



## Notice of Meeting

### STATE WATER SUBCONTRACTORS ADVISORY COMMITTEE

SAN LUIS OBISPO COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT  
Library Conference Room, City/County Library, 995 Palm Street, San Luis Obispo, CA  
93401 (Note: [New location](#) due to construction in the County Government Center.)

Friday, Jun. 7, 2024 – 10:00 – 11:30 AM

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

**Chair:** Greg Kwolek (Morro Bay)

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

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## AGENDA

1. **CALL TO ORDER** – Roll Call & Quorum Count
2. **PUBLIC COMMENT**  
*For matters not on the agenda, within the Committee's jurisdiction. Limited to 3 minutes each.*
3. **MEETING MINUTES**  
*Staff Recommendation: Approve the Minutes from Mar 2024.*
4. **REPORTS FROM THE DISTRICT**
  - A. Water Supply & Delivery Operations  
*Staff Recommendation: Informational Item Only.*
  - B. DCP Planning Update  
*Staff Recommendation: Informational Item Only.*
  - C. Update on Water Management Workgroup Activities  
*Staff Recommendation: Informational Item Only.*
5. **SCHEDULED ACTION ITEMS**
  - A. Proposed 2024 Water Transfer  
*Staff Recommendation: Review proposed 2024 water transfer option with Westside Districts and support staff taking it to the District Board of Supervisors for approval.*
6. **SCHEDULED DISCUSSION ITEMS**
  - A. Policy Items  
*Staff Recommendation: Informational Item Only.*
7. **REPORTS FROM SUBCONTRACTORS** (FOR INFORMATION ONLY)
8. **FUTURE AGENDA ITEMS**
9. **SET DATE OF NEXT REGULAR MEETING**
10. **ADJOURNMENT**

### Attachments

1. Agenda Item 3 – Draft Minutes, Mar. 2024
2. Agenda Item 4.A – Delivery Report
3. Agenda Item 4.B – Staff Report
4. Agenda Item 5.A – Staff Report
5. Agenda Item 6.A – Staff Report

**CONTACT:** Please contact SWSAC Secretary, Wes Thomson, with any questions: [wthomson@co.slo.ca.us](mailto:wthomson@co.slo.ca.us) or (805) 781-5252. *All Americans with Disabilities Act (ADA) accommodations shall be promptly reviewed and resolved.*

County Gov't Center, Rm. D361  
San Luis Obispo, CA

**MINUTES OF THE MARCH 1, 2024**  
**STATE WATER SUBCONTRACTORS ADVISORY COMMITTEE**  
San Luis Obispo County Flood Control and Water Conservation District  
*(DRAFT FOR REVIEW)*

Chair: Greg Kwolek  
Vice Chair: Brad Hagemann (absent)  
Secretary: Wes Thomson

The following 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 March 1, 2024, together with staff reports and related documents attached thereto and incorporated therein by reference.

1. CALL TO ORDER & ROLL CALL – Call to order at approx. 10:02 AM; quorum established (5 or more). Nola Engelskirger (Vice Chair, 2023) presided as Chair until Greg Kwolek was elected as the new Chair for 2024; Six Subcontractors were present at roll call; seven with Ben Fine’s late arrival after action items):

<b><u>Representative</u></b>	<b><u>Agency</u></b>
Nola Engelskirger	CSA 16 Shandon
Annie Secrest	County Ops Center
Scott DeMello	Cuesta
Greg Kwolek	Morro Bay
Charles Varni	Oceano CSD
Ben Fine	Pismo Beach
Courtney Howard	District

2. PUBLIC COMMENT  
- None
3. REVIEW OF LAST MEETING’S MINUTES – Oceano requested to include the handout from the Water Management Sub Committee Draft Recommendations. The Committee approved the draft minutes from November 3, 2023, with the addition of the added handout. Engelskirger motioned to approve; Greg Kwolek seconded; minutes approved with a simple verbal vote.
4. SCHEDULED ACTION ITEMS
  - A. 2024 SWSAC Officers (Chair and Vice Chair)  
*Staff Recommendation: Nominate and Approve Chair and Vice Chair for 2024.*
    - Engelskirger proposed that the SWSAC consider nominating the Chair and Vice Chair positions so that one is served by the Chorro Valley Turnout and one by the Lopez Turnout – alternating each year.
    - Engelskirger nominated Greg Kwolek as Chair, Kwolek seconded, all approved.
    - Engelskirger nominated Brad Hagemann as Vice Chair, Kwolek seconded, all approved.

B. Proposed 2024 Calendar

*Staff Recommendation: Adopt Proposed 2024 Calendar.*

- Engelskirger reiterated that the proposed 2024 Calendar would be transitioning to quarterly meetings. Varni motioned to approve, Kwolek seconded, all in favor; approved.

## 5. REPORTS FROM THE DISTRICT

A. Finance Update: Report on Dec. 11 Presentation (DWR Statement of Charges)

*Staff Recommendation: Informational Item Only.*

- Jessica Suchecki reported that finance presented an overview of the annual Statement of Charges to a few of the Subcontractors' Finance Staff on December 11<sup>th</sup>. The presentation covered the cost components, billing methodology, and included time for questions.
- Thomson added that the Subcontractor staff expressed interest in the District developing a budget forecast to facilitate longer-range financial planning (maybe 5-year outlook, to support water rates planning, etc.).

B. Recent BOS Actions: County Staffing: Devil's Den Emergency Agreement

*Staff Recommendation: Informational Item Only.*

- Engelskirger reported that in December 2023 the County received approval from the Board of Supervisors to add two new positions to our Water Utilities Division to support the development of our policies for State Water Project and Nacimiento Water Project water transfers. The County is currently developing the recruitment packages for those positions and will be recruiting for those positions in the next month.
  - o Jeff Edwards asked if each position was going to be assigned to specific projects – State Water Project or Nacimiento Water Project.
  - o Engelskirger replied that that would depend on how the recruitment goes and what candidates bring to the positions. However, the group will be focusing on both water projects. There are two positions – one is a Supervising Engineer and the other a Staff Engineer. As part of the Board approval, the County can now move forward on seeking grant funding to help support some of the efforts that the new positions will be working on.
- Thomson added that the District had an item go to the BOS regarding the Devil's Den Emergency repair scope and cost. The County's portion of the initial repair cost will be around one million dollars and those costs should be seen in the 2025 Statement of Charges. These charges are only for the initial emergency repair work, and further permanent repairs and costs associated with those should also be expected.

C. Water Supply & Delivery Operations: Field Visit to Coastal Facilities

*Staff Recommendation: Informational Item Only.*

- Thomson discussed that the current proposed allocation is at 15% but is expected to go up. Thomson briefly commented on the possible options being considered for visiting the SWP sites in late spring (May?), and will send out more information once details are firmed up.

D. DCP Planning Update

*Staff Recommendation: Informational Item Only.*

- Thomson updated the group on the latest milestone – that the Final EIR was completed in Dec 2023. Permitting, Surveying, and Geotech efforts are underway to support preliminary planning and design development.
- Thomson reported that a District Board decision is needed by the end of 2024 on whether to continue with the project, and contribute share of funding for the next phase of planning work

(to get through 2027, when the long-term participation decision point is anticipated).

- DWR is currently working on an updated cost estimate to the 2020 estimate; DWR is on track to release the update for the public by June 2024.
- Kate Ballentyne added a brief history of the DCP process from the County’s viewpoint and emphasized that the County/District built in “off ramps” for the district to be able to continue or leave the project at specific check-in points as the project advances.
- Someone asked if the decision to move forward with the project was an “all or nothing” decision among the Subcontractors.
- Ballentyne reminded the group that the SWSAC is an advisory committee and that they advise the Board, who will then make the final decision.
- Further discussion was had regarding possible future billing costs and when those costs would reach the subcontractors.

E. Update on Water Management Workgroup Activities

*Staff Recommendation: Informational Item Only.*

- Dan Heimele presented an update on the Water Management Working Group. The key driver for the group is to mitigate the loss of project water – loss due to storage limitations at San Luis Reservoir or spill events – and the motivation to maximize the benefit of the unused capacity in existing infrastructure in SWP conveyance and identify the potential for storing surplus water in other facilities outside the District.
- Recommendation #1: Focus on the Delta Conveyance Program and help inform the Subcontractor group on the pros and cons of the DCP.
- Recommendation #2: Evaluate water management strategies allowed under the existing SWP Subcontracts. Possible projects are Groundwater Banking Pilot, Urban Resiliency Pilot, and SWP Recharge Pilot.
  - o Blaine Reely, County GSD Director – briefly commented on the interest in SWP water among the Paso Basin water users and their intent to explore the feasibility of using SWP water to supplement basin management needs.
- Recommendation #3: Evaluate and Identify water management activities that would require SWP Subcontract Changes.
- The working group has been primarily focused in the last few months on investigating water banking options.
- Brief discussion concerning the subcontracts, District policies, and the need to investigate any needed changes/updates to the subcontracts to advance in improving water management options to maximize the SWP water supply.

6. SCHEDULED ACTION ITEMS

- Courtney Howard reported to the group that the State is working on updating the guidance for Reduced Reliance on the Delta for the Urban Water Management Plan.

7. REPORTS FROM SUBCONTRACTORS: None.

8. FUTURE AGENDA ITEMS: None.

9. DATE OF NEXT MEETING – SWSAC’s next meeting was scheduled for June 7, 2024, at 10:00 AM.

10. ADJOURNMENT – Kwolek adjourned the meeting at approximately 11:13 AM.

-- DRAFT MINUTES BY: JT / WT

## 2024 STATE WATER DELIVERY REPORT (DRAFT)

Deliveries to Subcontractors (thru Apr 2024). WT, 6/3/24.

District's Stored Carryover Water (C/O) at SLR,1/1/2024 = 12,500 AF of C/O  
 Current SWP "Table A" (TBLA) allocation (per DWR, as of 4/23/2024) = 40%  
 The District's 25,000 AF "Table A" contract at current allocation = 10,000 AF of TBLA  
 Total SWP Water Available for 2024 = 22,500 AF

### DELIVERIES TO SUBCONTRACTORS (2024)<sup>3</sup>

																		Total as
		SCHEDULED	TLBA	C/O	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL	% of Request <sup>4</sup>
SHANDON TO	CSA 16	0	0	0	0.0	0.0	0.0	0.0	0	0	0	0	0	0	0	0	0.0	--
CHORRO V. TO	CMC	396	320	76	18.4	17.8	22.6	18.7	0	0	0	0	0	0	0	0	77.4	59%
	County Ops	420	340	80	19.5	18.8	24.0	19.9	0	0	0	0	0	0	0	0	82.1	59%
	Cuesta	192	160	32	8.9	8.6	11.0	9.1	0	0	0	0	0	0	0	0	37.6	59%
	City of Morro Bay	1180	1441	0	76.2	63.8	79.5	76.3	0	0	0	0	0	0	0	0	295.9	78%
LOPEZ TO	City of Pismo Beach	1030	992	38	90.6	84.2	102.1	0.0	0	0	0	0	0	0	0	0	277.0	90%
	Oceano CSD	693.5	600	94	42.4	38.9	45.0	43.3	0	0	0	0	0	0	0	0	169.6	71%
	San Miguelito MWC	90	220	0	4.4	7.8	3.1	1.2	0	0	0	0	0	0	0	0	16.5	55%
	Avila Beach CSD	70	80	0	4.4	4.6	6.0	6.0	0	0	0	0	0	0	0	0	20.9	95%
	Avila Valley MWC	20.0	32	0	0.9	0.7	1.0	1.1	0	0	0	0	0	0	0	0	3.8	75%
	San Luis Coastal USD	6.0	5.6	0.4	0.17	0.29	0.31	0.50	0	0	0	0	0	0	0	0	1.27	64%
<b>TOTAL</b>		<b>4098</b>	<b>4231</b>	<b>320</b>	<b>265.8</b>	<b>245.5</b>	<b>294.5</b>	<b>176.1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>981.9</b>	<b>74%</b>

- Notes: 1. Deliveries based on CCWA monthly delivery reporting and subcontractor request.  
 2. All delivery values reported are in volumetric units of acre-feet (AF).  
 3. Deliveries to Lopez during March were increased to supplement during the tank replacement project at the Lopez WTP.  
 4. Total as a percent of the request for the period of the water delivery year completed.

### SUBCONTRACTOR DELIVERY SCHEDULED (2024)<sup>1,2,3</sup>

		CONTRACT	DB	Mx.TBLA	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL	Total as % of Contract
SHANDON TO	CSA 16	100	0	40	0	0	0	0	0	0	0	0	0	0	0	0	0	0%
CHORRO V. TO	CMC	400	400	320	33	33	33	33	33	33	33	33	33	33	33	33	396	99%
	County Ops	425	425	340	35	35	35	35	35	35	35	35	35	35	35	35	420	99%
	Cuesta	200	200	160	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	192	96%
	City of Morro Bay	1313	2290	1441	90	90	100	100	100	105	105	105	105	100	90	90	1180	90%
LOPEZ TO	City of Pismo Beach	1240	1240	992	103.0	103.0	103.0	0	0	103	103	103	103	103	103	103	1030	83%
	Oceano CSD	750	750	600	62.5	62.5	62.5	50	60	60	62	62	62	55	45	50	693.5	92%
	San Miguelito MWC	275	275	220	7	7	8	8	8	8	8	8	7	7	7	7	90	33%
	Avila Beach CSD	100	100	80	5	5	6	6	6	6	6	7	6	6	6	5	70	70%
	Avila Valley MWC	20	60	32	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	100%
	San Luis Coastal USD	7	7	6	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	86%
<b>TOTAL</b>		<b>4830</b>	<b>5747</b>	<b>4231</b>	<b>353</b>	<b>353</b>	<b>365</b>	<b>251</b>	<b>261</b>	<b>369</b>	<b>371</b>	<b>372</b>	<b>370</b>	<b>358</b>	<b>337</b>	<b>342</b>	<b>4098</b>	<b>85%</b>

- Notes: 1. Assumes District can supply 100% of requested delivery, to meet requests that exceed current DWR allocation.  
 2. Updated schedule reflects mid-year revisions requested by Pismo and OCSD; changes effective 4/1/2024.  
 3. Mx.TBLA = Max Table A available to Subcontractor under current allocation.



**TO:** State Water Subcontractors Advisory Committee  
**FROM:** Wes Thomson, Water Utilities Engineer  
**DATE:** June 7, 2024  
**SUBJECT:** Update on the Delta Conveyance Project

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## **Recommendation**

Informational item only.

## **Discussion**

The proposed project would construct and operate two new points of diversion in the north Delta along the Sacramento River and a single tunnel to convey water to existing SWP facilities in the south Delta. The project objective is to protect the SWP's ability to deliver water by modernizing the aging SWP infrastructure and providing two complementary methods to divert and convey water south of the Delta.

District participation in the DCP is projected to increase the long-term average reliability of local SWP deliveries by about 17%.

In November 2020, the District authorized \$750,000 in funding to participate in the first two years of the four-year preliminary planning effort. In 2022, the District decided to continue its participation, authorizing \$1,296,000 in funding for 2023 and 2024. DWR completed the environmental review in December 2023 and identified a preferred project alternative (per CEQA).

DWR also completed updated modeling and an updated project cost estimate based on the preferred project design, all of which was used to develop the new benefit-cost analysis for the State and SWP Contractors to evaluate the benefits of the DCP and facilitate decisions on long-term participation.

The benefit-cost analysis for the DCP finds the project will deliver nearly \$38 billion in benefits. "For every \$1 spent, the project will generate \$2.20 in benefits, which include critical climate change adaptation, improved resilience to sea level rise and earthquakes that can disrupt deliveries, and improved water quality and reliability for the 27 million Californians, 750,000 acres of farmland, and countless businesses that depend on State Water Project supplies."

## **Financial Considerations**

The District anticipates that it will need to make a decision on long-term participation in 2027.

As of this recent benefit-cost analysis, the total project cost is estimated to be \$20.1 billion. Accounting for inflation, this is comparable to the preliminary cost assessment from 2020, showing that costs are holding steady.

DWR funds the SWP capital project costs by issuing revenue bonds, which are not taxpayer-funded (not the State of California liabilities). Participating public water agencies will pay for the bonds, and the bonds are the sole obligation of the SWP and are repayable from SWP revenue.

As a participating agency, the District's proportional share of the next phase of DCP planning costs is estimated to be \$2-3 million (Attachment 1). It is anticipated that revenues from the proposed 2024 water transfer could be used to help offset these costs.

## **REFERENCES**

### **BENEFIT-COST ANALYSIS OF THE DELTA CONVEYANCE PROJECT (5/16/2024)**

[https://water.ca.gov/-/media/DWR%20Website/Web%20Pages/Programs/Delta%20Conveyance/Public%20Information/DCP%20Benefit-Cost%20Analysis%202024-05-13\\_ADA.pdf](https://water.ca.gov/-/media/DWR%20Website/Web%20Pages/Programs/Delta%20Conveyance/Public%20Information/DCP%20Benefit-Cost%20Analysis%202024-05-13_ADA.pdf)

### **UPDATED DCP COST ESTIMATE (5/14/2024)**

<https://www.dcdca.org/wp-content/uploads/2024/05/2023-Bethany-Total-Project-Cost-Estimate.pdf>

### **THE ECONOMY OF THE STATE WATER PROJECT (12/14/2023)**

<https://water.ca.gov/-/media/DWR-Website/Web-Pages/News/Files/FINAL-12-14-2023---The-Economy-of-the-State-Water-Project.pdf>

**DCP Phase 3 Planning Cost (BALLPARK ESTIMATE)**  
**SLO County FCWCD**

3/1/2024, WT

Total District Cost Share = **CY 2026/27**  
**\$ 2,000,000** LOW  
 District "Table A" Contract (AFY) >> 25,000

\$40/AF per year - LOW

\$60/AF per year - HIGH

Total District Cost Share = **\$ 3,000,000** HIGH  
 District "Table A" Contract (AFY) >> 25,000

Estimated Cost - 2026 & 2027	
CY 2026	CY 2027
\$1,000,000	\$1,000,000
50%	50%

Estimated Cost - 2026 & 2027	
CY 2026	CY 2027
\$1,500,000	\$1,500,000
50%	50%

SUBCONTRACTOR	Water Service Contract	Drought Buffer Contract	Total Contract	Subscription Percentage	Est'd Cost Share of Next Phase Planning	Commitment Year (2026)	Commitment Year (2027)
CSA 16 (Shandon)	100	0	100	0.40%	\$ 8,000	\$ 4,000	\$ 4,000
City of Morro Bay	1,313	2,290	3,603	14.41%	\$ 288,240	\$ 144,120	\$ 144,120
CMC	400	400	800	3.20%	\$ 64,000	\$ 32,000	\$ 32,000
County Ops Center	425	425	850	3.40%	\$ 68,000	\$ 34,000	\$ 34,000
Cuesta College	200	200	400	1.60%	\$ 32,000	\$ 16,000	\$ 16,000
City of Pismo Beach	1,240	1,240	2,480	9.92%	\$ 198,400	\$ 99,200	\$ 99,200
Oceano CSD	750	750	1,500	6.00%	\$ 120,000	\$ 60,000	\$ 60,000
San Miguelito MWC	275	275	550	2.20%	\$ 44,000	\$ 22,000	\$ 22,000
Avila Beach CSD	100	100	200	0.80%	\$ 16,000	\$ 8,000	\$ 8,000
Avila Valley MWC*	20	60	80	0.32%	\$ 6,400	\$ 3,200	\$ 3,200
San Luis Coastal USD	7	7	14	0.06%	\$ 1,120	\$ 560	\$ 560
<b>Subcontractor Total &gt;&gt;</b>	<b>4,830</b>	<b>5,747</b>	<b>10,577</b>	<b>42.3%</b>	<b>\$ 846,160</b>	<b>\$ 423,080</b>	<b>\$ 423,080</b>
<b>District's Unsubscribed Total &gt;&gt;</b>			<b>14,423</b>	<b>57.7%</b>	<b>\$ 1,153,840</b>	<b>\$ 576,920</b>	<b>\$ 576,920</b>
<b>Total Due to DWR &gt;&gt;</b>					<b>\$ 2,000,000</b>	<b>\$ 1,000,000</b>	<b>\$ 1,000,000</b>

Est'd Cost Share of Next Phase Planning	Commitment Year (2026)	Commitment Year (2027)
\$ 12,000	\$ 6,000	\$ 6,000
\$ 432,360	\$ 216,180	\$ 216,180
\$ 96,000	\$ 48,000	\$ 48,000
\$ 102,000	\$ 51,000	\$ 51,000
\$ 48,000	\$ 24,000	\$ 24,000
\$ 297,600	\$ 148,800	\$ 148,800
\$ 180,000	\$ 90,000	\$ 90,000
\$ 66,000	\$ 33,000	\$ 33,000
\$ 24,000	\$ 12,000	\$ 12,000
\$ 9,600	\$ 4,800	\$ 4,800
\$ 1,680	\$ 840	\$ 840
<b>\$ 1,269,240</b>	<b>\$ 634,620</b>	<b>\$ 634,620</b>
<b>\$ 1,730,760</b>	<b>\$ 865,380</b>	<b>\$ 865,380</b>
<b>\$ 3,000,000</b>	<b>\$ 1,500,000</b>	<b>\$ 1,500,000</b>





**TO: State Water Subcontractors Advisory Committee**  
**FROM: Wes Thomson, Water Utilities Engineer**  
**DATE: June 7, 2024**  
**SUBJECT: 2024 Water Transfer**

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### **Recommendation**

It is recommended that the State Water Subcontractors Advisory Committee support the transfer of the District's surplus water to the Westside Districts.

The Westside Districts (Westside) are a collaboration between five water agencies in the San Joaquin Valley – in southern Kings County and in western Kern County: Dudley Ridge Water District (an SWP Contractor), plus four “member units” of another SWP Contractor, the Kern County Water Agency, consisting of Belridge Water Storage District, Berrenda Mesa Water District, Lost Hills Water District, and Wheeler Ridge–Maricopa Water Storage District.

District staff plan to submit an agreement based on the attached Draft Water Transfer Term Sheet (Attachment 1) to the District Board of Supervisors on August 13 for approval of a short-term transfer in 2024 of up to 8,500 AF of the District's surplus water – a combination of Table A water and stored water in San Luis Reservoir (SLR) – to reduce the spill risk at SLR, maximize the 2024 storage allowance, and minimize the amount of unused 2024 Table A water that would otherwise be left on the table at the end of the year.

### **Discussion**

The amount the District can store in SLR is limited and lost (“spills”) when the reservoir fills with current year/higher priority water. Table 1 shows that since 2007, the District has lost 94,191 AF due to the inherent limitations of using SLR for storage. Staff estimates the District will have 18,500 AF of stored water in SLR going into 2025. At \$180/AF (drought buffer est.), this would amount to an approximately \$3.3 million loss if spilled.

**Table 1. State Water Lost to Spill/Storage Limits at San Luis Reservoir**

<b>Year</b>	<b>Annual Allocation %</b>	<b>Stored Water Lost to Spill (AF)</b>	<b>Water Lost Due to Storage Limits (AF)</b>	<b>Total Water Lost to Spill or Storage Limits (AF)</b>
2007	60	12,500	None	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
2016	60	No Spill	2,051	2,051

2017	85	15,267	6,487	21,754
2018	35	No Spill	1,734	1,734
2019	85	18,639	3,719	22,358
2023	100	8,064	10,221	18,285
<b>TOTAL</b>		<b>60,479</b>	<b>33,712</b>	<b>94,191</b>

The 2021 Water Management Amendment introduced new provisions that enable cost recovery through water transfers at market rates, enhanced flexibility to negotiate arrangements that help Contractors maximize the Table A benefit and minimize loss of stored water, and now allow the use of SLR as a transfer site.

Staff sought and found an opportunity to transfer up to 8,500 AF (at approx. \$350/AF) which could potentially recover about \$3 million that could be credited towards SWP costs for the District and Subcontractors. The Draft Term Sheet for the transfer to Westside is included as Attachment 1. The remaining 10,000 AF would be kept in storage at SLR for water supply resiliency, which equates to 2-3 years of water supply for our County.

If, at the end of the water year, there is an increased potential for a spill event, there could also be an option for the District to transfer an additional 5,000 AF to recover another \$1.75 million in costs and minimize losses but still preserve at least one year of water supply.

**Financial Considerations**

The District intends to put all of the SWP water available to beneficial use and recover the costs of maximizing the Table A allocation benefit to the fullest extent possible this year with this transfer opportunity.

To maximize the benefits this year, the District will determine the amount of subcontracted Table A water not needed to fulfill the requested 2024 delivery schedules and recover costs through the transfer. The estimated cost recovery potential for each Subcontractor is shown in Attachment 2, with the estimated minimum cost recovery (upper table) with the current delivery schedule, and the estimated maximum cost recovery (lower table) if the Subcontractors were to request zero deliveries for the rest of the year for this hypothetical change if it were to become effective in July.

Schedule revisions for 2024 cost recovery credit must be completed by July 31 (effective August 1) or by June 30 (effective July 1) and be current when the Board considers the transfer.

**ATTACHMENTS**

1. Draft Term Sheet
2. Estimated Cost Recovery

## **TERM SHEET FOR WATER PURCHASE BETWEEN SLOFCWCD<sup>1</sup> AND THE WESTSIDE DISTRICTS<sup>2</sup>**

- 1. General:** A transfer of SWP water between SLOFCWCD and Westside Districts. SLOFCWCD has up to   X   acre-feet (AF) that could be delivered under this transfer.
  
- 2. Term:** A transfer of a portion of SLOFCWCD's 2024 Table A and/or Article 56(c) water to Westside Districts in 2024.
  
- 3. Conveyance to Westside Districts:**
  - a. SLOFCWCD is responsible for all charges associated with the conveyance of transferred water to ~~Reaches 8D-17E, 31A of the California Aqueduct. Westside Districts will take possession of the transferred water in Reach 1 or any other location in the California Aqueduct as determined by the Westside Districts. San Luis Reservoir.~~
  - b. Conveyance of SLOFCWCD transferred water is subject to any capacity limitations imposed by DWR.
  - c. Capacity for the delivery of SLOFCWCD transferred water to the Westside Districts is on an "as available" basis, subject to higher priority deliveries of the Westside Districts. Higher priorities include SWP water (Table A, Article 21, & Local Supplies) allocated to the Westside Districts and other transfers/exchanges to the Westside Districts with more favorable terms than the SLOFCWCD water.
  - d. Westside Districts shall determine amongst themselves the allocation of the transferred water.

### **4. Payment:**

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<sup>1</sup> SLOFCWCD- San Luis Obispo County Flood Control and Water Conservation District

<sup>2</sup> Westside Districts consist of Dudley Ridge Water District and four member units of the Kern County Water Agency (Belridge Water Storage District, Berrenda Mesa Water District, Lost Hills Water District, and Wheeler Ridge – Maricopa Water Storage District)

- a. SLOCFWCD shall make available for transfer to Kern County Water Agency and Dudley Ridge for the benefit of the the Westside Districts up to X AF.
- b. Once the final volumes of transferred water are known and reconciled, SLOCFWCD will invoice Westside Districts for the transferred water that was delivered to the agreed delivery location. It should be noted that, while this Term Sheet identifies the *maximum* transferable volume as X AF, delivery of the transferred water is subject to those higher priority deliveries as outlined in section 3.c. and the Westside Districts make no guarantees that any or all the transferrable volume will be delivered to the delivery locations. Westside Districts will not be responsible for any transferable volume not confirmed delivered to the delivery locations.
- ~~c.~~ Westside Districts shall pay a rate of \$350 per AF for all transferred water delivered to San Luis Reservoir Reaches 8D-17E, 31A of the California Aqueduct, or any other location in the California Aqueduct as determined by the Westside Districts.
- ~~d.c.~~        All SLOCFWCD invoices will be due and payable within 45 days upon receipt.

#### 5. Approvals:

- a. Westside Districts (through Dudley Ridge Water District and Kern County Water Agency (KCWA)) and SLOCFWCD will work together to obtain approval for the exchange from DWR. As SLOCFWCD's water is to be transferred, the request to DWR would come from SLOCFWCD after coordination with DRWD and KCWA.
- b. It is anticipated that a Notice of Exemption would be required for compliance with CEQA. Again, the parties would work together to obtain CEQA compliance; SLOCFWCD would be the lead agency and each of the Westside Districts, KCWA, and DWR would be responsible agencies.

**2024 STATE WATER: Estimated Cost Recovery**  
**Under Proposed Water Transfer with WS5**

Based on deliveries to Subcontractors (thru Apr 2024)

District's Stored Carryover Water (C/O) at SLR,1/1/2024 = 12,500 AF of C/O  
 Current SWP "Table A" (TBLA) allocation (per DWR, as of 4/23/2024) = 40%  
 The District's 25,000 AF "Table A" contract at current allocation = 10,000 AF of TBLA  
 Total SWP Water Available for 2024 = 22,500 AF

District Table A >>	25,000	Year 2024
2024 "Table A" Contract Share		TBLA Alloc. (AF)
Excess >	14,423	0.57692
Subs >	10,577	0.42308
		<b>4231</b>

**ESTIMATED MIN. COST RECOVERY - EXISTING SUBCONTRACTOR DELIVERY SCHEDULE (2024)<sup>3</sup>**

AGENCY	SCHEDULED	TLBA	C/O	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL	Mx.TBLA	SUBS ~ \$350/AF	
																		UNUSED TBLA	\$ Cost Rec.
SHANDON TO CSA 16	0	0	0	0.0	0.0	0.0	0.0	0	0	0	0	0	0	0	0	0.0	40	40	\$ 14,000
CHORRO V. TO CMC	396	320	76	18.4	17.8	22.6	18.7	33	33	33	33	33	33	33	33	341.4	320	0	\$ -
County Ops	420	340	80	19.5	18.8	24.0	19.9	35	35	35	35	35	35	35	35	362.1	340	0	\$ -
Cuesta	192	160	32	8.9	8.6	11.0	9.1	16	16	16	16	16	16	16	16	165.6	160	0	\$ -
City of Morro Bay	1180	1441	0	76.2	63.8	79.5	76.3	100	105	105	105	105	100	90	90	1095.9	1441	345.3	\$ 120,870
LOPEZ TO City of Pismo Beach	1030	992	38	90.6	84.2	102.1	0.0	0	103	103	103	103	103	103	103	998.0	992	0	\$ -
Oceano CSD	693.5	600	94	42.4	38.9	45.0	43.3	60	60	62	62	62	55	45	50	625.6	600	0	\$ -
San Miguelito MWC	90	220	0	4.4	7.8	3.1	1.2	8	8	8	8	7	7	7	7	76.5	220	143.5	\$ 50,236
Avila Beach CSD	70	80	0	4.4	4.6	6.0	6.0	6	6	6	7	6	6	6	5	68.9	80	11.1	\$ 3,885
Avila Valley MWC	20.0	32	0	0.9	0.7	1.0	1.1	2	2	2	2	2	2	1	2	18.8	32	13.2	\$ 4,634
San Luis Coastal USD	6.0	5.6	0.4	0.17	0.29	0.31	0.50	1	1	1	1	1	1	1	1	5.27	5.6	0	\$ -
<b>TOTAL</b>	<b>4098</b>	<b>4231</b>	<b>320</b>	<b>265.8</b>	<b>245.5</b>	<b>294.5</b>	<b>176.1</b>	<b>261</b>	<b>369</b>	<b>371</b>	<b>372</b>	<b>370</b>	<b>358</b>	<b>337</b>	<b>342</b>	<b>3757.9</b>	<b>4231</b>	<b>553</b>	<b>\$ 193,624</b>

**ESTIMATED MAX. COST RECOVERY - FOR SUBCONTRACTORS CONSIDERING A REVISED SCHEDULE (2024)<sup>3</sup>**

AGENCY	SCHEDULED	TLBA	C/O	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL	Mx.TBLA	SUBS ~ \$350/AF	
																		UNUSED TBLA	\$ Cost Rec.
SHANDON TO CSA 16	0	0	0	0.0	0.0	0.0	0.0	0	0	0	0	0	0	0	0	0.0	40	40	\$ 14,000
CHORRO V. TO CMC	143	143	0	18.4	17.8	22.6	18.7	33	33	0	0	0	0	0	0	143.4	320	177	\$ 61,793
County Ops	152	152	0	19.5	18.8	24.0	19.9	35	35	0	0	0	0	0	0	152.1	340	188	\$ 65,750
Cuesta	70	70	0	8.9	8.6	11.0	9.1	16	16	0	0	0	0	0	0	69.6	160	90	\$ 31,657
City of Morro Bay	501	501	0	76.2	63.8	79.5	76.3	100	105	0	0	0	0	0	0	500.9	1441	940.3	\$ 329,120
LOPEZ TO City of Pismo Beach	380	380	0	90.6	84.2	102.1	0.0	0	103	0	0	0	0	0	0	380.0	992	612	\$ 214,214
Oceano CSD	290	290	0	42.4	38.9	45.0	43.3	60	60	0	0	0	0	0	0	289.6	600	310	\$ 108,654
San Miguelito MWC	32	32	0	4.4	7.8	3.1	1.2	8	8	0	0	0	0	0	0	32.5	220	187.5	\$ 65,636
Avila Beach CSD	33	33	0	4.4	4.6	6.0	6.0	6	6	0	0	0	0	0	0	32.9	80	47.1	\$ 16,485
Avila Valley MWC	8	8	0	0.9	0.7	1.0	1.1	2	2	0	0	0	0	0	0	7.8	32	24.2	\$ 8,484
San Luis Coastal USD	2.3	2.3	0.0	0.17	0.29	0.31	0.50	1	1	0	0	0	0	0	0	2.27	6	3	\$ 1,166
<b>TOTAL</b>	<b>1611</b>	<b>0</b>	<b>0</b>	<b>265.8</b>	<b>245.5</b>	<b>294.5</b>	<b>176.1</b>	<b>261</b>	<b>369</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1610.9</b>	<b>4231</b>	<b>2620</b>	<b>\$ 916,958</b>

- Notes: 1. Deliveries based on CCWA monthly delivery reporting and subcontractor request.
- 2. All delivery values reported are in volumetric units of acre-feet (AF).
- 3. Deliveries to Lopez during March were increased to supplement during the tank replacement project at the Lopez WTP.



**TO: State Water Subcontractors Advisory Committee**  
**FROM: Wes Thomson, Water Utilities Engineer**  
**DATE: June 7, 2024**  
**SUBJECT: SWP Policy Items**

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**Draft Policy on SWP Priorities and Criteria for Use**

**Attachment 1** is a draft policy document intended to capture the District Board’s priorities for using the SWP water supply within the County and provide guidance on the criteria that would be considered when evaluating requests to establish a new SWP water service contract.

**Future SWP Policy Items – Water Management**

**Attachment 2** provides an overview of the future policy objectives and related issues that center on the District’s goal of maximizing the State water supply benefit for the County. The District anticipates that solutions will involve developing new policies and amending the subcontracts that will result in (1) better knowledge about how much SWP water is available, and (2) guidelines to support better supply management and optimization for using the SWP water to meet County needs.

**Next Steps**

<b>Jun-Sep 2024</b>	- <b>WMG:</b> Staff-level review of draft policy updates (Attachment 1) with SWP Water Management Workgroup (WMG).
<b>Sept 2024</b>	- <b>SWSAC:</b> Review of draft proposed policy updates (Attachment 1).
<b>Sept-Dec 2024</b>	- <b>WMG:</b> Staff-level review of draft policy updates (Attachment 1) with SWP Water Management Workgroup (WMG).
<b>Dec 2024</b>	- <b>District Board:</b> Review of draft proposed policy updates (Attachment 1).
<b>Spring 2025</b>	- <b>SWSAC &amp; WMG:</b> Revise draft proposed policy as needed to incorporate BOS input (Attachment 1); initiate work on water management policy items (Attachment 2).

**Attachments**

1. SWP Priorities and Criteria for Use (DRAFT)
2. SWP Policy Items on Water Management (DRAFT)

## **State Water Project Policies**

### **State Water Project Allocation - Definition**

The District State Water Project Allocation is the total allocation that is contracted to the District. A portion of the total allocation is subcontracted to participating agencies (subcontractors).

### **Priority of Use**

1. The highest priority use of State Water is for domestic purposes. Domestic use is needed for sustenance, public health and safety, and welfare. State Water will be used first to address public health, ensure reliable access to safe, affordable drinking water and sanitation.
2. Contractors of State Water (Subcontractors) with capacity in Phase II of the Coastal Aqueduct shall have the first right to utilize available State Water.
3. Preference will be given to uses that: a) address a water supply emergency, b) provide water supply resiliency, c) store and/or put to beneficial use all available water, and/or d) provide revenues that recover current costs and some or all of District's past costs.
4. Preference will be given to local agencies and water purveyors regardless of whether the use is on an annual, multi-year, or permanent basis.
5. Preference will be given to those that provide a substantial public and economic benefit.
6. Preference will be given to the use at the same (or upstream) financial reach in which the capacity for that allocation terminates. This avoids the "allocation without capacity" issue.
7. Uses terminating downstream of the original place of use (beyond financial reach with capacity for that allocation) would be on a "second priority" or short-term (year-to-year) basis. This ensures deliveries of transferred allocation do not detrimentally impact deliveries of existing allocation to subcontractors.
8. Uses must meet the Board-established Criteria for Use of State Water.

## State Water Project Policies

### Criteria for Use

The following criteria would be used to evaluate requests for use of State Water:

1. Water be available to existing public agencies, public water companies regulated by the PUC and existing mutual water companies with no water being contracted to individuals.
2. Water may be used as a supplemental supply within the service area of an established public water system if the water purveyor approves or requests the use.
3. New uses should be consolidated with existing subcontractors, wherever possible.
4. Uses shall not compromise system reliability or reduce delivery capabilities to existing subcontractors.
5. All costs must be paid by the water user.
6. Uses shall not detrimentally impact existing subcontractors from a financial standpoint.
  - a. There shall be no increase in administrative costs to existing subcontractors. No new allocations of less than 20 acre-feet will be allowed.
  - b. There shall be an equitable investment recovery program for existing subcontractors that recover current costs and some or all of past costs.
7. Project must be consistent with Land Use Element (LUE), Land Use Ordinance (LUO), Coastal Plan (if in coastal zone), Resource Management System (RMS), County Water Master Plan, and Rural Settlement Strategy. In addition, project must consider the recommendations of the Economic Advisory Committee and Water Resources Advisory Committee.
8. Conservation and reuse of water must be significant components of water use plans for the project (intended use).
9. All environmental impacts must be fully mitigated. All applicants for new State Water allocations shall follow CEQA requirements.



[FUTURE POLICY ITEMS TO ADDRESS]  
**POLICY ITEMS ON SWP WATER MANAGEMENT AND SUPPLY OPTIMIZATION**  
6/7/24, DRAFT

The District contracts with DWR (Master Contract) for an annual supply of up to 25,000 AF of “Table A” water from the State Water Project (SWP). The District then wholesales SWP water as “Project Water” to eleven entities (Subcontractors) via Water Supply and Drought Buffer Agreements (Subcontracts). The initial agreements were established over 30 years ago, and substantial developments within the SWP system have occurred in that time, providing new water supply management options for the District related to water storage and water transfers. These options have, in turn, raised new policy questions for the District as it has considered how to maximize the use of the SWP water. As such, the District anticipates working with the Subcontractors to develop new policies and/or amendments to the subcontracts that will result in (1) better knowledge for water managers about how much SWP water is available, and (2) guidelines to support improved supply management and supply optimization for maximizing the SWP water for County needs.

**Goal:** District staff, per Board direction, are seeking to maximize the benefit of SWP water.

**Approach:** There are three ways we’ve identified to achieve this goal –

1. Maximize the delivery/use of the existing capacity within the County (4,830 AFY) by strategic management of the SWP supply and planning/infrastructure investments that:
  - a. Minimize dependence on the SWP system for direct deliveries of Table A water to meet municipal water supply demand.
  - b. Improve water resilience for SLO County communities.
2. Maximize Annual “Table A” benefit (25,000 AF contract; the basis for SWP benefits).
  - a. Strategic use of San Luis Reservoir that (1) maximizes carryover benefit (store and use Art. 56c water) and (2) minimizes ending year with unused Table A water.
  - b. Strategic acquisition/use of surplus water (Art. 21 water, when available).
3. Develop strategies to optimize the benefit/cost of the unsubscribed Table A contract.

*What policy issues should be addressed by establishing new or updated District policy?  
What policy issues should be addressed by amending/restructuring the Subcontracts?*

**Objective A – Improve knowledge about how much SWP water is available to the District and the Subcontractors.**

**Issues:**

1. **Contractor’s Water Service Amount:** The Subcontractor’s Water Supply Agreement defines the “Contractor’s Water Service Amount” (based on the District’s “Table A” contract with DWR) for the delivery of “Project Water” that includes two

types of SWP water: (1) “District’s Entitlement Water” (i.e., “Table A” water) and (2) “District’s Surplus Water” (i.e., Article 21 water<sup>1</sup>).

a. SWP “Table A” Allocation:

- How does DWR’s “Table A” water allocation factor into the District’s determination of how much total “Project Water” is available to the Subcontractors?
- When is this Project Water amount determined, and how is it impacted by the SWP allocation which changes during the year?
- What happens if a Subcontractor schedules delivery of water to maximize their water service, but then reduces their demand and doesn’t take the full delivery of the water – without submitting a mid-year schedule revision request?

b. Interruptible Water (DWR, Article 21): Is this type of water available to the Subcontractors, and if so, when and under what conditions (cost, timing, etc.)?

2. **Drought Buffer Benefit Clarification:** What benefit does Drought Buffer Water provide to the Subcontractors – how much water, when is that water available, and what happens if that benefit is not used by the Subcontractor in a given year?
3. **Conveyance Capacity:** How much of the conveyance capacity is available?
  - How much capacity is reserved for Subcontractors to schedule their deliveries during the year (Jan-Dec)?
  - Does the available capacity change during the delivery year?
  - Does additional capacity in the Coastal Branch ever become available during the year – if so, how much additional capacity is potentially available, and when is that determined?
  - How much capacity is needed for a Subcontractor to take its full contracted annual delivery?
  - What happens if a Subcontractor’s requested delivery schedule doesn’t require the full use of the contracted capacity – can the District use that capacity to deliver water to another entity, and if so, under what conditions, and how are the costs allocated for the use of that capacity?
  - Can a Subcontractor increase its contract for Project Water so that when additional capacity is available, it can take delivery of the additional Project Water?
  - Would the District allow for a Subcontractor to have a contract for SWP water with delivery capacity up to the Coastal Branch constraint which begins at the start of Reach 33A (Devil’s Den Pumping Plant), with provisions for them to use capacity downstream of this point on a second-priority basis when that capacity in the Coastal Branch is available – if so, under what conditions?

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<sup>1</sup> The Article 46 reference in the subcontracts was included in error since Amendment 8 to the District’s Master Contract with DWR in 1975 deleted that surplus water provision.

4. **Stored “Carryover” Water (DWR, Article 56c):** Not long after the Subcontracts were established in the early 1990s, a new storage option for the District became available under Article 56 of the Master Contract. The Subcontracts do not directly address how Article 56 impacts the accounting of SWP water and its availability. Clarification is needed to address the following:
- How much of the District’s stored water at San Luis Reservoir (SLR) is available to the Subcontractors, and under what conditions (cost, timing, etc.)?
  - When is that stored amount determined?
  - How much water can the District store at SLR, and how does this benefit the Subcontractors?

**Objective B – Clarify existing and/or establish new options for the District and Subcontractors to improve SWP supply management and supply optimization.**

**Issues:**

1. **Water Service Amount:** What can Subcontractors do with the water service available to them under their Water Supply Agreement?
  - When the water service is surplus to their needs:
    - Can Subcontractors carry over unused water service for use in subsequent years?
    - Can they schedule water for delivery to another location under a future storage or water exchange/transfer program?
    - Can they reduce scheduled deliveries during certain months and then later increase deliveries to amounts that exceed their monthly contracted capacity to maximize their annual water service?
  - When the available water service is insufficient to meet their needs:
    - Can they reserve District-stored water for delivery? What happens if they schedule it but don’t take it?
    - How would their water service amount affect their priority or be factored into their ability to get access to future supplemental SWP water purchase options?
2. **Drought Buffer Water:** What can Subcontractors do with the additional water available under the Drought Buffer agreements?
  - Can Subcontractors only consider the drought buffer benefit when planning deliveries to their turnout?
  - Can drought buffer water be stored and then used in a subsequent year?
  - Can it be contributed to a turnback pool or transferred under a short-term transfer agreement if it is determined to be surplus to the needs of the Subcontractor?

- Could it potentially be delivered to another location for storage (under a future District-administered program) so that it can be retrieved by the Subcontractor when it is needed in the future?
3. **Conveyance Capacity:** When there is more capacity available than needed for scheduled deliveries, how can that surplus capacity be utilized?
- How is the use of the capacity prioritized?
  - How much of the unused (i.e., "unscheduled") capacity is available for use by others, and under what conditions does it become available to others?
  - When capacity constraints limit the ability to deliver a Subcontractor's total amount of contracted/requested water to their turnout, but there is the capacity to deliver that water to a storage facility or another user – does the current contract provide that option?
4. **Storage:** The water supply agreement does not provide for Subcontractors to store unused water they could have otherwise taken for delivery under the water service agreement.
- Should the District continue to manage stored water at San Luis Reservoir as a buffer supply for the District and Subcontractors under the existing contract framework (which doesn't identify carryover water), or should a new framework be developed that clarifies how the carryover water benefits the District and Subcontractors and how those costs are allocated?
  - Can Subcontractors work with the District to store surplus/unused water at a non-SWP project facility for future recovery/delivery (via the SWP system) to address dry-year or supplemental needs?
  - What are the District priorities and criteria for the use of the stored water?
  - What other approaches would help the District maximize the water supply?
5. **Water Transfers (non-permanent):** The water supply agreement does not provide for Subcontractors to make non-permanent transfers within the District or address how they could contribute a portion of their water service to a non-permanent transfer outside the District.
- Can Subcontractors work with the District to transfer surplus/unused water via the SWP system to others as a way to manage water (and costs) when they have determined the water is surplus to their needs in a given year?
  - How would non-permanent transfers work for transfers within the District's service area?
  - How would this option work for transfers involving agencies outside the District?
6. **Changes to Water Service (permanent):** The water supply agreements are a take-or-pay contract, with significant financial obligations for the Subcontractors regardless of whether they take the water.
- What does a Subcontractor need to do to permanently reduce or increase their water service amount?
  - Can a Subcontractor permanently reduce their water service but maintain a larger drought buffer to shift how SWP water is used within their water supply

portfolio and manage costs (e.g., the Subcontractor may have the flexibility to take the water for delivery on a second-priority basis when the capacity becomes available and prefer to not be obligated to the first-priority cost premium)?

7. **Cost Recovery:** It's unclear what the District's policy is for how to provide Subcontractors with cost recovery, and what each entity's obligation is for those changes to be affected.
8. **Assignment Clause Limitations** (District, Article 24): The assignment clause is quite limited. How can the District best clarify its position on those limitations with respect to Subcontractor rights?

DRAFT