



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

(1) DEPARTMENT Public Works	(2) MEETING DATE 1/14/2020	(3) CONTACT/PHONE Doug Bird Utilities Division Program Manager (805) 788-2768	
(4) SUBJECT Request to approve Amendment No. 1 to the Water Treatment Agreement with Morro Rock Mutual Water Company and Cayucos Beach Mutual Water Company, as successor in interest to the Paso Robles Beach Water Association. District 2.			
(5) RECOMMENDED ACTION It is recommended that the Board, acting on behalf of County Service Area No. 10 (CSA 10) approve and authorize the Chairperson to execute the attached Amendment No.1 to the Water Treatment Agreement (Treatment Agreement) with the Morro Rock Mutual Water Company and Cayucos Beach Mutual Water Company (as successor in interest to the Paso Robles Beach Water Association), (“collectively hereby referred to as the Cayucos Water Purveyors”) establishing the process by which available treatment capacity at the Cayucos Water Treatment Plant can be dedicated to third parties.			
(6) FUNDING SOURCE(S) N/A	(7) CURRENT YEAR FINANCIAL IMPACT N/A	(8) ANNUAL FINANCIAL IMPACT N/A	(9) BUDGETED? N/A
(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 11/05/96, B-18	
(17) ADMINISTRATIVE OFFICE REVIEW Kristin Eriksson			
(18) SUPERVISOR DISTRICT(S) District 2			

Reference: 19.166



COUNTY OF SAN LUIS OBISPO

TO: Board of Supervisors

FROM: Public Works
Doug Bird, Utilities Division Program Manager
Kate Ballantyne, Deputy Director of Public Works

DATE: 1/14/2020

SUBJECT: Request to approve Amendment No. 1 to the Water Treatment Agreement with Morro Rock Mutual Water Company and Cayucos Beach Mutual Water Company, as successor in interest to the Paso Robles Beach Water Association. District 2.

RECOMMENDATION

It is recommended that the Board, acting on behalf of County Service Area No. 10 (CSA 10) approve and authorize the Chairperson to execute the attached Amendment No.1 to the Water Treatment Agreement (Treatment Agreement) with the Morro Rock Mutual Water Company and Cayucos Beach Mutual Water Company (as successor in interest to the Paso Robles Beach Water Association), ("collectively hereby referred to as the Cayucos Water Purveyors") establishing the process by which available treatment capacity at the Cayucos Water Treatment Plant can be dedicated to third parties.

DISCUSSION

The County owned and operated CSA 10 Treatment Plant provides drinking water to the Cayucos Water Purveyors under the terms of a Treatment Agreement approved by the Board on November 5, 1996.

In addition to setting forth the manner in which the Treatment Plant is to be acquired, constructed, financed, owned, operated, maintained and repaired for the purpose of treating and delivering water to the Cayucos Water Purveyors, the Treatment Agreement (specifically, Section 3(g)) provides for the potential use of available treatment capacity (i.e. the treatment of water that is in addition to the water allotments set forth in the Treatment Agreement) through an amendment to the Treatment Agreement. The Treatment Agreement further provides that any such amendment must, among other things, ensure that, in no event, will CSA 10 be obligated to treat any water in excess of the contractually established allotments at the Treatment Plant if there is insufficient capacity.

The purpose of the attached Amendment No. 1 is to set forth the cost provisions, terms and conditions under which available treatment capacity can be dedicated to third parties in accordance with the requirements set forth in the Treatment Agreement. The terms and conditions under which treatment capacity will be dedicated to the treatment of a party's additional water allotment or any third party's water

allotment shall be established by a Water Treatment Capacity Agreement, which shall not be effective until each Cayucos Water Purveyor consents in writing to said Water Treatment Capacity Agreement.

Each Water Treatment Capacity Agreement shall establish and fix proportionate rates and charges for third parties contracting for treatment capacity in conformance with the terms and conditions set forth in Amendment No. 1, including, but not limited to, payment of a proportionate share of any and all ongoing fixed water treatment facilities costs, fixed operations and maintenance (O&M) costs and variable O&M costs.

CSA 10 shall not be required to treat any additional water allotment or third party water allotment if the quality of said water would adversely affect the quality of water already being treated at the Treatment Plant or would adversely affect the ability of CSA 10 to comply with laws, regulations, orders and other requirements associated with the Treatment Plant.

Said future sales to third parties shall be subject to and governed by the terms and conditions described in the attached Amendment No. 1 under the new Section 16 entitled, "Conditions for Contracting for Dedication of Treatment Capacity to Third Parties".

OTHER AGENCY INVOLVEMENT/IMPACT

Morro Rock Mutual Water Company and Cayucos Beach Mutual Water Company have both approved and signed the attached Amendment No. 1. County Counsel has reviewed and approved Amendment No. 1 as to legal form and effect.

FINANCIAL CONSIDERATIONS

The Cayucos Water Purveyors have determined no financial transactions are necessary as a result of Amendment No. 1 to the Treatment Agreement. Any future financial transactions for the dedication of treatment capacity to third parties will be established through the separate agreements between CSA 10 and third parties, in accordance with the terms and conditions established in Amendment No. 1.

RESULTS

Approval of the recommended action will ensure an adequate drinking water supply for the current and future residents of Cayucos, contributing to a sustainable and healthy community.

ATTACHMENTS

- 1 Vicinity Map
- 2 Amendment No. 1 to Water Treatment Agreement

File: CF 320.400.01 Districts/CSA 10 Cayucos

Reference: 19.166

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