



## Notice of Meeting

### STATE WATER SUBCONTRACTORS ADVISORY COMMITTEE

SAN LUIS OBISPO COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

Friday, January 8, 2021 – 10:00 to 11:00 AM

***In accordance with the directives provided by Governor Newsom (Executive Order N-29-20), this meeting will be conducted as a phone-in and web-based meeting. Members of the public may participate via conference call and webinar.***

Phone line: +1 (408) 650-3123

Access Code: 596-192-597

Webinar: <https://global.gotomeeting.com/join/596192597>

Public comments can be submitted to: [wthomson@co.slo.ca.us](mailto:wthomson@co.slo.ca.us)

For more information: <https://www.slocounty.ca.gov/Departments/Public-Works/Committees-Programs/State-Water-Project-and-Subcontractors-Advisory-Co.aspx>

**Chair:** Brad Hagemann (Avila Beach CSD)

**Vice Chair:** Ben Fine (Pismo Beach)

### AGENDA

- I. **Call to Order** – Roll Call & Quorum Count
- II. **Public Comment** (*For matters within the Committee's jurisdiction. May be limited to three minutes each.*)
- III. **Review of Last Meeting's Minutes** – Approve minutes from Sept. & Nov. 2020 meetings
- IV. **Reports from the District** – for Information Only
  - A. Committee Membership Appointments
  - B. Water Operations Report (with Stored Water Estimate)
  - C. Delta Conveyance Project (DCP)
  - D. Water Management Tools Study – Special Joint Meeting with CCWA, 11/30/2020
- V. **Presentation** – Introduction to the Water Management Tools Study (by Provost/Hallmark)
- VI. **Committee Action Item** – Consider recommending approval of the State Water Project Water Management Amendment, provide input on the Water Management Tools Study, and consider forming an ad-hoc subcommittee
- VII. **Annual Election of Officers and Calendar Approval**
  - A. Officer Election (Chair and Vice Chair)
  - B. 2021 SWSAC Calendar
- VIII. **Items for Next Regular Meeting Agenda**
- IX. **Date of Next Regular Meeting:** March 5, 2021
- X. **Adjournment**

**CONTACT:** *All Americans with Disabilities Act (ADA) accommodations shall be promptly reviewed and resolved.* Persons who require accommodations for any audio, visual or other disability in order to review an agenda, or to participate in the meeting of the State Water Subcontractors Advisory Committee per the ADA, are encouraged to request such accommodation 48 hours in advance of the meeting from SWSAC Secretary, Wes Thomson at (805) 781-5252.

**The purpose of the Committee** is, "to monitor all aspects of this agreement and related agreements and to advise the governing bodies of District and Contractor on the functioning of this agreement and related agreements, and to recommend to the governing bodies of District and Contractor any modifications to said agreements that may, from time to time, be appropriate."  
(Art. 31, Water Supply Agreement, 1992)

**Attachments**

1. Agenda Item III – Draft Minutes – Sept & Nov 2020
2. Agenda Item IV.A – Staff Report
3. Agenda Item IV.B – Staff Report
4. Agenda Item IV.C – Staff Report
5. Agenda Item IV.D – Staff Report
6. Agenda Item VI – Staff Report
7. Agenda Item VII.B – Proposed 2021 SWSAC Calendar

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(Art. 31, Water Supply Agreement, 1992)

**MINUTES (Draft)**

Chairperson: Brad Hagemann  
Vice Chairperson: Ben Fine  
Secretary: Wes Thomson

The following action minutes are listed as they were acted upon by the State Water Subcontractors Advisory Committee (SWSAC) and as listed on the Regular Meeting agenda for **September 30<sup>th</sup>, 2020**, together with staff reports and related documents attached thereto and incorporated therein by reference.

- I. Call to Order & Roll Call (Quorum Count)  
Call to order at approx. 2:07 PM; a quorum was established.
- II. Public Comment  
No public comment.
- III. Review of Last Meeting's Minutes
  - A. Minutes from May 27 and July 22 2020 were finalized as-is.
  - B. W. Thomson proposed a draft calendar for 2021. Follow up with W. Thomson if the third Wednesday of each month does not work for your schedule.
  - C. Many agencies have vacancies and to achieve quorum on a regular basis those positions should be filled. Aiming to send a group board letter by end of January to mid-February.
- IV. Water Delivery Operations Report (see staff report)
  - A. W. Thomson provided update on the 2020 Water Delivery Report (thru April 2020). DWR set the allocation to 20%. Deliveries are on track. Potential for a SWP spill at SLR if we see a wet winter. Current conditions resemble conditions before 18-19 spill. On January 1, 2021 SLR is projected to have over 13,000AF.
  - B. Request form will be sent out Sept. 30 and initial submittal to DWR is due by Oct. 1<sup>st</sup>. DWR is tentatively planning their "Annual Maintenance Shutdown" for Oct. 30 through Nov. 18. DWR will set initial allocation for 2021 in Dec 2020.
- V. Ongoing Updates (see staff report)
  - A. Water supply contract extension amendment. More updates to come in the fall or early 2021.
  - B. Water Management Tools Study. CCWA and Board of Supervisors have authorized moving forward with the study. Joint public working group meetings with CCWA members, subcontractor, and WRAC participation to outline the process. Amendment is available and planned to be signed by February, though not necessarily in time to address the existing risk of spill in 2021.
- VI. Committee Action Items (see staff report)
  - A. Delta Conveyance Project. Board will be considering participation in preliminary planning/design process on November 17<sup>th</sup>. The state is looking to finance over 4 years

instead of 5 years. Participation in the next phase keeps the door to continue studying the options, benefits, and policies. S. Gibson (OCSD) states that a 5-year payment plan is more ideal and other members agreed. Invoices will come out in January for the 60% portion of the first year's commitment. B. Hagemann asks if cost to repair Oroville been included in the 20-21 State Water billing, and W. Thomson will update committee once he gets that information.

- a. The District is asking for contractors' reliance on State Water. Percentages of current and expected production from State Water. Also, are there any Subcontractors required to submit an Urban Water Management Plan?

VII. Discuss Future Agenda Items

District will provide updates on the following:

- Next meeting is November 18, 2020
- Board direction/action – Nov 17 (Delta Conveyance – decision on preliminary participation)
- Operations / Ongoing Items (DCP, WSCE, WMT)
- Water Management Tools Study and Amendment

VIII. Action Items

- A. District staff to follow up w/above questions (DCP Cost, Benefits, and Oroville cost impacts)
- B. W. Thomson to solicit input via separate emails on 2021 calendar.
- C. SWSAC appointments and timing.
- D. Separate subcommittee for WMT study input – how/when to go about this?

Meeting Adjourned at 3:15 PM.

**MINUTES (Draft)**

Chairperson: Brad Hagemann  
Vice Chairperson: Ben Fine  
Secretary: Wes Thomson

The following action minutes are listed as they were acted upon by the State Water Subcontractors Advisory Committee (SWSAC) and as listed on the Regular Meeting agenda for **November 18th, 2020**, together with staff reports and related documents attached thereto and incorporated therein by reference.

- I. Call to Order & Roll Call (Quorum Count)  
Call to order at approx. 9:05 AM; a quorum was not established.
- II. Public Comment  
None.
- III. Review of Last Meeting's Minutes  
Tabled for next meeting due to lack of quorum.
- IV. Water Delivery Operations Report (see staff report)
  - A. W. Thomson provided update on 2020 Water Delivery Report (thru October 2020). DWR's Table A allocation is unchanged – still at 20%. Deliveries are on track per request schedule. Projected 2020 “End of Year” stored water for SLO County anticipated to be about 14,500 AF.
  - B. DWR will set initial allocation for 2021 in early December. The 2021 Delivery Request schedule was presented for review and also sent to Subcontractors via separate email. Due to the large amount of carryover water in storage at San Luis Reservoir, the District plans to meet the Subcontractors request for 2021 according to the “100% allocation” scenario regardless of the initial allocation that will be set by DWR in December.
- V. Ongoing Updates (see staff report)
  - A. Water supply contract extension amendment. More updates to come early 2021.
  - B. DCP negotiations. The Board of Supervisors met on Nov. 17<sup>th</sup> and decided to keep the door open for the DCP. District staff is expected to present in the spring on water management plan. The option to continue will return to the Board of Supervisors fall of 2022.
  - C. Water management contract amendment. District now has contract language for review. 13 contractor boards have approved the amendment, 8 more will vote before the end of the year. DWR will implement provisions after 24 contractors have signed by February 2021, after February the adoption is under the discretion of DWR. District staff is planning on bringing the amendment to the board on March 2<sup>nd</sup>.
  - D. Committee Membership appointments. If you have, or are expecting to have committee vacancies, recommendations should be addresses by reaching out to W. Thomson. Recommendations will be taken to the board early 2021.

VI. Committee Action Items (see staff report)

- A. Staff recommendation is to form an ad-hoc sub-committee to participate in the Water Management Tools Study process. Staff will be sending out a survey on sub-contractor's water portfolios to evaluate water future needs. Nov. 30<sup>th</sup> is the first public meeting with CCWA Consultant. A committee will be formed at the next SWSAC meeting when a quorum is established.

VII. Discuss Future Agenda Items

District will provide updates on the following:

- Next meeting is January 8, 2021 (Tentative)
- Timing for District Consideration of WMT Amend.
- Operations / Ongoing Items (DCP, committee membership, etc.)
- Water Management Tools Study

Meeting Adjourned at 9:50 AM.

# MEMORANDUM

San Luis Obispo County Department of Public Works • Utilities Division  
County Government Center, Room 207 • San Luis Obispo, California 93408  
ph: (805) 781-5252 • fax: (805) 781-1229

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Date: November 19, 2020

To: John Diodati

Via: Courtney Howard, Kate Ballantyne

From: Wes Thomson

**SUBJECT: Staff Appointments to State Water Subcontractors Advisory Committee**

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John,

Please sign the attached form, designating the named Public Works staff as members to the State Water Subcontractors Advisory Committee (Committee). These names are being recommended after internal staff review by Water Resources and Utilities Division Management in consultation with Kate Ballantyne.

The Committee is made up of a member and alternate from each of the 11 subcontractors. Signing the attached document will provide a member and alternate for the County Operations Center, CSA 16 and the Flood Control District and allow the Committee to be fully staffed.

The Director of Public Works is authorized to appoint staff per Committee Bylaws, Section 4.a: *“The member and alternate member representing the District and County Subcontractors shall be County staff from the Public Works Department appointed by and serving at the pleasure of the San Luis Obispo County Director of Public Works.”*

Attached are the Committee Bylaws and the list and designation of new appointees.

Please let us know if you have any questions or require additional information.

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Attachments:

Committee Bylaws- State Water Subcontractor AC (Board approved 2/4/2020)  
Staff Appointment- State Water Subcontractor AC



## Staff Appointments

### STATE WATER SUBCONTRACTORS ADVISORY COMMITTEE

SAN LUIS OBISPO COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

*Member or Alternate - Staff Position / Employee Name*

- I. **San Luis Obispo County Flood Control and Water Conservation District (non-voting)**  
Member - Water Resources Division Manager / Courtney Howard  
Alternate - Water Utilities Engineer / Wes Thomson
  
- II. **County Operations Center (voting)**  
Member - Capital Planning, Facilities Manager / Cindy Treichler  
Alternate - Energy and Water Coordinator / Annie Secret
  
- III. **CSA 16 - Shandon (voting)**  
Member - Utilities Division Manager / Mark Chiamonte  
Alternate - Supervising Utilities Engineer, Water / Jill Ogren

In accordance with the District Board-approved Bylaws, appointments shall be effective as of the date signed by the Director of Public Works Director.

**SAN LUIS OBISPO COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT:**

By: \_\_\_\_\_  
John Diodati  
Interim Director of Public Works

Date: 11/19/2020

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(Art. 31, Water Supply Agreement, 1992)

# BYLAWS

## STATE WATER SUBCONTRACTORS ADVISORY COMMITTEE

SAN LUIS OBISPO COUNTY FLOOD CONTROL & WATER CONSERVATION DISTRICT

*Adopted November 2019; Approved by the Board of Supervisors February 4, 2020*

### 1. NAME

The name of the advisory committee described herein shall be the State Water Subcontractors Advisory Committee ("Committee").

### 2. BACKGROUND

The San Luis Obispo County Flood Control and Water Conservation District ("District") entered into an agreement with the State of California ("State") pursuant to which the State furnishes a water supply ("State Water") to the District. The District subsequently entered into subcontracts ("Water Supply Agreements") with various water suppliers ("Subcontractors") pursuant to which the District furnishes State Water to the Subcontractors. Article 31 of the Water Supply Agreements provides for the formation of an advisory group as more specifically described below.

### 3. PURPOSE, RESPONSIBILITY, AND AUTHORITY

- a. **Purpose:** Pursuant to Article 31 of the Water Supply Agreements, the purpose of the Committee is *"to monitor all aspects of [the Water Supply Agreements] [...] and to advise the governing bodies of District and [Subcontractors] on the functioning of [the Water Supply Agreements] [...], and to recommend to the governing bodies of District and [Subcontractors] any modifications to said agreements that may, from time to time, be appropriate."*
- b. **Authority and Limitations:** The Committee's authority is that of an advisory committee to the San Luis Obispo County Board of Supervisors in its capacity as the San Luis Obispo County Flood Control and Water Conservation District Board of Supervisors ("District Board of Supervisors") regarding the needs and desires of the Subcontractors.
- c. **Role of the District Board of Supervisors:** The District Board of Supervisors may approve, alter, or return any recommendation of the Committee.
- d. **Brown Act Compliance:** The Committee shall comply with all applicable laws, including, but not limited to, the Ralph M. Brown Act (Government Code §§ 54950 et seq.).

#### 4. MEMBERS AND TERMS OF MEMBERSHIP

**General Membership:** Membership on the Committee shall be available to representatives from all Subcontractors and the District. The Committee shall consist of one member (and one alternate member) representing each Subcontractor and one non-voting member (and one non-voting alternate member) representing the District. The alternate member representing each Subcontractor and the District is only authorized to participate as a member on the Committee in the absence of the member.

- a. **Appointment of Members:** Each Subcontractor may nominate a member and an alternate member to represent them on the Committee subject to confirmation by the District Board of Supervisors. Said members shall serve at the pleasure of the governing board of the respective Subcontractor and may be removed at any time by either the District Board of Supervisors or the Subcontractor's governing body, provided that the District Board of Supervisors shall have no authority to replace a removed member with an individual who has not been nominated by the relevant Subcontractor. The member and alternate member representing the District and County Subcontractors shall be County staff from the Public Works Department appointed by and serving at the pleasure of the San Luis Obispo County Director of Public Works.
- b. **Subcontractors:** Committee membership is available to the following District Subcontractors:
  - i. County Service Area No.16 (Improvement District No. 1, Shandon)
  - ii. State of California Department of Corrections (California Men's Colony, San Luis Obispo)
  - iii. County of San Luis Obispo (County Operations Center and El Chorro Regional Park)
  - iv. San Luis Obispo County Community College District (Cuesta College Campus, San Luis Obispo)
  - v. City of Morro Bay
  - vi. City of Pismo Beach
  - vii. Oceano Community Services District
  - viii. San Miguelito Mutual Water Company
  - ix. Avila Beach Community Services District
  - x. Avila Valley Mutual Water Company
  - xi. San Luis Coastal Unified School District
- c. **Vacancies:** Should a member resign or leave the Committee, the alternate member shall serve until a new appointment is made.

## 5. OFFICERS

- a. **Officers:** Officers of the Committee shall consist of a Chair and Vice Chair who shall be elected by the Committee at the first regular meeting of each year.
- b. **Chair Duties:** It shall be the duty of the Committee Chair to (1) preside over all meetings of the Committee, (2) call special meetings of the Committee when necessary consistent with all legal requirements, and (3) appoint subcommittees subject to the confirmation of the Committee.
- c. **Vice Chair Duties:** It shall be the role of the Vice Chair to fulfill the duties of the Chair in his or her absence, and then the Vice Chair shall become the Chair in the following year.
- d. **Committee Administrative Duties:** The administrative duties that are of a secretarial nature shall be handled by District Staff, including keeping meeting minutes, agenda preparation, and correspondence.
- e. **Term:** No elected officer of the Committee shall serve more than two (2) consecutive full one-year terms in the same office.
- f. **Vacancies:** The Vice Chair shall assume the role of Chair in the absence or resignation of the Chair. Vacated officer positions shall be filled by election of the Committee at the next meeting.

## 6. SUBCOMMITTEES

- a. **Purpose:** Subcommittees shall be formed for the limited purpose of providing in-depth knowledge on specific issues related to the interest of the Subcontractors.
- b. **Formation:** Subcommittees shall be formed, and its members appointed by the Chair, subject to the confirmation of the Committee.

## 7. MEETING CONDUCT AND ADMINISTRATION

- a. **Notice of Meetings:** Meetings shall be noticed and conducted in accordance with all applicable laws, including but not limited to the Ralph M. Brown Act (Government Code §§ 54950 et seq.).

- b. **Preferred Meeting Dates, Duration and Location:** Regular meetings of the Committee shall be held on a schedule established by the Committee at the first meeting of each year.
- c. **Frequency:** Meetings of the Committee shall meet at least four times per year. Additional meetings may be scheduled as agreed upon by a majority vote of the Committee.
- d. **Presiding Officer:** If both the Chair and the Vice Chair are unable to preside, District Staff shall assume the role of Chair for the Committee meeting.
- e. **Minutes and Other Records of Business:** District Staff shall keep written notes and an audio recording of each Committee meeting, and shall also be responsible for correspondence, files, and general administration of the Committee. Audio recordings will be kept on file in the San Luis Obispo County Public Works Department office until meeting minutes have been approved by the Committee.
- f. **Special Meetings:** Special meetings of the Committee may be called at any time by the Chair or a majority of the Committee members subject to satisfaction of all legal requirements.
- g. **Quorum:** A quorum of the Committee shall consist of 5 members.
- h. **Voting:** With the exception of the District, each member of the Committee shall be entitled to one (1) vote on all matters before the Committee and any decision (i.e. election of Chair and Vice Chair) or recommendation to the District Board of Supervisors shall be supported by a majority vote.
- i. **Alternate Notification:** It shall be the responsibility of a Committee member who will be absent to contact said member's alternate to attend the meeting in his or her place.
- j. **Member Updates:** Members are encouraged to provide an update on water resource issues relevant to his or her agency at least once per year.

## 8. BYLAW REVISIONS

Bylaws shall be reviewed every two (2) years for recommended updates, or more often if requested by the Committee.



SAN LUIS OBISPO COUNTY  
FLOOD CONTROL AND WATER CONSERVATION DISTRICT

**TO:** District State Water Subcontractors  
**FROM:** Wes Thomson, P.E.  
**DATE:** January 8, 2021  
**SUBJECT:** SWP Water Operations Report

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### **Summary**

SWP water delivery reports summarizing the 2020 deliveries and projected storage, including a revised delivery schedule for 2021.

DWR's notice to contractors for the initial allocation for 2021 is 10 percent – the same starting allocation for 2020 which is reasonable given the below-average precipitation to dry conditions that have persisted since the new water year started on October 1. That said, SLO County has a healthy amount of surplus water in storage at San Luis Reservoir (approx. 14,600 AF), so the initial allocation should not be a concern for our local subcontractors.

### **Attachments**

1. 2020 Delivery Update – SWP Deliveries (thru Nov 2020)
2. Projected 2020 End of Year Stored Water
3. 2021 Delivery Schedule – Revised for Pismo Beach, 12/9/20
4. 2021 Initial Allocation from DWR

**2020 STATE WATER DELIVERIES (DRAFT)**

		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
<i>SHANDON TO</i>	CSA 16	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	0
<i>CHORRO V. TO</i>	CMC	29.6	29.1	32.2	31.4	32.7	34.6	34.1	38.3	37.9	23.5	16.5	-	340
	County Ops	31.4	30.9	34.2	33.3	34.7	36.7	36.2	40.6	40.2	24.9	17.5	-	361
	Cuesta	14.4	14.1	16.6	16.2	16.9	17.8	17.6	19.7	19.5	12.1	8.0	-	173
	City of Morro Bay	75.5	81.9	73.0	77.1	89.7	96.8	105.1	107.4	95.4	92.5	44.9	-	939
<i>LOPEZ TO</i>	City of Pismo Beach	9.0	64.4	23.8	39.0	68.0	70.0	100.0	90.0	70.0	85.0	39.0	-	658
	Oceano CSD	0.0	0.0	0.0	0.0	0.0	0.0	0.0	30.0	30.0	0.0	0.0	-	60
	San Miguelito MWC	7.9	11.9	9.3	9.7	14.1	13.9	14.5	14.8	9.7	8.2	1.9	-	116
	Avila Beach CSD	1.0	1.0	1.0	1.0	1.0	2.0	3.0	2.0	1.0	1.0	0.0	-	14
	Avila Valley MWC	0.8	1.0	1.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.0	-	17.8
	San Luis Coastal USD	0.05	0.06	0.04	0.04	0.35	0.40	0.46	0.50	0.45	0.46	0.29	-	3.1
	<b>TOTAL</b>	<b>170</b>	<b>234</b>	<b>191</b>	<b>210</b>	<b>259</b>	<b>274</b>	<b>313</b>	<b>345</b>	<b>306</b>	<b>250</b>	<b>129</b>	<b>0</b>	<b>2682</b>

**Note:** 1. Deliveries based on CCWA monthly delivery reporting and subcontractor request.  
2. All delivery values reported are in volumetric units of acre-feet (AF).

**2020 DELIVERY REQUESTS**

		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
<i>SHANDON TO</i>	CSA 16	0	0	0	0	0	0	0	0	0	0	0	0	0
<i>CHORRO V. TO</i>	CMC	33	33	33	33	33	33	33	33	33	33	33	33	396
	County Ops	35	35	35	35	35	35	35	35	35	35	35	35	420
	Cuesta	16	16	17	17	17	17	17	17	17	17	16	16	200
	City of Morro Bay	100	100	100	100	100	100	100	100	100	100	100	100	1200
<i>LOPEZ TO</i>	City of Pismo Beach	9	0	19	39	68	70	100	90	70	85	39	19	608
	Oceano CSD	0	0	0	0	0	0	0	30	30	0	0	0	60
	San Miguelito MWC	7	7	10	12	13	13	13	12	9	9	7	8	120
	Avila Beach CSD	1	1	1	1	1	2	3	2	1	1	0	0	14
	Avila Valley MWC	1.0	1.0	1.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.0	2.0	20
	San Luis Coastal USD	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	6
	<b>TOTAL</b>	<b>203</b>	<b>194</b>	<b>217</b>	<b>240</b>	<b>270</b>	<b>273</b>	<b>304</b>	<b>322</b>	<b>298</b>	<b>283</b>	<b>232</b>	<b>214</b>	<b>3044</b>

**Note:** DWR delivery allocation assumed\* = 100%

\*Assumes District can supply requested delivery under 100% allocation scenario.

**Projected Storage Summary for 2020 End of Year (EOY) SWP Supply**

SWP Deliveries thru Nov 2020

	Stored Water on Jan 1, 2020	Total 2020 Delivery Request	Projected Stored Water Needed	Total Water Delivered	Max Allowable "Table A" for Storage	Projected Water Added to Storage EOY	Projected EOY Stored Water Balance
CSA 16	49	0	0	0	25	20	69
CMC	325	396	236	340	200	0	145
County Ops	318	420	250	361	213	0	127
Cuesta	156	200	120	173	100	0	63
City of Morro Bay	1,739	1,200	479	939	901	0	1,521
City of Pismo Beach	1,240	608	112	658	620	0	1,078
Oceano CSD	750	60	0	60	375	240	990
San Miguelito MWC	275	120	10	116	138	0	269
Avila Beach CSD	85	14	0	14	50	26	111
Avila Valley MWC	12	20	12	18	10	0	2
San Luis Coastal USD	7	6	3	3	4	0	7
<b>TOTAL</b>	<b>4,956</b>	<b>3,044</b>	<b>1,223</b>	<b>2,682</b>	<b>2,634</b>	<b>286</b>	<b>4,382</b>
<b>District +Subs</b>	<b>12,500</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>6,250</b>	<b>3,391</b>	<b>14,603</b>

**NOTES:**

1. At 20% delivery, the max allowed storage per Article 56c of Master Contract is 25% of District's Table A (25,000 x 0.25 = 6,250 AF).
2. Subcontractors projected EOY Storage is 4,382 AF.
3. The District received 1,288 AF of carryover water in 2020, but anticipates adding 3,391 AF to storage at EOY for an overall net gain in storage.
4. The District does not anticipate having any unused Table A ("left on the table") at EOY.

**STATE WATER PROJECT**

### 2021 Subcontractor Requested Water Delivery Schedules

DWR delivery allocation assumed\* = 100%

\*Assumes District can supply requested delivery under 100% allocation scenario.

Requested Monthly Delivery by Subcontractor (AF)														
ID	AGENCY	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
S-01	CSA 16	0	0	0	0	0	0	0	0	0	0	0	0	0
CV-01	CMC	33.00	33.00	33.00	33.00	33.00	33.00	33.00	33.00	33.00	33.00	33.00	33.00	396
CV-02	Co Ops	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	420
CV-03	Cuesta	16	16	17	17	17	17	17	17	17	17	16	16	200
CV-04	MB	100	100	100	100	100	100	100	100	100	100	100	100	1,200
L-01	PB	0	0	0	0	10	0	0	0	5	10	0	0	25
L-02	OCSO	0	0	0	0	0	0	0	0	0	0	0	0	0
L-03	SMMWC	7	7	10	12	13	13	13	12	9	9	7	8	120
L-04	ABCSD	5	5	6	6	6	6	6	7	6	6	6	5	70
L-05	AVMWC	1	1	1	2	2	2	2	2	2	2	1	2	20
L-06	SLCUSO	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	6
<b>TOTAL</b>		197.5	197.5	202.5	205.5	216.5	206.5	206.5	206.5	207.5	212.5	198.5	199.5	2,457.0

Total Requested Subcontractor Delivery by Turnout (AF)														
CCWA	TOTAL	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
Deliveries by Turnout	<b>Reach 33B</b>													
	Shandon	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0
	Chorro Valley	184.0	184.0	185.0	185.0	185.0	185.0	185.0	185.0	185.0	185.0	184.0	184.0	2,216
	<b>Total</b>	184.0	184.0	185.0	185.0	185.0	185.0	185.0	185.0	185.0	185.0	184.0	184.0	2,216
	<b>Reach 34 (Lopez)</b>													
	<b>Total</b>	13.5	13.5	17.5	20.5	31.5	21.5	21.5	21.5	22.5	27.5	14.5	15.5	241
	<i>Total Check</i>	197.5	197.5	202.5	205.5	216.5	206.5	206.5	206.5	207.5	212.5	198.5	199.5	2457

Notes:

- "Rev 1" schedule reflects revised initial request from Pismo, 12/9/20.

State of California

DEPARTMENT OF WATER RESOURCES  
CALIFORNIA STATE WATER PROJECT

California Natural Resources Agency

**NOTICE TO STATE WATER PROJECT CONTRACTORS****Date:** DECEMBER 1, 2020**Number:** 20-06**Subject:** 2021 State Water Project Initial Allocation – 10 Percent**From:**

Handwritten signature of Ted Craddock in blue ink.

**Ted Craddock****Deputy Director, State Water Project**

Department of Water Resources

The Department of Water Resources (DWR) is initially approving 422,848 acre-feet (AF) of Table A water for the long-term State Water Project (SWP) contractors in 2021. SWP supplies are projected to meet 10 percent of most SWP contractors' requests for Table A water, which totals to be 4,172,786 AF. Attached is the initial 2021 SWP allocation table.

This initial allocation is made consistent with the long-term water supply contracts and public policy. DWR's approval considered several factors including existing storage in SWP conservation reservoirs, SWP operational constraints such as the conditions of the 2019 Biological Opinions for federally-listed species, the 2020 Incidental Take Permit for State-listed species and the 2021 SWP contractors' demands. DWR may revise this and any subsequent allocations if warranted by the developing hydrologic and water supply conditions.

To develop the 10 percent schedule, DWR will scale down the current long-term SWP contractors' 15 percent schedules that were submitted in October 2020 (as part of the initial requests), unless SWP contractors submit updated schedules. DWR will send the approved monthly water delivery schedules to the long-term SWP contractors.

If you have any questions or need additional information, please contact Dave Paulson, Acting Chief, State Water Project Analysis Office, at (916) 653-7402.

Attachment

**2021 STATE WATER PROJECT INITIAL ALLOCATION  
(ACRE-FEET)**

<b>SWP CONTRACTORS</b>	<b>TABLE A</b>	<b>INITIAL REQUEST</b>	<b>APPROVED ALLOCATION</b>	<b>PERCENT INITIAL REQUEST APPROVED</b>
	<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(3)/(2) (4)</b>
<b><u>FEATHER RIVER</u></b>				
County of Butte	27,500	27,500	4,000	15%
Plumas County FC&WCD	2,700	2,700	270	10%
City of Yuba City	9,600	9,600	1,440	15%
<b>Subtotal</b>	<b>39,800</b>	<b>39,800</b>	<b>5,710</b>	
<b><u>NORTH BAY</u></b>				
Napa County FC&WCD	29,025	29,025	4,354	15%
Solano County WA	47,756	47,756	7,163	15%
<b>Subtotal</b>	<b>76,781</b>	<b>76,781</b>	<b>11,517</b>	
<b><u>SOUTH BAY</u></b>				
Alameda County FC&WCD, Zone 7	80,619	80,619	8,062	10%
Alameda County WD	42,000	42,000	4,200	10%
Santa Clara Valley WD	100,000	100,000	10,000	10%
<b>Subtotal</b>	<b>222,619</b>	<b>222,619</b>	<b>22,262</b>	
<b><u>SAN JOAQUIN VALLEY</u></b>				
Oak Flat WD	5,700	5,700	570	10%
County of Kings	9,305	9,305	931	10%
Dudley Ridge WD	41,350	41,350	4,135	10%
Empire West Side ID	3,000	3,000	300	10%
Kern County WA	982,730	982,730	98,273	10%
Tulare Lake Basin WSD	87,471	87,471	8,747	10%
<b>Subtotal</b>	<b>1,129,556</b>	<b>1,129,556</b>	<b>112,956</b>	
<b><u>CENTRAL COASTAL</u></b>				
San Luis Obispo County FC&WCD	25,000	25,000	2,500	10%
Santa Barbara County FC&WCD	45,486	45,486	4,549	10%
<b>Subtotal</b>	<b>70,486</b>	<b>70,486</b>	<b>7,049</b>	
<b><u>SOUTHERN CALIFORNIA</u></b>				
Antelope Valley-East Kern WA	144,844	144,844	14,484	10%
Santa Clarita Valley WA	95,200	95,200	9,520	10%
Coachella Valley WD	138,350	138,350	13,835	10%
Crestline-Lake Arrowhead WA	5,800	5,800	580	10%
Desert WA	55,750	55,750	5,575	10%
Littlerock Creek ID	2,300	2,300	230	10%
Metropolitan WDSC	1,911,500	1,911,500	191,150	10%
Mojave WA	89,800	89,800	8,980	10%
Palmdale WD	21,300	21,300	2,130	10%
San Bernardino Valley MWD	102,600	102,600	10,260	10%
San Gabriel Valley MWD	28,800	28,800	2,880	10%
San Geronio Pass WA	17,300	17,300	1,730	10%
Ventura County WPD	20,000	20,000	2,000	10%
<b>Subtotal</b>	<b>2,633,544</b>	<b>2,633,544</b>	<b>263,354</b>	
<b>TOTAL</b>	<b>4,172,786</b>	<b>4,172,786</b>	<b>422,848</b>	



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

(1) DEPARTMENT Public Works	(2) MEETING DATE 11/17/2020	(3) CONTACT/PHONE Courtney Howard, Water Resources Division Manager (805) 781-1016	
(4) SUBJECT Submittal of a resolution authorizing the Director of Public Works, or designee, to execute a funding agreement, in the amount of \$750,000 with the Department of Water Resources for preliminary planning and design costs related to a potential State Water Delta Conveyance Project. All Districts.			
(5) RECOMMENDED ACTION It is recommended that the Board, acting as the Board of Supervisors for the San Luis Obispo County Flood Control and Water Conservation District (District), adopt a resolution authorizing the Director of Public Works, or designee, as the authorized representative, to execute and implement an agreement in the amount of \$750,000 for the advance or contribution of money to the Department of Water Resources for preliminary planning and design costs related to a potential Delta Conveyance Project (Funding Agreement).			
(6) FUNDING SOURCE(S) San Luis Obispo County Flood Control and Water Conservation District- Fund Centers 450 and 537	(7) CURRENT YEAR FINANCIAL IMPACT FC 450 \$116,500; FC 537 \$73,300 for 6 months	(8) ANNUAL FINANCIAL IMPACT \$380,000 for Year 1; \$370,000 Year 2	(9) BUDGETED? yes
(10) AGENDA PLACEMENT <input type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. _____) <input checked="" type="checkbox"/> Board Business (Time Est. 30 min)			
(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 N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A   Date: 2/4/2020, #26	
(17) ADMINISTRATIVE OFFICE REVIEW  Kristin Eriksson			
(18) SUPERVISOR DISTRICT(S) All Districts			

Reference:    20.140



## COUNTY OF SAN LUIS OBISPO

TO: Board of Supervisors

FROM: Public Works  
Courtney Howard, Water Resources Division Manager

VIA: Kate Ballantyne, Deputy Director of Public Works

DATE: 11/17/2020

SUBJECT: Submittal of a resolution authorizing the Director of Public Works, or designee, to execute a funding agreement, in the amount of \$750,000 with the Department of Water Resources for preliminary planning and design costs related to a potential State Water Delta Conveyance Project. All Districts.

### **RECOMMENDATION**

It is recommended that the Board, acting as the Board of Supervisors for the San Luis Obispo County Flood Control and Water Conservation District (District), adopt a resolution authorizing the Director of Public Works, or designee, as the authorized representative, to execute and implement an agreement in the amount of \$750,000 for the advance or contribution of money to the Department of Water Resources for preliminary planning and design costs related to a potential Delta Conveyance Project (Funding Agreement).

### **DISCUSSION**

#### *Background*

In 1963, the District signed a long-term water supply contract (Contract) with the California Department of Water Resources (DWR) for an annual allocation of up to 25,000 acre-feet per year (AFY) of water from the State Water Project (SWP)<sup>1</sup>. Capacity for delivering the District's allocation of 25,000 AFY is included in the conveyance system that was built in the 1960s and 70s, to a point just east of the District boundary in Kern County (referred to as Devil's Den).

In the 1990s, eleven local agencies (Subcontractors) entered into contracts<sup>2</sup> with the District (Subcontracts) to take delivery of 4,830 AFY of treated Project water, referred to as their Water Service Amount. Consistent with Subcontractor participation decisions, the District entered into agreements with DWR

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<sup>1</sup> The District is one of 29 agencies that have entered into substantially similar Contracts; these agencies are collectively referred to as Project Contractors.

<sup>2</sup> The Subcontracts carry forward the terms and conditions in the District's Contract with DWR.

and/or the Central Coast Water Authority (CCWA)<sup>3</sup> for the construction and operation of pumping plants, a treatment plant and pipelines to convey the Subcontractor Water Service Amount of 4,830 AFY from Devil's Den to two delivery points in the District (see Attachment 1). Subcontractors have also reserved 5,707 AFY for use when Project water allocations are less than 100%<sup>4</sup>, referred to as their Drought Buffer Amount (see Attachment 2).

### *Delta Conveyance Project Preliminary Design and Benefits*

Since the initial construction of the SWP, DWR has been working to define a solution to address SWP water delivery issues associated with relying on the natural and human-made structures in the Delta<sup>5</sup> to bring water south. DWR is currently working on defining a proposed single tunnel project, which is being referred to as the Delta Conveyance (Facilities) Project (DCP). The DCP's overarching objective is to protect the SWPs ability to continue to deliver water south of the Delta. Additional objectives include making the SWP more resilient to the impacts of changing and extreme weather events; minimizing the potential public health and safety impacts from reduced quantity and quality of water caused by earthquakes; and providing SWP operational flexibility to improve aquatic conditions and better manage risks of additional future regulatory constraints on project operations. Anticipated benefits of, and a timeline for, the DCP are further described in Attachment 3.

Locally, participation in the DCP would result in deliveries estimated to be about 12% more reliable, on average. The District's investment in State Water would be better protected from sea level rise and levee failure due to seismic events in the Delta Region. Finally, participation in the DCP could play a role in advancing local water projects by increasing the value of the unsubscribed allocation when it is exchanged or transferred via the Water Management Tools.<sup>6</sup> This revenue could be reinvested in local water projects. As an example, the District participated in two water transfer programs led by DWR during periods of drought, netting \$6.36M.

### *Funding Agreement*

DWR is now asking the District to indicate whether it will participate in the first two years of a four-year preliminary planning and design phase for the DCP in proportion to its allocation amount (25,000 AFY)<sup>7</sup> by signing a Funding Agreement to advance two years' worth (\$750,000) of the District's share of costs (\$2M) for those preliminary efforts (Attachment 4). In mid to late 2022, staff would return to the Board to consider whether the District will continue participating and advancing funds for the final two years, or to discontinue DCP participation. The Funding Agreement would be substantially like the draft included

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<sup>3</sup> CCWA is a Joint Powers Authority of the agencies that receive Project Water Service Amounts in Santa Barbara County. It was formed to manage participation in the Project on behalf of the Santa Barbara County Flood Control and Water Conservation District, the agency that is Project Contractor. CCWA entered into an agreement with DWR to construct the Coastal Branch pumping plants and pipeline; DWR owns these facilities and CCWA operates them. CCWA owns and operates the treatment facility.

<sup>4</sup> DWR establishes the amount of annual allocations available prior to and during each calendar year. The analysis used to establish the allocation includes, but is not limited to, predicted and actual hydrologic conditions and legal requirements. <https://water.ca.gov/Programs/State-Water-Project/Operations-and-Maintenance>

<sup>5</sup> The confluence of the Sacramento and San Joaquin rivers and San Francisco bay, and network of levees therein to manage water supply, water quality and flooding in Northern California, is known as the Delta.

<sup>6</sup> Opportunities to exchange or transfer the unsubscribed allocation in accordance with a potential Water Management Tools Amendment to the State Water contract with DWR are being studied in coordination with the Central Coast Water Authority per Board direction on August 18, 2020.

<sup>7</sup> After fifteen public Contract amendment negotiations in early 2020, DWR and SWP Contractors agreed that Contractors must either proportionately participate in the DCP at or above their allocation amount, or not at all.

with the Resolution, with minor changes anticipated after DWR's finalization prior to execution. An estimate and schedule of the total potential cost share advance for the District (\$1.183M) and its Subcontractors (\$862,000) is included in Attachment 5.

In summary, if the District approves the Resolution authorizing the Director of Public Works, or designee, to sign the Funding Agreement:

- the District will be included as a DCP participant for the purposes of the preliminary planning and design phase for the DCP for two years,
- the District and its Subcontractors would advance \$750,000 of the preliminary planning and design phase costs to DWR over the course of two years, which is a proportionate share based on the District's 25,000 AFY allocation, and
- the District would continue evaluating the benefits and cost (currently estimated at \$255 per AFY<sup>8</sup>) of the DCP and decide whether or not to continue participating in the preliminary planning and design phase in mid to late 2022.

If the District does not authorize signing the Funding Agreement, the District would be deciding that it will not participate in the DCP and other Contractors would absorb the District's share in the DCP.

#### *CEQA Determination*

The recommended actions do not qualify as a "project" subject to CEQA because the actions constitute (1) continuing administrative or maintenance activities, such as general policy and procedure making; (2) government fiscal activities that do not involve any commitment to any specific project that may result in a potentially significant physical impact on the environment; and (3) organizational or administrative activities of a public agency that will not result in direct or indirect physical changes in the environment. (State CEQA Guidelines, § 15060(c)(3).)

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

The State Water Subcontractors Advisory Committee (SWSAC) was formed to monitor, and advise relevant governing bodies, on all aspects of the Subcontracts and related agreements. On November 20, 2019, the SWSAC voted 4-0 with 3 abstentions to recommend participating during the planning phase with the understanding that the Subcontractors' initial share of costs would be billed over a longer period of time.

The District's Water Resources Advisory Committee (WRAC) was formed to advise the Board concerning all policy decisions relating to the water resources of the District. On November 4, 2020, the WRAC voted 10-7 to recommend not participating in the preliminary planning and design phase.

County Counsel reviewed the draft Funding Agreement. If the Resolution is approved, County Counsel will also review and approve the final Funding Agreement as to form and effect.

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<sup>8</sup> The estimated cost of the DCP as described in Attachment 3, in 2020 dollars and with planning level contingencies, is \$15.9B. Participating in proportion to the District's 25,000 AFY allocation would be a 0.6% share.

## **FINANCIAL CONSIDERATIONS**

Per the terms of the Funding Agreement, and shown in Attachment 5, the District will be billed the estimated total due to DWR for commitment years 2021 and 2022 in the annual Statement of Charges invoices over the course of two years. These invoices will represent advances for its share of the costs for 2021 and 2022 covering the estimated preliminary planning and design efforts.

The District's Flood Control Zone General FY 2020-21 operating budget in FC 450 includes funding to cover these payments for the District's "unsubscribed" share for the first six months of 2021. Revenue from sales of State Water via special programs in 2008-09 and 2013-14 is currently in the District's Flood Control Zone General designated reserves. It will be used to reimburse the operating budget, and to cover these payments for the remainder of 2021 and 2022 via a budget request known as Flood Control Contribution to State Water, FC 536.

The State Water Project FC 537 contains budget for payments to DWR for the Subcontractors' share of the invoices. In order to help smooth the impact these new amounts have on the DWR charges which are allocated and billed to the Subcontractors each year, the District will bill them over the course of three (3) years. The billing difference this creates for the first six months will be covered by the District's Flood Control Zone General FY 2020-21 operating budget in FC 450. The District's designated reserves will be used to reimburse the operating budget, and to cover the billing differences created in subsequent years via a budget request known as Flood Control Contribution to State Water, FC 537.

The Funding Agreement provides that the District would be reimbursed or receive a credit for the advanced funds upon the first sale of revenue bonds to pay for the DCP. To the extent the DCP does not proceed, the advanced funds would not be recovered from DWR.

## **RESULTS**

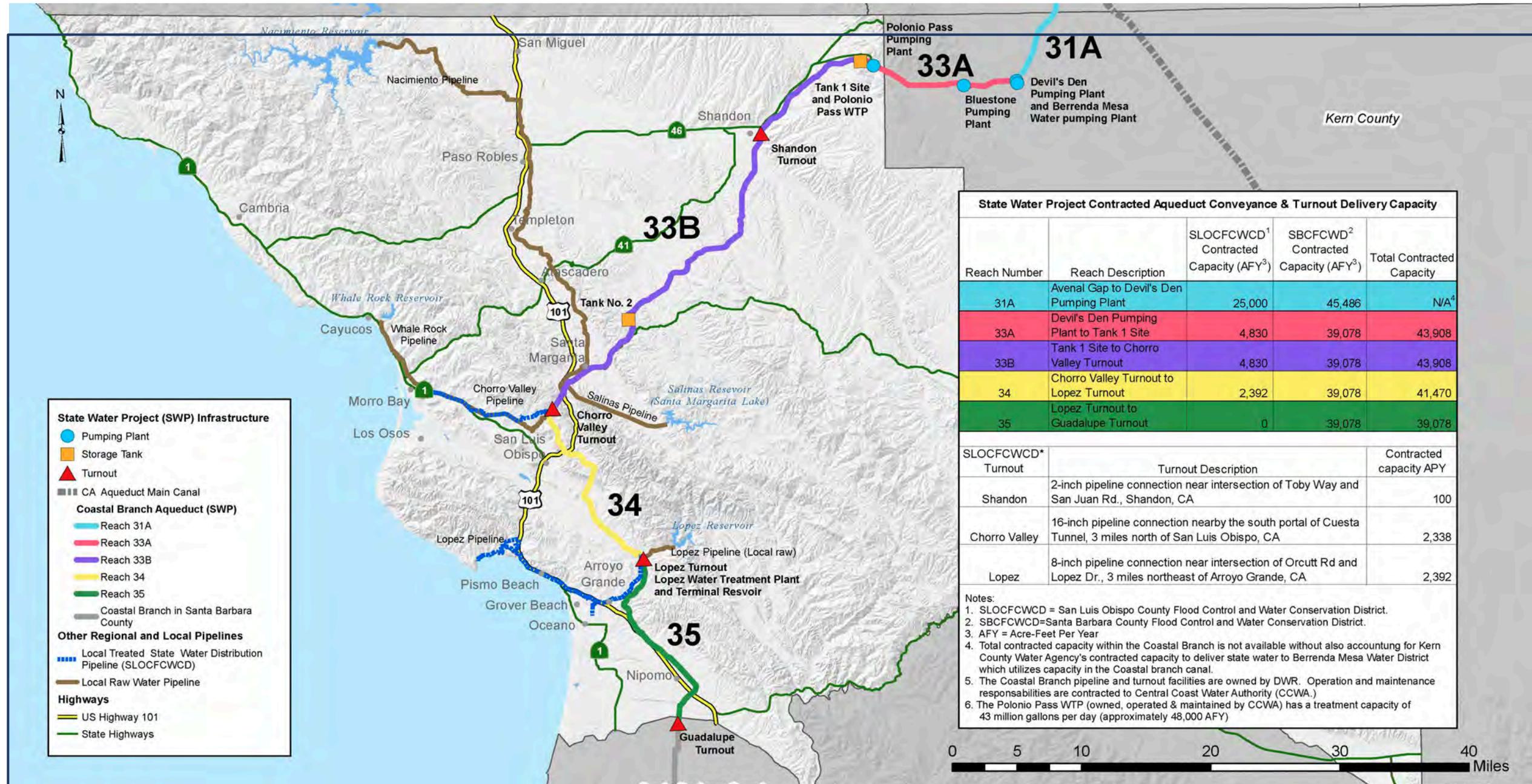
Approval of the recommended action will take steps toward sustaining the reliability of an important long-term supply of State Water for the District and its Subcontractors' water portfolio, and will contribute to a more livable and well-governed community as it relates to managing the District's water resources.

## **ATTACHMENTS**

- 1 Vicinity Map
- 2 Local SWP Participants
- 3 Description of the DCP
- 4 Letter from DWR
- 5 Estimated Cost Share for DCP Preliminary Efforts
- 6 Resolution authorizing the Director of Public Works, or designee, as the authorized representative, to execute and implement an agreement for the advance or contribution of money to the Department of Water Resources for preliminary planning and design
- 7 PowerPoint

File: CF 950.130.01 - Delta Conveyance (rename file)

Reference: 20.140



Reach Number	Reach Description	SLOFCWCD <sup>1</sup> Contracted Capacity (AFY <sup>3</sup> )	SBCFCWD <sup>2</sup> Contracted Capacity (AFY <sup>3</sup> )	Total Contracted Capacity
31A	Avenal Gap to Devil's Den Pumping Plant	25,000	45,486	NA <sup>4</sup>
33A	Devil's Den Pumping Plant to Tank 1 Site	4,830	39,078	43,908
33B	Tank 1 Site to Chorro Valley Turnout	4,830	39,078	43,908
34	Chorro Valley Turnout to Lopez Turnout	2,392	39,078	41,470
35	Lopez Turnout to Guadalupe Turnout	0	39,078	39,078

SLOFCWCD* Turnout	Turnout Description	Contracted capacity APY
Shandon	2-inch pipeline connection near intersection of Toby Way and San Juan Rd., Shandon, CA	100
Chorro Valley	16-inch pipeline connection nearby the south portal of Cuesta Tunnel, 3 miles north of San Luis Obispo, CA	2,338
Lopez	8-inch pipeline connection near intersection of Orcutt Rd and Lopez Dr., 3 miles northeast of Arroyo Grande, CA	2,392

Notes:

- SLOFCWCD = San Luis Obispo County Flood Control and Water Conservation District.
- SBCFCWCD = Santa Barbara County Flood Control and Water Conservation District.
- AFY = Acre-Feet Per Year
- Total contracted capacity within the Coastal Branch is not available without also accounting for Kern County Water Agency's contracted capacity to deliver state water to Berrenda Mesa Water District which utilizes capacity in the Coastal branch canal.
- The Coastal Branch pipeline and turnout facilities are owned by DWR. Operation and maintenance responsibilities are contracted to Central Coast Water Authority (CCWA.)
- The Polonio Pass WTP (owned, operated & maintained by CCWA) has a treatment capacity of 43 million gallons per day (approximately 48,000 AFY)

### State Water Project Subcontractor Water Amounts

SUBCONTRACTOR	Water Service Amount (AFY)	Drought Buffer Amount (AFY)	Total Water Amounts (AFY)
CSA 16 (Shandon)	100	0	100
City of Morro Bay	1,313	2,290	3,603
CMC	400	400	800
County Ops Center	425	425	850
Cuesta College	200	200	400
City of Pismo Beach	1,240	1,240	2,480
Oceano CSD	750	750	1,500
San Miguelito MWC	275	275	550
Avila Beach CSD	100	100	200
Avila Valley MWC	20	20	40
San Luis Coastal USD	7	7	14
Subcontractor Total =	4,830	5,707	10,537
			Unsubscribed "Excess Allocation" = 14,463
			District's Total Contract Allocation = 25,000

## Description of the Delta Conveyance Project

After decades of analysis and planning, on July 21, 2017, the Department of Water Resources (DWR) approved the project known as the California WaterFix Project (WaterFix), which was a dual conveyance project that involved two new diversion points and two tunnels moving water from the Sacramento River north of the Delta under the Delta to State Water Project (SWP) and Central Project water pumping facilities in the South Delta. In addition, in order to assist DWR with the design and construction of WaterFix and potential financing certain SWP Contractors entered in a Joint Powers Agreement in 2018 forming the Delta Conveyance Design and Construction Joint Powers Authority (DCA) and the Delta Conveyance Finance Authority. At the time, the project had approvals under California Environmental Quality Act (CEQA), Endangered Species Act (ESA), and California Endangered Act (CESA).

In the State of the State address in January 2019, Governor Newsom announced that he did not support WaterFix as configured but that he did support a one tunnel conveyance project. Consistent with this, in May 2019 the DWR rescinded its approvals of the WaterFix project and began planning for a single tunnel option. Shortly thereafter, DWR began public negotiations with the SWP Contractors to agree upon a framework, referred to as an Agreement in Principle (AIP), for the amendment of SWP water supply contracts to allocate costs and benefits in the event that a potential single tunnel facility was ultimately approved. The AIP will be the basis for a future contract amendment only if a project is ultimately approved and only after necessary environmental review is completed.

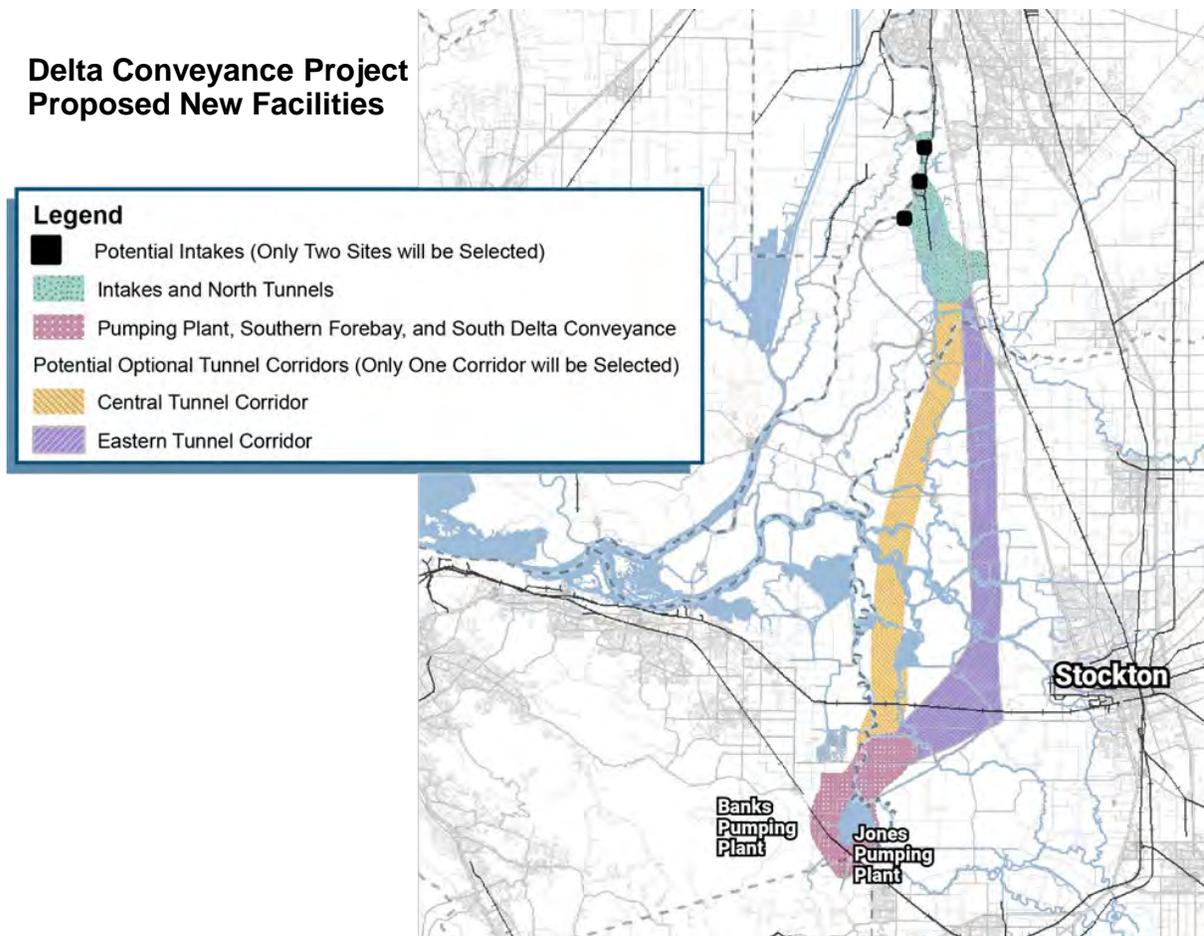
In January 2020, DWR released a Notice of Preparation of an Environmental Impact Report (EIR) pursuant to CEQA for a proposed single tunnel project with 6,000 cfs of capacity referred to as the Delta Conveyance Project (DCP). DWR is currently conducting environmental review and is relying on the DCA for engineering work related to defining the Project's footprint.

### Background on the Proposed Delta Conveyance Project

The existing SWP Delta water conveyance facilities, which include Clifton Court Forebay and Banks Pumping Plant in the south Delta, enable DWR to divert water and lift it into the California Aqueduct for south-of-Delta Contractors. As described in DWR's Notice of Preparation, the proposed DCP would construct and operate new conveyance facilities in the Delta that would add to and be operated as part of the existing SWP infrastructure. Specifically, new points of diversion with intake facilities would be located in the north Delta along the Sacramento River between Freeport and the confluence with Sutter Slough, and would include a single tunnel to convey water from the new intakes to the existing Banks Pumping Plant in the south Delta. The new facilities would provide an alternate location to divert Delta water within DWR's water and would be operated in coordination with the existing south of Delta pumping facilities, resulting in "dual conveyance" because there

would be two complimentary methods to divert and convey water. Dual conveyance does not mean DWR is seeking to expand their water rights, rather it refers to operating both the new points of diversion and the existing points of diversion in a manner that allows DWR flexibility to meet water quality standards.

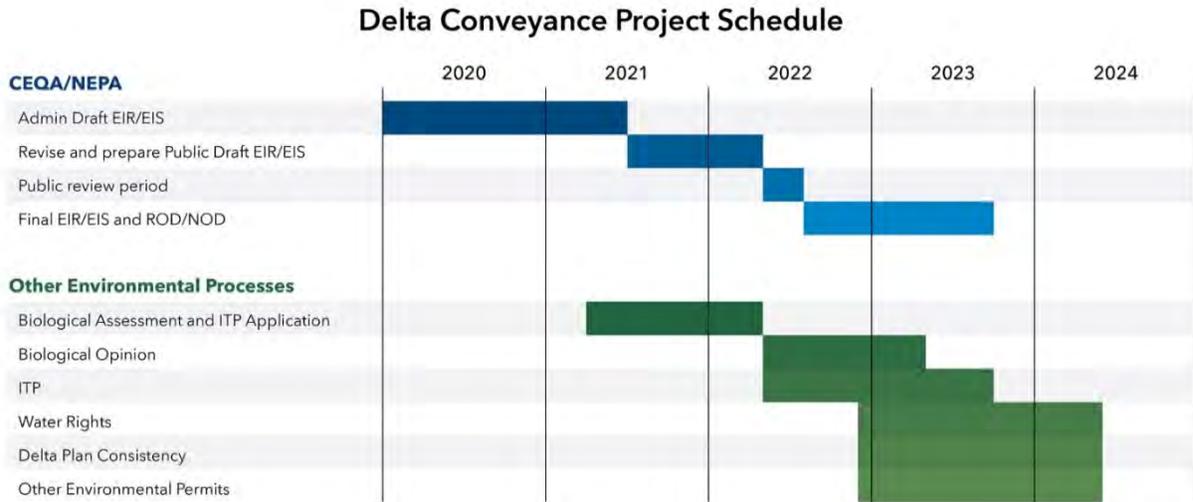
The new north of Delta proposed project facilities would be sized to convey up to 6,000 cfs of water from the Sacramento River to the SWP facilities in the south Delta, and would include: two intakes (3,000 cfs each), one underground tunnel (two routes are being considered), intermediate and southern forebays, a pumping plant, south Delta conveyance facilities, and other ancillary facilities. DWR is considering other alternatives as part of the environmental review process, with capacities ranging from 3,000 to 7,500 cfs and participation with and without the CVP.



### Status of Proposed Project and Schedule

DWR's preliminary schedule has a final EIR being completed in 2023 and other environmental review, permitting and regulatory processes being completed in 2024. Once the DCP receives all necessary approvals and permits and has complied with all legal requirements, including but not limited to obtaining a change in point of diversion to DWR's existing water

rights permit, construction could begin. At present, DWR is engaged in a CEQA scoping process and has solicited comments on potential impacts and alternatives. DWR is currently screening and refining project alternatives to come up with a reasonable range of project alternatives that avoid or substantially reduce potentially significant impacts.



### Preliminary Benefits of the Proposed Project

DWR is currently developing the Delta Conveyance Proposed Project. At this time DWR has not defined the project operations and has not completed regulatory processes that may impact project operations. The primary objective of the DCP, as stated in the Notice of Preparation, is to restore and protect the ability to deliver SWP supplies to the south-of-Delta Contractors. The DCP is also expected to improve SWP resiliency under multiple future risks that can be low frequency-high impact (e.g. seismic risks in the Delta) or sustained impacts (e.g. climate change and sea level rise or Delta regulations). It is not possible to know the exact future conditions under which the DCP would operate but the conditions are likely a combination of many of the known and unknown risks.

The State Water Contractors Association (SWC) conducted a preliminary SWP water supply analysis with the DCP under a range of existing and future scenarios to help assess the DCP's ability to maintain or improve SWP reliability and resiliency. The results are included in the figure below. The selected range of future scenarios are intended to represent potential SWP operating conditions under future regulatory, climate change, sea level rise, and seismic risks. Each selected future scenario was simulated with and without the DCP. For this analysis, the modeling assumed a 6,000 cfs diversion capacity and north Delta diversion operations criteria consistent with permitting from California WaterFix<sup>1</sup>. The specific Proposed Project, including operational criteria, that DWR will ultimately select may be different. DWR's CalSim II model, representing the SWP facilities, regulations and operations, was used to develop coarse estimates of potential water supply changes with the DCP. As

<sup>1</sup> This included operations required by the federal Biological Opinions, CESA Incidental Take Permit specifically for the proposed north Delta diversion intakes under California WaterFix.

the Proposed Project is further defined and permitted, and this coarse modeling is further refined, the estimated water supply benefits with the DCP may change.

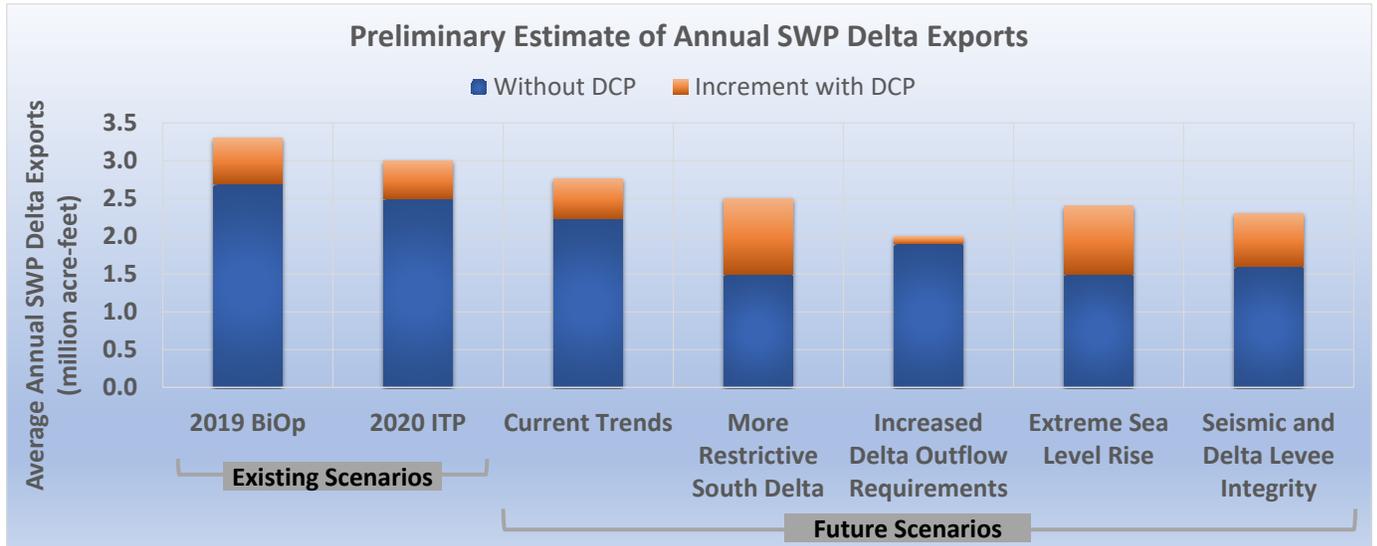


Figure 1: Preliminary modeled average annual SWP exports under existing and future scenarios and corresponding increment resulting with the DCP

#### Preliminary Estimated Costs of the Project

In consideration of certain Contractor’s advancing planning funds for the proposed project, the DCA, following industry standards, developed preliminary cost information based on information currently available for the proposed DCP. It is important to emphasize that the DCA is still very early in the planning process and the cost estimate is only a snapshot based on the current status. This snapshot does not represent the final conceptual design, the final mitigation costs, or all cost items such as community benefits, DWR planning costs, or financing costs. The snapshot includes an estimate for construction costs, soft costs, and environmental mitigation costs in undiscounted 2020 dollars. This means the cost information excludes future inflation. In other words, it assumes that the project would all be built in 2020.

The proposed project features included in the cost information are as follows:

- Two intakes at 3,000 cfs each, for a total capacity of 6,000 cfs
- 42 miles of tunnels and associated shafts
- Southern Complex Facilities:
  - Pump Station
  - Forebay
  - Connections to existing CA Aqueduct

The DCA cost information includes a 38% composite contingency for unforeseeable elements of cost within the construction cost estimate. The DCA has provided their best

estimate for unknown items where their professional experience indicates that there will likely be additional risk. The DCA identified contingency levels for each feature of the proposed project listed above to reflect the uncertainty at the time the cost information was developed. The DCA's contingency reflects the DCA's assessment of the proposed projects design status, identified risks, and professional judgment of unforeseeable elements of cost. As the engineering work advances and the unknown elements of the proposed project are revealed or resolved, contingency levels will decrease, and the identified project elements will be included in the construction estimates.

It is the DCA's opinion, based on the information available to the DCA today and the estimated contingency levels, that there is a 50% probability that the proposed Delta Conveyance Project is estimated to total \$15.9 billion in 2020 dollars. AECOM reviewed the DCA estimate and found that based on industry standards the cost range may be reduced between \$2.28 to \$4.37 billion. AECOM's assessment did not perform a bottom up estimate of the project but reviewed the cost estimate in light of industry standards, in particular contingencies. The AECOM work found that the DCA estimate assumed conservative design, included in design elements risk mitigation, and additionally added a 38 percent contingency. This resulted in roughly a 44 percent contingency for the DCA estimate. The AECOM work serves as a useful guidepost for identifying a possible range of costs but should not be considered as a cost estimate for the DCP. As planning proceeds, more information will become available to inform potential construction and associated costs, and cost information will be updated and refined.

**DEPARTMENT OF WATER RESOURCES**

1416 NINTH STREET, P.O. BOX 942836  
SACRAMENTO, CA 94236-0001  
(916) 653-5791



October 23, 2020

Jennifer Pierre  
General Manager  
State Water Contractors  
1121 L Street, Suite 1050  
Sacramento, CA 95814

Dear Ms. Pierre:

We are encouraged that many of your members are interested in participating in the Delta Conveyance Project and will be considering their contribution to further planning activities to advance the development of the project. As these potential participants bring action items before their boards this fall relative to project planning and funding, we are requesting that they include two important items for board consideration.

1. An indication of likely participation percentage as described in the public negotiation process of the Agreement in Principle (AIP)
2. Authorization for funding consistent with these participation levels

Providing the likely participation percentage and associated funding authorization will not only advance the necessary planning work in 2021 and beyond but will also provide the ability to take the next steps in completing the AIP.

As a reminder of the discussions at the public negotiations, a Public Water Agency may choose to participate at a percentage equal to or greater than its percentage of State Water Project Table A, or alternatively choose not to participate in the Delta Conveyance contract amendment. In either case, the PWA will have a participation percentage recorded in the AIP.

The Department looks forward to board action by your members.

Sincerely,

A handwritten signature in cursive script that reads "Karla Nemeth".

Karla A. Nemeth  
Director

cc: Steve Arakawa – MWD  
Tom McCarthy – KCWA

## Attachment 5 - Estimated Cost Share for DCP Preliminary Efforts

Total District + Sub Cost Share \$ 2,046,000

						Recommended		Subject to future approval			
SUBCONTRACTOR	WSA (AFY)	DB (AFY)	WSA + DB (AFY)	Subscription Percentage	Est'd Cost Share of DCP Prelim Efforts	Commitment Year 1 2021	Commitment Year 2 2022	Commitment Year 3 2023	Commitment Year 4 2024	Commitment Year 5 2025	
SHANDON TURNOUT	<b>CSA 16 (Shandon)</b>	100	0	100	0.004	\$ 8,184	\$ 1,391	\$ 1,391	\$ 1,882	\$ 2,046	\$ 1,473
	<i>Subtotal</i>	100	0	100							
CHORRO VALLEY TURNOUT	<b>City of Morro Bay</b>	1,313	2,290	3,603	0.14412	\$ 294,870	\$ 50,128	\$ 50,128	\$ 67,820	\$ 73,717	\$ 53,077
	<b>CMC</b>	400	400	800	0.032	\$ 65,472	\$ 11,130	\$ 11,130	\$ 15,059	\$ 16,368	\$ 11,785
	<b>County Ops Center</b>	425	425	850	0.034	\$ 69,564	\$ 11,826	\$ 11,826	\$ 16,000	\$ 17,391	\$ 12,522
	<b>Cuesta College</b>	200	200	400	0.016	\$ 32,736	\$ 5,565	\$ 5,565	\$ 7,529	\$ 8,184	\$ 5,892
	<i>Subtotal</i>	2,338	3,315	5,653							
LOPEZ TURNOUT	<b>City of Pismo Beach</b>	1,240	1,240	2,480	0.0992	\$ 202,963	\$ 34,504	\$ 34,504	\$ 46,682	\$ 50,741	\$ 36,533
	<b>Oceano CSD</b>	750	750	1,500	0.06	\$ 122,760	\$ 20,869	\$ 20,869	\$ 28,235	\$ 30,690	\$ 22,097
	<b>San Miguelito MWC</b>	275	275	550	0.022	\$ 45,012	\$ 7,652	\$ 7,652	\$ 10,353	\$ 11,253	\$ 8,102
	<b>Avila Beach CSD</b>	100	100	200	0.008	\$ 16,368	\$ 2,783	\$ 2,783	\$ 3,765	\$ 4,092	\$ 2,946
	<b>Avila Valley MWC</b>	20	20	40	0.0016	\$ 3,274	\$ 557	\$ 557	\$ 753	\$ 818	\$ 589
	<b>San Luis Coastal USD</b>	7	7	14	0.00056	\$ 1,146	\$ 195	\$ 195	\$ 264	\$ 286	\$ 206
	<i>Subtotal</i>	2,392	2,392	4,784			\$ 146,599	\$ 146,599	\$ 198,340	\$ 215,587	\$ 155,223
	<b>TOTAL</b>	<b>4,830</b>	<b>5,707</b>	<b>10,537</b>	<b>0.42148</b>	<b>\$ 862,348</b>					

*Contracted Delivery Capacity in Coastal Branch (AFY)	4,830									
Flood Control Fund Contribution					\$ 155,223	\$ 13,384	\$ 9,482	\$ 61,795	\$ 70,562	\$ (155,223)
Return of Flood Control Contribution					\$ 155,223					\$ 155,223
District's "Table A" Allocation (AFY)	25,000									
<b>Total "Table A" Subcontracted (AFY)</b>	<b>10,537</b>									
<b>Total Due to DWR</b>					<b>\$ 2,046,000</b>	<b>\$ 379,574</b>	<b>\$ 370,317</b>	<b>\$ 617,195</b>	<b>\$ 678,914</b>	
District's "Unsubscribed" Allocation (AFY)	14,463			0.57852	\$ 1,183,652	\$ 219,591	\$ 214,236	\$ 357,059	\$ 392,765	
State Water Subcontractors Suggested Percentages						17%	17%	23%	25%	18%
DWR Four-year Commitment Suggested Percentages						19%	18%	30%	33%	

**ABBREVIATIONS**

AFY = Acre-Feet per Year  
 WSA = Water Service Amount  
 DB = Drought Buffer

# BEFORE THE BOARD OF SUPERVISORS

*of the*

## SAN LUIS OBISPO COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

\_\_\_\_\_ day \_\_\_\_\_, 20\_\_

PRESENT: Supervisors

ABSENT:

**RESOLUTION NO.** \_\_\_\_\_

**RESOLUTION AUTHORIZING THE DIRECTOR OF PUBLIC WORKS, OR DESIGNEE, AS THE AUTHORIZED REPRESENTATIVE, TO EXECUTE AND IMPLEMENT AN AGREEMENT FOR THE ADVANCE OR CONTRIBUTION OF MONEY TO THE DEPARTMENT OF WATER RESOURCES FOR PRELIMINARY PLANNING AND DESIGN COSTS RELATED TO A POTENTIAL DELTA CONVEYANCE PROJECT (FUNDING AGREEMENT)**

The following Resolution is hereby offered and read:

**WHEREAS**, the San Luis Obispo County Flood Control and Water Conservation District (District) has been a State Water Contractor since 1963; and

**WHEREAS**, water provided by the State Water Project (SWP) is a critical component of the District's overall long-term water supply; and

**WHEREAS**, multiple threats are posed to the SWP's ability to deliver the District's contracted water supply by the current Delta water conveyance system's vulnerability to seismic risk, climate change, and ongoing regulatory prescriptions; and

**WHEREAS**, the California Department of Water Resources (DWR) now must consider prudent funding of species conservation and improved Delta water conveyance facilities in order to achieve related benefits to water supply, water supply reliability, and ecosystem health and resiliency; and

**WHEREAS**, the conveyance facilities under consideration are consistent with features contemplated in the 1963 State Water Contract; and

**WHEREAS**, a State Agency may advance or contribute funds to DWR for SWP purposes pursuant to Water Code section 11135 and DWR may accept such advanced or contributed funds and thereafter use such funds in accordance with an agreement between the State Agency and DWR pursuant to Water Code section 11141; and

**WHEREAS**, consistent with the foregoing, the attached draft Funding Agreement sets forth the manner in which the District will advance funds to DWR for purposes of funding preliminary planning and design costs related to a potential Delta Conveyance Project; and

**WHEREAS**, the draft Funding Agreement provides that the District's funding responsibility shall be proportionate to its 25,000 acre foot per year allocation (0.6%); and

**WHEREAS**, because the Delta Conveyance Project is in the early development stages and subject to change, the draft Funding Agreement limits initial District advancements to years 2021 and 2022; and

**WHEREAS**, this Board recognizes that it is appropriate for those interests benefiting from long-term capital improvements to continue to participate directly in their planning, design, and funding consistent with the above limitation; and

**WHEREAS**, the Director of Public Works, or designee, is especially suited to ensure that agreements related to the SWP are prepared in a complete, efficient, and adequate manner.

**NOW, THEREFORE, BE IT RESOLVED AND ORDERED** by the Board of Supervisors of the Flood Control and Water Conservation District of the County of San Luis Obispo, State of California, that:

The Board hereby authorizes the Director of Public Works, or designee, to execute the Funding Agreement in a form that is substantially similar to the draft Funding Agreement attached as Attachment 1 and that has been approved by County Counsel; to transmit a copy of this Resolution to DWR; and to take any other actions necessary in connection with implementation of the Funding Agreement; provided that nothing herein shall be construed as authorizing the Director of Public Works, or designee, to complete and transmit a Contribution Letter agreeing to the advancement of additional funds (for years 2023 and 2024) without returning to the Board of Supervisors for prior authorization.

Upon motion of Supervisor \_\_\_\_\_, seconded by Supervisor \_\_\_\_\_, and on the following roll call vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAINING:

the foregoing resolution is hereby adopted on the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Chairperson of the Board of Supervisors

ATTEST:

WADE HORTON  
Ex-Officio Clerk of the Board of Supervisors

By: \_\_\_\_\_  
Deputy Clerk

(SEAL)

APPROVED AS TO FORM AND LEGAL EFFECT:

RITA L. NEAL  
County Counsel

By:   
Deputy County Counsel

Dated: October 26, 2020

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**State of California  
California Natural Resources Agency  
DEPARTMENT OF WATER RESOURCES**

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**AGREEMENT FOR  
THE ADVANCE OR CONTRIBUTION OF MONEY TO  
THE DEPARTMENT OF WATER RESOURCES  
BY  
THE SAN LUIS OBISPO COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT**

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**FOR PRELIMINARY PLANNING AND DESIGN COSTS RELATED TO A POTENTIAL DELTA  
CONVEYANCE PROJECT**

**THIS AGREEMENT** is made, pursuant to the provisions of all applicable laws of the State of California, between the State of California, acting by and through its Department of Water Resources (“Department” or “DWR”), and the San Luis Obispo County Flood Control and Water Conservation District (“Contractor”), each herein referred to individually as a “Party” and collectively as the “Parties”.

**Recitals**

**WHEREAS**, DWR and the Contractor listed on the signature page hereto have entered into and subsequently amended a long-term water supply contract, herein referred to as a “Water Supply Contract,” providing that DWR will supply certain quantities of water to the Contractor, providing that Contractor shall make certain payments to DWR, and setting forth the terms and conditions of such supply and such payments; and

**WHEREAS**, the Bay Delta Conservation Plan (“BDCP”) process was initiated in 2005-2006 and the Delta Habitat Conservation and Conveyance Program (“DHCCP”) was initiated in 2008; and

**WHEREAS**, the Bay Delta Conservation Plan (“BDCP”) and (“DHCCP”) resulted in development of a project known as the California WaterFix (“WaterFix”); and

**WHEREAS**, on July 21, 2017, DWR approved the California WaterFix project; and

**WHEREAS**, certain Contractors have entered into that certain Joint Powers Agreement dated May 14, 2018, forming the Delta Conveyance Design and Construction Authority (“DCA”); and

**WHEREAS**, DWR and DCA have entered into that certain Joint Powers Agreement (“JEP A”), dated May 22, 2018, as amended and restated, and as the same has or may be further amended, wherein the DCA will provide preliminary design, planning and other preconstruction activities to assist the environmental planning process for a potential Delta conveyance project under the supervision of DWR (the “Work” as defined in the JEP A); and

**WHEREAS**, a State Agency may advance or contribute funds to DWR for SWP purposes pursuant to Water Code section 11135 and (ii) DWR may accept such advanced or contributed funds and thereafter use such funds in accordance with the terms of this Agreement pursuant to Water Code section 11141; and

**WHEREAS**, DWR and Contractor desire to enter into this funding Agreement to provide for the contribution or advance of funds to DWR and authorize the use of the contributed funds for purposes related to environmental review, planning and design of a Delta conveyance project as described below; and

**WHEREAS**, a copy of the resolution of the Board of Contractor authorizing its Director of Public Works, or designee, to execute this Agreement is attached hereto as Exhibit A.

### **AGREEMENT**

**NOW, THEREFORE**, it is mutually agreed by the Parties as follows:

1. When used in this Agreement, terms defined in the Water Supply Contract (as defined herein) shall be defined by reference to the Water Supply Contractor. In addition, the following definitions shall apply:
  - a. **"Calendar Year"** means the period January 1 through December 31.
  - b. **"Contributed Funds"** means money contributed or advanced to DWR by Contractor pursuant to this Agreement. The total initial amount Contractor agrees to provide is \$749,891 and is comprised of the following annual amounts to be paid to DWR in the manner described in Section 5 of this Agreement are \$379,574 for 2021 and \$370,317 for 2022.
  - c. **"Contribution Payment(s)"** means the payments of Contributed Funds that Contractor agrees to provide to DWR pursuant this Agreement
  - d. **"Contractor"** means a State Agency that is a party to a Water Supply Contract with DWR.
  - e. **"Department"** or **"DWR"** means the California Department of Water Resources.
  - f. **"Effective Date"** has the meaning ascribed to it in section 11 hereof.
  - g. **"JEPA"** means the Joint Exercise of Powers Agreement between DWR and the DCA dated May 22, 2018, as amended and restated and as may be further amended from time to time.
  - h. **"Pay-Go Charge"** means the charge included on Contractor's Statements of Charges for the purpose of collecting Contributed Funds that Contractor agrees to advance or contribute to DWR pursuant to this Agreement.

- i. **"Party"** or **"Parties"** means DWR, the undersigned Contractor, or all signatories to this Agreement.
  - j. **"State Agency"** has the meaning ascribed to it by Water Code section 11102.
  - k. **"SWP"** or **"State Water Project"** means the State Water Project operated by DWR. The SWP generally includes the State Water Facilities, as defined in California Water Code section 12934(d), and certain facilities authorized by the Central Valley Project Act at section 11100 *et. seq.*
  - l. **"Water Supply Contract"** means the long-term water supply contract, as amended and as may be amended in the future, between Contractor and DWR.
  - m. **"Work"** has the meaning ascribed to it in the Recitals to this Agreement.
2. Effect of Agreement. DWR and Contractor agree that nothing in this Agreement supersedes previous funding agreements or the obligations under those funding agreements unless specifically addressed in this Agreement.
  3. Purposes of Agreement. This Agreement documents Contractors agreement to provide Contributed Funds to DWR for the purposes set forth in Section 4, the manner of providing those funds as set forth in Section 5, and the means by which future contributions may be made.
  4. Use of Funds. DWR shall use the Contributed Funds and any future Contributed Funds collected from Contractor pursuant to section 5 hereof, for the payment of DCA invoices submitted to DWR on or after October 1, 2020 for the Work done or costs incurred by DCA, or for Delta conveyance project planning work done by DWR through the Delta Conveyance Office ("DCO") and any other purpose consistent with the JEPA, as the same has been, and may be, amended from time to time. DWR will not use funds provided under this Agreement for the activities described in the Mitigated Negative Declaration for Soil Investigations for Data Collection in the Delta adopted by DWR on July 9, 2020.
  5. Charge Procedure. Contractor shall pay its Pay-Go Charge on the date(s) and in the amount(s) set forth on the revised Statement of Charges for 2021, and subsequent Statements of Charges issued to Contractor by DWR. The annual amounts will be paid in twelve monthly installments. Contractor may agree, without amending this Agreement, to advance additional funds after the Effective Date, which shall be considered Contributed Funds, by delivery to DWR of a letter in substantially the form attached hereto as Exhibit B, which letter shall specify the amount to be advanced or contributed, whether the payments will be in the form of one or more lump sums or in 12 equal installments, and together with such other information the Parties deem necessary or desirable to effectuate the advance or contribution. A copy of the resolution, or other Board authorization, of Contractor's Board of Directors approving the subject contribution shall be enclosed with the letter. Upon receipt of a contribution letter DWR shall indicate its agreement by returning a counter signed copy of the letter to Contractor. The agreed upon advance or contribution shall thereafter be included in Contractor's Statement of Charges or a revised Statement of Charges, as appropriate. The charge shall be designated by reference to the year

in which the charge is to begin, followed, if there be more than one such subsequent advance or contribution in a year by a dash and an integer followed by the words Pay-Go Charge.

6. Limitation. With respect to the Work and the DCA, nothing in this Agreement imposes any duty or obligation either expressly or by implication on DWR other than the duty to use Contributed Funds to pay the undisputed portion of DCA invoices submitted to DWR during the term of this Agreement in accordance with the terms of this Agreement and the JEPA if, as and when Contributed Funds have been received by DWR under this Agreement and other similar agreements or arrangements with other Contractors for purposes substantially the same as those described herein and is available for the payment thereof.
7. Reporting. DWR, through its DCO and in coordination with its State Water Project Analysis Office (SWPAO), shall annually prepare a report summarizing the advances or contributions received, and expenditures made pursuant to, this Agreement. The first such report shall be completed not later than March 31, 2021 and thereafter not later than March 31 of each subsequent year. Contractor may request in writing a summary of the advances, contributions, and expenditures at any time during the term of this Agreement and DWR shall provide such within thirty (30) days of such written request.
8. Status of Project. Contractor recognizes that the funds contributed pursuant to this Agreement are for the planning activities in support of DWR's environmental review and permitting process, including but not limited to the Work, for a potential Delta Conveyance project. The advance or contribution of Contributed Funds is not contingent on, or in exchange for, DWR's agreement to exercise its discretion in future to approve a Delta conveyance project.
9. Unspent Funds. Upon termination of this Agreement, it is the intent of the Parties that any unspent Contributed Funds remaining after payment of all costs for which the funds were contributed will be returned to Contractor as a credit on Contractor's Statement of Charges in proportion to its percentage share of advances or contributions made by all Contractors that entered into Agreements similar to this Agreement.
10. Reimbursement of Contributed Funds. If a Delta conveyance project is approved by DWR and is implemented it is the intent of the Parties hereto that the Contributed Funds spent in accordance with this Agreement be reimbursed or credited to Contractor according to the relative amount each such Contractor paid pursuant to this Agreement, upon the issuance and sale of revenue bonds by either the Department or a Joint Powers Authority established, whichever occurs earlier, for the purpose of, among other things, funding a future Delta conveyance facility. The Department shall be under no obligation to issue and sell bonds for the purpose(s) described in the foregoing sentence or to undertake any reimbursement or credit as so described, unless a determination is first made by DWR in its sole discretion that such issuance and sale of revenue bonds, such reimbursement, or such credit as applicable is consistent with applicable law, applicable judicial rulings, and applicable contractual obligations of DWR, and the Parties have negotiated and executed such further agreements as may be necessary to accomplish such credit or reimbursement on terms acceptable to DWR.
11. Effective Date and Term. This Agreement shall become effective on the date the last Party hereto signs the Agreement as set forth on the signature page(s) hereto ("Effective Date") and shall

continue in effect until terminated in writing by the Parties. The Parties obligations under Section 10 shall survive termination of this Agreement.

12. Invoices, Notices or Other Communications. All invoices, notices, or other communications required under this Agreement will be in writing, and will be deemed to have been duly given upon the date of service, if: (i) served personally on the Party to whom notice is to be given; (ii) sent by electronic mail, and the Party to whom notice is to be given confirms receipt; or (iii) on the third day after mailing, if mailed to the Party to whom invoice, notice or other communication is directed, by first-class mail, postage prepaid, and properly addressed to the designated representative(s) of the Party set forth below.

DWR: Pedro Villalobos  
Chief, State Water Project Analysis Office  
Department of Water Resources  
1416 Ninth Street, Room 1620  
Post Office Box 94236  
Sacramento, California 94236-0001

*Copy to*  
Anthony Meyers  
Executive Director, Delta Conveyance Office  
Department of Water Resources  
901 P Street, Room 413  
Sacramento, California 94236-0001

*Copy to*  
Christopher Martin  
Office of the Chief Counsel  
Department of Water Resources  
1416 Ninth Street, Room 1620  
Post Office Box 94236  
Sacramento, California 94236-0001

Contractor:

*Copy to:*  
John Diodati  
Interim Director of Public Works  
San Luis Obispo County Flood Control and Water Conservation District  
County Government Center, Room 206  
San Luis Obispo, CA 93408

13. No Delegation of Authority. Nothing in this Agreement constitutes a delegation by any Party of its existing authority to make any decision it is mandated to make. Nothing in this Agreement shall limit DWR's final decision-making authority at the time of consideration of future Delta conveyance facility related approvals. All provisions of this Agreement are intended to be, and shall to the extent reasonable be interpreted to be, consistent with all applicable provisions

of State and federal law. The undersigned recognize that the Parties are public agencies and have specific statutory responsibilities, and that actions of these public agencies must be consistent with applicable procedural and substantive requirements of State and federal law. Nothing in this Agreement is intended to, nor will have the effect of, constraining or limiting any public agency in carrying out its statutory responsibilities or requiring an agency to take any action inconsistent with applicable law. Nothing in this Agreement constitutes an admission by any Party as to the proper interpretation of any provision of law, nor will it have the effect of, waiving or limiting any public entity's rights and remedies under applicable law except as expressly provided elsewhere in this Agreement. Execution of this Agreement does not constitute pre-approval of any project or preferred project alternative, or waive or otherwise abridge responsible trustee duties required, or discretion authorized or granted by, State and federal law.

14. Amendment. Except as otherwise set forth above, this Agreement may only be amended or modified by a subsequent written agreement approved and executed by both Parties.
15. Applicable Law. This Agreement will be construed under and will be deemed to be governed by the laws of the United States and the State of California.
16. Integration. This Agreement constitutes the sole, final, complete, exclusive and integrated expression and statement of the terms of this Agreement among the Parties concerning the subject matter, and supersedes all prior negotiations, representations or agreement, either oral or written, that may be related to the subject matter of this Agreement.
17. Counterparts. This Agreement may be executed in counterparts, each of which shall constitute an original, but all of which shall constitute one and the same agreement. Each signing Party shall have received a copy of the signature page signed by every other Party.

Exhibits attached and incorporated herein:

- Exhibit A - Board Resolution or other Board Authorization
- Exhibit B - Form of Letter Regarding Future Contributions

IN WITNESS WHEREOF, the Parties hereto, by their authorized representatives, have executed this Agreement on the date(s) set forth below.

Approved as to Legal Form  
and Sufficiency

**State of California**  
**Department of Water Resources**

\_\_\_\_\_  
Spencer Kenner, Chief Counsel

\_\_\_\_\_  
Karla A. Nemeth,  
Director

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

Approved as to Legal Form  
and Sufficiency

**San Luis Obispo County Flood Control and  
Water District**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

**Exhibit A**

Resolution of the Board of Supervisors of Contractor

**Exhibit B**

Letter from Contractor to DWR

Form of Contribution Letter

[date]

[address]

Re: Contribution or Advance of Money for Delta Conveyance Planning Activities

Dear Mr. Villalobos:

This letter is sent pursuant to section 5 of the Agreement for the Advance of Contribution of Money to the Department of Water Resources for Preliminary Planning and Design Costs Related to a Potential Delta conveyance Project dated \_\_\_\_\_, 2019 between Department of Water Resources and the [agency] ("Funding Agreement").

On [date] the Board of Directors of [agency] approved the contribution or advance of \$[amount] to the Department for use in accordance with the terms of the Funding Agreement. A copy of the Board's resolution is enclosed with this letter. The contribution or advance will be collected from [agency] in [a lump sum][equal monthly installments] by inclusion of a charge [on its Statement of Charges for [year]][on a revised Statement of Charges for [year] that Department will issue to [agency]]. The charge shall be referred to as the [year] Pay-go Charge. As provided by section 5 of the Agreement the contribution or advance described herein will be subject to the terms and conditions of the Agreement.

Please confirm your agreement to the foregoing by countersigning in the space provided below and returning an original copy of this letter agreement to [agency] at [address].

[signature blocks for agency and Department]

Enclosure(s)

cc: Anthony Meyers, Executive Director of Delta Conveyance Office

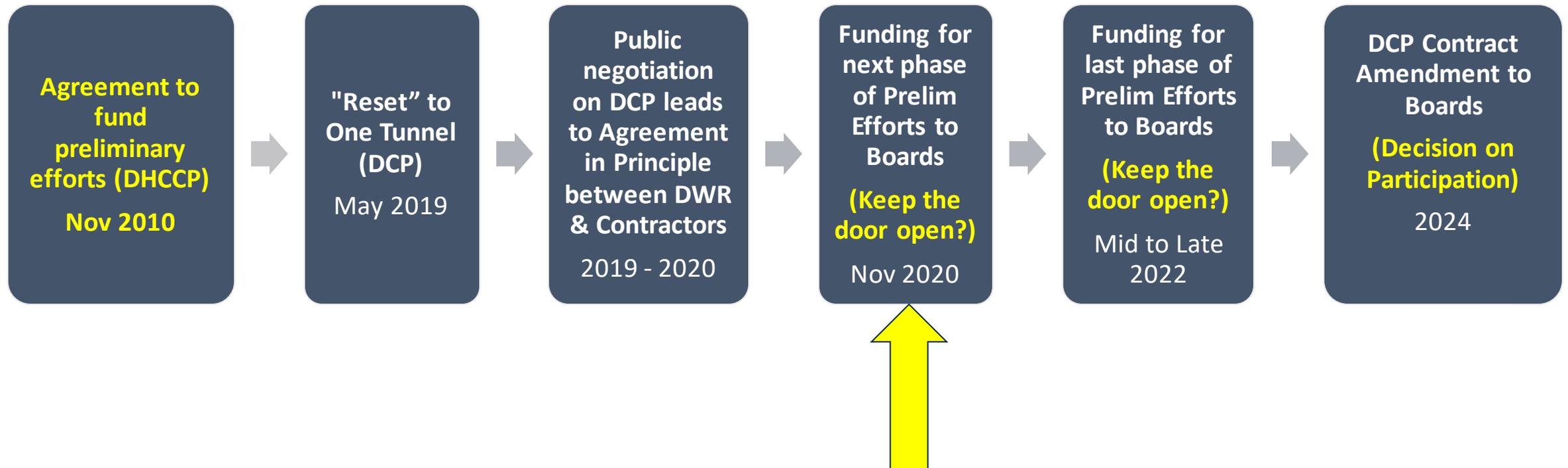


# State Water Delta Conveyance Project Preliminary Planning and Design Funding Agreement

November 17, 2020

[www.slocounty.ca.gov](http://www.slocounty.ca.gov)

# Delta Conveyance Project Decisions

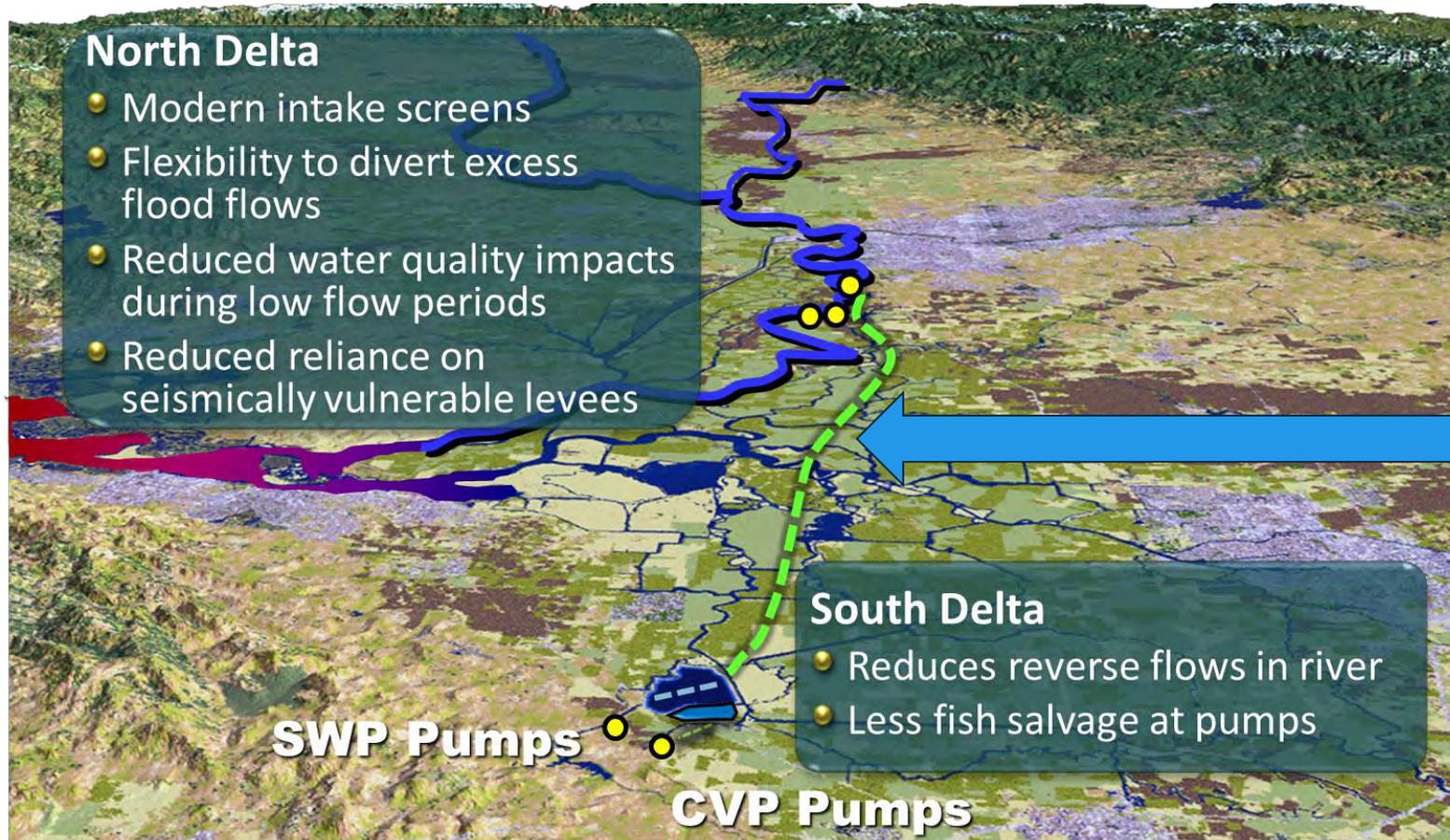


# Presentation Outline

- Delta Conveyance Project Overview
- Considerations for Planning and Design Phase Participation
- Recommended Resolution and Funding Agreement Terms



# Reasons for the Delta Conveyance Project



- Improve future long-term reliability
- Estimated \$255 per AF per year (includes preliminary efforts)
  - 30 to 40-mile tunnel
  - 6,000 ft<sup>3</sup> per second



# Need for Operational Flexibility

- Changing and Extreme Weather Events
  - Sea Level Rise
  - Reduced Snowpack
  - Changing Precipitation Patterns
  - Changing Runoff Timing and Intensity
- Seismic Risk Mitigation
  - 63% probability of > 6.5 magnitude earthquake by 2032
    - 50 levee breaks
    - 20 islands flooded

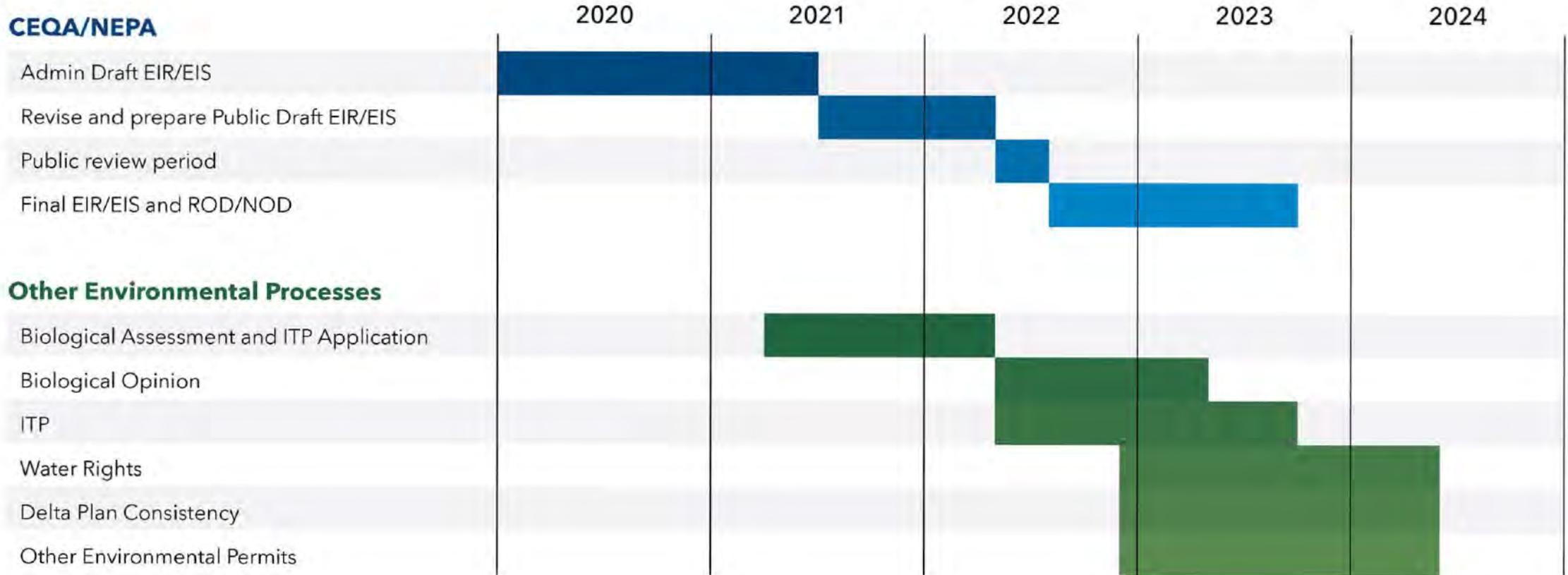


# Preliminary Local Benefits Analysis

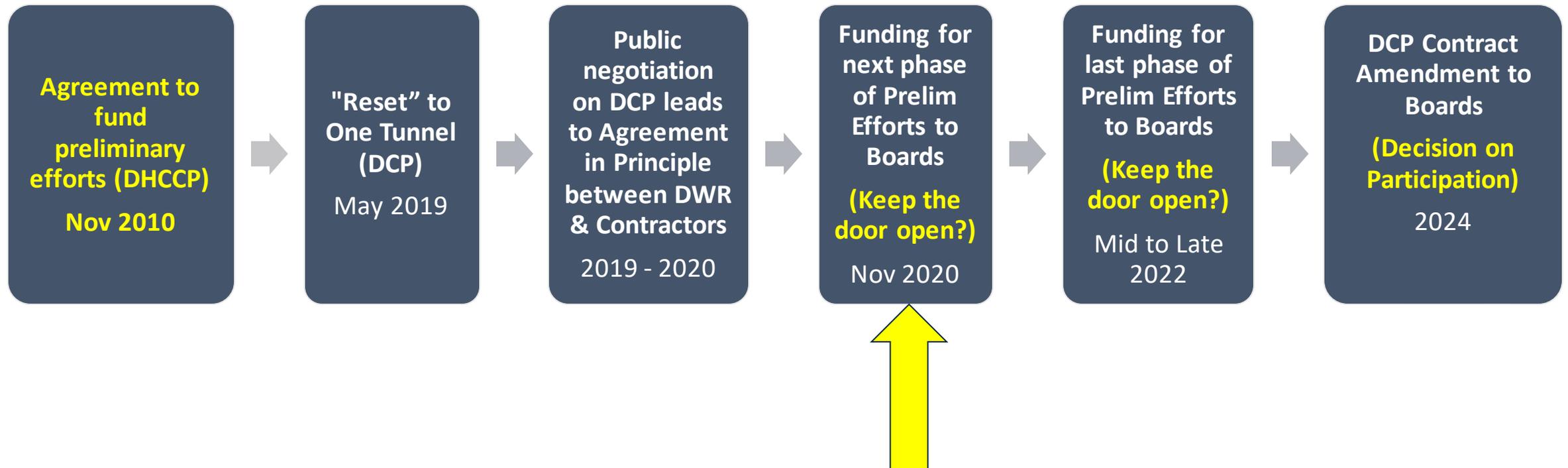
- Provides estimated long-term average increase of 3,000 AFY
  - About 12% more reliable on average
- Annual estimated benefits range from 750 AFY to 6,250 AFY (3% to 25% more reliable)
  - Depends on type of water year (e.g. wet or dry) and future conditions (e.g. levee failure)



# Anticipated DCP Schedule

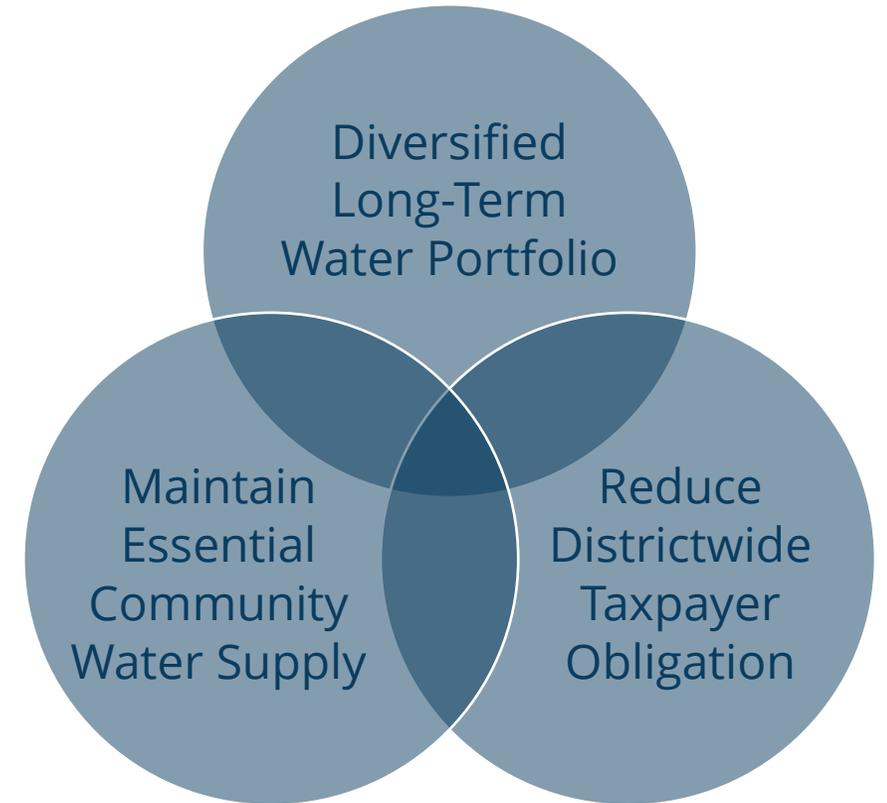


# Delta Conveyance Project Decisions



# Considerations for Planning and Design Phase Participation

- Preserving reliability for communities that currently use it
- Using the time to understand how State Water could be used locally in the future and how reliable it would need to be
- Preserving State Water value for reinvestment in local resiliency projects



# Reliability

- State Water has been a reliable source of supply locally
- State Water is an important part of a diverse water portfolio

Year	Annual Allocation %	Max Possible Delivery Request (AFY)	Available to SLO County (AF)	Total Water Available and Not Delivered (AF)
1997	70	4,830	17,500	12,670
1998	80	4,830	20,000	15,170
1999	80	4,830	20,000	15,170
2000	90	4,830	22,500	17,670
2001	40	4,830	10,000	5,170
2002	70	4,830	17,500	12,670
2003	90	4,830	22,500	17,670
2004	65	4,830	16,250	11,420
2005	90	4,830	22,500	17,670
2006	100	4,830	25,000	20,170
2007	60	4,830	15,000	10,170
2008	35	4,830	8,750	3,920
2009	40	4,830	10,000	5,170
2010	50	4,830	12,500	7,670
2011	80	4,830	20,000	15,170
2012	65	4,830	16,250	11,420
2013	35	4,830	8,750	340
2014	5	4,830	1,250	170
2015	20	4,830	5,000	170
2016	60	4,830	15,000	10,170
2017	85	4,830	21,250	16,420
2018	35	4,830	8,750	3,920
2019	85	4,830	21,250	16,420
<b>TOTAL</b>	<b>62%</b>	<b>111,090</b>	<b>357,500</b>	<b>246,410</b>

# Communities that use State Water

	Subcontractor	Water Service Amount	Drought Buffer Amount	Total Water Amount
1	Shandon	100	0	100
2	City of Morro Bay	1,313	2,290	3,603
3	CA Men's Colony	400	400	800
4	County OP Center	425	425	850
5	Cuesta College	200	200	400
6	City of Pismo Beach	1,240	1,240	2,480
7	Oceano CSD	750	750	1500
8	San Miguelito MWC	275	275	550
9	Avila Beach CSD	100	100	200
10	Avila Valley MWC	20	20	40
11	San Luis Coastal USD	7	7	14
	<b>TOTAL</b>	<b>4,830</b>	<b>5,707</b>	<b>10,537</b>
	SLO County Table A Allocation			<b>25,000</b>
	Unsubscribed Allocation			<b>14,463</b>



# Reliability if Unsubscribed Allocation was not available

- Subcontractors would have been short of State Water 5 of 12 years under historic conditions
- Potential to be worsened under future conditions without DCP benefits
- Unknown cost and availability of emergency water supply in the future

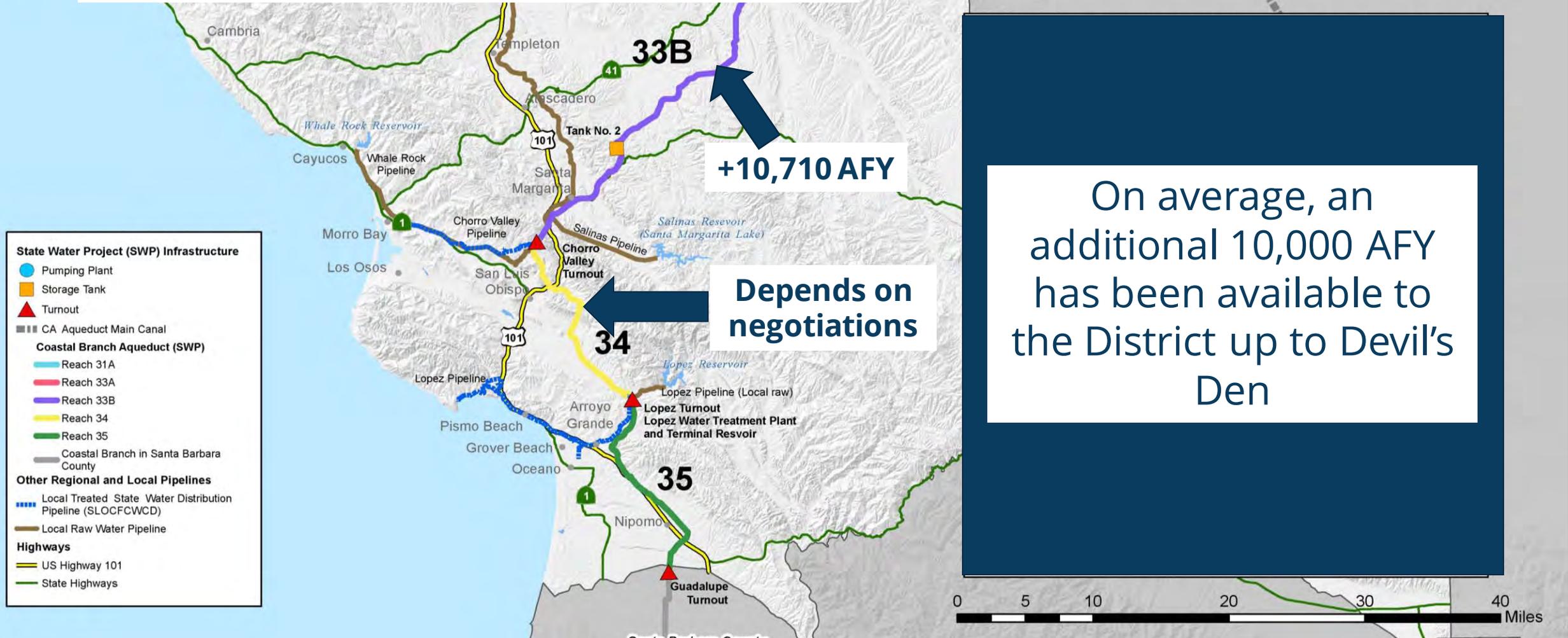


# Completing Local Needs Assessments and Updating 2003 State Water Policies

- Regional Water Infrastructure Resiliency Plan
- Regional Infrastructure and Housing Plan
- Water Management Tools Study
- Groundwater Sustainability Plans



# Additional Capacity in the Pipeline Exists



# Positioning for Reinvestment

- Developing local projects takes time
- District's unsubscribed allocation is more valuable with DCP benefits
- Short and long-term transfers of District's unsubscribed allocation would yield revenue to reinvest in local projects



# Examples of Transferring Unused Water

- 2008-09 Drought Program: \$160/AF                      \$1.76M
- 2013-14 Drought Program: \$253/AF                      \$4.6M
- Revenue to Flood Control District Reserves:            **\$6.36M Total**



# Recommended Resolution and Funding Agreement Terms

- Participate in proportion to allocation (25,000 AFY or 0.6%)
  - For the purposes of the preliminary planning and design phase only
- Advance two years' worth only and return to Board at next milestone in 2022
  - \$750,000 of \$2,046,000



# DCP Preliminary Efforts Financial Information

	AFY	2-year Cost Share Advance
Subcontractors	10,537	\$315,000
Unsubscribed Allocation	14,463	\$435,000
District's Total Contract Allocation	25,000	\$750,000

# DCP Preliminary Efforts Financial Information

- Fund \$435,000 advance using Flood Control District reserves
  - Portion of \$6.36M revenue from 2008-09 and 2013-14 programs
  - Extend \$315,000 Subcontractor payment over 3 years
- Other Considerations:
  - Advance credited back and financed over time if DCP proceeds
  - Advance likely credited back by other Contractors if District opts out in 2022
  - Advance not recovered if DCP does not proceed

# Today's Recommendation

- Adopt the resolution authorizing the Director of Public Works, or designee, as the authorized representative, to execute and implement an agreement for the advance or contribution of money to the Department of Water Resources, in the amount of \$750,000, for preliminary planning and design costs related to a potential Delta Conveyance Project (Funding Agreement)





## COUNTY OF SAN LUIS OBISPO



**A SPECIAL JOINT MEETING OF THE OPERATING COMMITTEE  
of the  
CENTRAL COAST WATER AUTHORITY  
and  
SAN LUIS OBISPO COUNTY FLOOD CONTROL AND WATER  
CONSERVATION DISTRICT STATE WATER SUBCONTRACTORS  
ADVISORY COMMITTEE**

Eric Friedman  
Chairman

Ed Andrisek  
Vice Chairman

Ray A. Stokes  
Executive Director

Brownstein Hyatt  
Farber Schreck  
General Counsel

*Member Agencies*

City of Buellton

Carpinteria Valley  
Water District

City of Guadalupe

City of Santa Barbara

City of Santa Maria

Goleta Water District

Montecito Water District

Santa Ynez River Water  
Conservation District,  
Improvement District #1

*Associate Member*

La Cumbre Mutual  
Water Company

will be held at 2:00 p.m., on Monday, November 30, 2020  
via URL: <https://meetings.ringcentral.com/j/1490228539>  
or via telephone by dialing 1(623) 404-9000 and entering code 149 022 8539#

CCWA's Committee meetings are conducted pursuant to California Government Code Section 54953 and Governor Newsom's Executive Orders (N-25-20, N-29-20 and N-35-20), temporarily suspending portions of the Brown Act in response to the COVID-19 pandemic. Members of the Board will participate in this meeting by video call or telephone.

Public Comment on agenda items may occur via video call or telephonically, or by submission to the CCWA Board Secretary via email at [lfw@ccwa.com](mailto:lfw@ccwa.com) no later than 8:00 a.m. on the day of the meeting. In your email, please specify (1) the meeting date and agenda item (number and title) on which you are providing a comment and (2) that you would like your comment read into the record during the meeting. If you would like your comment read into the record during the meeting (as either general public comment or on a specific agenda item), please limit your comments to no more than 250 words.

Every effort will be made to read comments into the record, but some comments may not be read due to time limitations. Please also note that if you submit a written comment and do not specify that you would like this comment read into the record during the meeting, your comment will be forwarded to Board members for their consideration.

Pursuant to Government Code section 54957.5, non-exempt public records that relate to open session agenda items and are distributed to a majority of the Committee less than seventy-two (72) hours prior to the meeting will be available on the CCWA internet web site, accessible at <https://www.ccwa.com>.

- I. Call to Order and Roll Call**
- II. Public Comment – (Any member of the public may address the Committee relating to any matter within the Committee’s jurisdiction. Individual Speakers may be limited to five minutes; all speakers to a total of fifteen minutes.)**
- III. Executive Director’s Report**
  - \* A. Water Management Strategies Study Stakeholder Presentation and Needs Analysis to Maximize State Water Supplies in Santa Barbara and San Luis Obispo Counties
- IV. Reports from Committee Members for Information Only**
- V. Date of Next Regular Meeting:  
January 14, 2021**
- VI. Adjournment**



## CENTRAL COAST WATER AUTHORITY

### MEMORANDUM

November 19, 2020

**TO:** CCWA Operating Committee  
San Luis Obispo County Flood Control and Water Conservation District  
State Water Subcontractors Advisory Committee

**FROM:** Ray A. Stokes, CCWA Executive Director *RAS*  
Courtney Howard, Water Resources Division Manager, County of San Luis Obispo

**SUBJECT:** Water Management Strategies Study Stakeholder Presentation and Needs Analysis to Maximize State Water Supplies in Santa Barbara and San Luis Obispo Counties

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### DISCUSSION

At its meeting on October 22, 2020, the Central Coast Water Authority (CCWA) Board of Directors approved retaining the services of Provost & Pritchard and the Hallmark Group to provide consulting services to CCWA and the San Luis Obispo County Flood Control and Water Conservation District (SLO County) to identify ways in which both agencies can maximize the benefits from our respective State water supplies, referred to as the "Water Management Strategies" study.

The Provost/Hallmark team has begun work on the Water Management Strategies study and proposed the attached scope of work which has been approved by both CCWA and SLO County.

The first step of the study involves identifying the needs of the CCWA and SLO County participants so that the Provost/Hallmark team may begin identifying solutions to meet the identified needs. To that end, the Provost/Hallmark team will meet with the combined participants of the CCWA Operating Committee and the San Luis Obispo County Flood Control and Water Conservation District State Water Subcontractors Advisory Committee on November 30, 2020 to begin the needs assessment.

A survey was sent to all CCWA and SLO County participants, the results of which will provide a basis for some of the discussion at the meeting on November 30, 2020. The Provost/Hallmark team will provide an overview of the proposed study objectives and schedule and lead the discussion to facilitate the exchange of ideas necessary to proceed with the study.

RAS

Attachment

# ➤ COASTAL BRANCH

Water Management Strategies Development

June 17, 2020

**HALLMARK  
GROUP**

**PROVOST &  
PRITCHARD**  
CONSULTING GROUP

## SCOPE OF WORK

To meet Central Coast Water Authority (“CCWA”) and San Luis Obispo County Flood Control and Water Conservation District (“SLO County”) identified needs, the following scope of work has been developed. This scope addresses tasks that would be conducted and describes the approach to each task. The scope assumes that there are no specific travel charges and that any meetings would be held through video-conferencing facilities. Any charges for physical travel to assigned meetings would be an additional charge in addition to the proposed budget.

### Task 1 – Project Management

This task includes overall project administration, subconsultant management, monthly progress report preparation, and contract administration with the CCWA Program Manager.

This task includes attending a monthly video-conference meetings, one with the Coast Branch Program Managers (CCWA and San Luis Obispo County), “PM Meeting”. Additionally, four meetings will be held with the of Coastal Branch Stakeholders (a representative group of CCWA and SLO County Water Agencies), “Stakeholder Meetings”. The PM meetings will focus on the topics shown under Task 2 through 6. At each PM meeting a presentation will be given on progress and results, draft material for the Stakeholders meetings will be reviewed and comments will be solicited on draft sections and upcoming work. The updated presentations on work status and requests for policy input will be then be presented and discussed at the Stakeholders meeting, and discussion will be used as input to revise and update work products as applicable.

Deliverables:

- Monthly Progress Reports
- Materials and presentations for monthly meetings with Coastal Branch PM Group and for four Stakeholder Groups through July 2021

### Task 2 – Review and Summarize Pertinent Rules and Requirements

Applicable regulatory requirements for water management options will be identified. As State Water Project (“SWP”) contractors, the starting point will be CCWA’s and San Luis Obispo County’s SQWP Water Supply Contracts. Currently, these contracts include provisions addressing factors such as storage in SWP facilities and outside a contractor’s service area (Article 56), transportation of non-project water (Article 55), and water transfers and exchanges. Additionally, there are supplemental guidelines (for example Notice to State Water Project Contractors #17-11) that address how the contract is being implemented. A new SWP Water Management amendment is being pursued that would make significant changes to the existing SWP Water Supply Contracts rules that will greatly facilitate implementation of effective water management strategies for agencies such as CCWA. The new amendment, for example, will allow annual or multi-year transfers that have been limited in the past.

In addition to SWP regulations, other agencies have jurisdiction over potential water management actions (such as banking, transfers, and exchanges) that may need to be addressed depending on the actions. These other agencies include the Department of Water Resources, the State Water Resources Control Board, the U.S. Bureau of Reclamation, the Delta Stewardship Council, the California Department of Fish and Wildlife, the U.S. Fish and Wildlife Service, Groundwater Sustainability Agencies, and County Governments. Depending on the situation, other agencies with jurisdiction could include Integrated Regional Water Management Agencies, any adjudicated groundwater basin Watermasters, and the Regional Water Quality Control Board.

The product of this process will be a concise summary of the regulations that affect different types of water management actions at different locations. The regulations summary will be categorized by different types of management actions that will be considered for ongoing development and implementation of those actions.

Deliverable:

- Technical Memorandum summarizing Rules and Regulations affecting water management options for CCWA and SLO County.

### Task 3 – Identify Regional Opportunities and Challenges

The Coastal Branch SWP contractors represent a broad group of existing and potential users of the SWP Table A amounts of San Luis Obispo County and Santa Barbara County. These Coastal Branch Water Agencies have a wide variety of different water management opportunities and challenges. Some have more SWP Table A Amounts than they can use, but lack access to long term storage. Others have storage and demands, but limited conveyance. Concurrent with the documentation of water supply opportunities and challenges on the SWP, the water management capabilities and needs of Coastal Branch water users will be surveyed and documented. These will be summarized into a consistent format and reviewed as draft with the Coastal Branch PMs and the Coastal Branch Stakeholders. The results of this review will be documented in a technical document that can be incorporated into a final report.

Deliverable:

- Technical Memorandum summarizing water management capabilities and needs for Coastal Branch Water Agencies.

### Task 4 – Development of Selection Criteria

This task will involve a process to develop local consensus for selection criteria for water management alternatives. The CCWA SOQ identifies many of the criteria that would be appropriate for selecting a project – cost, reliability and control of conveyance, ability to deliver water, ability to return water, water losses and other factors. These factors, and additional potential factors (e.g., water quality, location), will be summarized and reviewed with CCWA and affected stakeholders to develop final selection criteria. At least two meetings (potentially in conjunction with other meetings) will be conducted with CCWA and identified stakeholders to review potential selection criteria, refine the criteria, and settle on the final criteria and appropriate weighting.

Deliverable:

- Selection criteria for reviewing selecting water management alternatives.

### Task 5 – Identify Water Management Components

An initial task will be to summarize the water management alternatives that are available to meet CCWA's needs. The alternatives will include physical alternatives (such as a water bank) and operational alternatives (for example, transfers or exchanges with other agencies). A wide range of potential alternatives will be identified, including alternatives in San Luis Obispo and Santa Barbara Counties that have been proposed by local stakeholders, and these will be documented and screened for analysis. Other alternatives located in other parts of the state will be considered, including water banks and exchange programs with other agencies. Options that have been previously developed, but are currently operating at capacity and do not have the ability for additional participation from parties such as the Coastal Branch SWP contractors, like the Kern Water Bank, will not be considered in the analysis. The increased SWP Table A amounts currently being pursued by CCWA through purchase of the Suspended Coastal Branch Table A and through SWP-wide projects such as the Delta Conveyance Facility project will be included as potential water management components along with other identified measures.

Each screened alternative will be described consistent with selection criteria identified in Task 4, including a narrative overview, facilities configuration, capital cost, operating cost, conveyance requirements, total storage capacity, intake conveyance capability, and extraction conveyance capacity.

Deliverable:

- Technical Memorandum describing water management alternatives.

### Task 6 – Identify Local and System Capacity Limitations

Conveyance will be needed to the sites to implement certain water management alternatives (both local and remote) and for return of water to the Coastal Branch region (for remote alternatives). The recent capacity assessment of the Coastal Branch Aqueduct prepared by WSC is helpful in this regard because it identifies existing and potential capacities for delivering water within San Luis Obispo and Santa Barbara Counties that are in excess of the design capacity level. Access to increased capacity for the Coastal Branch downstream of Polonio Pass Treatment Plant ("PPTP") will also necessitate possible modifications at PPTP to provide the higher capacities identified. Coastal Branch capacity upstream of the PPTP is generally available for the reaches downstream of Devils Den Pumping Plant ("DDPP") due to the higher capacity designed into those reaches to optimize power operations. Capacity in the Coastal Branch reaches upstream of the DDPP and in the California Aqueduct will be quantified based on recent operational capacity (reflecting impacts of subsidence) and historical delivery patterns for other water users.

Capacity in the California Aqueduct and other conveyance facilities needed for water management alternatives, such as water banks, will be quantified for the period of interest. For example, the ability to store carryover water later in the year will depend on the use of facilities by other water managers and

the relative priority of a CCWA alternative as compared to other SWP water users. The intent of this review will be to confirm that conveyance for recharge water is available during high demand periods when it is most needed. A similar analysis will be performed for conveyance to return water from a water bank, exchange, or some other type of water management alternative. Experiences during recent drought periods demonstrated that there can be limited capacity to return water by instantaneous exchange (for projects such as groundwater storage downstream of the Coastal Aqueduct) during extreme drought periods when the water is needed.

### Task 7 – Quantify SWP Supply Capability

A primary goal of the evaluation will be to align the local demands with available SWP water supplies and water management alternatives. The primary source of SWP water supply information will be CALSIM reservoir operations studies for different assumptions about future regulatory conditions, facilities, and climate conditions. CALSIM studies will be obtained for monthly deliveries to SWP contractors for use in evaluations. Initially, these study results for Table A, Article 56, and Article 21 Water will be computed for San Luis Obispo and Santa Barbara Counties based on their Table A allocations. These monthly results will also be summarized annually for use in the management alternatives.

Adjustments to CALSIM operations based on recent historical operations will be identified and applied to CALSIM results as an alternative for analysis that may improve the utility of the results. The result of the SWP water supply analysis will be tables showing monthly and annual amounts of various types of SWP water available for San Luis Obispo and Santa Barbara Counties, as well as for other SWP contractors (outside of the Coastal Branch) that may be partners in water management alternatives such as banking, exchanges, or transfers.

### Task 8 – Evaluate and Select Management Alternatives

The water supply and conveyance information identified in Tasks 6 and 7 will be combined with demand information for Central Coast Water Agencies to evaluate individual and combined water management alternatives. From three to ten different water management alternatives will be evaluated on an annual basis to quantify their performance for meeting Central Coast water users water needs. The evaluation will quantify the minimum level of deliveries, average level of deliveries, storage in banking sites, cost, and other parameters to be considered in the selection criteria. The use of annual operations analysis for the evaluation will be reviewed early in the process to determine its adequacy. If that approach is not adequate to meet CCWA planning needs, then a specific proposal for more detailed analysis will be presented to CCWA for their consideration.

The raw water supply benefits of water management components, including the Suspended Coastal Branch Table A purchase, will be quantified as will the benefits and associated costs of broader range of water management measures. The performance of the various management alternatives will be reviewed with CCWA and appropriate stakeholders to identify the best individual alternative or combination of alternatives. It is also possible that refinements to the alternatives can be developed based on feedback from CCWA and stakeholders. The completed result of this task will be an approach for water management options that meets CCWA needs in the most effective manner.

## Task 9 – Prepare Water Management Strategies Summary

Based on the evaluation of identified water management alternatives using the selection criteria, a report will be prepared for the Coastal Branch that summarizes the selected water management alternatives. The summary will identify the roles of additional water supply alternatives as well as management measures such as conjunctive use, water transfers and water purchases, in meeting Coastal Branch water management challenges.

### Deliverable:

- Report describing selected water management alternatives and approach to integrating those alternatives to meet overall water supply and financial objectives.



SAN LUIS OBISPO COUNTY  
FLOOD CONTROL AND WATER CONSERVATION DISTRICT

**TO:** District State Water Subcontractors Advisory Committee (SWSAC)

**FROM:** Wes Thomson, P.E.  
Water Utilities Engineer

**Via:** Courtney Howard  
Water Resources Division Manager

**DATE:** January 8, 2021

**SUBJECT:** Agenda Item VI – Consider recommending approval of the State Water Project Water Management Amendment, provide input on the Water Management Tools Study, and consider forming an ad-hoc subcommittee.

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## **RECOMMENDATION**

Recommend that the Board of Supervisors approve the State Water Project (SWP) Water Management (WM) Amendment, provide input on the WM Tools Study and consider forming an ad-hoc subcommittee.

## **DISCUSSION**

Per previous discussions, the Water Management (WM) Amendment (Attachment 1) suggests changes to the existing SWP Water Supply Contracts that provide for more flexibility associated with transfers and exchanges. Execution of the WM Amendment now is recommended to be better positioned for current year opportunities to recover costs because it is anticipated that DWR will begin implementing the WM Amendment in March 2021 after 24 Contractors have executed it. Staff intends to go to the Board of Supervisors on February 9, 2021 to recommend executing the WM Amendment. Specific recommendations regarding use of the tools enabled by the WM Amendment would be brought forward separately. Attachment 2 provides data regarding water lost to spills of San Luis Reservoir or to storage limits – times when the tools might have been used if they were available in the past.

In parallel, staff is working in partnership with the Central Coast Water Authority (CCWA) to consider any other short and longer-term mutually beneficial opportunities to partner on water management actions enabled by the WM Amendment provisions via the WM Tools Study. It is anticipated that this study will help provide State Water management tools and help staff develop recommendations to update the 2003 State Water policies (Attachment 3), particularly as it relates to storing and/or transferring participating Subcontractors' water amounts and the District's unsubscribed allocation. Updated and/or new agreements with Subcontractors to clarify expectations regarding

administration of the WM tools may also be necessary. For example, Subcontractors needed to decide how much to sell or store in the 2013/14 multi-year program and inform the District in a timely fashion to carry the transaction forward.

A joint meeting of the SWSAC and the CCWA Operating Committee was held on November 30, 2020 to kick off the study, and the presentation can be reviewed at the following website:

<https://www.slocounty.ca.gov/Departments/Public-Works/Current-Public-Works-Projects/Water-Management-Tools-Study.aspx>

The consultant team is participating in today's meeting as an opportunity for the SWSAC to provide early input in a smaller-group setting. The attached goals and concepts (Attachment 4) are provided to prompt discussion and input from Subcontractors, and will also be discussed with the WRAC subcommittee as a way to get input from non-participating county-wide taxpayers and local entities that are interested in using State Water should it become available. Staff also intends to review the concepts with the District Board of Supervisors (tentatively March 2<sup>nd</sup>) to get early input on the study and to share the input staff has received from stakeholders. The SWSAC may wish to form an ad-hoc subcommittee that would participate in more detail in the process by attending public meetings, reporting back to the SWSAC, and helping to develop SWSAC recommendations to the Board of Supervisors.

**The next joint public meeting with CCWA stakeholders is anticipated to be held online at 10:30 a.m. on January 14, 2021.** <https://www.ccwa.com/2021-01-14-operating-committee-meeting>

Attachment 1 – WM Amendment

Attachment 2 – Water Amounts not Stored

Attachment 3 – 2003 State Water Policies

Attachment 4 – Draft SWP Goals and Considerations

STATE OF CALIFORNIA  
CALIFORNIA NATURAL RESOURCES AGENCY  
DEPARTMENT OF WATER RESOURCES

AMENDMENT NO. 18 (THE WATER MANAGEMENT AMENDMENT)  
TO WATER SUPPLY CONTRACT  
BETWEEN  
THE STATE OF CALIFORNIA DEPARTMENT OF WATER RESOURCES  
AND  
SAN LUIS OBISPO COUNTY FLOOD CONTROL AND WATER CONSERVATION  
DISTRICT

THIS AMENDMENT to the Water Supply Contract is made this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ pursuant to the provisions of the California Water Resources Development Bond Act, the Central Valley Project Act, and other applicable laws of the State of California, between the State of California, acting by and through its Department of Water Resources, herein referred to as the "State," and San Luis Obispo County Flood Control and Water Conservation District, herein referred to as the "Agency."

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## RECITALS

- A. The State and the Agency entered into and subsequently amended a water supply contract (the “contract”), dated February 26, 1963, providing that the State shall supply certain quantities of water to the Agency and providing that the Agency shall make certain payments to the State, and setting forth the terms and conditions of such supply and such payments; and
- B. The State and the Agency, in an effort to manage water supplies in a changing environment, explored non-structural solutions to provide greater flexibility in managing State Water Project (SWP) water supplies; and
- C. The State and the Agency, in an effort to support the achievement of the coequal goals for the Delta set forth in the Delta Reform Act, sought solutions to develop water supply management practices to enhance flexibility and reliability of SWP water supplies while the Agency is also demonstrating its commitment to expand its water supply portfolio by investing in local water supplies; and
- D. The State and the Agency, in response to the Governor’s Water Resiliency Portfolio, wish to maintain and diversify water supplies while protecting and enhancing natural systems without changing the way in which the SWP operates; and
- E. The State and the Agency sought to create a programmatic solution through transfers or exchanges of SWP water supplies that encourages regional approaches among water users sharing watersheds and strengthening partnerships with local water agencies, irrigation districts, and other stakeholders; and
- F. The State and the Agency, in an effort to comply with the Open and Transparent Water Data Platform Act (Assembly Bill 1755), sought means to create greater transparency in water transfers and exchanges; and
- G. The State, the Agency and representatives of certain other SWP Contractors have negotiated and agreed upon a document (dated May 20, 2019), the subject of which is “ Draft Agreement in Principle for the SWP Water Supply Contract Amendment for Water Management” (the “Agreement in Principle”); and
- H. The Agreement in Principle describes that the SWP Water Supply Contract Amendment for Water Management “supplements and clarifies terms of the SWP water supply contract that will provide greater water management regarding transfers and exchanges of SWP water within the SWP service area”; the principles agreed to achieve this without relying upon increased SWP diversions or changing the way in which the SWP operates, and are consistent with all applicable contract and regulatory requirements; and

- I. The State, the Agency and those Contractors intending to be subject to the contract amendments contemplated by the Agreement in Principle subsequently prepared an amendment to their respective Contracts to implement the provisions of the Agreement in Principle, and such amendment was named the “SWP Water Supply Contract Amendment for Water Management”; and
- J. The State and the Agency desire to implement continued service through the contract and under the terms and conditions of this “SWP Water Supply Contract Amendment for Water Management”;

**NOW, THEREFORE, IT IS MUTUALLY AGREED** that the following changes and additions are hereby made to the Agency's water supply contract with that State:

### **AMENDED CONTRACT TEXT**

**ARTICLE 1 IS AMENDED TO ADD THE FOLLOWING DEFINITIONS, PROVIDED THAT IF THIS WATER MANAGEMENT AMENDMENT TAKES EFFECT BEFORE THE CONTRACT EXTENSION AMENDMENT TAKES EFFECT, THE ADDITIONS HEREIN SHALL CONTINUE IN EFFECT AFTER THE CONTRACT EXTENSION AMENDMENT TAKES EFFECT NOTWITHSTANDING THE CONTRACT EXTENSION AMENDMENT'S DELETION AND REPLACEMENT OF ARTICLE 1 IN ITS ENTIRETY:**

**1. Definitions**

- (au) **"Article 56 Carryover Water"** shall mean water that the Agency elects to store under Article 56 in project surface conservation facilities for delivery in a subsequent year or years.

**ARTICLES 21 and 56 ARE DELETED IN THEIR ENTIRETY AND REPLACED WITH THE FOLLOWING TEXT:**

**21. Interruptible Water Service**

**(a) Allocation of Interruptible Water**

Each year from water sources available to the project, the State shall make available and allocate interruptible water to contractors in accordance with the procedure in Article 18(a). Allocations of interruptible water in any one year may not be carried over for delivery in a subsequent year, nor shall the delivery of interruptible water in any year impact the Agency's approved deliveries of Annual Table A Amount or the Agency's allocation of water for the next year. Deliveries of interruptible water in excess of the Agency's Annual Table A Amount may be made if the deliveries do not adversely affect the State's delivery of Annual Table A Amount to other contractors or adversely affect project operations. Any amounts of water owed to the Agency as of the date of this amendment pursuant to former Article 12(d), any contract provisions or letter agreements relating to wet weather water, and any Article 14(b) balances accumulated prior to 1995, are canceled. The State shall hereafter use its best efforts, in a manner that causes no adverse impacts upon other contractors or the project, to avoid adverse economic impacts due to the Agency's inability to take water during wet weather.

**(b) Notice and Process for Obtaining Interruptible Water**

The State shall periodically prepare and publish a notice to contractors describing the availability of interruptible water under this Article. To obtain a supply of interruptible water, including a supply from a transfer of interruptible water, the Agency shall execute a further agreement with the State. The State will timely process such requests for scheduling the delivery of the interruptible water.

**(c) Rates**

For any interruptible water delivered pursuant to this Article, the Agency shall pay the State the same (including adjustments) for power resources (including on-aqueduct, off-aqueduct, and any other power) incurred in the transportation of such water as if such interruptible water were Table A Amount water, as well as all incremental operation, maintenance, and replacement costs, and any other incremental costs, as determined by the State. The State shall not include any administrative or contract preparation charge. Incremental costs shall mean those nonpower costs which would not be incurred if interruptible water were not scheduled for or delivered to the Agency. Only those contractors not participating in the repayment of the capital costs of a reach shall be required to pay any use of facilities charge for the delivery of interruptible water through that reach.

**(d) Transfers of Interruptible Water**

- (1) Tulare Lake Basin Water Storage District, Empire West-Side Irrigation District, Oak Flat Water District, and County of Kings may transfer to other contractors a portion of interruptible water allocated to them under subdivision (a) when the State determines that interruptible water is available.
- (2) The State may approve the transfer of a portion of interruptible water allocated under subdivision (a) to contractors other than those listed in (d)(1) if the contractor acquiring the water can demonstrate a special need for the transfer of interruptible water.
- (3) The contractors participating in the transfer shall determine the cost compensation for the transfers of interruptible water.

The transfers of interruptible water shall be consistent with Articles 56(d) and 57.

**56. Use and Storage of Project Water Outside of Service Area and Article 56 Carryover Water**

**(a) State Consent to Use of Project Water Outside of Service Area**

Notwithstanding the provisions of Article 15(a), the State hereby consents to the Agency storing Project Water in a groundwater storage program, project surface conservation facilities and in nonproject surface storage facilities located outside its service area for later use by the Agency within its service area and to the Agency transferring or exchanging Project Water outside its service area consistent with agreements executed under this contract.

**(b) Groundwater Storage Programs**

The Agency shall cooperate with other contractors in the development and establishment of groundwater storage programs. The Agency may elect to store Project Water in a groundwater storage program outside its service area for later use within its service area. There shall be no limit on the amount of Project Water the Agency can store outside its service area during any year in a then existing and operational groundwater storage program.

**(1) Transfers of Annual Table A Amount stored in a groundwater storage program outside a contractor's service area.**

In accordance with applicable water rights law and the terms of this Article, the Agency may transfer any Annual Table A Amount stored on or after the effective date of the Water Management Amendment in a groundwater storage program outside its service area to another contractor for use in that contractor's service area. These transfers must comply with the requirements of Articles 56(c)(4)(i)-(v), (6) and (7), and Article 57. The Agency will include these transfers in its preliminary water delivery schedule required in Article 12(a).

**(2) Exchanges of any Annual Table A Amount stored in a groundwater storage program outside a contractor's service area.**

In accordance with applicable water rights law and the terms of this Article, the Agency may exchange any Annual Table A Amount stored on or after the effective date of the Water Management Amendment in a groundwater storage program outside its service area with another contractor for use in that contractor's service area. These exchanges must comply with the requirements in Article 56(c)(4)(i)-(v). The Agency shall include these exchanges in its preliminary water delivery schedule pursuant to Article 12(a).

**(c) Article 56 Carryover Water and Transfers or Exchanges of Article 56 Carryover Water**

- (1) In accordance with any applicable water rights laws, the Agency may elect to use Article 56 Carryover Water within its service area, or transfer or exchange Article 56 Carryover Water to another contractor for use in that contractor's service area in accordance with the provisions of subdivision (c)(4) of this Article. The Agency shall submit to the State a preliminary water delivery schedule on or before October 1 of each year pursuant to Article 12(a), the quantity of water it wishes to store as Article 56 Carryover Water in the next succeeding year, and the quantity of Article 56 Carryover Water it wishes to transfer or exchange with another contractor in the next succeeding year. The amount of Project Water the Agency can add to storage in project surface conservation facilities and in nonproject surface storage facilities located outside the Agency's service area each year shall be limited to the lesser of the percent of the Agency's Annual Table A Amount shown in column 2 or the acre-feet shown in column 3 of the following table, depending on the State's final Table A water supply allocation percentage as shown in column 1. For the purpose of determining the amount of Project Water the Agency can store, the final water supply allocation percentage shown in column 1 of the table below shall apply to the Agency. However, there shall be no limit to storage in nonproject facilities in a year in which the State's final water supply allocation percentage is one hundred percent. These limits shall not apply to water stored pursuant to Articles 12(e) and 14(b).

1. Final Water Supply Allocation Percentage	2. Maximum Percentage of Agency's Annual Table A Amount That Can Be Stored	3. Maximum Acre-Feet That Can Be Stored
50% or less	25%	100,000
51%	26%	104,000
52%	27%	108,000
53%	28%	112,000
54%	29%	116,000
55%	30%	120,000
56%	31%	124,000
57%	32%	128,000
58%	33%	132,000
59%	34%	136,000
60%	35%	140,000
61%	36%	144,000
62%	37%	148,000
63%	38%	152,000
64%	39%	156,000
65%	40%	160,000
66%	41%	164,000
67%	42%	168,000
68%	43%	172,000
69%	44%	176,000
70%	45%	180,000
71%	46%	184,000
72%	47%	188,000
73%	48%	192,000
74%	49%	196,000
75% or more	50%	200,000

- (2) Storage capacity in project surface conservation facilities at any time in excess of that needed for project operations shall be made available to requesting contractors for storage of project and Nonproject Water. If such storage requests exceed the available storage capacity, the available capacity shall be allocated among contractors requesting storage in proportion to their Annual Table A Amounts for that year. The Agency may store water in excess of its allocated share of capacity as long as capacity is available for such storage.
- (3) If the State determines that a reallocation of excess storage capacity is needed as a result of project operations or because of the exercise of a contractor's storage right, the available capacity shall be reallocated among contractors requesting storage in proportion to their respective Annual

Table A Amounts for that year. If such reallocation results in the need to displace water from the storage balance for any contractor or noncontractor, the water to be displaced shall be displaced in the following order of priority:

First, water, if any, stored for noncontractors;

Second, water stored for a contractor that previously was in excess of that contractor's allocation of storage capacity; and

Third, water stored for a contractor that previously was within that contractor's allocated storage capacity.

The State shall determine whether water stored in a project surface water conservation facility is subject to displacement and give as much notice as feasible of a potential displacement. If the Agency transfers or exchanges Article 56 Carryover Water pursuant to this subdivision to another contractor for storage in such facility, the State shall recalculate the amount of water that is subject to potential displacement for both contractors participating in the transfer or exchange. The State's recalculation shall be made pursuant to subdivision (4) of this Article.

**(4) Transfers or Exchanges of Article 56 Carryover Water**

The Agency may transfer or exchange its Article 56 Carryover Water as provided in this subdivision under a transfer or an exchange agreement with another contractor. Water stored pursuant to Articles 12(e) and 14(b) and Nonproject Water shall not be transferred or exchanged. Transfers or exchanges of Article 56 Carryover Water under this subdivision shall comply with subdivision (f) of this Article and Article 57 as applicable, which shall constitute the exclusive means to transfer or exchange Article 56 Carryover Water.

On or around January 15 of each year, the State shall determine the maximum amount of Article 56 Carryover Water as of January 1 that will be available for transfers or exchanges during that year. The State's determination shall be consistent with subdivisions (c)(1) and (c)(2) of this Article.

The State shall timely process requests for transfers or exchanges of Article 56 Carryover Water by participating contractors. After execution of the transfer or exchange agreement between the State and the contractors participating in the transfer or exchange, the State shall recalculate each contractor's storage amounts for the contractors participating in the transfer or exchange. The State's recalculation shall result in an increase by an amount of water within the storage amounts for the contractor receiving the water and a decrease by the same amount of water for the contractor transferring or exchanging water. The State's recalculation shall be based on the criteria set forth in the State's transfer or exchange agreement with the participating contractors. The State's calculations shall also apply when a contractor uses Article 56 Carryover Water to complete an exchange.

Transfers and exchanges of Article 56 Carryover Water shall meet all of the following criteria:

- (i) Transfers or exchanges of Article 56 Carryover Water are limited to a single-year. Project Water returned as part of an exchange under subdivision (c)(4) may be returned over multiple years.
- (ii) The Agency may transfer or exchange an amount up to fifty percent (50%) of its Article 56 Carryover Water to another contractor for use in that contractor's service area.
- (iii) Subject to approval of the State, the Agency may transfer or exchange an amount greater than 50% of its Article 56 Carryover Water to another contractor for use in that contractor's service area. The Agency seeking to transfer or exchange greater than 50% of its Article 56 Carryover Water shall submit a written request to the State for approval. The Agency making such a request shall demonstrate to the State how it will continue to meet its critical water needs in the current year of the transfer or exchange and in the following year.

- (iv) The contractor receiving the water transferred or exchanged under subdivisions (4)(i) or (ii) above shall confirm in writing to the State its need for the water that year and shall take delivery of the water transferred or exchanged in the same year.
  - (v) Subject to the approval of the State, the Agency may seek an exception to the requirements of subdivisions (4)(i), (ii), and (iii) above. The Agency seeking an exception shall submit a written request to the State demonstrating to the State the need for 1) using project surface conservation facilities as the transfer or exchange point for Article 56 Carryover Water if the receiving contractor cannot take delivery of the transfer or exchange water in that same year, 2) using project surface conservation facilities for the transfer or exchange of one contractor's Article 56 Carryover Water to another contractor to reduce the risk of the water being displaced, or 3) for some other need.
- (5) The restrictions on storage of Project Water outside the Agency's service area provided for in this subdivision (c), shall not apply to storage in any project off-stream storage facilities constructed south of the Delta after the date of the Monterey Amendment.
- (6) For any Project Water stored outside its service area pursuant to subdivisions (b) and (c), the Agency shall pay the State the same (including adjustments) for power resources (including on-aqueduct, off-aqueduct, and any other power) incurred in the transportation of such water as the Agency pays for the transportation of Annual Table A Amount to the reach of the project transportation facility from which the water is delivered to storage. If Table A Amount is stored, the Delta Water Charge shall be charged only in the year of delivery to interim storage. For any stored water returned to a project transportation facility for final delivery to its service area, the Agency shall pay the State the same for power resources (including on-aqueduct, off-aqueduct, and any other power) incurred in the transportation of such water calculated from the point of

return to the aqueduct to the turn-out in the Agency's service area. In addition, the Agency shall pay all incremental operation, maintenance, and replacement costs, and any other incremental costs, as determined by the State, which shall not include any administrative or contract preparation charge. Incremental costs shall mean those nonpower costs which would not be incurred if such water were scheduled for or delivered to the Agency's service area instead of to interim storage outside the service area. Only those contractors not participating in the repayment of a reach shall be required to pay a use of facilities charge for use of a reach for the delivery of water to, or return of water from, interim storage.

- (7) If the Agency elects to store Project Water in a nonproject facility within the service area of another contractor it shall execute a contract with that other contractor prior to storing such water which shall be in conformity with this Article and will include at least provisions concerning the point of delivery and the time and method for transporting such water.

**(d) Non-Permanent Water Transfers of Project Water**

Notwithstanding the provisions of Article 15(a), the State hereby consents to the Agency transferring Project Water outside its service area in accordance with the following:

- (1) The participating contractors shall determine the duration and compensation for all water transfers, including single-year transfers, Transfer Packages and multi-year transfers.
- (2) The duration of a multi-year transfer shall be determined by the participating contractors to the transfer, but the term of the transfer agreement shall not extend beyond the term of the Contract with the earliest term.
- (3) A Transfer Package shall be comprised of two or more water transfer agreements between the same contractors. The State shall consider each proposed water transfer within the package at the same time and shall apply the transfer criteria pursuant to Article 57 in the review and approval of each transfer. The State shall not consider a Transfer Package as an exchange.

**(e) Continuance of Article 12(e) Carry-over Provisions**

The provisions of this Article are in addition to the provisions of Article 12(e), and nothing in this Article shall be construed to modify or amend the provisions of Article 12(e). Any contractor electing to transfer or exchange Project Water during any year in accordance with the provisions of subdivision (c) of this Article, shall not be precluded from using the provisions of Article 12(e) for carrying over water from the last three months of that year into the first three months of the succeeding year.

**(f) Bona Fide Exchanges Permitted**

Notwithstanding the provisions of Article 15(a), the State hereby consents to the Agency exchanging Project Water outside its service area consistent with this Article. Nothing in this Article shall prevent the Agency from entering into bona fide exchanges of Project Water for use outside the Agency's service area with other parties for Project Water or Nonproject Water if the State consents to the use of the Project Water outside the Agency's service area. Also, nothing in this Article shall prevent the Agency from continuing those exchange or sale arrangements entered into prior to September 1, 1995. Nothing in this Article shall prevent the Agency from continuing those exchange or sale arrangements entered into prior to the effective date of this Amendment which had previously received any required State approvals. The State recognizes that the hydrology in any given year is an important factor in exchanges. A "bona fide exchange" shall mean an exchange of water involving the Agency and another party where the primary consideration for one party furnishing water to another party is the return of a substantially similar amount of water, after giving due consideration to the hydrology, the length of time during which the water will be returned, and reasonable payment for costs incurred. In addition, the State shall consider reasonable deductions based on expected storage or transportation losses that may be made from water delivered. The State may also consider any other nonfinancial conditions of the return. A "bona fide exchange" shall not involve a significant payment unrelated to costs incurred in effectuating the exchange. The State, in consultation with the contractors, shall have authority to determine whether a proposed exchange of water constitutes a "bona fide exchange" within the meaning of this paragraph and not a disguised sale.

**Exchanges of Project Water**

Exchanges of Project Water shall be consistent with Article 57. In addition, the State shall apply the following criteria to its review of each exchange of Project Water as set forth below:

(1) **Exchange Ratio**

Exchange ratio shall mean the amount of water delivered from a contractor's project supply in a year to another contractor compared to the amount of water returned to the first contractor in a subsequent year by the other contractor. All exchanges shall be subject to the applicable exchange ratio in this Article as determined by the allocation of available supply for the Annual Table A Amount at the time the exchange transaction between the contractors is executed.

- (a) For allocations greater than or equal to 50%, the exchange ratio shall be no greater than 2 to 1.
- (b) For allocations greater than 25% and less than 50%, the exchange ratio shall be no greater than 3 to 1.
- (c) For allocations greater than 15% and less than or equal to 25%, the exchange ratio shall be no greater than 4 to 1.
- (d) For allocations less than or equal to 15%, the exchange ratio shall be no greater than 5 to 1.

(2) **Cost Compensation**

The State shall determine the maximum cost compensation calculation using the following formula:

The numerator shall be the exchanging contractor's conservation minimum and capital and transportation minimum and capital charges, including capital surcharges. DWR will set the denominator using the State Water Project allocation which incorporates the May 1 monthly Bulletin 120 runoff forecast.

If the Agency submits a request for approval of an exchange prior to May 1, the State shall provide timely approval with the obligation of the contractors to meet the requirement of the maximum compensation. If the maximum compensation is exceeded because the agreement between the

contractors is executed prior to the State Water Project allocation as defined in (c)(2) above, the contractors will revisit the agreement between the two contractors and make any necessary adjustments to the compensation. If the contractors make any adjustments to the compensation, they shall notify the State.

**(3) Period During Which the Water May Be Returned:**

The period for the water to be returned shall not be greater than 10 years and shall not go beyond the expiration date of this Contract. If the return of the exchange water cannot be completed within 10 years, the State may approve a request for an extension of time.

**(g) Other Transfers**

Nothing in this Article shall modify or amend the provisions of Articles 15(a), 18(a) or Article 41, except as expressly provided for in subdivisions (c) and (d) of this Article and in subdivision (d) of Article 21.

## NEW CONTRACT ARTICLES

### ARTICLE 57 IS ADDED TO THE CONTRACT AS A NEW ARTICLE AS FOLLOWS:

#### 57. Provisions Applicable to Both Transfers and Exchanges of Project Water

- (a) Nothing in this Article modifies or limits Article 18 (a).
- (b) Transfers and exchanges shall not have the protection of Article 14(b).
- (c) The Agency may be both a buyer and seller in the same year and enter into multiple transfers and exchanges within the same year.
- (d) Subject to the State's review and approval, all transfers and exchanges shall satisfy the following criteria:
  - (1) Transfers and exchanges shall comply with all applicable laws and regulations.
  - (2) Transfers and exchanges shall not impact the financial integrity of the State Water Project, Transfers and exchange agreements shall include provisions to cover all costs to the State for the movement of water such as power costs and use of facility charge.
  - (3) Transfers and exchanges shall be transparent, including compliance with subdivisions (g) and (h) of this Article.
  - (4) Transfers and exchanges shall not harm other contractors not participating in the transfer or exchange.
  - (5) Transfers and exchanges shall not create significant adverse impacts to the service area of each contractor participating in the transfer or exchange.
  - (6) Transfers and exchanges shall not adversely impact State Water Project operations.
- (e) The Agency may petition the State and the State shall have discretion to approve an exception to the criteria set forth in subdivision (d) in the following cases:
  - (1) When a transfer or an exchange does not meet the criteria, but the Agency has determined that there is a compelling need to proceed with the transfer or exchange.

- (2) When the Agency has received water in a transfer or an exchange and cannot take all of the water identified in the transaction in the same year, the Agency may request to store its water consistent with Article 56(c), including in San Luis Reservoir.
- (f) The State will timely process such requests for scheduling the delivery of the transferred or exchanged water. Contractors participating in a transfer or an exchange shall submit the request in a timely manner.
- (g) The Agency shall, for each transfer or exchange it participates in, confirm to the State in a resolution or other appropriate document approving the transfer or exchange, including use of Article 56(c) stored water, that:
  - (1) The Agency has complied with all applicable laws.
  - (2) The Agency has provided any required notices to public agencies and the public.
  - (3) The Agency has provided the relevant terms to all contractors and to the Water Transfers Committee of the State Water Contractors Association.
  - (4) The Agency is informed and believes that the transfer or exchange will not harm other contractors.
  - (5) The Agency is informed and believes that the transfer or exchange will not adversely impact State Water Project operations.
  - (6) The Agency is informed and believes that the transfer or exchange will not affect its ability to make all payments, including payments when due under its Contract for its share of the financing costs of the State's Central Valley Project Revenue Bonds.
  - (7) The Agency has considered the potential impacts of the transfer or exchange within its service area.
- (h) **Dispute Resolution Process Prior to Executing an Agreement**

The State and the contractors shall comply with the following process to resolve disputes if a contractor that is not participating in the transfer or exchange claims that the proposed transfer and/or exchange has a significant adverse impact.

- (1) Any claim to a significant adverse impact may only be made after the Agency has submitted the relevant terms pursuant to Article

57(g)(3) and before the State approves a transfer or an exchange agreement.

- (2) In the event that any dispute cannot be resolved among the contractors, the State will convene a group including the Department's Chief of the State Water Project Analysis Office, the Department's Chief Counsel and the Department's Chief of the Division of Operations or their designees and the contractors involved. The contractor's representatives shall be chosen by each contractor. Any contractor claiming a significant adverse impact must submit written documentation to support this claim and identify a proposed solution. This documentation must be provided 2 weeks in advance of a meeting of the group that includes the representatives identified in this paragraph.
- (3) If this group cannot resolve the dispute, the issue will be taken to the Director of the Department of Water Resources and that decision will be final.

## **WATER MANAGEMENT AMENDMENT IMPLEMENTING AND ADMINISTRATIVE PROVISIONS**

**IT IS FURTHER MUTUALLY AGREED** that the following provisions, which shall not be part of the Water Supply Contract text, shall be a part of this Amendment and be binding on the Parties.

### **1. EFFECTIVE DATE OF WATER MANAGEMENT AMENDMENT**

- (a) The Water Management Amendment shall take effect (“Water Management Amendment effective date”) on the last day of the calendar month in which the State and 24 or more contractors have executed the Water Management Amendment, unless a final judgment by a court of competent jurisdiction has been entered that the Water Management Amendment is invalid or unenforceable or a final order has been entered that enjoins the implementation of the Water Management Amendment.
- (b) If any part of the Water Management Amendment of any contractor is determined by a court of competent jurisdiction in a final judgment or order to be invalid or unenforceable, the Water Management Amendments of all contractors shall be of no force and effect unless the State and 24 or more contractors agree any the remaining provisions of the contract may remain in full force and effect.
- (c) If 24 or more contractors have not executed the Water Management Amendment by February 28, 2021 then within 30 days the State, after consultation with the contractors that have executed the amendment, shall make a determination whether to waive the requirement of subdivision (a) of this effective date provision. The State shall promptly notify all contractors of the State’s determination. If the State determines, pursuant to this Article to allow the Water Management Amendment to take effect, it shall take effect only as to those consenting contractors.
- (d) If any contractor has not executed the Water Management Amendment within sixty (60) days after its effective date pursuant to subdivisions (a) through (c) of this effective date provision, this Amendment shall not take effect as to such contractor unless the contractor and the State, in its discretion, thereafter execute such contractor’s Water Management Amendment, in which case the Water Management Amendment effective date for purposes of that contractor’s Amendment shall be as agreed upon by the State and contractor, and shall replace the effective date identified in subdivision (a) for that contractor.

**2. ADMINISTRATION OF CONTRACTS WITHOUT WATER MANAGEMENT AMENDMENT**

The State shall administer the water supply contracts of any contractors that do not execute the Water Management Amendment in a manner that is consistent with the contractual rights of such contractors. These contractors' rights are not anticipated to be affected adversely or benefited by the Water Management Amendments.

**3. OTHER CONTRACT PROVISIONS**

Except as amended by this Amendment, all provisions of the contract shall be and remain the same and in full force and effect, provided, however, that any reference to the definition of a term in Article 1, shall be deemed to be a reference to the definition of that term, notwithstanding that the definition has been re-lettered within Article 1. In preparing a consolidated contract, the parties agree to update all such references to reflect the definitions' lettering within Article 1.

**4. DocuSign**

The Parties agree to accept electronic signatures generated using DocuSign as original signatures.

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment on the date first above written.

Approved as to Legal Form  
and Sufficiency:

STATE OF CALIFORNIA  
DEPARTMENT OF WATER RESOURCES

\_\_\_\_\_  
Chief Counsel  
Department of Water Resources

\_\_\_\_\_  
Director

\_\_\_\_\_  
Date

Approved as to Form:

SAN LUIS OBISPO COUNTY FLOOD  
CONTROL AND WATER  
CONSERVATION DISTRICT

\_\_\_\_\_  
General Counsel  
San Luis Obispo County Flood Control  
and Water Conservation District

\_\_\_\_\_  
General Manager

\_\_\_\_\_  
Date

## STATE WATER PROJECT WATER MANAGEMENT TOOLS AMENDMENT SUMMARY

1. On average, after accounting for deliveries to Subcontractors, an additional 10,713 AFY has been available to meet water needs in San Luis Obispo County
  - a. The amount the District can store in San Luis Reservoir is limited and lost (“spills”) when the reservoir fills with current year/higher priority water
  - b. Current contract provisions do not allow for annual transfers at market rate and limit multi-year sales to drought conditions
2. The Water Management Tools Amendment would allow for:
  - a. Cost recovery through annual and multi-year transfers at market rates
  - b. Selling and storing in the same year to optimize storage in San Luis Reservoir to avoid spills
  - c. Transferring water stored outside the District to another Contractor as an additional cost recovery option
3. The District **would not be obligated to utilize the tools** and status quo management can continue
4. The District would need to act promptly due to imminent spills and/or competition for buyers to avoid losing the water/asset and the opportunity to implement cost recovery options

## STATE WATER LOST TO SPILL/STORAGE LIMITS

Year	Annual Allocation %	Stored Water Lost to San Luis Reservoir Spill (AF)	Water Lost Due to Storage Limits (AF)	Total Water Lost to Spill or Storage Limits (AF)
2007	60	12,500	N/A	12,500
2010	50	No Spill	2,201	2,201
2011	80	6,009	4,160	10,169
2012	65	No Spill	3,139	3,139
2017	85	15,267	6,487	21,754
2019	85	18,639	3,719	22,358
<b>TOTAL</b>		<b>52,415</b>	<b>19,706</b>	<b>72,121</b>

## STATE WATER CAN BE MANAGED BETTER TO ADDRESS NEEDS

1. The [2003 policies](#) imply that staff would return to the Board after the update to the Master Water Report to revisit the policies
  - a. The 2012 Master Water Report was received and filed by the Board on February 14, 2012 and included addressing the use of unsubscribed State Water to meet needs as a recommendation<sup>1</sup>.
  - b. Additional studies have been completed or are under way (e.g. Regional Water Infrastructure Resiliency Plan, Water Management Tools Study) to evaluate how State Water can be used to address needs.
  - c. **Local needs include supply for emergency interties, resiliency during droughts, addressing existing deficiencies in groundwater supplies, addressing surface water/groundwater interaction minimum thresholds under SGMA.**
2. The 2003 policies limit long-term and permanent transfers, which may limit options to balance putting the water to use, recovering costs to fund local water projects, relieving the tax roll obligation, and maintaining long-term ownership for future and emergency needs and authority.
3. **Additional capacity exists** in the local pipeline to deliver more than 4,830 AFY.
  - a. Estimated to have 10,710 AFY more capacity in North County<sup>2</sup>
  - b. Estimates range from 0 – 9,700 AFY depending on the amount CCWA would use<sup>3</sup>
4. Use of additional pipeline capacity would need to be negotiated with CCWA with mutually beneficial opportunities anticipated to be evaluated during the [Water Management Tools Study](#).

<sup>1</sup> [Master Water Report Executive Summary](#), pg. ES-5

<sup>2</sup> [Capacity Study](#), Tables 1-2 and 1-3, pg. 1-2

<sup>3</sup> [Supplemental Capacity Study](#), Table 6, pg. 7

State Water Project  
Excess Entitlement Policies  
Approved by Board of Supervisors January 14, 2003

Excess Entitlement - Definition

The District State Water Project “Excess” Entitlement is the portion of the District’s total entitlement that is not contracted to others for their deliverable or drought buffer uses.

Priority of Use

1. Prior to transferring the excess entitlement for any other use, contractors of state water entitlement with capacity in Phase II of the Coastal Aqueduct shall have the first right to utilize the excess entitlement for “drought buffer” (reliability) purposes under the terms of a drought buffer agreement.
2. Preference shall be given to local agencies and water purveyors regardless of whether a transfer is on an annual, multi-year, or a permanent basis.
3. No permanent transfer of the excess entitlement for use outside District boundaries shall be made prior to a final update of the District’s Master Water Plan adopted by the Board of Supervisors, and then only if the transfer is consistent with the then adopted Master Plan. (See ‘Note’ below)
4. No multi-year transfer for use outside District boundaries shall be made with a term in excess of five years prior to a final update to the District’s Master Water Plan adopted by the Board of Supervisors, and then out of District transfers can only take place if the transfer is consistent with the adopted Master Plan.
5. On any out -of-District transfer, preference shall be given to those that provide: a) revenues that recover current costs and some or all of the District’s past costs, b)

maintain the District's right to use the water in the future, or c) which are used for environmental mitigation.

6. The Public Works Director is authorized to determine the annual amount of the excess entitlement to transfer to the State Water Project "Turnback Pools" established under the existing terms of State Water Agreements. In making that determination, the Public Works Director shall first consider local needs and how the use of the Turnback Pool might impact other potential transfers.

Note:

These policies were adopted by the Board of Supervisors "with the understanding there will be no permanent sales outside the District."

**Water Management Tools Study – SLO County Flood Control and Water Conservation District Draft Needs/Goals/Concepts**

State Water Goals/Concepts	Why?	Considerations
<p><b>Reliability for Subcontractors</b></p> <ul style="list-style-type: none"> <li>• Confirmation/Commitment from Subcontractors regarding reliability needs                             <ul style="list-style-type: none"> <li>○ Continuing with drought buffer program to address fluctuations in delivery</li> <li>○ Local storage and recovery options (e.g. Lopez Reservoir)</li> <li>○ Other storage and recovery options</li> <li>○ Use of the WMTs</li> <li>○ Whether they also want DCP benefits</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• First right of refusal policy for Subcontractors</li> <li>• Avoiding creating water resiliency problems for Subcontractors has county-wide benefit by keeping the local economy strong</li> <li>• Need to understand Subcontractors needs and level of commitment to understand how to meet other two goals and make WMT decisions</li> </ul>	<ul style="list-style-type: none"> <li>• The ability to treat Subcontractors uniformly is challenging due to varying economic circumstances of each/affordability and rates issues</li> <li>• Options may depend on what level of reimbursement for use of local facilities Subcontractors/CCWA expect</li> <li>• Significant barriers to local groundwater storage programs and sales to groundwater users                             <ul style="list-style-type: none"> <li>○ Export ordinance; “run on the bank”; filling it up “on paper” after it’s been drawn down and having all the credit to water in the basin; oversight of such a program/who pays</li> <li>○ Would need to come up with a way to do it that addresses these issues</li> </ul> </li> <li>• Need to see if existing subcontracts need to be updated</li> <li>• Need to see if supplemental contracts are needed</li> </ul>
<p><b>Relieve tax roll of ongoing cost</b></p> <ul style="list-style-type: none"> <li>• Option to count on annual sales to cover tax roll costs</li> <li>• Offer last chance drought buffer allocation increase to existing Subcontractors before longer-term transfers</li> <li>• County Op Center drought buffer increase for use by County as needed for resiliency</li> <li>• Long-term transfer to CCWA participants in exchange for pipeline/treatment capacity benefits and to address Santa Maria Levee easement restriction associated with the Santa Maria/Nipomo intertie</li> <li>• Potential new participants with pipeline/treatment capacity benefits</li> </ul>	<ul style="list-style-type: none"> <li>• Beneficiaries need to carry the cost</li> <li>• Aligns decision making to focus on the needs, interests, and willingness of participants                             <ul style="list-style-type: none"> <li>○ New costs/decisions associated with State Water would not be directly influenced by impact to tax roll</li> <li>○ Reduces complexity of making decisions regarding operations and use of water management tools</li> <li>○ Future liabilities will be decision of participants (e.g. Oroville, subsidence, delta conveyance project, etc.)</li> </ul> </li> <li>• Potential to shift county-wide contributions toward the start-up of other regional project(s)                             <ul style="list-style-type: none"> <li>○ Desalination</li> <li>○ GW management</li> </ul> </li> <li>• Not a reliable source for new housing, so likely not an option to meet future “hardened demand” needs                             <ul style="list-style-type: none"> <li>○ Supplemental supply</li> <li>○ Decreasing reliability</li> </ul> </li> <li>• Not likely to pass muster in a CEQA analysis as the source of supply for a project</li> </ul>	<ul style="list-style-type: none"> <li>• Make sure all understand that the tax roll still serves as the financial backstop should beneficiaries not make payments                             <ul style="list-style-type: none"> <li>○ Should there still be a line item on bills?</li> </ul> </li> <li>• Increased cost for Subcontractors                             <ul style="list-style-type: none"> <li>○ Existing Subcontractors either pay for more drought buffer or rely on spot market prices/availability and storage options</li> <li>○ Need to address Treatment Plant capacity for any additional deliveries for new subcontractors to use extra pipeline capacity</li> <li>○ New subcontractors may need different terms/not necessarily like contracts</li> </ul> </li> <li>• Need to refine/supplement management structure to use WMTs                             <ul style="list-style-type: none"> <li>○ Subcontractors would need to fund self-representation or continue to pay District</li> <li>○ What would the District or the Subcontractors’ membership in the CCWA look like?</li> <li>○ District needs adequate staffing to use WMTs and administer contracts/programs on a regular, timely basis if the District is going to lead State Water efforts</li> </ul> </li> <li>• Subcontractors will need to be engaged in managing sales/storage decisions and understand limits of delegated authority from their governing bodies</li> </ul>
<p><b>New Subcontractors and/or Turn-outs</b></p> <ul style="list-style-type: none"> <li>• Golden State Water Company at SLO Country Club; reliant on poor quality groundwater in specific area of SLO Basin</li> <li>• Cal Poly resiliency supply to supplement main supplies</li> <li>• Paso Robles Basin, SLO Basin, Los Osos Basin, Santa Maria Basin overlying users to offset groundwater pumping</li> <li>• Discharge to creeks/rivers</li> </ul>	<ul style="list-style-type: none"> <li>• Additional pipeline capacity exists</li> <li>• Significant quantities of State Water have been available to SLO County if it had agreements in place for use of additional capacity and with recipients</li> <li>• Local groundwater basins have persistent level declines in certain areas and have water quality issues</li> <li>• Listed species are dependent on local watercourses</li> </ul>	<ul style="list-style-type: none"> <li>• Need very clear contracts/institutional structures/robust monitoring to avoid unintended consequences and address specific concerns</li> <li>• Form of commitments/financing/pricing                             <ul style="list-style-type: none"> <li>○ “Reimbursement” policies need to be established (e.g. cost recovery rate needs to be balanced with level of benefit to recipient/attracting a “buyer”</li> <li>○ Beneficiaries/project “owners” would need to be carefully considered</li> </ul> </li> </ul>

WMT = Water Management Tools

Subcontractors are the entities, now or in the future, that under agreement(s) with the District receive benefits/water from the State Water allocation available to the District under its various State Water related contracts



**PUBLIC MEETINGS**

# 2021 CALENDAR OF ACTIVITIES

## STATE WATER SUBCONTRACTORS ADVISORY COMMITTEE (SWSAC)

**First Fridays at 10:00 AM** (except Jan due to holiday)

SWSAC scheduled to meet every other month, starting in Jan.

\*\*\* Via Web/Teleconference until further notice \*\*\*

<p><u>JAN</u>  <b>SWSAC – Jan 8</b></p> <p><i>*Annual election of Chair &amp; Vice Chair</i></p>	<p><u>FEB</u></p>	<p><u>MAR</u>  <b>SWSAC – Mar 5</b></p>
<p><u>APR</u></p>	<p><u>MAY</u>  <b>SWSAC – May 7</b></p>	<p><u>JUN</u></p>
<p><u>JUL</u>  <b>SWSAC – Jul 2</b></p>	<p><u>AUG</u></p>	<p><u>SEP</u>  <b>SWSAC – Sep 3</b></p> <p><i>* Request for 2022-2024 water delivery schedules.</i></p>
<p><u>OCT</u></p>	<p><u>NOV</u>  <b>SWSAC – Nov 5</b></p>	<p><u>DEC</u></p>

**\*Meeting logistics are subject to change.** Please contact County Public Works at 805-781-5252 or [pwd@co.slo.ca.us](mailto:pwd@co.slo.ca.us) for confirmation of date, location & time.