



URBAN WATER MANAGEMENT PLAN

Water Shortage Contingency Plan

This chapter provides a summary of Flood Control Zone 3 (Zone 3)'s Water Shortage Contingency Plan (WSCP), including shortage stages and shortage response actions.

California Water Code (CWC) Section 10632 requires that every urban water supplier that serves more than 3,000 acre-feet per year or have more than 3,000 connections to prepare and adopt a standalone WSCP as part of its Urban Water Management Plan (UWMP). This WSCP is a proposed plan for a range of water shortage situations, including supply shortages of greater than 50%. The WSCP will be updated based on new requirements every five years and will be adopted as a current update for submission to the California Department of Water Resources (DWR).

IN THIS SECTION

- Water Supply Reliability Analysis
- Standard Shortage Stages
- Shortage Response Plan

The WSCP is a proposed strategic plan that has been developed by the San Luis Obispo County Flood Control and Water Conservation District (District) for Zone 3 to prepare for and respond to water shortages. A water shortage is when the available water supply is insufficient to meet the normally expected customer water use at a given point in time, which may occur for several reasons, such as water supply quality changes, climate change, drought, and catastrophic events (e.g., earthquake). The Zone 3 WSCP provides an updated water supply availability assessment and structured steps that the District can employ to respond to actual conditions that include elements of the 2014 Low Reservoir Response Plan (LRRP). This level of detailed planning and preparation will help maintain reliable supplies and reduce the impacts of supply interruptions.

Zone 3's WSCP is organized into the following main sections to align with the CWC Section 16032 requirements:

Water Supply Reliability Analysis

Summarizes Zone 3's water supply analysis and reliability and identifies any key issues that may trigger a shortage condition.

Annual Water Supply and Demand Assessment Procedures

Describes the key data inputs, evaluation criteria, and methodology for assessing the system's reliability for the coming year and the steps to formally declare any water shortage levels and response actions.

Standard Shortage Stages

Establishes water shortage levels to clearly identify and prepare for shortages.

Shortage Response Actions

Describes the response actions that may be implemented or considered for each stage to reduce gaps between supply and demand as well as to minimize social and economic impacts on the community.

Communication Protocols

Describes communication protocols at each stage to ensure that customers, the public, and government agencies are informed of shortage conditions and requirements.

Compliance and Enforcement

This section is not applicable to wholesalers such as Zone 3.

Legal Authority

Lists the legal ordinance that grants Zone 3 the authority to declare a water shortage and implement and enforce response actions.

Financial Consequences of WSCP Implementation

Describes the anticipated financial impact of implementing water shortage stage measures and identifies mitigation strategies to offset financial burdens.

Monitoring and Reporting

This section is not applicable to wholesalers such as Zone 3.

WSCP Refinement Procedures

Describes the factors that may trigger updates to the WSCP and outlines how to complete an update.

Special Water Features Distinctions

This section is not applicable to wholesalers such as Zone 3.

Plan Adoption, Submittal, and Availability

Describes the process for the adoption, submittal, and availability of the WSCP after each revision.

For the WSCP sections identified above that are not required to be completed by wholesale water suppliers, Zone 3 will continue to provide support to its retail Contractors in complying with these sections in their WSCP documents.

8.1 Water Supply Reliability Analysis

This section was completed pursuant to CWC Section 10632(a)(1) and describes the key findings from the water supply reliability analysis discussed in **Chapter 7** and conducted pursuant to CWC Section 10635.

Zone 3 is under contractual obligation to supply 4,530 acre-feet per year (AFY) of water to its contracting retail water agencies (Contract Agencies) subject to certain conditions under which such supply may be reduced, including, without limitation, temporary or short-term limitations based on drought conditions. Zone 3 Contract Agencies include the Cities of Arroyo Grande, Pismo Beach, and Grover Beach, and the communities of Oceano (Oceano Community Services District [CSD]) and Avila Beach (County Service Area [CSA] 12). CSA 12 subcontracts Zone 3 water to the Avila Beach CSD, the Port San Luis Harbor District, and the Avila Valley Mutual Water Company (MWC), as well as residential property owners located in the Avila Beach region.

As indicated above, the Contract between Zone 3 and its Contract Agencies permits cutbacks during droughts and other shortage conditions. More specifically, Article 4(B) authorizes the District to reduce entitlements following written notice.²⁵ Should such shortages occur, it is the responsibility of the Contract Agencies to reduce demand and/or secure alternate sources accordingly.

The District adopted an Interim Downstream Release Schedule (IDRS) in 2007 and plans to optimize storage and stream/reservoir management to meet the needs of municipal, agricultural, and environmental demands prior to the approval of the Project's Habitat Conservation Plan (HCP). This plan includes a conceptual-level LRRP which consists of a methodology to assess near-term reservoir levels and a set of example actions *that could be taken* to mitigate the impacts of low reservoir levels. In 2014, Contracting Agencies and District staff developed a more concrete LRRP that the District could implement when the Lopez Reservoir dropped below 20,000 AF and the Board of Supervisors declared an emergency related to Zone 3. Although the District never adopted the 2014 LRRP, the District has implemented a number of its policies in the past. More specifically, on December 16, 2014, the District Board approved Resolution No. 2014-377 adopting certain policies and procedures set forth in the LRRP in response to the last drought to ensure that the Lopez Reservoir continued to be a viable water supply for the Contracting Agencies.

Zone 3 cannot project demand for the individual Contract Agencies, and the purpose of Zone 3 is to provide a supplemental source of water to agencies. The Contract Agencies rely on multiple sources of water and assess demand through the development of their own projection models. Zone 3 will provide support to its Contract Agencies while continuing to implement its Demand Management Measures and its conservation policies, which encourage the exploration of recycled water, enhanced groundwater management, and improvements to regional management and coordination to maximize the use of local water resources.

²⁵ (San Luis Obispo County, September 19, 2000)

8.2 Annual Water Supply and Demand Assessment

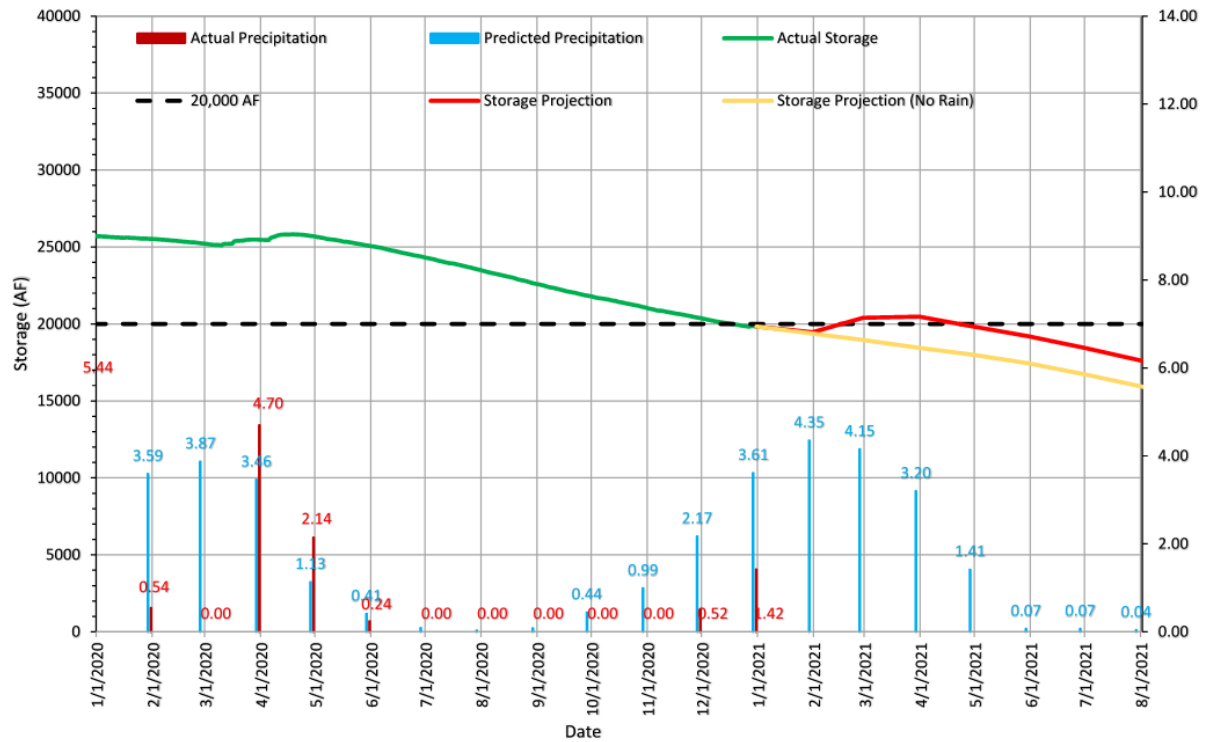
As a wholesale supplier, Zone 3's water supply equals the demand of the Contract Agencies. The purpose of the LRRP is to limit downstream releases and municipal diversion from the Lopez Reservoir to extend supplies for three to four years under continuing drought conditions. The WSCP is a proposed plan to provide an initial set of prescribed actions that incorporate the adaptive management framework described in the 2014 LRRP and that the District could implement during a water shortage. The adaptive management approach allows for modifications to the prescribed actions if needed for Zone 3 to achieve their three- to four-year targets discussed in the LRRP.²⁶

Zone 3 trends monthly storage levels within Lopez Reservoir and reviews them at the Zone 3 Technical Advisory Committee (TAC) meetings. The District may consider implementing the WSCP if the total volume of water in the Lopez Reservoir falls below 20,000 AF and the Board of Supervisors (BOS) has declared a water emergency related to Zone 3 and takes formal action by resolution outlining those specific procedures set forth in the LRRP that will be implemented. Additional details regarding the level triggers are included in the LRRP (**Appendix D**).

The Zone 3 TAC meets monthly to review general operations and water supply management items related to the Lopez Reservoir. During these monthly meetings, the TAC reviews the Zone 3 Monthly Operations Report and Lopez storage projections for that month. The Lopez storage projection tool, provided in **Table 8-1**, is based on predicted rainfall from longrangeweather.com, inflow based on predicted rainfall, the current downstream release requests, and municipal usage. Zone 3 utilizes these tools to assess current Lopez Reservoir storage levels and predict the short-term water supply availability to assist the Zone 3 in anticipating drought conditions. Zone 3 plans to report on the implementation of the WSCP as part of its annual assessment to the DWR.

²⁶ Resolution No. 2014-377 granted the County Director of Public Works the exclusive authority to make adjustments to entitlement and surplus water deliveries described in the initial prescribed actions in accordance with the adaptive management provisions of the LRRP in coordination with the Zone 3 Technical Advisory Committee and the Zone 3 Advisory Committee (i.e. neither Committee has decision-making authority notwithstanding the language in the 2014 LRRP).

Figure 8-1. Zone 3 Lopez Reservoir Storage Projection



1. Storage projection is based on predicted rainfall from longrangeweather.com, inflow based on predicted rainfall, 20-21 downstream release requests, and municipal usage.
2. Municipal Usage is based on Jan 2010- Dec 2019 average monthly deliveries.
3. Predicted inflow is based off of historical precipitation and storage data. Antecedant moisture conditions are factored into the model. The first rainstorms after months without rain will cause less inflow than rainstorms during the rainy season. If the average daily rainfall for the previous three months is below 1 inch the model will multiply the predicted inflow by 0.1, if the average is above 1 inch the inflow is multiplied by 1.25.

8.3 Six Standard Water Shortage Levels

CWC Section 10632(a)(3)(B) authorizes suppliers to continue using their existing water shortage levels that may have been included in past WSCPs. Zone 3 has elected to include the existing water supply shortage action levels defined in the 2014 LRRP as the basis for their WSCP shortage levels.

The water supply shortage reduction response strategies are defined in **Table 8-1** and **Table 8-2**. These include the initial prescribed municipal diversions (deliveries to the Zone 3 Contractors) and the maximum downstream release reductions. **Table 8-3** and **Table 8-4** provide a crosswalk that translates the LRRP water storage strategies to the WSCP water shortage levels mandated by the statute.

To provide Zone 3, Contract Agencies, and agricultural stakeholders the flexibility to adapt to changing drought conditions and to address environmental requirements, the WSCP includes an adaptive management component that allows the initial prescribed actions to be modified based on specific drought conditions that are consistent with the adaptive management strategy defined in the 2014 LRRP. However, consistent with the action taken by the Board in 2014, it is anticipated that any such modifications would be undertaken by the District in coordination with the Zone 3 Contractors rather than by the advisory committees directly.

Table 8-1. Initial Prescribed Municipal Diversion Reduction Strategy

AMOUNT OF WATER IN STORAGE (AF)	MUNICIPAL DIVERSION REDUCTION (%)	MUNICIPAL DIVERSION (AFY)
20,000	0%	4,530
15,000	10%	4,077
10,000	20%	3,624
5,000	35%	2,941
4,000	100%	0

Table 8-2. Initial Prescribed Downstream Release Reduction Strategy

AMOUNT OF WATER IN STORAGE (AF)	DOWNSTREAM RELEASE REDUCTION (%)	DOWNSTREAM RELEASES ¹ (AFY)
20,000	9.5%	3,800
15,000	9.5%	3,800
10,000	75.6%	1,026
5,000	92.9%	300
4,000	100%	0

¹ Downstream releases represent the maximum amount of water that can be released. The actual releases may be less if releases can be reduced while still meeting the needs of the agricultural stakeholders and environmental requirements.

Table 8-3. Relationship between Zone 3 Low Reservoir Response Plan Municipal Diversion Reductions and 2020 WSCP Mandated Shortage Levels

SHORTAGE LEVEL	PERCENT SHORTAGE RANGE (NUMERICAL VALUE AS A PERCENT)	LRRP SHORTAGE LEVEL	LRRP WATER STORAGE AMOUNT (AF)	MUNICIPAL DIVERSION REDUCTIONS
1	Up to 10%	1	20,000	0% Reduced Diversion
		2	15,000	10% Reduced Diversions
2	Up to 20%	3	10,000	20% Reduced Diversions
3	Up to 30%			
4	Up to 40%	4	5,000	35% Reduced Diversions
5	Up to 50%	5	4,000	100% Reduced Diversion
6	>50%			

Table 8-4. Relationship between Zone 3 Low Reservoir Response Plan Downstream Release Reductions and 2020 WSCP Mandated Shortage Levels

SHORTAGE LEVEL	PERCENT SHORTAGE RANGE (NUMERICAL VALUE AS A PERCENT)	LRRP SHORTAGE LEVEL	LRRP WATER STORAGE AMOUNT (AF)	DOWNSTREAM RELEASE REDUCTIONS
1	Up to 10%	1	20,000	9.5% Reduced Releases
		2	15,000	9.5% Reduced Releases
2	Up to 20%	NA	-	-
3	Up to 30%			
4	Up to 40%			
5	Up to 50%	3	10,000	75.6% Reduced Releases
6	>50%	4	5,000	92.9% Reduced Releases
		5	4,000	100% Reduced Releases

8.4 Shortage Response Actions

The District may consider implementing the WSCP provisions if the total volume of water in the Lopez Reservoir falls below 20,000 AF and the BOS has declared an emergency related to Zone 3 and takes formal action by resolution outlining those specific procedures set forth in the LRRP that will be implemented. The initial prescribed actions, once the District takes action to implement the WSCP, are as follows:

- Mandatory reductions in entitlement water deliveries as set forth in **Table 8-1**
- Reductions in downstream releases as set forth in **Table 8-2** with actual releases timed to best meet the needs of agricultural stakeholders and to address environmental requirements
- No new allocations of surplus water from unreleased downstream releases
- Extension of the time that Contract Agencies can take delivery of existing unused water by allowing storage throughout the duration that the Drought Emergency Declaration is in effect, subject to evaporation losses if the water is not used in the year in which it was originally allocated

8.4.1 Demand Reduction

As a wholesale supplier, Zone 3 provides their Contract Agencies with Lopez Reservoir water based on their contract entitlements, and as such, cannot quantify actual water use reductions pursuant to Chapter 10632(8) of the CWC. Such reductions would be implemented by the Contract Agencies. Zone 3 will, however, monitor and assess actual metered deliveries relative to each Contract Agency's allocation during drought and normal water years. Reduction and Recovery Triggers based on the LRRP tie the amount of water within the Lopez Reservoir to provide the District, Zone 3 Contract Agencies, and agricultural stakeholders an initial framework for water supply planning. Assuming the District has taken the necessary actions to implement the WSCP, as the amount of water in the Lopez Reservoir drops below and rises above the triggers (see **Table 8-1** and **Table 8-2** for Lopez Storage Level Triggers), the District, in coordination with the Zone 3 TAC, will review the hydrologic conditions and, if necessary, utilize adaptive management to modify municipal diversion and downstream releases to meet the objectives of the WSCP.

8.4.2 Supply Augmentation

The mission of Zone 3 is solely to serve water from the Lopez Reservoir to its five Contract Agencies. The supply and safe yield of this reservoir (along with the Contract Agencies' conjunctive use of other sources [groundwater and State Water]) are adequate to meet contract obligations.

Some of the Contract Agencies, including the City of Pismo Beach, City of Arroyo Grande, City of Grover Beach, and Oceano CSD, are currently working together on a groundwater supply augmentation project called Central Coast Blue. Central Coast Blue is a regional recycled-water project in the planning and design phase that will develop a sustainable water supply and help protect the Santa Maria Valley Groundwater Basin (SMGB). The intent of Central Coast Blue is to enable Pismo Beach and its partnering agencies to construct an advanced treatment facility (ATF) to produce advanced purified water (APW) to augment its water supply through injection to recharge the aquifer and develop a seawater intrusion barrier to improve water supply reliability for the area. Please refer to the Contract Agencies' UWMP for more detailed information about the current findings for the use of recycled water.

Some of the Zone 3 Contract Agencies receive imported State Water, which is delivered to the Agencies through the Zone 3 transmission system. The District completed a hydraulic study for the Lopez pipeline to initially evaluate whether additional capacity was available in the pipeline and

supplemental water deliveries to the Contract Agencies would be achievable. Subsequent to this initial study, a hydraulic model and detailed study were conducted by the District to assess hydraulic capacity in the entire Coastal Branch of the State Water Project operated by the Central Coast Water Authority (CCWA). Both studies addressed hydraulic capacity related to State Water and Zone 3 Water deliveries, and the results indicated the potential for only a marginal increase in capacity for surplus deliveries of approximately 12% (~300 AFY). However, the District is exploring options with CCWA to increase State Water delivery capacity via the Coastal Branch delivery system.

In December 2019, the District went under contract with North American Weather Modification, Inc., to implement a potential three-year cloud-seeding program for the Lopez Reservoir. Year 1 was completed between January 2020 and April 15, 2020. Year 2 began in December 2020 and ran through April 15, 2021. The cloud-seeding process aids in precipitation formation by enhancing ice crystal production in clouds. When the ice crystals are formed, they turn into snowflakes and precipitate to the ground. The project objective is to increase precipitation in the Lopez Lake watershed during winter precipitation events. The seeding program uses a combination of ground-seeding sites and aircraft. The results published in the Year 1 Annual Report indicate that the Lopez Reservoir watershed is ideal for cloud-seeding operations and recommended continuing the cloud-seeding program for the 2020-2021 season.²⁷ The recommended adjustments to the program include extending the cloud-seeding period and transitioning to a ground-based network that would be more effective at mitigating the high variability in the monthly precipitation and would be more reliable and efficient when seeding the coast storms. The District's Cloud Seeding Program is in the experimental stage of development and, based on the results of the program, could be integrated into the normal water management plan but will be based on the desire of the Contract Agencies as they fund 100% of the cloud-seeding efforts.

8.4.3 Operational Changes

The Lopez Pipeline that delivers Zone 3 water to the Contract Agencies also receives State Water that is delivered to State Water Contractors. During short-term disruptions to treatment at the Lopez Water Treatment Plant (LWTP), State Water can continue to supply the system, thus providing additional continuity of potable-water service to Contract Agencies. It is also noted that each Contract Agency provides their own emergency water storage within their respective water distribution systems. The ability for Zone 3 to take State Water is limited by the capacity of their State Water turnout and available capacity of the Coastal Branch pipeline.

8.4.4 Additional Mandatory Restrictions

As a wholesale supplier, Zone 3 does not have the authority to impose mandatory restrictions on outdoor water use, residential, or other mandatory restrictions that require enforcement and penalties. Please refer to the UWMPs prepared by the Contract Agencies for details regarding restrictions.

8.4.5 Emergency Response Plan

Zone 3 recognizes the potential for a catastrophic interruption of supply, which may result from an earthquake, regional power outage, or terrorist attack. The water treatment plant is fully automated and equipped with a complete Supervisory Controls and Data Acquisition (SCADA) system to keep the plant processes under control and constantly monitored. However, in the event of a water treatment process disruption at the Zone 3 LWTP, the 2.25-million gallon (MG) clear-well reservoir provides about

²⁷ (North American Weather Consultants, Inc., 2020)

12 hours of treated-water storage. Because water deliveries to Contract Agencies are relatively constant throughout the day and night, the estimated 12-hour duration for storage would be similar whether such disruption occurred in the evening or daytime. However, during peak summer days when Contract Agencies are drawing more water, the 12-hour buffer provided by the clear-well reservoir will likely be less in the event of an emergency. Thus, Zone 3 staff will work diligently to ensure that the plant processes come back online expeditiously.

A catastrophic event could result in a failure of the 16-mile conveyance pipeline between the Lopez Reservoir and the Terminal Reservoir. Because the Terminal Reservoir is immediately adjacent to the LWTP, Zone 3 has the capability to treat raw water from the terminal at the LWTP and continue deliveries to the Contract Agencies in the event the conveyance pipeline has ruptured or failed. The Terminal Reservoir has a maximum storage capacity of 844 AF. Because the system flows by gravity, only about 48 AF from the Terminal Reservoir can be delivered to the LWTP. This equates to approximately 3.5 days of water supply deliveries to the Contract Agencies.

In the event of a widespread power outage, the LWTP is equipped with a 900-kW emergency generator, sufficient to power the entire water treatment plant. The backup power ensures minimal down time and continuous operations at the LWTP. Because Zone 3 water is delivered by gravity to the distribution system, power is not needed to continue serving water to the Contract Agencies.

Earthquakes and other events have the potential to disrupt Zone 3 deliveries through the Lopez Pipeline. Should such disruption or line breakage occur, Zone 3 contracts with local Contractors to expedite emergency repair as needed. Such Contractors are fully equipped with labor, equipment, and materials to quickly repair damage to pipelines. In addition, the County has mutual aid agreements with the other Counties.

Zone 3 completed SCADA improvements to the Lopez transmission main. The SCADA system allows for remote monitoring of the Lopez pipeline and LWTP to verify any abnormal conditions, such as loss of system pressure and leakage from the pipeline. The SCADA improvements allow for quick response to isolated reaches of pipeline and provide the ability to notify Contract Agencies should the nature of the emergency warrant their involvement.

During an emergency or major disruption in potable-water supply to Contract Agencies, or prolonged shortage due to drought conditions, it will be the responsibility of Contract Agencies (retailers) to notify their customers of the water shortage and to mandate such prohibitions. Zone 3 staff notifies all Contract Agencies immediately in the event of an emergency, water quality issue, or water service disruption.

8.4.6 Seismic Risk Assessment and Mitigation Plan

CWC Section 10632.5(a) requires a seismic risk assessment and mitigation plan to assess the vulnerability of each of the various facilities of a water system and mitigate those vulnerabilities. Pursuant to CWC Section 10644, a copy of the most recent adopted local hazard mitigation plan or multi-hazard mitigation plan under the Federal Disaster Mitigation Act of 2000 may be used to comply with this section if the Hazard Mitigation Plan (HMP) addresses seismic risk.

The County's most recent multijurisdictional HMP was adopted in 2019. The HMP addresses seismic risk assessment and identification of vulnerabilities to hazards, including specific critical infrastructure and specific populations at risk. The HMP includes an update to potential solutions and mitigation actions to address the County's identified vulnerabilities. The HMP is included as **Appendix E** to address seismic risk assessment and mitigation actions applicable to Zone 3's service area.

In addition to the HMP, the District has prepared several other reports that address seismic risks and mitigation plans that are relevant to the Zone 3 service area.

- In 2015, the County prepared an Earthquake Emergency Response Plan (ERP) that outlines the strategies, resources, plans, and procedures that will be used to prepare for and respond to an earthquake event. The ERP reported that a dam failure is highly unlikely to occur during a seismic event. The Lopez Reservoir is an earthen-filled dam that underwent a seismic retrofit in 2002 to meet current seismic standards. The ERP indicates that earthen-filled dams within the County are well constructed to survive the maximum credible earthquake from active fault systems. In the event of a seismic event, damage assessments for the dams, including the Lopez and terminal dams, are one of the first actions taken by the County.
- The Dam and Levee Failure Evacuation Plan was last updated in 2016 and defines the emergency management procedures and organizational response for overall coordination of public protective actions that may need to be employed in the event of a dam or levee failure; this includes the Lopez and terminal dams.²⁸ The District also updated its Lopez Dam Flooding and Evacuation Brochure in February 2020 to provide information to the public in the unlikely event of an emergency evacuation; this is included as **Appendix G**.

8.4.7 Shortage Response Action Effectiveness

As part of the WSCP, each supplier is required to estimate the extent to which that action will reduce the gap between supply and demand. As a wholesaler, Zone 3's water supply equals the demand during each prescribed response action. During a water supply shortage, Zone 3 plans to operate under the water shortage response action levels defined in Section 8.3 of the WSCP and plans to reduce Contract Agencies' entitlements accordingly. It is the responsibility of the Contract Agencies to quantify the gap between supply and demand.

²⁸ (San Luis Obispo County, 2016)

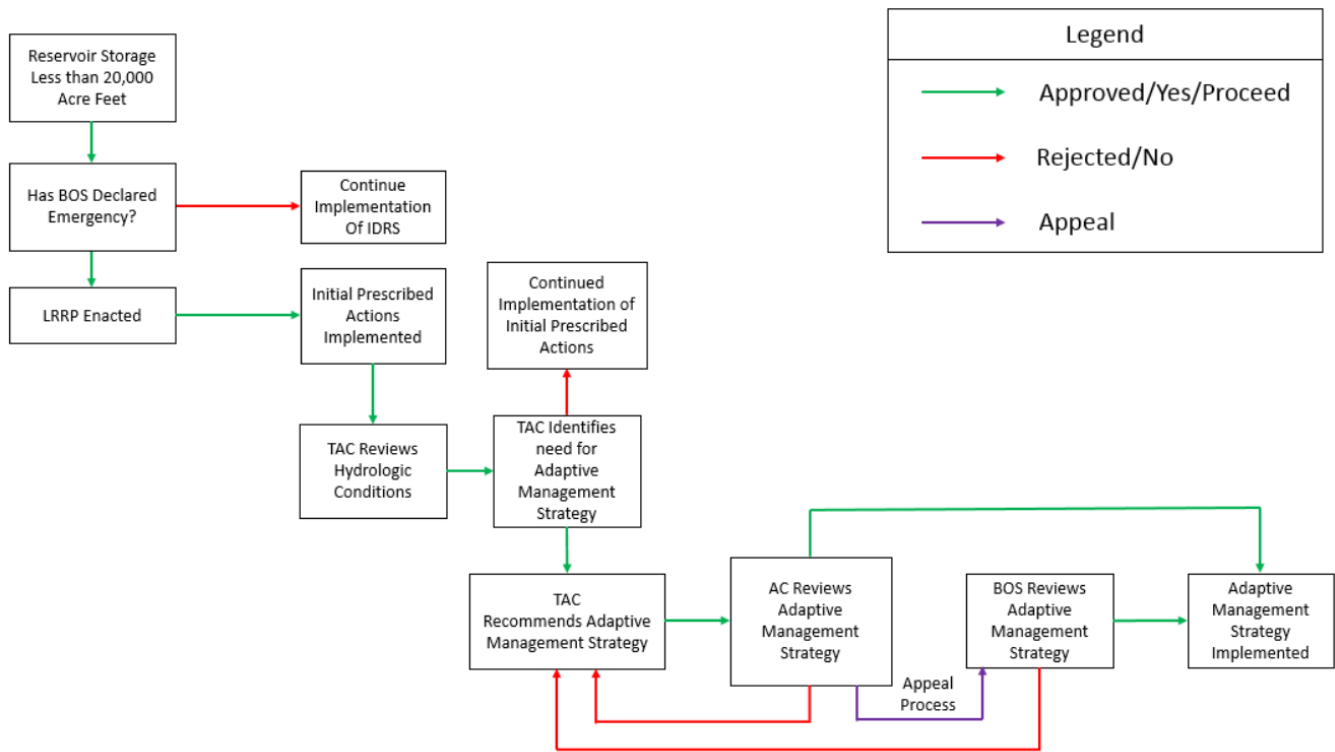
8.5 Communication Protocols

CWC Section 10632(a)(5) states that the supplier is required to identify communication protocols and procedures to inform customers; the public; interested parties; and local, regional, and state governments regarding predicted shortages, triggered response actions, and shortage emergencies.

Assuming the District has taken the necessary actions to implement the WSCP, Zone 3 intends to use the LRRP and Adaptive Management Flow Chart shown in **Figure 8-2** as a guide to navigate through periods of reduced water supply availability caused by drought conditions, but likely subject to the limitations contained within the adopted resolution required to implement the WSCP, e.g. a limitation that neither the TAC nor the AC has the authority to employ an adaptive management strategy without District approval notwithstanding the chart contained within the LRRP and reproduced below (rather, Zone 3 will seek input from the Zone 3 TAC and Advisory Committee (AC) members either at the monthly TAC meetings or quarterly AC meetings as to whether adaptive management is needed based on a review of the current hydrologic conditions prior to implementation). At the same meetings, Zone 3 will provide notification and seek input regarding any triggers or anticipated triggers under the LRRP. When a response action is triggered or anticipated to be triggered, Zone 3 staff will notify the Contract Agencies and, if needed, recommend an adaptive management strategy after reviewing the current hydrologic conditions. It is the responsibility of the Contract Agencies to notify their customers during a predicted water supply shortage.

If there is an emergency water supply shortage, Zone 3 will notify operations staff immediately. Depending on the type of water supply emergency shortage, public communications may be required and will follow the notification procedures outlined in the ERP, HMP, or Dam and Levee Failure Evacuation Plan. Contract Agencies are responsible for notifying their customers during an emergency or major disruption in potable-water supply.

Figure 8-2. LRRP Enactment and Adaptive Management Flow Chart²⁹



²⁹ See above regarding likely qualifications on utilization of this process by the District. The unmodified chart is included herein for informational purposes only to depict the *general* formwork, and its inclusion should not be viewed as any sort of grant of decision-making authority to the TAC or AC.

8.6 Compliance and Enforcement

As a wholesale supplier, Zone 3 does not have the authority to enforce restrictions and customer compliance. The contracts between Zone 3 and the Contract Agencies contain a drought clause that provides for the reduction of Zone 3 water.

As the wholesale agency, it is the responsibility of Zone 3 to provide adequate notice to the Contract Agencies regarding any projected reductions in deliveries. It is then the responsibility of the Contract Agency to determine appropriate steps to supplement Lopez supplies with alternate sources and/or impose water demand restrictions and prohibitions on their customers.

8.7 Legal Authorities

A description of Zone 3's legal authorities and their role with implementing the shortage response actions specified in this WSCP are provided below.

Zone 3 TAC: The TAC is composed of technical operations staff from Zone 3 Contract Agencies who meet monthly to discuss matters related to the Lopez Project and provide recommendations to the Zone 3 AC. Any updates or changes made to the LRRP with respect to the WSCP by the District would be developed in coordination with the TAC and Zone 3 AC.

Zone 3 AC: The AC is an advisory body composed of elected officials representing each of the Contract Agencies as well as one agriculture representative and one member at large, who hold bimonthly public meetings to advise the District on matters relating to the Lopez Project and Zone 3 Water Supply Contracts.

Zone 3 Contract Agency Governing Boards: The Zone 3 Contract Agency Governing Boards have the governing authority over each of their agencies and the authority to impose demand-reduction measures as necessary to respond to Zone 3 water delivery reductions.

San Luis Obispo County Board of Supervisors (BOS): The BOS sitting as the Board of Supervisors for the San Luis Obispo County Flood Control as Water Conservation District, is the governing authority for Zone 3 that can provide formal approval and adoption of the WSCP. The Board of Supervisors, either sitting as the District Board or County Board, must declare a water emergency related to Zone 3 and take formal action by resolution outlining those specific procedures set forth in the 2014 LRRP that will be implemented when the reservoir is at 20,000 acre feet or less in order to implement the WSCP.

In the event that a water shortage emergency is declared by the BOS, the Zone 3 Water Supply Contracts Between the District and Contract Agencies allow for water delivery reductions and corresponding notifications to each Contract Agency of the District's intent. Actual amounts of reduced entitlements would likely be determined in accordance with the 2014 LRRP during such drought years. The provision in the contract between Zone 3 and Contract Agencies that authorizes the District to reduce entitlements in response to shortages reads as follows in pertinent part:

*"Article 4(B) Entitlements. [...] Notwithstanding the foregoing, the aggregate Entitlements available under this Contract and under the Water Supply Contracts may be reduced, following written notice given to the Agency from the District, due to (1) permanent or long-term restrictions imposed upon the District caused by (i) extreme changes in long-term meteorological patterns that reduce the Safe Yield assumptions for the Project; or (ii) multi-year drought conditions; or (2) temporary or short-term limitations based upon (i) reduced ability of the Project either to treat or distribute water because of *force majeure*; (ii) drought conditions; or (iii) water quality standards which reduce the safe, treated output of the Project at the time."*³⁰

³⁰ Article 5 limits the District's liability for shortages: *"Article 5. Water Shortages.* From time to time during the term of this Contract, there may occur a shortage in the quantity of Project water available for delivery to the Agency by the District under this Contract, including, without limitation, for the reasons enumerated in Article 4(B). In such event, no liability shall accrue against the District or any of its officers, agents, or employees for any damage, direct or indirect, arising from a shortage on account of any reason beyond the control of the District. In any water year during which such a shortage has caused a reduction as described in said Article 4(B), so that the total quantity of the Entitlements available for the District to distribute is less than the total established in said Article 4(B), following giving of notice by the District as provided in Article 4(B), the Proportionate Share of the Agency and each Other Agency under its Water Supply Contract shall be applied to such reduced amount in determining the volume of Project water to be delivered to the Agency and such Other Agencies in such water year." (Zone 3, Executed September 19, 2000)

A list of current contacts for the Zone 3 Contract Agencies is provided below.

- **San Luis Obispo CSA 12 (Subcontractors)** — John Diodati
- **City of Arroyo Grande** — Bill Robeson
- **City of Grover Beach** — Greg Ray
- **City of Pismo Beach** — Ben Fine
- **Oceano Community Services District** – Will Clemens

8.8 Financial Consequences of WSCP

CWC Section 10632(a)(8) requires a discussion of the financial consequences of, and responses to, drought conditions, including potential revenue reductions and expense increases resulting from the activated shortage response actions and associated mitigation actions. As a wholesale supplier, Zone 3 has established fixed costs for the Zone 3 water entitlements regardless of how much water is delivered to the Contract Agencies. It is up to each retail Contract Agency to assess and manage financial impacts resulting from reduced water deliveries.

Turnouts between Zone 3 and the Contract Agencies are metered, and customers served by the Contract Agencies are fully metered. Zone 3 water costs are established based on the fixed capital costs of the system and variable operations and maintenance costs associated with the Lopez Reservoir, LWTP, and potable-water distribution facilities. Because the water supply to the Zone 3 Contract Agencies is fully allocated, new transfers are not allowed (unless an existing Contract Agency relinquishes a portion of their entitlement to a new Contract Agency). As a wholesale supplier, Zone 3 does not have the authority to set commodity rates for the purposes of promoting water efficiency and conservation.

8.9 Monitoring and Reporting

As a wholesale supplier, Zone 3 is not required to monitor and report on implementation of response actions.

8.10 WSCP Refinement Procedures

As discussed in previous sections, the LRRP is the basis of the WSCP and includes an adaptive management component so the prescribed water shortage response actions can be modified as needed to best reflect current storage in the Lopez Reservoir. Refer to the LRRP in **Appendix D** for specific details regarding the adaptive management approach.

8.11 Special Water Feature Distinction

As a wholesale supplier, Zone 3 does not directly manage artificial water features. Please refer to the retail Zone 3 Contract Agencies for details regarding any special water features within their service area.

8.12 Plan Adoption, Submittal, and Availability

Although the District Board adopted the WSCP subject to the process described below, the District will not implement the WSCP until both triggers identified in the 2014 LRRP are met and the Board takes formal action by resolution outlining those specific procedures set forth in the 2014 LRRP that will be implemented similar to that reflected in Resolution No. 2014-377 (included in **Appendix D**). The adoption of the WSCP does not constitute the adoption of the LRRP. The WSCP is a proposed plan Zone 3 has developed to prepare for and respond to water supply shortages and has incorporated components of the 2014 LRRP. The BOS was responsible for final adoption of the WSCP and any proposed updates thereafter. The steps required for adoption of the WSCP are summarized below:

1. Proposed draft developed under the guidance of the TAC
2. Proposed draft provided to the agricultural stakeholders for review
3. Policy direction that may be provided by any of the Contract Agencies' Governing Boards considered in the draft WSCP
4. Zone 3 AC review and approval
5. Final approval by the BOS
6. Final adopted WSCP posted on the County's web page for Zone 3

The final 2020 WSCP will be made available on the County's website (see below) and at the County of San Luis Obispo Public Works Office, between the hours of 8:00 am and 5:00 pm PST, for public review within 30 days of adoption.

<https://www.slocounty.ca.gov/Departments/Public-Works/Our-Divisions/Water-Information-Directory.aspx>