

SAN LUIS OBISPO COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT
WATER RESOURCES ADVISORY COMMITTEE (WRAC)

Veterans Memorial Building (SLO Vets Hall)
801 Grand Avenue, San Luis Obispo, CA 93401

Tuesday, June 25, 2024
11:00 am

Please note, this meeting is in-person only and will not have a broadcast option.

WRAC Special Meeting Agenda

1.	Introductions & Welcome	11:00am
2.	Receive Update from County Staff regarding Proposed 2024 State Water Transfer and Consider Actions	11:05am
3.	Public Comment for Items not on the Agenda	11:25am
4.	Adjourn Meeting	11:30am

This agenda packet and attachments are available online at www.slocounty.ca.gov/wrac

Next Regular Meeting: September 4, 2024, 1:30 pm
 SLO City/County Library Community Room
 995 Palm Street, San Luis Obispo CA

Please contact WRAC Secretary, Brendan Clark, with any questions. bclark@co.slo.ca.us

Purpose of the Committee:

To advise the County Board of Supervisors concerning all policy decisions relating to the water resources of the San Luis Obispo County Flood Control and Water Conservation District. To recommend to the Board of Supervisors specific water resource and water conservation programs with recognition of the economic and environmental values of the programs. To recommend methods of financing water resource programs.

Excerpts from WRAC By-Laws dated January 23, 2024

SAN LUIS OBISPO COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT
WATER RESOURCES ADVISORY COMMITTEE (WRAC)

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TO: Water Resources Advisory Committee

FROM: Wes Thomson, Supervising Water Utilities Engineer

DATE: June 25, 2024

SUBJECT: Agenda Item #2: Receive Update from County Staff regarding Proposed 2024 State Water Transfer and Consider Actions

Recommendations

Receive Update from County Staff regarding Proposed 2024 State Water Transfer and Consider Actions.

[Staff recommended action is for the Water Resources Advisory Committee (WRAC) to endorse the District's policy direction to staff 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.]

Summary

The endorsement by the WRAC is an opportunity to communicate support for the existing policy direction, for District consideration when it evaluates a proposed water transfer option which staff are preparing to bring to the Board on August 13. This policy direction, the 2003 policy on use of the excess entitlement (Attachment 1), and the 2021 Water Management Amendment, serve as the basis for the proposed water transfer discussed below.

District staff plan to request Board approval on an agreement with the Westside Districts¹ (Westside) based on the attached Draft Water Transfer Term Sheet (Attachment 2) for a short-term transfer² in 2024 of up to 13,500 AF of the District's surplus water – a combination of Table A water (8,500 AF) and Article 56c water (5,000 AF) stored in San Luis Reservoir (SLR) – to recover costs, reduce the risk of incurring losses at SLR, and minimize the amount of unused Table A water that would otherwise be “left on the table” at the end of the year.

Discussion

The amount of water 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

¹ 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, consisting of Belridge Water Storage District, Berrenda Mesa Water District, Lost Hills Water District, and Wheeler Ridge–Maricopa Water Storage District.

² Per Water Code Section 1729, short-term/temporary transfers are exempt under CEQA (California Environmental Quality Act).

estimates the District will have 18,500 AF of stored water in SLR going into 2025. At \$180/AF (using the drought buffer rate as a cost basis for the stored water), 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

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
TOTAL		60,479	33,712	94,191

The 2021 Water Management Amendment introduced new provisions for SWP Contractors that enable greater cost recovery through water transfers at market rates, enhanced flexibility to negotiate arrangements that help 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 \$450/AF) of the District's surplus 2024 Table A water to potentially recover up to \$3.7 million, credited to, (1) the District's State Water Tax Fund (estimated credit = up to \$2.5-3.3 million), and (2) the District's SWP Subcontractors (estimated credit = up to \$0.38-1.2 million), based on their unused share of 2024 Table A water under the 2024 allocation.

The 8,500 AF Table A transfer would leave the District with at least 10,000 AF remaining in storage at SLR for water supply resiliency, which is two to three years of supply for the District. The term sheet includes an option for the District to make an additional 5,000 AF of stored water available from SLR later in 2024, if the District determines there is a high risk of a spill event in 2025. This option could recover up to \$1.75 million in additional costs, reduce the risk of additional losses, and maintain 5,000 AF for emergency use (about 18 months of supply).

Results

Endorsement of the District policy direction to staff supports the District's stated goals of maximizing the SWP contract benefit and recovery of those costs (to the fullest extent possible) and aligns with the intent of the proposed transfer.

Attachments:

1. Excess Entitlement Policy
2. Draft Term Sheet

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."

TERM SHEET FOR WATER PURCHASE BETWEEN SLOCFCWCD¹ AND THE WESTSIDE DISTRICTS²

- 1. General:** A transfer of SWP water between SLOCFCWCD and Westside Districts. SLOCFCWCD has up to 13,500 acre-feet (AF) that could be delivered under this transfer.

- 2. Term:** A transfer of a portion of SLOCFCWCD's 2024 Table A and/or Article 56(c) water to Westside Districts in 2024, based on the point of delivery (POD).
 - a. 8,500 AF of 2024 Table A at \$450/AF, POD: Reach 1 (Banks)
 - b. 5,000 AF of Art 56(c) at \$350/AF, POD: San Luis Reservoir

- 3. Conveyance to Westside Districts:**
 - a. SLOCFCWCD is responsible for all charges associated with the conveyance of transferred water to the POD.
 - b. POD for Table A will be Reach 1 (Banks) of the California Aqueduct.
 - c. POD for Art. 56(c) will be San Luis Reservoir.
 - d. Conveyance of SLOCFCWCD transferred water is subject to any capacity limitations imposed by DWR.
 - e. Capacity for the delivery of SLOCFCWCD 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 SLOCFCWCD water.
 - f. Westside Districts shall determine amongst themselves the allocation of the transferred water.

¹ SLOCFCWCD- San Luis Obispo County Flood Control and Water Conservation District

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

4. Payment:

- a. SLOCFCWCD shall make available for transfer to Kern County Water Agency and Dudley Ridge for the benefit of the Westside Districts up to 13,500 AF, with the 8,500 AF of Table A available upon execution of the agreement (coordinated per section 5.a), and the 5,000 AF of Art 56(c) conditionally available, subject to confirmation by SLOCFCWCD notifying DWR on or before December 1, 2024 (with coordination, per section 5.a).
- b. Once the final volumes of transferred water are known and reconciled, SLOCFCWCD 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 13,500 AF, delivery of the transferred water is subject to those higher priority deliveries as outlined in section 3.e, 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 \$450 per AF for all 2024 Table A and \$350 per AF for all Art 56(c) of transferred water delivered to the POD. All SLOCFCWCD 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 SLOCFCWCD will work together to obtain approval for the exchange from DWR. As SLOCFCWCD's water is to be transferred, the request to DWR would come from SLOCFCWCD 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; SLOCFCWCD would be the lead agency and each of the Westside Districts, KCWA, and DWR would be responsible agencies.