

Cost for state water may jump to \$800 per acre-foot

By Tom Friesen
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NIPOMO — The actual cost of state water will not be known until each of the subscribing cities and districts have signed their contracts and the Board of Supervisors subsequently decides on the total amount of water to request for the county.

But calculations based on the latest cost estimates, combined with reliability estimates from the state Department of Water Resources, show that it is likely the Community Services District will be paying more than \$800 an acre-foot for water that is actually delivered to Nipomo through the Coastal Branch pipeline.

As recently as November, NCSO officials had been using a figure of

\$530 an acre-foot as their best estimate of the cost. An acre-foot, or 326,000 gallons, is enough to serve two families of three for a year.

The financial firm of Smith Barney, which is involved in the bond financing for the pipeline project, has calculated costs for each San Luis Obispo city and water district likely to join the state water project, based on four possible scenarios.

Two scenarios include Nipomo, but both of them envision Paso Robles taking 2,000 acre-feet and the city of San Luis Obispo taking 3,000.

Paso Robles has now opted out completely. San Luis Obispo is still undecided, but reportedly leaning toward taking the water.

Oceano will take less than the

1,000 acre-feet shown in both scenarios, and Pismo Beach may consider cutting its 2,000 acre-foot request by 500.

The two Smith Barney estimates were \$632 and \$665 an acre-foot for Nipomo. The higher figure is based on the county taking its full entitlement of 25,000 acre-feet, and the other is based on the county taking 20,730.

Deputy County Engineer Glenn Priddy told directors of the Oceano Community Services District that the four scenarios do not cover all the possibilities.

Under a worst-case scenario, Oceano's cost could rise to \$700 an acre-foot and Nipomo's could go to \$770, based on the county reserving its full entitlement while other cities

back out of the deal, he said.

With Paso Robles dropping out and other cities considering cuts in their entitlements, Smith Barney's low figure of \$632 no longer seems a likely one. The \$770 figure is an absolute maximum. Splitting the difference yields a mid-range figure of \$700 an acre-foot.

But state water critics point out that the costs will actually be higher for each acre-foot delivered because the Coastal Branch won't be supplying all the water ordered every year.

If Nipomo subscribes to the 1,500 acre-feet that NCSO directors have most recently bandied about, the cost would be \$1.05 million annually, based on \$700 an acre-foot.

In January, the state Department

of Water Resources printed its response to the flier that has been blamed for tilting the November election in Nipomo.

The DWR stated in its analysis that the State Water Project will deliver full entitlements in 53 percent of the years and more than half of entitlement amounts in 95 percent of the years.

Averaging all of that out by assuming 100-percent deliveries in 10 out of 20 years, 75 percent in nine of the years and 25 percent in the worst year, the actual cost of an acre-foot of state water would be \$823.50.

Water purveyors won't actually have to pay for full entitlements when they're not delivered, accord-

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ing to county state water experts.

However, they also agree that 85 percent of the state water price tag will be used for the fixed costs of building the pipeline and must be paid each year.

That leaves 15 percent, or \$123.53 of the \$823.50 per acre-foot cost, that goes to pay directly for water deliveries. Using the DWR's reliability scenario, over the course of 20 years, Nipomo would get 25,500 acre-feet instead of 30,000, or 1,275 acre-feet a year, which is a shortfall of 15 percent, yielding a discount of \$18.53 per acre-foot.

Based on those calculations, the real cost of state water that reaches Nipomo would be \$804.97.

The DWR response to the flier states that planned improvements to the State Water Project, such as new reservoirs, would improve the system's efficiency to the point that full entitlements would be delivered in 70 percent of the years, and 65 percent of entitlements would be delivered in 95 percent of the years.

According to the DWR document, those new construction projects "would increase the cost of water to Nipomo by about \$50 per acre-foot."

Under this more hypothetical scenario, all the new Sacramento Delta facilities, the Los Banos Grandes Reservoir and Kern Water Bank would be built.

The greater efficiency would not offset the added construction costs.

The result of the new projects would be that Nipomo would pay an extra \$46.36 an acre-foot for water actually delivered.

The DWR estimates that, with the new reservoirs and other facilities, full entitlements would be delivered to local agencies 70 percent of the time and at least 65 percent would be delivered 95 percent of the time.

Again using a mid-range calculation, over a 20-year period, Nipomo would get its full 1,500 acre-feet during 14 years, 73 percent of it during five years and 25 percent in the worst year.

With the estimated \$50 cost of new facility construction added in, Nipomo would be paying \$750 for each of its 1,500 acre-feet a year, or \$1.175 million annually, but it would receive an average of 1,361 acre-feet each year, instead of the 1,275 it could expect now.

That computes to \$863.33 an acre-foot for water actually delivered. Again, 15 percent of the cost, or \$129.50, would pay directly for water deliveries while 85 percent would be used to pay off the fixed costs of building the Coastal Branch pipeline and treatment plant at Polonio Pass.

Over a 20-year period, with all the planned facilities in place, Nipomo would be receiving 90.73 percent of its entitlement. The 9.27-percent shortfall would reduce the bill by \$12 an acre-foot, resulting in a real cost of \$851.33 an acre-foot.