

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

(1) DEPARTMENT Public Works Department	(2) MEETING DATE September 22, 2009	(3) CONTACT/PHONE Courtney Howard, Utilities Division, (805) 781-1016	
(4) SUBJECT Discussion on the Status of the County-wide Master Water Plan and Recommendations in "Exhibit A" Regarding Water Resource Planning Efforts Associated with State Water, Lopez Reservoir, County Service Area 12 – Avila Valley, the Nipomo Community Services District and City of Santa Maria Waterline Intertie Project, and County Service Area 23 – Santa Margarita			
(5) SUMMARY OF REQUEST Discuss the status of the Master Water Plan and what it will accomplish and provide feedback to Staff on its development. Approve staff direction listed in "Exhibit A" to allow water resources management efforts related to the optimization of State Water and Lopez Reservoir, the Nipomo CSD and Santa Maria waterline intertie project, and drought reliability for County Service Area 23 – Santa Margarita to move forward in a cooperative manner with local agencies and stakeholders.			
(6) RECOMMENDED ACTION It is recommended that the Board discuss the status of the County-wide Master Water Plan and approve staff direction in "Exhibit A" regarding water resource planning efforts associated with State Water, Lopez Reservoir, County Service Area 12 – Avila Valley, the Nipomo Community Services District and City of Santa Maria Waterline Intertie Project, and County Service Area 23 – Santa Margarita.			
(7) FUNDING SOURCE(S) N/A	(8) CURRENT YEAR FINANCIAL IMPACT N/A	(9) ANNUAL COST N/A	(10) BUDGETED? <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes <input type="checkbox"/> N/A
(11) OTHER AGENCY INVOLVEMENT/IMPACT (LIST): County Planning and Building Department, Water Resources Advisory Committee, State Water Subcontractors, Flood Control Zone 3 Agencies, Avila Valley Advisory Council, Nipomo Community Services District, Rural Water Company, Golden State Water Company, Woodlands Mutual Water Company, County Service Area 23 – Santa Margarita Advisory Council			
(12) WILL REQUEST REQUIRE ADDITIONAL STAFF? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes, How Many? _____ <input type="checkbox"/> Permanent _____ <input type="checkbox"/> Limited Term _____ <input type="checkbox"/> Contract _____ <input type="checkbox"/> Temporary Help _____			
(13) SUPERVISOR DISTRICT(S) <input type="checkbox"/> 1st, <input type="checkbox"/> 2nd, <input type="checkbox"/> 3rd, <input type="checkbox"/> 4th, <input type="checkbox"/> 5th, <input checked="" type="checkbox"/> All	(14) LOCATION MAP <input type="checkbox"/> Attached <input checked="" type="checkbox"/> N/A	(15) Maddy Act Appointments Signed-off by Clerk of the Board <input checked="" type="checkbox"/> N/A	
(16) AGENDA PLACEMENT <input type="checkbox"/> Consent <input checked="" type="checkbox"/> Hearing (Time Est. <u>1 Hr.</u>) <input type="checkbox"/> Presentation <input type="checkbox"/> Board Business (Time Est. _____)	(17) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions (Orig) <input type="checkbox"/> Contracts (Orig + 3 Copies) <input type="checkbox"/> Ordinances (Orig) <input checked="" type="checkbox"/> N/A <input type="checkbox"/> Email Resolution and Ordinance to CR_Board_Clerk (in Word)		
(18) NEED EXTRA EXECUTED COPIES? <input type="checkbox"/> Number: _____ <input type="checkbox"/> Attached <input checked="" type="checkbox"/> N/A	(19) BUDGET ADJUSTMENT REQUIRED? <input type="checkbox"/> Submitted <input type="checkbox"/> 4/5th's Vote Required <input checked="" type="checkbox"/> N/A		
(20) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) _____	(21) W-9 <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	(22) Agenda Item History <input type="checkbox"/> N/A Date 4/14/09, A-8	
(23) ADMINISTRATIVE OFFICE REVIEW <div style="text-align: right; font-family: cursive; font-size: 1.2em; margin-top: 10px;">Richard Schmidt</div>			

Ref: 09SEP22-H-1

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SAN LUIS OBISPO COUNTY
DEPARTMENT OF PUBLIC WORKS

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TO: Board of Supervisors

FROM: Courtney Howard, Water Resources Engineer

VIA: Dean Benedix, Utilities Division Manager
Paavo Ogren, Director of Public Works

DATE: September 22, 2009

SUBJECT: Discussion on the Status of the County-wide Master Water Plan and Approval of Staff Direction in "Exhibit A" Regarding Water Resource Planning Efforts Associated with State Water, Lopez Reservoir, County Service Area 12 – Avila Valley, the Nipomo Community Services District and City of Santa Maria Waterline Intertie Project, and County Service Area 23 – Santa Margarita

Recommendation

It is recommended that your Honorable Board discuss the status of the County-wide Master Water Plan and approve the staff direction in "Exhibit A" regarding water resource planning efforts associated with State Water, Lopez Reservoir, County Service Area 12 – Avila Valley, the Nipomo Community Services District and City of Santa Maria Waterline Intertie Project, and County Service Area 23 – Santa Margarita.

Discussion

County Wide Master Water Plan:

The latest update of the County Master Water Plan was prepared in 1972, with an update in 1986 and 1998. There have been major changes in the water resources picture for the County since the completion of those comprehensive documents, such as the construction of the State Water and Nacimiento pipelines, groundwater basin litigation, new water users, new water regulations, formation of the Integrated Regional Water Management Program, and the completion of various local and sub-regional water management studies and plans, that make developing a new County-wide Master Water Plan critical for ensuring effective

management of the County's water resources now and into the future. Therefore, the Board initiated preparation of the new Master Water Plan by approving a contract with Carollo Engineers on April 14, 2009.

The primary purpose of the Master Water Plan is to provide a comprehensive description and analysis of County-wide water resources now and into the future. It will also identify and evaluate water management strategies for addressing identified and projected deficiencies similar to Urban Water Management Plans and General Plan Water Elements. Since many different water management entities in the County have developed water resource analysis and land use planning documents for individual communities and areas in the County, the Master Water Plan seeks to combine those efforts with an analysis of the areas not covered by local plans, and to complete an integrated County-wide Master Water Plan. This effort will identify, consolidate, integrate, and, if possible, fill in any analysis gaps in order to understand how water resources are influenced by all of the entities utilizing them, and to identify additional opportunities for water resource management. The Master Water Plan will also provide a comprehensive description of how water resources are currently managed throughout the County, and how the results of the Master Water Plan will be utilized in other water resource documents and programs.

Details of the new Master Water Plan will include multiple water management strategies, including optimization of existing water management infrastructure such as the State Water, Salinas, Whale Rock, Lopez and Nacimiento Systems to meet water resource needs County-wide. However, there are several efforts associated with some of this infrastructure, as discussed below, that warrant initiation prior to the completion of the Master Water Plan.

Central Coast Branch of the State Water Project:

Due to the strain on local groundwater resources, several agencies have expressed interest in entering into discussions with the Central Coast Water Authority (CCWA)¹ in order to optimize the capacity of the Central Coast Branch of the State Water Project. While there appears to be excess capacity, the contract between CCWA and the District specifies a numerical amount of water each entity receives, and would therefore need to be re-negotiated to incorporate terms for the use of any excess pipeline capacity. It is recommended that your Honorable Board authorize Staff to work with elected officials and other representatives from local agencies, including State Water Subcontractors, and the Central Coast Water Authority on the optimization of the Coastal Branch of the State Water Project. As appropriate, Staff can report to the Water Resources Advisory Committee and your Honorable Board when significant information is developed, such as the quantity of excess capacity, identification of local agency needs and buy-in costs. Criteria for use of State Water will also need to be developed and considered by the Water Resources Advisory Committee and your Honorable Board at the appropriate time.

¹ The Central Coast Water Authority is the Joint Powers Authority that operates and maintains the Central Coast Branch of the State Water Project under contract with the State Department of Water Resources and represents Santa Barbara County State Water participants.

Lopez Reservoir:

Flood Control Zone 3 Agencies have expressed interest in determining the feasibility of raising the spillway of the Lopez Reservoir Dam as another way to mitigate the strain on local groundwater resources and meet General Plan build-out needs. It is recommended that your Honorable Board support a Flood Control Zone 3 Agency, as selected by the Zone 3 Advisory Committee, leading efforts on a Lopez Reservoir Dam Spillway Raise feasibility study.

The efforts should also include County Service Area No. 12 (CSA 12). As a contractor to Zone 3, CSA 12 receives water from the Lopez Project and then sells that water to a number of sub-contractors, some of which consistently utilize more than their contractual allocations of water.

Lopez Project Arroyo Grande Creek Habitat Conservation Plan (HCP) and Interim Downstream Release Schedule (IDRS):

Flood Control Zone 3 is currently conducting an HCP in conjunction with state and federal resource agencies. The purpose of the HCP is to provide protections to the listed species found within Arroyo Grande Creek while ensuring that Zone 3 can meet its contractual and downstream release obligations. Upon completion, the HCP will establish a framework for the future management of water deliveries from Lopez Reservoir to the Zone 3 contractors as well as for downstream releases for environmental and agricultural needs. Additionally, the HCP will provide Zone 3 with certain legal protections in the event any listed species in Arroyo Grande Creek are inadvertently harmed or killed due to Zone 3 operations.

As indicated by its title, the IDRS is an interim operating plan specifically designed to maintain consistent flows in Arroyo Grande Creek in the winter through the reduction of downstream releases when those releases will be supplemented by rainfall and local runoff during storm events. Additionally, the IDRS shall provide the basis for future winter downstream releases under the permanent operating plan for the reservoir.

It is recommended that your Honorable Board support Zone 3's continuing efforts to complete the HCP in as timely a manner as possible. Completion of the HCP and ultimately the development and completion of a permanent operating plan for Lopez Reservoir are essential for ensuring maximum utilization of this critical water resource. At this time, staff should also initiate discussions with agricultural users of the supply.

Nipomo CSD and Santa Maria Waterline Intertie Project:

The Nipomo Community Services District (NCSD) desires to construct a waterline intertie project, to the City of Santa Maria, in cooperation with private water companies including the Woodlands Mutual Water Company, the Golden State Water Company and the Rural Water Company. While the NCSD has power to create an assessment district to finance their portion of the project, the private water companies do not. The private water companies and the NCSD are requesting the assistance of the County and are proposing to utilize an interagency infrastructure financing mechanism to fund the construction of the

waterline intertie project. It is recommended that your Honorable Board direct staff to return with criteria for an interagency agreement.

County Service Area 23 – Santa Margarita Drought Reliability:

On May 18, 2004, Staff provided information on supplemental water alternatives for the community of Santa Margarita. At that time, the Board directed staff to pursue cooperative development of water supply alternatives with Santa Margarita Ranch. Since then, the focus on water supply alternatives has changed to reflect CSA 23 receiving a \$3,000,000 loan/grant from the USDA in 2008. A portion of the loan is to be used to fund a source of supplemental water for the community. The alternatives being considered at this time are:

- State Water Tie-In
- Nacimiento Water Tie-In with a water treatment plant

The USDA has indicated it will not fund development of another well in the community as a supplemental water source.

The CSA 23 Advisory Committee, at their last meeting on September 3, 2009, voted to recommend presenting a State Water tie-in project to the community for a 218 vote.

It is recommended that your Honorable Board consider County Service Area 23 – Santa Margarita drought reliability options and direct staff to return with detailed policy discussion and recommendations.

Other Agency Involvement/Impact

The Planning Department has participated in the scope development and consultant selection process, and is expected to continue assisting the District through the development of the new Master Water Plan; especially with land use information. Throughout the development of the Master Water Plan, the Water Resources Advisory Committee (WRAC) member agencies will be asked to assist in the compilation of historical information and in planning estimates for future water demand. At key project milestones, the WRAC will be given updates on the status of the project and will have an opportunity to give the District feedback on the approach, issues, and progress of the project. Additionally, the Draft Final Report will be taken to the WRAC for review, comment and endorsement prior to the issuance of a final report.

Agencies involved in State Water issues include the State Water Subcontractors, designated members of the WRAC and the CCWA.

Flood Control Zone 3 agencies, including CSA 12, are also WRAC members and State Water Subcontractors, are involved with the Lopez Reservoir and Arroyo Grande Creek HCP and IDRS recommendations.

The NCSD, Woodlands Mutual Water Company, the Golden State Water Company, and the Rural Water Company are involved with funding the construction of the Supplemental

Water Intertie Project with the City of Santa Maria.

The CSA 23 Advisory Group has been working with staff in considering drought related options for State Management.

Financial Considerations

On March, 2009 your Board approved the cost of developing the Master Water Plan. Labor costs associated with the recommendations in "Exhibit A" would be funded through existing operating budgets of the specific special district.

Results

Discussing the status of the Master Water Plan will provide the Board an opportunity to gain an understanding of what the Master Water Plan will accomplish and provide feedback to Staff on its development. Approval of the recommended actions will allow water resource management efforts related to the optimization of State Water and Lopez Reservoir, the NCSD and Santa Maria waterline intertie project, and drought reliability for CSA 23 to move forward in a cooperative manner with local agencies and stakeholders. This will contribute to and support the County-wide goal of managing our water resources to provide for livable and well-governed communities.

Attachments: Exhibit A - Water Resource Planning – Staff Direction

File: CF 900.43.01

Reference: 09SEP22-H-1

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EXHIBIT A

Water Resource Planning – Staff Direction

1. Authorize staff to work with elected officials or other representatives from local agencies (including State Water Subcontractors) interested in State Water as a water supply management option, and the Central Coast Water Authority (CCWA), on the optimization of the Coastal Branch of the State Water Project.
2. Support a Flood Control Zone 3 Agency, as selected by the Zone 3 Advisory Committee and including participation of County Service Area No. 12, to lead efforts on a Lopez Reservoir Dam Spillway Raise feasibility study.
3. Support Flood Control Zone 3's continuing efforts to complete the Arroyo Grande Creek Habitat Conservation Plan and subsequently a permanent reservoir operating plan in as timely a manner as possible, and to initiate discussions with agricultural users of the supply.
4. Consider a proposal by the Nipomo Community Services District to utilize an interagency infrastructure financing mechanism to fund the construction of the waterline intertie project with the City of Santa Maria, and direct staff to return with criteria for an interagency agreement.
5. Consider County Service Area 23 – Santa Margarita drought reliability options, and direct staff to return with a detailed policy discussion and recommendations.