facilities to connect the CSA 16 water system to the Coastal SWP were originally intended to be included in Coastal SWP construction. A community advisory vote and subsequent Board action, however, opted to not construct the turnout at that time. Instead, efforts to sell CSA 16's SWP allocation were pursued, but no sale ever occurred.

In 2011, the Shandon Advisory Council requested turnout construction. In response, your Board provided policy direction to not sell CSA 16's SWP allocation and directed staff to re-initiate efforts to develop the CSA 16 State Water Turnout Project (Project).

On August 28, 2012, your Board approved the following items needed to advance Project implementation:

- An agreement with CCWA to provide management of Project design and project coordination with DWR.
- A letter to DWR, recommending activation of CSA 16 SWP turnout facilities and Project delegation to CCWA.

As a result of these two recent Board actions, Project development is underway. Project environmental and right of way requirements are fully complete. Design is 30 percent complete. Additionally, DWR responded to our letter by initiating Project activation and approving delegation of Project design and construction to CCWA. The conditions of DWR's turnout activation and Project delegation are presented within the Turnout Agreement set forth for your approval in the recommended action.

Agreement to Construct, Operate and Maintain the Shandon Turnout

The Turnout Agreement between DWR, District, and CCWA provides for the construction, operation and maintenance of the Shandon State Water Turnout and generally establishes the following:

- Delegation of Project design, construction and maintenance to CCWA
- Authority to construction the Project within DWR right of way
- DWR ownership of the turnout facility
- District as lead CEQA agency
- DWR rights to review, inspect and approve Project design and construction at the cost of the District

Approval of the recommended action finalizes the Turnout Agreement, establishing Project roles, facility ownership, and conditions for complete Project implementation. The Turnout Agreement is required by DWR in order to complete Project design and undertake project construction. Project construction is anticipated to be complete in early 2014.

OTHER AGENCY INVOLVEMENT/IMPACT

The Shandon Advisory Council is informed of and supports Project implementation. Project review and approval is required from DWR, who owns and operates the SWP and its turnout facilities. CCWA operates and maintains the Coastal SWP and its turnout facilities, pursuant to an agreement with DWR. CCWA also owns and operates the Polonio Pass Water Treatment Plant which treats water for the Coastal SWP. CCWA is proposed to manage project design and construction.

County Counsel has reviewed the Turnout Agreement as to legal form and effect.

FINANCIAL CONSIDERATIONS

The FY 2012-13 budget for CSA 16 Water Fund includes \$369,812 for Shandon State Water Turnout costs. The cost of DWR review and inspection services authorized through the Turnout Agreement could be as high as \$45,000. The Turnout Agreement's provisions to delegate Project design and construction to CCWA and the District should reduce those fees. This is primarily due to CCWA's

close working relationship with DWR and the success of previous projects that DWR has entrusted to CCWA. DWR's Project delegation also provides design flexibility, which is anticipated to result in a reduction of estimated construction costs. These savings will be quantified in greater detail once design is complete.

The CSA 16 Water Fund is anticipated to cover all Project costs, currently estimated at \$497,000; however, in an effort to maintain CSA 16's reserves balance, staff is pursuing grant funding capable of covering all or some of the Project costs. Potential funding sources include:

- Proposition 84 Round 1 and 2 Implementation Grants
- Proposition 50 Water Security Grant from the California Department of Public Health (CDPH)
- Loan or grant from the United States Department of Agriculture (USDA) Rural Development Program.

See Exhibit "A" for an estimated breakdown of project costs. The current Project cost estimate projects a budget shortfall of \$117,922. At the time of Award, when actual Project costs are known, we will return to your Board with a budget adjustment if necessary.

RESULTS

Approval of the recommended action provides for the construction, maintenance, and operation of turnout facilities that will allow the community of Shandon to access its water allocation from the State Water Project. This will contribute to the County's community goals of providing for a safe, healthy, livable, and well governed community.

File: Contract No. 300463

Reference: 13APR02-C-2

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ATTACHMENTS

1. Vicinity Map
2. Exhibit A - Project Cost Estimates
3. Agreement for Construction, Operation and Maintenance of the Shandon Turnout