



NOTICE OF MEETING & AGENDA

NACIMIENTO PROJECT COMMISSION

THURS., APR. 25, 2019 – 4:00 PM
Templeton CSD Office – 420 Crocker St., Templeton, CA 93465

NACIMIENTO PROJECT COMMISSION

*City of Paso Robles, Templeton CSD, Atascadero MWC, City of San Luis Obispo,
SLO County Flood Control & Water Conservation District*

AGENDA

1. CALL TO ORDER; 2019 OFFICER ELECTION
 - a. Roll Call & Flag Salute
 - b. Election of Commission officers (*Postponed from 2/28*) (**Attm. 1**)

2. PUBLIC COMMENT (*To address the Commission on non-agenda items; individuals subject to three-minute time limit*)

3. MEETING NOTES (*Recommend Approval*)
 - a. Notes from Aug. 2018 Commission – Approval deferred to 4/25. (**Attm. 2**)
 - b. Notes from Feb. 2019 Commission (**Attm. 3**)

4. COMMISSION INFORMATION ITEMS* (*No Action Required*)
*Written reports with brief verbal overview by staff or consultant.
 - a. Utilities Division Manager's Report (**Attm. 4**)

5. PRESENTATIONS (*No Action Required*): None
6. COMMISSION ACTION ITEMS (*No Subsequent Action by BOS Required*): None
7. COMMISSION ACTION ITEMS (*Action Subsequently Required by BOS*):
 - a. Memorandum: NWP Proposed Budget, FY 1920 (**Attm. 5**);
Nacimiento Water Operating Fund Revised Proposed Budget, FY 1920 (**Attm. 6**)

8. FUTURE AGENDA ITEMS DESIRED BY COMMISSION
 - **Next Commission Meeting:** May 23, 2019

ATTACHMENTS

1. 2019 Nomination & Election of Commission Officers (UPDATE)
2. NP Commission Minutes – Aug. 2018
3. NP Commission Minutes – Feb. 2019
4. Utilities Division Manager's Report – April 2019 (*Provided Separately*)
5. Memorandum: NWP Proposed Budget, FY 1920
6. Nacimiento Water Operating Fund Revised Proposed Budget, FY 1920 (*Provided Separately*)



MEMORANDUM

April 19, 2019

TO: Nacimiento Project Commission
FROM: Wes Thomson, M.S., P.E., Utilities Staff Engineer, County Public Works
VIA: Ron Munds, Utilities Division Manager, County Public Works

SUBJECT: 2019 Nomination and Election of Commission Officers (UPDATED)

In accordance with the Commission's adopted Rules of Procedure, the Commission is to elect a Chair and Vice-Chair at the first meeting of each year (*Commission-postponed in 2019 to April 25*). Terms of office are for one year.

Current Commissioners appointed by each Participant and the District are (*please confirm*):

San Luis Obispo County FC & WCD: (<i>representing the District and CSA 10A</i>)	John Peschong
City of Paso Robles:	John Hamon Steven Martin, Alternate
Templeton CSD:	Wayne Petersen Geoff English, Alternate
Atascadero MWC:	Grigger Jones John Neil, Alternate
City of San Luis Obispo:	Andy Pease Aaron Gomez, Alternate

During calendar year 2018, Commissioner Carlyn Christianson served as Committee Chair and Commissioner John Hamon served as Vice-Chair. Nominations and elections for 2019 will be held at the April 25, 2019, Commission.

* * *



MEETING NOTES

NACIMIENTO PROJECT COMMISSION

THURSDAY, AUG. 23, 2018 - 4:00 PM

Templeton Community Center - 601 S. Main St.

CALL TO ORDER, ROLL CALL & FLAG SALUTE

- Vice Chair John Hamon convened the meeting at 4:01 p.m.

Commissioners Present

- John Hamon, City of Paso Robles (Vice Chair)
- Wayne Peterson, Templeton CSD
- John Neil, Atascadero MWC
- Andy Pease, City of San Luis Obispo
- John Peschong, SLOCFC&WCD

PUBLIC COMMENT

- No Comment.

REVIEW OF PREVIOUS MEETING NOTES

- The meeting notes from April 19, 2018 were approved without corrections.

COMMISSION INFORMATIONAL ITEMS

Utilities Division Manager's Report (Ron Munds)

The District highlighted the following:

Operations Report

Major repairs have been completed on pump units #3 & 4 (including re-installation). Pump unit #4 is now up and running well, but pump unit #3 has an unknown issue causing excessive vibration issue, and as such, remains inoperable. County staff are investigating the situation and will provide an update in November.

Commissioner Hamon asked if the issue with pump unit #3 was related to the quality of water being pumped; Munds said that staff do not think it is related to water quality. He went on to say that staff have also ruled out the motor as the cause, but that it's possible something else within the pump unit could have become damaged during the pump re-installation.

Capital Improvement Project Update

No comment.

Mussel Prevention Program Update

Staff recruited specially-training “mussel” dogs for screening support up at the Nacimiento reservoir during two of the summer’s busiest weekends; the trial was successful, and we were pleased that the initiative received positive and accurate press from local news agency, KSBY.

Given that the invasive species (mussel) prevention program is a county-wide program, and the “mussel” dogs proved to be great support, staff are making plans to get the dogs out to the other County reservoirs next year (in addition to Nacimiento). Staff will provide a summary report at the next Commission meeting with program statistics from this summer.

Water Sales Program Development Update

We are back on track with the effort to develop a water sales program which had been put on hold while staff were focused on the major repair effort at the Intake Pump Station. The draft RFP has been distributed to the TSG members for review & comment, with the potential for the RFP to get advertised as soon as September. An update will be provided at the next meeting in November.

MCWRA Activities

The Reservoir Operations Committee held a special meeting, July 6th, at the Heritage Ranch to discuss the proposed inter-lake tunnel project. Monterey County is working to complete their hydraulic model of the tunnel in October and will hold a follow-up meeting back at Heritage Ranch to review the modelling results.

Monterey County staff have agreed to attend an upcoming TSG meeting, potentially in October, with plans to discuss the inter-lake tunnel project, as well as the Naci reservoir release schedule (which has been an extremely controversial topic).

Monterey County has also recently completed comprehensive spillway assessments for both Nacimiento and San Antonio – assessment reports are currently under review by DSOD (Division of Safety of Dams, CA Dept of Water Resources). Overall, Nacimiento’s spillway looks good with no need for major repairs anticipated – repairs that are required by DSOD in response to the Oroville incident (2017).

The estimated costs for the repairs at San Antonio are currently projected to be about \$5 million, with the financial impact to the District potentially around 30-40% of that cost because of the District’s agreement with Monterey County to pay for a portion of the maintenance at San Antonio.

Concerning the tunnel project, Commissioner Neil asked if there has been any discussion on whether specific spillway improvements would be needed to address Monterey County’s

planned change in operations at San Antonio? Using the tunnel to push water from Naci to San Antonio could reasonably change the maximum probable flood and subsequent release capacity requirements at San Antonio, which would then prompt spillway improvements above and beyond the DSOD-required (“Oroville”) repairs that are needed because of clogged underdrains, etc. Neil emphasized the need for the District to keep an eye on this possibility so that we do not inadvertently pay for those improvements too.

Munds will provide the Commission with a copy of MCWRA’s recent presentation on the spillway deficiencies.

Fourth Quarter Operations Budget Report
(Joanne Hilker, Finance)

Fiscal Year 17-18 was an unusual year for us in that there were some significant “unanticipated occurrences.”

First, there was an unanticipated savings associated with the master water contract: we budgeted about \$315,000, but were only billed about \$100,000, which resulted in a savings that can be applied to some other unanticipated occurrences. (The savings were due to the delay of Monterey County’s anticipated repairs on San Antonio.)

Concerning unanticipated expenditures, one large expenditure was due to the third-party contractor who hit the Naci pipeline section on Monterey Road (near Wellsona Rd.). Repair costs totaled about \$134,000, and Public Works is proceeding through the process of investigation claims. Staff will continue to keep the TSG and the Commission updated throughout the process. (Munds noted that there will be additional work to complete the repairs on the pipeline at Monterey Rd – work that is projected to occur in FY 18-19.)

Additionally, there were the costs for the repairs at the Intake Pump Station (pump units #3 & 4) which also generated unexpected expenditures.

However, the books closed, and it appears that we will have about \$160,000 in credits going back to the agencies this year.

PRESENTATIONS (NO ACTION REQUIRED)

- None.

COMMISSION ACTION ITEMS (NO SUBSEQUENT ACTION BY BOS REQUIRED)

FY 2018-19 Budget Amendment
(Joanne Hilker, Finance)

Presentation of a request for the Commission to authorize budget amendment of the FY 18-19 budget retroactively to July 1st, 2018. Amendment seeks to redirect \$490,000 from reserves to O&M.

Commission voted unanimously in favor to approve request.

COMMISSION ACTION ITEMS (ACTION SUBSEQUENTLY REQUIRED BY BOS)

- None.

FUTURE AGENDA ITEMS DESIRED BY COMMISSION

- No items requested.

- Next Meeting: November 15, 2018 at 4:00 p.m., Templeton CSD

- Vice Chair Hamon adjourned the meeting at 4:16 p.m.



MEETING NOTES

NACIMIENTO PROJECT COMMISSION

THURSDAY, FEB. 28, 2019 - 4:00 PM

Templeton CSD Office - 420 Crocker St., Templeton, CA 93465

CALL TO ORDER, ROLL CALL & FLAG SALUTE

- Clerk: Ron Munds (District)
- Commissioner Jones convened the meeting at 4:02 p.m.

Commissioners Present

- Grigger Jones, Atascadero MWC
- Wayne Petersen, Templeton CSD
- Seats Absent: City of SLO, Paso Robles, and District

PUBLIC COMMENT

Dennis Elliot, Director of Energy, Utilities, and Sustainability, Cal Poly

Mr. Elliot presented a formal statement expressing Cal Poly's interest in buying into the Nacimiento Water Project - if water is available for purchase on a long-term basis. Securing additional water supply is critical to implementation of Cal Poly's draft Master Plan which calls for adding 7000 beds to campus housing.

REVIEW OF PREVIOUS MEETING NOTES

Commissioners decided to defer approval of the August 2018 Minutes to the April 25 Commission.

COMMISSION INFORMATIONAL ITEMS

Utilities Division Manager's Report (Ron Munds)

Mr. Munds highlighted the following:

MCWRA Activities (Highlights)

Operations and Maintenance Activities at Nacimiento - Water levels in Nacimiento are well beyond what is needed to supply the District's 17,500 AF entitlement in 2019. January storms provided a big boost to the lake level with total reservoir storage now at 69%. Upcoming storms in the forecast will drive this number up even higher.

Capital Improvement Project Update

The District finally received approval through the County Purchasing to move forward with the selected contractor to pull and confirm needed repairs to address the vibration issues with Pump Unit #3 at the Intake Pump Station. The repair effort will likely have a minimal impact on Project operations (temporary interruptions to water deliveries when the pump is pulled and then reinstalled) and is scheduled to be finished before peak delivery season.

Water Sales Program Development Update

October 2018 - The District released an RFP to find a consultant to develop the Water Sales Program. Six proposals were received. Announcement of the TSG-selected consultant will be made

once the contract is signed. Staff are very excited to see thing progress and are eager to begin moving forward towards having a deliverable.

Second Quarter Operations Budget Report (Joanne Hilker, Finance)

Ms. Hilker provided the Project's Q2 financial analysis update (at 50% of the year):

- Routine operations and maintenance efforts are on track at about 46% of the budget.
- Unanticipated expenses in Q2 will likely be offset by annual costs from the County's water contract with Monterey which are expected to come in under budget.
- Overall, FY 1819 should see some financial savings at the end of the year, offset by some expenditures that were unanticipated or not budgeted (e.g., repairs to address vibrations on Intake Pump Unit #3, Water Sales Program development contract).
- The District plans to make final repairs to the pipeline puncture that occurred along Monterey Road back in May of 2018 in this fiscal year.

PRESENTATIONS (NO ACTION REQUIRED)

FY 2019-2020 Nacimiento Water Operating Fund Budget (Proposed)

Ms. Hilker distributed the proposed FY 1920 budget to the Commission for review, followed by brief comments:

- Budget has had three rounds of review with the TSG (Nov. & Dec. 2018, and Jan. 2019).
- March 14, 2019 – District reviews the latest draft in detail with the TSG & Finance Committee; any changes will be re-submitted for final round of TSG review at April 11 meeting.
- April 25, 2019 – Final draft proposed budget to be submitted for Commission's vote of endorsement before going to the District Board for approval.

COMMISSION ACTION ITEMS (NO SUBSEQUENT ACTION BY BOS REQUIRED)

None.

COMMISSION ACTION ITEMS (ACTION SUBSEQUENTLY REQUIRED BY BOS)

None.

FUTURE AGENDA ITEMS DESIRED BY COMMISSION

- No items requested.
- Next Meeting: April 25, 2019 at 4:00 p.m., Templeton CSD
- Commissioner Jones adjourned the meeting at 4:11 p.m.



Nacimiento Project Commission – April 25, 2019

FY 2019-20 Nacimiento Water Operating Fund Budget

Commission Action Item – Board of Supervisors Action is Subsequently Required

TO: Nacimiento Project Commission
FROM: Joanne Hilker, Administrative Services Manager
VIA: Ron Munds, Utilities Division Manager
SUBJECT: FY 2019-20 Nacimiento Water Operating Fund Budget
DATE: April 25, 2019

The Fiscal Year 2019-20 Nacimiento budget has progressed through the following levels of review:

Proposed Budget

- Dec 2018, Jan 2019, Feb 2019: Discussions regarding projects with the TSG
- January 10, 2019: Summary Level review with TSG
- February 21, 2019: Electronic budget distribution to the Technical Support Group (TSG), Finance Committee and Commission
- February 28, 2019: Hard copy distribution to the Commission.
- March 14, 2019: Presentation to the TSG and Finance Committee for review and discussion.

Revised Proposed Budget:

- April 4, 2019: Proposed Budget modified into Revised Proposed Budget version and electronically distributed to the TSG, Finance Committee, and Commission via email
- April 25, 2019: Presentation of the Revised Proposed Budget to the Commission and a formal vote of endorsement.
- June, 2019 (pending): Budget Hearings by the Flood Control and Water Conservation District Board of Supervisors.

SAN LUIS OBISPO COUNTY FLOOD CONTROL & WATER CONSERVATION DISTRICT
NACIMIENTO WATER PROJECT

A summary of the proposed FY 2019-20 budget by category is displayed in Table 1:

TABLE 1 By Category	2018-19 Budget	2019-20 Budget	Dollar Change	% Change
Operations and Maintenance				
Billable Routine	\$ 3,138,489	\$ 2,764,836	\$ (373,652)	
Billable Non-Routine	548,466	1,148,993	600,527	
Total Billable O&M	\$ 3,686,955	\$ 3,913,830	\$ 226,875	6%
Billable Capital Outlay/Reserves	311,249	990,000	678,751	
Billable Debt Service	11,610,000	11,485,842	(124,158)	
Total Participant Billings	\$ 15,608,204	\$ 16,389,672	\$ 781,468	5%
Variable Energy [a]	2,549,082	2,528,150	(20,932)	-1%

[a] Variable Energy is displayed as a reference amount only. Variable Energy is not included in installment billings to Participants, but rather billed quarterly based upon actual usage.

A summary of the proposed FY 2019-20 installment billings by Participant is displayed in Table 2:

TABLE 2 Installment Billings by Participant [b]	2018-19 Budget	2019-20 Budget	Dollar Change	% Change
City of Paso Robles	\$ 5,504,303	\$ 5,833,814	\$ 214,553	6.0%
Templeton CSD	345,551	372,401	19,655	7.8%
Atascadero MWC	3,405,683	3,587,945	124,783	5.4%
City of San Luis Obispo	6,316,523	6,542,033	128,380	3.6%
CSA 10	11,537	14,078	1,832	22.0%
Bella Vista Mobile Home Park	2,870	3,500	454	22.0%
SMR Mutual Water Co	21,737	35,901	12,746	65.2%
Participant Installment Billings	15,608,205	16,389,672	781,468	5.0%

[b] Variable Energy is not included in installment billings to Participants, but rather billed quarterly based upon actual usage.

DISCUSSION

Total Installment Billings to Participants (Table 2):

Total billings to participating agencies increased from the prior year budgeted billings by \$781,468 or 5.0%. The variance is primarily due to projects scheduled for FY 2019-20 which are described below in Tables 3 and 4.

Billable Routine Operations and Maintenance and Variable Energy (Table 1):

Routine O&M billings are \$373,652 lower than the prior year budget due to a decrease in the estimate provided by the Monterey County Water Resources Agency pursuant to the 2004 Master Water Contract, and an anticipated decrease in construction litigation costs from the prior year.

While the Variable Energy budget is not included in the installment billings to Participants, we include the budget/estimate in the table for reference. Budgetary/estimated amounts are flat between FY 2018-19 and FY 2019-20.

Billable Non-Routine Operations and Maintenance (Tables 1 and 3):

Non-Routine billings are \$600,527 higher than the prior year budget due to changes in the following projects, based on discussions with the Technical Support Group.

TABLE 3	2018-19 Budget	2019-20 Budget	Dollar Change	% Change
<u>Billable Non-Routine O&M</u>				
MISC. FIBER OPTIC REPAIR (BILLABLE)	\$ 6,549	\$ 6,500	(\$49)	
SANTA MARG. CREEK BRIDGE PIPE RELOCATION	62,250	620,000	557,750	
INTAKE PUMP SYSTEM IMPROVEMENTS	259,375	0	(259,375)	
INTAKE PS SLOPE AND DRAINAGE REPAIR	0	110,000	110,000	
POWER MONITORING AT INTAKE	0	30,000	30,000	
SCADA EFFORTS AT BOOSTER STN O&M	116,542	382,495	265,953	
CUESTA TUNNEL ACCESS MANWAY	77,813	0	(77,813)	
SYPS EFFICIENTY ALTERNATIVES	25,938	0	(25,938)	
Subtotal	\$ 548,466	\$1,148,993	\$ 600,527	109%

Billable Capital Outlay and Reserves (Tables 1 and 4):

Capital/Reserve billings increased \$678,750 from the prior year budget, due to changes in the following projects, based on discussions with the Technical Support Group.

TABLE 4	2018-19 Budget	2019-20 Budget	Dollar Change	% Change
<u>Billable Capital Outlay</u>				
IN-LINE VALVE INSTALLATION	\$ 311,250	\$ 0	(\$311,250)	
SANTA YSABEL PUMP SYSTEM EFFICIENCY PROJECT	0	500,000	500,000	
CONTRIBUTION TO RESERVES	0	490,000	490,000	
Subtotal	\$ 311,250	\$ 990,000	\$ 678,750	218%

After redirecting the \$490,000 to Routine Operations and Maintenance in FY 2018-19, annual contributions to Reserve of \$490,000 are again included in the FY 2019-20 budget (as originally approved by the Nacimiento Commission on November 19, 2009.)

Not shown above is \$103,750 of capital outlay, funded from reserves, which is budgeted annually as a contingency should a mid-year emergency expenditure become necessary.

Billable Debt Service (Table 1):

Debt service payments reflect the payment schedule from the 2018 bond refinancing. Billable debt service is essentially flat between the fiscal years.

Reserves:

Annual Reserve contributions of \$490,000 are again included as approved by the Nacimiento Commission on November 19, 2009. Reserves are estimated to total \$4.1M at the end of FY 2019-20.