



## 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

Friday, Sept. 13, 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 March 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. Westside Water Transfer Update  
*Staff Recommendation: Informational Item Only.*
  - D. Water Management Group Update  
*Staff Recommendation: Informational Item Only.*
5. **SCHEDULED ACTION ITEMS**
  - A. Draft Policy on SWP Priorities and Criteria for Use  
*Staff Recommendation: Review & comment on draft policy.*
6. **REPORTS FROM SUBCONTRACTORS** (FOR INFORMATION ONLY)
7. **FUTURE AGENDA ITEMS**
8. **SET DATE OF NEXT REGULAR MEETING**
9. **ADJOURNMENT**

#### Attachments

1. Agenda Item 3 – Draft Minutes, March 2024
2. Agenda Item 4.A – Delivery Report
3. Agenda Item 4.C – Staff Report
4. Agenda Item 5.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 HeimeI 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

**TO:** State Water Subcontractors Advisory Committee  
**FROM:** Wes Thomson, Supervising Engineer  
**DATE:** September 13, 2024  
**SUBJECT:** SWP Water Supply and Delivery Update

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**RECOMMENDATION**

Receive update on the Current SWP water supply and delivery operations.

**DISCUSSION**

- 1. SWP Allocation** – The 2024 SWP allocation is at 40%, which is expected to hold until the end of the year, and it amounts to 10,000 AF of new “Table A” water in 2024 (40% applies to the 25,000 AF “Table A” contract).
- 2. Total 2024 SWP Water Supply** – The 10,000 AF “Table A” allocation, combined with the 12,500 AF in storage at San Luis Reservoir, makes the total SWP water available to SLO County in 2024 equal to 22,500 AF.
- 3. Westside Transfer** – With the recently approved temporary water transfer with the Westside Districts, 8,500 AF is being made available, with an option for the District to make an additional 5,000 AF available – depending on the District’s assessment of spill risk conditions at San Luis Reservoir later in the calendar year (2024).

For more details on the scheduled and actual deliveries to Subcontractors through July 2024, please see the attached draft table.

ATTACHMENT

Delivery Report, 8/28/2024.

## 2024 STATE WATER DELIVERY REPORT (DRAFT)

Subcontractor Deliveries for Jan-Jul 2024.

Schedule Requests as of 6/27/24.

Updated by WT, 8/28/24.

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
*Reserved for Transfer (8,500 AF of the 2024 "Table A"), per BOS 8/20/2024 =	8,500	AF of TBLA
<b>Total SWP Water Available (2024), minus the Transfer Reserve =</b>	<b>14,000</b>	<b>AF</b>

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

																Total as		
AGENCY		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	0	0.0	--
CHORRO V. TO	CMC	396	320	76	18.4	17.8	22.6	18.7	24.1	22.4	24.9	0	0	0	0	0	148.9	64%
	County Ops	420	340	80	19.5	18.8	24.0	19.9	25.5	23.8	26.5	0	0	0	0	0	157.9	64%
	Cuesta	192	160	32	8.9	8.6	11.0	9.1	11.7	10.9	12.1	0	0	0	0	0	72.2	64%
	City of Morro Bay	1180	1441	0	76.2	63.8	79.5	76.3	91.7	96.9	106.5	0	0	0	0	0	591.0	86%
LOPEZ TO	City of Pismo Beach	412	992	-580	90.6	84.2	102.1	0.0	0.0	103.0	0.0	0	0	0	0	0	380.0	92%
	Oceano CSD	357.5	600	-243	42.4	38.9	45.0	43.3	51.9	59.5	0.0	0	0	0	0	0	281.0	79%
	San Miguelito MWC	90	220	0	4.4	7.8	3.1	1.2	5.1	5.7	6.1	0	0	0	0	0	33.4	62%
	Avila Beach CSD	70	80	0	4.4	4.6	6.0	6.0	6.0	6.0	6.0	0	0	0	0	0	38.9	97%
	Avila Valley MWC	20.0	32	0	0.9	0.7	1.0	1.1	2.0	2.0	2.0	0	0	0	0	0	9.8	89%
	San Luis Coastal USD	6.0	5.6	0.4	0.17	0.29	0.31	0.50	0.4	0.5	0.5	0	0	0	0	0	2.65	76%
<b>TOTAL</b>		<b>3144</b>	<b>4231</b>	<b>-634</b>	<b>265.8</b>	<b>245.5</b>	<b>294.5</b>	<b>176.1</b>	<b>218</b>	<b>331</b>	<b>185</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1715.7</b>	<b>80%</b>

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

																Total as		
AGENCY		CONTRACT	DB	Mx.TBLA	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL	% 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	0	0	0	0	0	0	412.0	33%
	Oceano CSD	750	750	600	62.5	62.5	62.5	50	60	60	0	0	0	0	0	0	357.5	48%
	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>206</b>	<b>207</b>	<b>205</b>	<b>200</b>	<b>189</b>	<b>189</b>	<b>3144</b>	<b>65%</b>

- Notes:**
- Assumes District can supply 100% of requested delivery, to meet requests that exceed current DWR allocation.
  - Updated schedule reflects mid-year revisions requested by Pismo and OCSD; changes effective 6/27/2024.
  - Mx.TBLA = Max Table A available to Subcontractor under current allocation.

**TO:** State Water Subcontractors Advisory Committee  
**FROM:** Wes Thomson, Supervising Engineer  
**DATE:** September 13, 2024  
**SUBJECT:** Westside Water Transfer Update

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**RECOMMENDATION**

Receive update on the Westside Water Transfer.

**DISCUSSION**

On August 20, 2024, the County Board of Supervisors approved the temporary, short-term transfer with the Westside Districts to make up to 13,500 AF of surplus SWP water available to them in 2024.

The revenue from the transfer recovers costs (potentially up to \$5.4 million) by utilizing surplus water not needed by the County in 2024 or 2025. The financial benefit to the County (i.e., the District and its Subcontractors) depends on the total amount of water that the Westside Districts can take before the end of the calendar year (2024).

For more information on the transfer, please see the attached Board letter.

ATTACHMENT

BOS Staff Report, 8/20/2024. See the County website for additional related attachments:  
<https://agenda.slocounty.ca.gov/iip/sanluisobispo/agendaitem/details/18059>



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

(1) DEPARTMENT Public Works	(2) MEETING DATE 8/20/2024	(3) CONTACT/PHONE Wes Thomson, Supervising Engineer (805) 788-2101	
(4) SUBJECT Submittal of a resolution 1) approving and authorizing the Director of Public Works to execute a letter agreement with the Westside Districts for the temporary transfer of 2024 State Water Project (SWP) water supplies; 2) authorizing the Director of Public Works to execute a corresponding agreement(s) with the California Department of Water Resources (DWR); and 3) finding the transfer exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15301.			
(5) RECOMMENDED ACTION It is recommended that the Board, acting as the Board of Supervisors for the San Luis Obispo County Flood Control and Water Conservation District (District), adopt a resolution: <ol style="list-style-type: none"> <li>1. Approving and authorizing the Director of Public Works to execute a letter agreement with the Westside Districts for the temporary transfer of 2024 State Water Project (SWP) water supplies;</li> <li>2. Authorizing the Director of Public Works to execute a corresponding agreement(s) with the California Department of Water Resources, subject to approval as to form and effect by County Counsel; and</li> <li>3. Finding the transfer exempt from CEQA pursuant to CEQA Guidelines Section 15301.</li> </ol>			
(6) FUNDING SOURCE(S) N/A	(7) CURRENT YEAR FINANCIAL IMPACT N/A	(8) ANNUAL FINANCIAL IMPACT N/A	(9) BUDGETED? N/A
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. _____) <input type="checkbox"/> Board Business (Time Est. _____)			
(11) EXECUTED DOCUMENTS <input checked="" type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A <input type="checkbox"/> 4/5th's Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP Attached	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input checked="" type="checkbox"/> N/A Date _____	
(17) ADMINISTRATIVE OFFICE REVIEW Zachary A. Lute			
(18) SUPERVISOR DISTRICT(S)			

Reference: 24.098





## COUNTY OF SAN LUIS OBISPO

TO: Board of Supervisors

FROM: Public Works

Wes Thomson, Supervising Engineer

VIA: Kate Ballantyne, Deputy Director

DATE: 8/20/2024

SUBJECT: Submittal of a resolution 1) approving and authorizing the Director of Public Works to execute a letter agreement with the Westside Districts for the temporary transfer of 2024 State Water Project (SWP) water supplies; 2) authorizing the Director of Public Works to execute a corresponding agreement(s) with the California Department of Water Resources (DWR); and 3) finding the transfer exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15301.

### **RECOMMENDATION**

It is recommended that the Board, acting as the Board of Supervisors for the San Luis Obispo County Flood Control and Water Conservation District (District), adopt a resolution:

1. Approving and authorizing the Director of Public Works to execute a letter agreement with the Westside Districts<sup>1</sup> for the temporary transfer of 2024 State Water Project (SWP) water supplies;
2. Authorizing the Director of Public Works to execute a corresponding agreement(s) with the California Department of Water Resources, subject to approval as to form and effect by County Counsel; and
3. Finding the transfer exempt from CEQA pursuant to CEQA Guidelines Section 15301.

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<sup>1</sup> The Westside Districts 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 (SWP Contractor), plus four “member units” of another SWP Contractor, the Kern County Water Agency (KCWA), consisting of Belridge Water Storage District, Berrenda Mesa Water District, Lost Hills Water District, and Wheeler Ridge–Maricopa Water Storage District.

## **DISCUSSION**

District staff is requesting the Board's approval of an agreement with the Westside Districts (Westside Districts Agreement) (Exhibit A to the Resolution) for a temporary transfer in calendar year 2024 of up to 13,500 acre-feet (AF) of the District's surplus SWP<sup>2</sup> water – a combination of "Table A" water (8,500 AF) and "Article 56(c)" water (5,000 AF, from storage in San Luis Reservoir (SLR)) – to recover costs, minimize the amount of water that would be lost due to storage limits at the end of 2024 or to spill in 2025, and maintain a more optimal level of supply in storage for County water resiliency.

### *Background*

Since November 2022, the District Board policy directive to staff has been to maximize the SWP water supply contract to increase water resiliency for the County.

After a historic water year in 2023, the District has a surplus of SWP water in storage. The 2024 allocation far exceeds local demand from the SWP Subcontractors<sup>3</sup> (Attachment 1), and a combination of other conditions puts the District's SWP supply at risk of being lost if the District doesn't take action now. The most reasonable and timely option to mitigate this risk is to utilize the new "water management tools" – supply management provisions under the SWP's 2021 Water Management Amendment<sup>4</sup> – to find another SWP contractor who would take delivery of a portion of the District's available water under a temporary water transfer in 2024.

The amount of SWP water the District can store in SLR is limited, and that water is subject to loss (artificial "spill" events<sup>5</sup>) when the reservoir fills with current year/higher priority water. Since 2007, the District has lost 94,191 AF of SWP water due to the inherent limitations of using SLR for storage (see Table 1). Staff projections estimate that the District will have about 18,500 AF of stored water in SLR going into 2025 (five to six years of supply). Based on DWR projections, SWP storage at SLR is likely to be full by the end of 2024, and that significantly elevates the possibility of the District's stored water spilling during the wet season in early 2025. If the stored water spills in 2025 under the current projections, the loss to the District would be approximately \$3.3 million (assuming \$180/AF, based on current District SWP costs).

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<sup>2</sup> Since 1963, the District has had a long-term SWP water supply contract with DWR for an annual maximum "Table A" water amount of up to 25,000 acre-feet (AF).

<sup>3</sup> District SWP Subcontractors include CSA 16 (Shandon), City of Morro Bay, California Men's Colony, County of San Luis Obispo, Cuesta College, City of Pismo Beach, Oceano CSD, San Miguelito Mutual Water Co., Avila Beach CSD, Avila Valley Mutual Water Co., San Luis Coastal Unified School District.

<sup>4</sup> The 2021 Water Management Amendment introduced new provisions for the District and other SWP Contractors that enable greater cost recovery through water transfers at market rates, enhanced flexibility to negotiate arrangements that help maximize the "Table A" contract benefit and minimize losses – including the use of SLR as a transfer site.

<sup>5</sup> Spill events result in losses of the stored water, but the water is only lost by the contractor to the SWP system – there is not an actual physical spill of water from the reservoir. This event results in excess water in the system known as "Article 21" water, and it is conditionally available to the contactors at a steep discount for immediate delivery to those with capacity to take it.

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

Year	Annual Allocation %	Stored Water Lost to Spill (AF)	Water Lost Due to Storage Limits (AF)	Total Water Lost to Spill or Storage Limits (AF)
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>

District staff sought transfer opportunities within the SWP network in coordination with the Subcontractor Water Management Working Group, a subcommittee of technical agency staff representatives from the local SWP Subcontractors. The terms of the Westside Districts offer are optimal for San Luis Obispo County. Given the existing SWP conveyance constraints, 2024 hydrology, and SWP allocation at 40%, the pricing was determined to be fair and reasonable relative to the current District costs, historic transfer pricing, and other recently published market data on south of Delta transfers.

*Table A Water Transfer Component*

If Westside Districts (Attachment 2) takes delivery of the full 8,500 AF of Table A water made available to them, the District will have at least 10,000 AF of water remaining in storage at SLR at the end of 2024 (based on current conditions), which is about two to three years of supply for the District.

*Article 56(c) Water Transfer Component*

With District Board approval of the Westside Districts Agreement, the Public Works Director would be delegated authority to exercise the option to make up to 5,000 AF of additional water available later in 2024, subject to the District’s determination that there is still a high risk of losing stored water at SLR to a spill event in 2025. This option allows the District to reduce the risk of additional losses and maintain at least 5,000-6,000 AF in storage at SLR for emergency use (about 18-24 months of supply).

*Westside-SLO Transfer and Supporting Agreements*

District staff developed the terms in partnership with Westside Districts staff, as shown in the proposed Westside Districts Agreement.

If the District approves the proposed transfer<sup>6</sup> via resolution (Attachment 5), the next step is to secure DWR's approval of the transfer via letter agreement (DWR Agreement<sup>7</sup>, Attachment 4), which is a standard requirement for all SWP transfers.

For DWR to approve, it must (1) review the proposed transfer for compliance with CEQA, (2) confirm SWP delivery capability to complete the transfer, (3) review that it is consistent with each long-term SWP water supply contract (Water Supply Contract) it has with the District, DRWD, and KCWA, and (4) determine that the transfer will not adversely impact SWP operations, facilities or other SWP Contractors<sup>8</sup>.

As such, today's request is also for your Board to authorize the Director of Public Works to execute the DWR Agreement that permits the District to transfer the SWP water pursuant to the Westside Districts Agreement.

#### *CEQA Determination*

The Environmental Division Manager has reviewed the project and determined that it is exempt from the requirements of CEQA pursuant to CEQA Guidelines Section 15301 (existing facilities) (Exhibit B to the Resolution).

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

The proposed temporary water transfer was reviewed with the District's State Water Subcontractors Advisory Committee and the Water Resources Advisory Committee (WRAC). Both were supportive, and the WRAC voted to endorse the District's policy directive to maximize the benefits of the SWP contract.

The attached resolution and Westside Districts Agreement have been reviewed by County Counsel and approved as to form and effect.

#### **FINANCIAL CONSIDERATIONS**

The proposed temporary transfer provides the District an opportunity for significant cost recovery and would have no impact on the District's ability to make all payments, including payments due under the District's Water Supply Contract with DWR.

Under the Westside Districts Agreement, up to 8,500 AF (at \$450/AF) of the District's surplus 2024 "Table A" water would be made available to the Westside Districts, and the District would potentially recover up to \$3.7 million, credited to:

- (1) the District's State Water Tax Fund (estimated credit = up to \$2.6-3.1 million), and
- (2) the District's SWP Subcontractors (estimated credit = up to \$0.6-1.1 million), based on their unused share of 2024 Table A water under the 2024 allocation.

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<sup>6</sup> The proposed temporary transfer is consistent with District policy on the use of the excess allocation (Attachment 3).

<sup>7</sup> An initial DWR Agreement is required for the Table A water transfer component. If the option is exercised, an additional DWR Agreement would be required for the Article 56(c) water transfer component.

<sup>8</sup> The District is one of 29 public water agencies (includes DRWD and KCWA) that have a Water Supply Contract with DWR; these agencies are collectively referred to as the SWP Contractors.

The option to make up to 5,000 AF of additional stored water available could result in up to \$1.75 million in additional cost recovery for the District.

Revenue generated from the transfer would actually reduce costs borne by the Countywide taxpayers by providing increased revenue for the District that could be used to help offset other DWR cost obligations (e.g., Delta Conveyance Project planning/design costs).

## **RESULTS**

Approval of the temporary water transfer will meet your Board's priority to maximize the SWP water supply contract, putting to beneficial use all the water available and recovering the costs of maintaining the allocation to the fullest extent possible this year, thereby contributing to a well-governed community.

## **ATTACHMENTS**

- 1 Map of State Water in San Luis Obispo County
- 2 Location of Westside Districts
- 3 2003 Policies on Use of the Excess Allocation
- 4 Sample Department of Water Resources Letter Agreement
- 5 Resolution Approving and Authorizing the Director of Public Works to Execute a Letter Agreement with the Westside Districts and a Corresponding Agreement with the Department of Water Resources and Finding the Project Exempt from CEQA

File: CF 950.140.01

Reference: 24.098

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**TO:** State Water Subcontractors Advisory Committee  
**FROM:** Wes Thomson, Supervising Engineer  
**DATE:** September 13, 2024  
**SUBJECT:** Draft Policy on SWP Priorities and Criteria for Use

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**RECOMMENDATION**

Review & comment on updated draft policy document.

**DISCUSSION**

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.

**Timeline**

<b>Jun-Dec 2024</b>	- <b>Review of draft policy updates</b> with Subcontractor representatives and WRAC.
<b>Dec 2024</b>	- <b>Advisory votes</b> of draft policy updates with SWSAC and WRAC.
<b>Q1 of 2025</b>	- <b>District Board:</b> Review/adoption of draft proposed policy updates.

**ATTACHMENTS**

1. SWP Priorities and Criteria for Use (DRAFT)
2. 2003 Excess Entitlement Policies
3. Summary of District SWP Subcontracts

## **State Water Project Policies**

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

The State Water Project Allocation is the total amount of State Water Project water that the San Luis Obispo County Flood Control and Water Conservation District (“District”) is entitled to have delivered under its contract with the California Department of Water Resources (“Master Contract”) on an annual basis. The District has entered into subcontracts with a number of entities (collectively, “Subcontractors”) for the potential “Table A” benefit of up to 10,577 acre feet of the State Water Project Allocation on an annual basis.

### **Relationship to Previously Adopted Policies**

These Policies replace / supersede the District’s 2003 Excess Entitlement Policies (Approved by Board of Supervisors January 14, 2003).

### **Purpose**

The Purpose of these Policies is to establish policies that will guide both District staff and the Board in implementing the existing Subcontracts and / or preparing amendments to the Subcontracts that address ways in which water that is not needed under the Subcontracts can be utilized. These policies shall not be deemed to limit future discretionary actions by the District Board of Supervisors or be read as directing action that is any way contrary to existing contractual obligations.

### **Priority of Use**

1. Domestic use shall be considered the highest priority use of water made available under the Master Contract. Domestic use is needed for sustenance, public health and safety, and welfare. State Water shall be used first to address public health, ensure reliable access to safe, affordable drinking water and sanitation.
2. Subcontractors with capacity in Phase II of the Coastal Aqueduct shall have the first right to utilize water made available under the Master Contract.
3. Preference will be given to uses that:
  - a) address a water shortage emergency pursuant to Water Code Section 350,
  - b) provide water supply resiliency,
  - c) store and/or put to beneficial use all available water for priority purposes such as:
    - i. municipal, ii. basin replenishment, iii. agricultural, and iv. environmental,
  - d) provide revenues that recover current costs and some or all of District’s past costs.

## State Water Project Policies

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 the use at the same (or upstream) financial reach in which the capacity for that allocation terminates. This avoids the “allocation without capacity” issue.
6. 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.
7. Uses must meet the Board-established Criteria for Use of State Water.

DRAFT



## 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 only 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.

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

Excess Entitlement - Definition

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

Priority of Use

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

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

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

Note:

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

# Subcontractor Delivery Contracts

9/29/2023 (REV), WT

	SUBCONTRACTOR	Annual Water Service Contracted (AF)	Max. Monthly Delivery Contracted (AF)	Max. Flowrate Contracted (at Turnout) (cfs)	Drought Buffer Contracted (AF)	Water Service + Drought Buffer (AF)
<b><u>DISTRICT TURNOUT</u></b>						
	<i>SHANDON**</i> CSA 16 (Shandon)	100	8.33	0.14	0	100
	<b>Subtotal</b>	<b>100</b>	<b>8</b>	<b>0.14</b>	<b>0</b>	<b>100</b>
	<i>CHORRO</i> CMC	400	33.33	0.56	400	800
	<i>VALLEY</i> County (Ops Center)	425	35.42	0.60	425	850
	<i>(CV Pipeline)</i> Cuesta College	200	16.67	0.28	200	400
	City of Morro Bay	1,313	109.41	1.84	2,290	3,603
	<b>Subtotal</b>	<b>2,338</b>	<b>195</b>	<b>3.28</b>	<b>3,315</b>	<b>5,653</b>
	<i>LOPEZ</i> City of Pismo Beach	1,240	103.33	1.74	1,240	2,480
	<i>(District Zone 3)</i> Oceano CSD	750	62.50	1.05	750	1,500
	San Miguelito MWC	275	22.92	0.38	275	550
	Avila Beach CSD	100	8.33	0.14	100	200
	Avila Valley MWC	20	1.67	0.03	60	80
	San Luis Coastal USD	7	0.58	0.01	7	14
	<b>Subtotal</b>	<b>2,392</b>	<b>199</b>	<b>3.35</b>	<b>2,432</b>	<b>4,824</b>
	<b>Total Contracted*</b>	<b>4,830</b>	<b>402.49</b>	<b>6.77</b>	<b>5,747</b>	<b>10,577</b>

\* Contracted Capacity to Chorro Valley Turnout (AFY) 4,830

\* Contracted Capacity to Lopez Turnout (AFY) 2,392

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\*\*District has contracted capacity in Coastal Branch for Shandon's 100 AF all the way to the CV Turnout.

**District's "Table A" Allocation (AF)** **25,000**

Total "Table A" Subcontracted (AF) 10,577

Unsubscribed (Excess) "Table A" Allocation (AF) 14,423