

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

(1) DEPARTMENT Public Works	(2) MEETING DATE 6/18/2013	(3) CONTACT/PHONE Courtney Howard, Water Resources Engineer (805) 781-1016	
(4) SUBJECT Request approval of resolutions authorizing the Public Works Director to execute Multi-Year Water Pool Program Agreements with the California Department of State Water Resources (DWR) and to determine the extent to which the County shall participate in the Program. All Districts.			
(5) RECOMMENDED ACTION It is our recommendation that your Honorable Board, acting as the Board of Supervisors for the San Luis Obispo County Flood Control and Water Conservation District (District), approve the attached resolution authorizing the Public Works Director to enter into Multi-Year Water Pool Program Agreements (Program Agreements, Exhibit "A") with the California Department of State Water Resources (DWR).  It is our recommendation that your Honorable Board, acting on behalf of San Luis Obispo County (County), adopt a resolution delegating the authority to Public Works Director to determine the extent to which the County as a subcontractor of the District will participate in the Multi-Year Water Pool Program.			
(6) FUNDING SOURCE(S) Flood Control General, County Ops Center, CSA 16	(7) CURRENT YEAR FINANCIAL IMPACT County Ops Center = \$32,300	(8) ANNUAL FINANCIAL IMPACT One-time Revenue Impact Flood Control General \$1.3 M CSA 16 \$8,855	(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 checked="" type="checkbox"/> Resolutions <input 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 No	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input checked="" type="checkbox"/> N/A    Date: _____	
(17) ADMINISTRATIVE OFFICE REVIEW <i>Nikki J. Schmidt</i>			
(18) SUPERVISOR DISTRICT(S) All Districts -			

Reference: 13JUN18-C-15

# County of San Luis Obispo



TO: Board of Supervisors

FROM: Public Works  
Courtney Howard, Water Resources Engineer

VIA: Paavo Ogren, Director of Public Works

DATE: 6/18/2013

SUBJECT: Request approval of resolutions authorizing the Public Works Director to execute Multi-Year Water Pool Program Agreements with the California Department of State Water Resources (DWR) and to determine the extent to which the County shall participate in the Program. All Districts.

## **RECOMMENDATION**

It is our recommendation that your Honorable Board, acting as the Board of Supervisors for the San Luis Obispo County Flood Control and Water Conservation District (District), approve the attached resolution authorizing the Public Works Director to enter into Multi-Year Water Pool Program Agreements (Program Agreements, Exhibit "A") with the California Department of State Water Resources (DWR).

It is our recommendation that your Honorable Board, acting on behalf of San Luis Obispo County (County), adopt a resolution delegating the authority to Public Works Director to determine the extent to which the County as a subcontractor of the District will participate in the Multi-Year Water Pool Program.

## **DISCUSSION**

In 1963, your Board approved an agreement with DWR for a State Water Allocation of 25,000 acre feet per year (AFY). Since that time, a total of 8,487 AFY (4,830 AFY deliverable allocations and 4,897 AFY drought buffer) has been allocated through contracts with local agencies and water purveyors within San Luis Obispo County (collectively referred to as State Water Subcontractors "Subcontractors"). The remaining 15,273 AFY is generally referred to as the "excess allocation." Public Works staff, the Water Resource Advisory Committee, and your Board have been actively considering the alternatives for the excess allocation, and in January 2003, your Board adopted interim policies, which are included as Exhibit "B." The recommended actions are consistent with those policies.

Due to dryer-than-normal hydrology and court rulings relating to Delta Smelt, the DWR 2013 delivery allocation is currently at 35%, and the Governor has issued an executive order to facilitate transfers of water. In response, DWR has developed a 2013-14 Multi-Year Water Pool Demonstration Program

Agreement (Exhibit "A") through which State Water Contractors can sell to other State Water Contractors through the DWR Program excess water, at prices based on a sliding scale established by DWR. The pricing is currently \$253 per acre-foot, as shown in Attachment "A" of the Program Agreement. Time is of the essence since the Governor's declaration and program proposal occurred recently and yet agreements must be tendered to DWR by June 23, 2013. A letter from DWR describing the Program and timing requirements is attached as Exhibit "C." Due to the timing requirements and because it is consistent with existing Board policy, the recommendation to authorize Public Works Director is needed to respond to DWR by the June 23, 2013 deadline.

#### *Subcontractors – First Right of Refusal*

Pursuant to the policies in Exhibit "B," State Water Subcontractors have the first right of refusal of any District excess allocation available prior to its sale to a pool of State Water Contractor buyers. As a result, the attached District resolution provides that the Director of Public Works shall coordinate with subcontractors consistent with existing Board policy, to provide them with the first right of refusal in the event that they want to firm up the reliability of their allocations. In addition, local Subcontractors would also be able to sell any of their unused allocations to the pool of State Water Contractor buyers, via the District. The pricing of both options (to buy or to sell) will be at the Program rate established by DWR.

#### *County Operations Center State Water Allocation*

The County Operations Center receives State Water through a connection (turnout) with the California Men's Colony (CMC) pursuant to agreements between the County and CMC (CMC Contracts). When the State Water Project delivers less than 50% of the County Operations Center's allocation, the Operations Center either needs to: a) purchase a sufficient quantity of the District's excess allocation to comply with the terms of the CMC Contracts; or b) pay the County's share of the costs for wheeling the water and a proportionate share of CMC's wastewater treatment plant upgrade. Under the second alternative, the County's share of CMC costs could exceed the \$253 per acre foot cost needed to purchase a portion of the District's excess allocation and to be able to transfer the full 275 AFY of State Water to CMC. Therefore, it is recommended that the Public Works Director is also authorized to determine the level of participation in the Multi-Year Water Pool Program for the County Operations Center.

#### *County Service Area No. 16*

County Service Area No. 16 (CSA 16) has a State Water allocation of 100 AFY. CSA 16 does not currently receive any State Water. Therefore, it is recommended that the Public Works Director is also authorized to determine the level of participation in the Multi-Year Water Pool Program for the County Service Area No. 16.

### **OTHER AGENCY INVOLVEMENT/IMPACT**

#### *Department of Water Resources*

The Department of Water Resources has developed the Program Agreement and requires executed Agreements by June 23, 2013. As the CEQA Lead Agency, DWR plans to file a Notice of Exemption based on the Class I and Class 6 categorical exemptions. The Class I categorical exemption for use of existing facilities provides in part as follows:

"Class 1 consists of the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of use beyond that existing at the time of the lead agency's determinations." (CEQA Guidelines section 15301)

The Class 6 categorical exemption for Information Gathering provides in part as follows:

"Class 6 consists of basic data collection, research, experimental management, and resource evaluation activities which do not result in a serious or major disturbance to an environmental resource. These may be strictly for information gathering purposes, or as part of a study leading to an action which a public agency has not yet approved, adopted or funded." (CEQA Guidelines section 15306)

### *County Counsel*

County Counsel has worked closely with Public Works Staff to review the Program Agreement and has approved the attached resolutions as to legal form and effect.

## **FINANCIAL CONSIDERATIONS**

Total revenues for the Flood Control District at the \$253 rate per acre foot in 2013 could be as much as \$1.3 million.

The total costs to the County Operations Center for ensuring 100% deliveries for the next 12 months under the current 35% delivery scenario may be as high as \$32,300. These costs will be accounted for in the FY 2013-14 Operations Center Budget.

CSA 16 revenue generated in 2013 is estimated to be approximately \$8,855.

## **RESULTS**

The proposed Agreements enhance the ability to put the District's excess allocation to beneficial use and promotes efficient transfer of allocations between local agencies and water purveyors, especially in emergency situations. It supports well governed, safe and prosperous goals for local communities.

File: CF 960.20.01 w/Agreements w/SLOCFC&WCD

Reference: 13JUN18-C-15

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## **ATTACHMENTS**

1. Exhibit A - Multi-Year Water Pool Program Agreements
2. Exhibit B - District Excess Allocation Policies
3. Exhibit C - DWR Letter Describing the Multi-Year Program
4. Resolution Authorizing the Public Works Director to Execute and Agreement with the California Department of Water Resources for the 2013-2014 Multi-Year Water Pool Program
5. Resolution Authorizing the Public Works Director to Determine the Extent to which the County will Participate in the 2013-2014 Multi-Year Water Pool Program