



NWP NACIMIENTO WATER PROJECT

San Luis Obispo County Flood Control & Water Conservation District

**Nacimiento Project Commission
Notice of Meeting and Agenda
Thursday, February 27, 2014 – 4:00 pm
Templeton Community Services District Offices**

1. Call to Order
 - a. Call to Order, Roll Call, and Flag Salute
 - b. Nomination and Election of Commission Officers
 - c. Conflict of Interest Filing
2. Public Comment
This is the opportunity for members of the public to address the Commission on items that are not on the agenda, subject to a three minute time limit.
3. Meeting Notes from November 21, 2013
(RECOMMEND APPROVAL)
4. COMMISSION INFORMATION ITEMS – written reports with brief verbal overview by staff or consultant. No action is required.
 - a. Utilities Division Manager’s Report
 - b. Second Quarter Operations Budget Update
 - c. Nacimiento Water Project Initial Watershed Sanitary Survey
 - d. Participating Agencies’ Options for Subscribing to Full Allocation
5. PRESENTATIONS – no action required.
 - a. FY 2014/15 Nacimiento Operating Fund Draft Budget
6. COMMISSION ACTION ITEMS
(No Subsequent Board of Supervisors Action Required)
 - a. Construction Fund Cost Allocation Review
7. COMMISSION ACTION ITEMS
(Board of Supervisors Action is Subsequently Required)
None
8. FUTURE AGENDA ITEMS DESIRED BY COMMISSION

Commissioners

Judy Dietch, Chair, Templeton CSD

Frank Mecham, Vice Chair, SLO County Flood Control & Water Conservation District

John Hamon, City of El Paso de Robles

Grigger Jones, Atascadero MWC

Kathy Smith, City of San Luis Obispo

**Next Commission meeting scheduled for
Thursday, April 17, 2014, at 4:00 pm at
Templeton Community Services District Offices**

Nacimiento Project Commission
 February 27, 2014
Agenda Item 1.b – Nomination and Election of Commission Officers
 (Commission Action – No Board of Supervisors Action Subsequently Required)

TO: Nacimiento Project Commission

FROM: Dean Benedix, P.E., Utilities Division Manager

DATE: February 27, 2014

In accordance with the Commission's adopted Rules of Procedure, the Commission is to elect a Chair and Vice-Chair at the first meeting of each year. Terms of office are for one year.

Appointed Commissioners for 2014 by each Participant and the District are:

San Luis Obispo County Flood Control & Water Conservation District (also representing CSA 10A)	Frank Mecham
City of el Paso de Robles	John Hamon Duane Picanco, Alternate Commissioner
City of San Luis Obispo	Kathy Smith Carlyn Christianson, Alternate Commissioner
Atascadero Mutual Water Company	Grigger Jones John Neil, Alternate Commissioner
Templeton Community Services District	Judith Dietch John Gannon, Alternate Commissioner

During calendar year 2013, Commissioner Judith Dietch served as Committee Chair and Commissioner Frank Mecham served as Vice-Chair. Nominations and elections for 2014 will be held at the February 27, 2014, Commission meeting.

Nacimiento Project Commission
February 27, 2014
Agenda Item 1.c – Conflict of Interest Forms
(Information Only – No Action is Required)

TO: Nacimiento Project Commission

FROM: Dean Benedix, P.E., Utilities Division Manager

DATE: February 27, 2014

This is a reminder for Commissioners and Alternate Commissioners to file a Conflict of Interest Statement, Form 700, pursuant to the Commission's adopted Conflict of Interest Code.

Filing of Form 700 may be done by filling out the form and returning it to the County Clerk-Recorder's office, or electronically. The County Clerk-Recorder's office maintains a list of Form 700 filers so Commissioners and Alternate Commissioners should have received an email that explains the electronic filing process similar to the one shown below:

Office of the County Clerk-Recorder

TO: All Form 700 Filers

FROM: JULIE L. RODEWALD
COUNTY CLERK RECORDER

DATE: February 3, 2014

RE: Annual Statement of Economic Interests (Form 700) Notification

Dear Filer:

You are identified by your agency's Conflict of Interest Code as a designated filer. The deadline for filing your annual Statement of Economic Interests (Form 700) is April 1, 2014. This filing covers the period from January 1, 2013 to December 31, 2013.

FILERS CAN NOW FILE ELECTRONICALLY!

We are pleased to announce that the County Clerk-Recorder has partnered with Netfile to provide electronic filing of Form 700s. There are three major advantages to e-filing: 1) The system guides you through the filing process to eliminate common errors that would require an amendment to your filing; 2) You no longer have to print, sign and mail your filing. The statement is automatically filed into the system as soon as you complete the form and click E-File Statement; and 3) Your data is saved to make future filings easier.

HOW TO SIGN ON TO SYSTEM

To access the filing software, go to the Clerk-Recorder's website at www.slocounty.ca.gov/clerk and click on the Form 700 Filer link on the home page. To create your account: Click on "New User? Request a Password". Enter the email address at which you received this communication. You will receive an email which includes a weblink to receive your password, which is randomly

selected to provide security for the user. We recommend printing this password, then changing it to something you will remember once you are in the system.

HOW TO GET HELP WITH USING THE FILING SYSTEM

The system is easy to navigate but also has tutorials and links to assist you in completing your filing. The FPPC Coordinator for your agency has recently received training on the system and is ready to assist you, if necessary. Clerk-Recorder staff can also provide assistance by phone 781-5080 or email clerk@co.slo.ca.us. Additionally, on February 24, 2014 from 9:00 am to 12:00 pm and March 12 from 2:00 to 4:30 staff will be available at the County's IT Lab located at 1144 Monterey Street, San Luis Obispo to assist filers on a drop in basis.

SIGN UP TODAY!

We are looking forward to the time saving benefits of this system not only for the Clerk-Recorder staff but also for you as the filer. We encourage you to create your account today and submit your annual filing as soon as you are ready.

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Nacimiento Project Commission
February 27, 2014
Agenda Item 3 – Meeting Notes from November 21, 2013

Agenda Item 1.a – Call to Order, Roll Call, Flag Salute
Chairperson Dietch convened the meeting at 4:00 p.m.

Commissioners Present:

Chairperson Judith Dietch, Templeton Community Services District
Vice-Chairperson Frank Mecham, San Luis Obispo County Flood Control and Water Conservation District
John Hamon, City of Paso Robles
Grigger Jones, Atascadero Mutual Water Company
Kathy Smith, City of San Luis Obispo

Staff Present:

Paavo Ogren, Dean Benedix, Scott Duffield – District
Christopher Alakal – City of Paso Robles
Jeff Britz – Templeton Community Services District
John Neil - Atascadero Mutual Water Company
Carrie Mattingly, Wade Horton, Dean Furukawa - City of San Luis Obispo

Agenda Item 2 – Public Comment
There were no public comments.

Agenda Item 3.a – Meeting Notes from August 22, 2013
The meeting notes from the August 22, 2013 Commission meeting were unanimously approved without corrections.

Agenda Item 4 –Commission Informational Items

Agenda Item 4.a – Utilities Division Manager’s Report
Dean Benedix reviewed the report and asked the Commission if there were any questions on items within the report. There were no questions on the Utilities Division Manager’s Report.

Agenda Item 4.b – First Quarter Operations Budget Update
Dean Benedix gave a brief statement and said the work efforts associated with the Santa Ysabel Pump Station have contributed to the higher than estimated budget for Unit B. Dean reported that the graphs and summary table within the Commission package are provided for review. There were no comments or questions.

Agenda Item 4.c – Participating Agencies Options for Subscribing to Full Allocation

Paavo Ogren introduced this ongoing discussion item and presented a staff report. The staff report outlined the three scenarios that have been identified by the TSG, as well as summary tables of financial considerations for each scenario. Paavo explained that the District did not send the letter to the Participants as previously requested because the financial analyses were more complex and took longer than anticipated. Paavo briefly discussed the tentative draft schedule within the staff report for preliminary engineering and environmental efforts to move forward. The potential influences resulting from the Paso Robles Groundwater Basin issue was also briefly discussed.

The Commission was very appreciative to have the financial analyses. However, they had several questions and concerns relating to the costs, timing, and how the Paso Robles Groundwater Basin relates to this item. Paavo suggested that the next step could be to hold a Participant agency Manager's meeting to discuss further, perhaps within the next two months. This item will continue to be discussed with the TSG and Commission.

Agenda Item 5 – Presentations

None

Agenda Item 6 – Commission Action Items (No subsequent Board of Supervisors action required)

Agenda Item 6.a – 2014 Calendar of Activities

Dean Benedix presented the staff report recommending approval of the Nacimiento Water Commission 2014 Calendar of Activities.

Motion was made by Commissioner Smith to approve the recommendation. Motion was seconded by Commissioner Jones. Motion was approved unanimously.

Agenda Item 6.b – Surplus Water Declaration for Water Year 2014

Dean Benedix presented the staff report recommending acceptance of the report to declare 9287 acre-feet of Surplus Water available for Water Year 2014.

Motion was made by Commissioner Jones to approve the recommendation. Motion was seconded by Commissioner Mecham. Motion was approved unanimously.

Agenda Item 6.c – Surplus Water Pricing for Water Year 2014

Dean Benedix presented the staff report recommending acceptance of the report establishing the costs for Surplus Water for Water Year 2014.

Motion was made by Commissioner Hamon to approve the recommendation. Motion was seconded by Commissioner Smith. Motion was approved unanimously.

Agenda Item 8 – Future Agenda Items Desired by Commission

In regards to Agenda Item 4.c – Participating Agencies Options for Subscribing to Full Allocation:

- The Commission requested the District continue to discuss with the TSG and remain on future Commission agendas.
- The Commission was supportive of Paavo's suggestion to hold a Manager's meeting.

Chairperson Dietch adjourned the meeting at 4:40 p.m.

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Nacimiento Project Commission
February 27, 2014
Agenda Item 4.a Utilities Division Manager's Report
(Information Only – No Action is Required)

TO: Nacimiento Project Commission

FROM: Dean Benedix, Utilities Division Manager

SUBJECT: Utilities Division Manager's Report

DATE: February 27, 2014

PROJECT UPDATES

1. Construction Contracts Status Update

A summary of construction contract recent activities are as follows:

Spec 2 (Facilities): Mediation was held June 20, 2013, and was unsuccessful. The trial date has been rescheduled for October 6, 2014.

All other construction contracts are closed.

2. Operations Report

Total pumping from the Intake Pump Station in January was 123.31 AF. All scheduled preventative maintenance was completed.

Several significant items to note this month are:

- A large USA location for River Road was completed.
- The locating wires on fiber optic pull boxes along River Road, from Charlais Road to Santa Ysabel Road, and on El Pomar Drive from Vaquero Drive to Templeton Road were raised to ground surface.
- The seats and seals on the sleeve valve at T11 were replaced.
- The repaired circuit boards for the 4160 volt drives at the Intake Pump Station were received.
- Replacement uninterrupted power supply units (UPS's) for SCADA system protection have been ordered.

- Repairs to the Spec 5 (Southern California Pipeline) pipeline leaks by Southern California Pipeline subcontractor Whitaker are in progress.

3. Outside Agency Issues

- a. **Monterey County Water Resources Agency:** Reservoir status as reported by MCWRA is 22% percent full, or 81,460 acre-feet, as of February 7, 2014. Nacimiento releases were reported as 60cfs. A current report from the MCWRA Reservoir Operations Committee is provided as **Attachment B3**.

Attachment B3 also includes a District prepared Nacimiento Reservoir storage projection illustrating anticipated storage based on January 2014 reservoir storage and 60 cfs releases. This graph was prepared to illustrate minimum storage levels through September 2015 to assure the District minimum storage of 17,500 AF would be available as of October 1, 2014.

b. **New Participants:**

- Santa Margarita Ranch - Nothing new to report/status remains unchanged: Awaiting preliminary design from Santa Margarita Ranch. A like-contract will be developed by District staff.
- HRCSD – Nothing new to report/status remains unchanged: The District is developing a wheeling contract in accordance with the Water Delivery Entitlement Contracts in conjunction with County Counsel.
- Pollard Family Trust – Nothing new to report/status remains unchanged: Pollard Family Trust has received a “conditional will serve” from Paso Robles Beach Mutual Water Company to wheel water through their system. The District is developing a reimbursement agreement for District services associated with their request for 10 AFY.

4. Invasive Species Prevention Program

As discussed at the November 2013 TSG meeting, the TSG supports continuation of the Mussel Prevention Program Billboard for another season. The current contract for the Mussel Prevention Program Billboard ends April 30, 2014. District staff presented new billboard designs and identified possible new locations for the TSG to consider at the February 13, 2014 TSG meeting. District staff has requested input from the TSG prior to finalizing next season's billboard.

5. 18-inch Pipe Rupture

Nothing new to report.

6. Hydroelectric Plant Reinitiation

A draft report on hydraulics, generation, and economics was presented to the TSG on January 10, 2014 for review and determination of next steps in

consideration of advancing this project. TSG members will review the report and further discuss benefits, opportunities, and challenges and make appropriate recommendations to the Commission.

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Nacimiento Project Commission
February 27, 2014
Agenda Item 4.b Second Quarter Operations Budget Report
(Information Only – No Action is Required)

TO: Nacimiento Project Commission

FROM: Wendy Hall, Administrative Services Manger

VIA: Dean Benedix, Utilities Division Manager
Nacimiento Technical Support Group

SUBJECT: Second Quarter Operations Budget Update

DATE: February 27, 2014

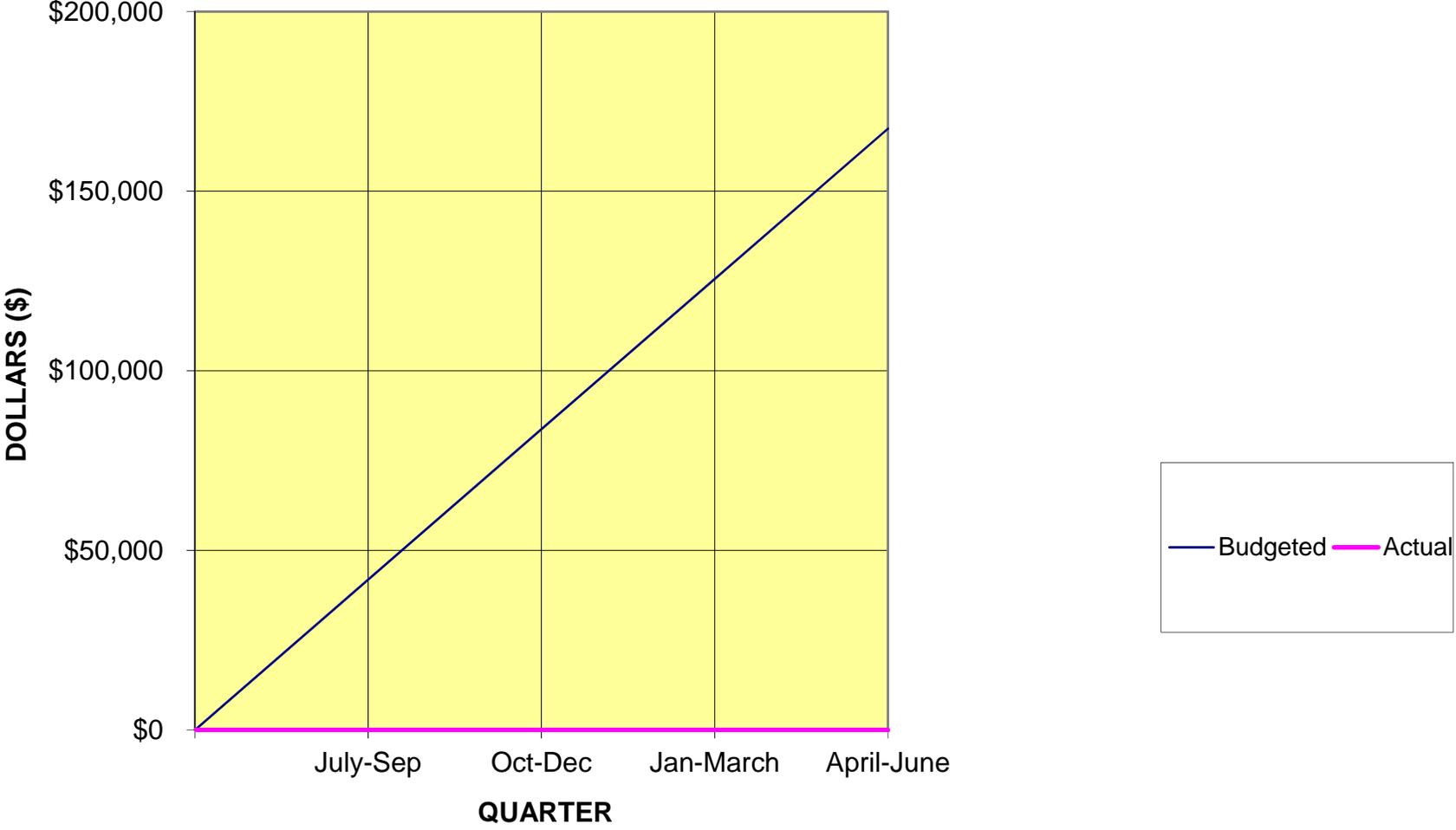
Figures summarizing the Quarterly Operating Fund Budget are provided for your information. Actual expenditures (less variable energy) are at 33% with 50% of the year elapsed. Variable energy is high due to the summer months pumping in the first quarter. Several line items are high due to SCADA issues, pump issues, extensive USA locate projects and unforeseen leak repairs.

If you have any questions please feel free to contact me at either (805) 781-5295 or via e-mail at whall@co.slo.ca.us. Staff will be available to answer specific questions at the meeting.

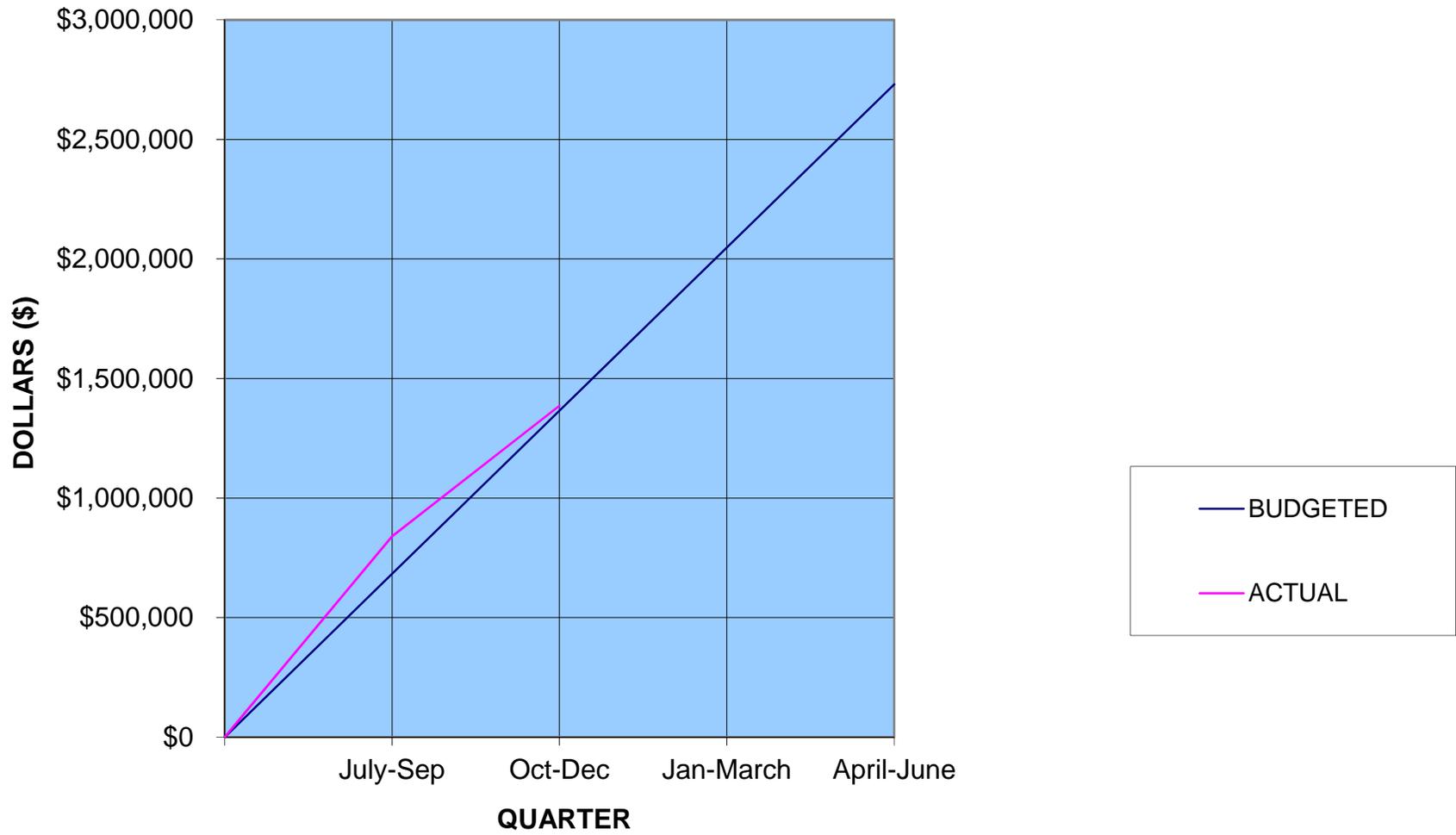
Nacimientto Water Operating Fund
Operation and Maintenance
FY 2013-2014

	WBS Element	Budget FY 2013-14	Quarter 1 July-Sep	Quarter 2 Oct-Dec	Quarter 3 Jan-March	Quarter 4 April-June	Total	% of Budget	Actual Variance
Routine Operation and Maintenance									
Master Water Contract	300420.01.03	\$227,480					\$0.00	0.0%	\$227,480.00
Variable Energy Costs	300420.03	\$832,673	\$512,122.80	\$247,247.34			\$759,370.14	91.2%	\$73,302.86
Water Conservation Management	300420.04	\$1,042	\$0.00				\$0.00	0.0%	\$1,042.00
Water Quality Analysis	300420.05	\$80,781	\$8,447.73	\$6,333.77			\$14,781.50	18.3%	\$65,999.75
Water Quality Support	300420.06	\$136,448	\$26,716.30	\$2,987.85			\$29,704.15	21.8%	\$106,744.08
Regulatory Agency/Department of Public Health	300420.02	\$37,352	\$24.15	\$2,687.50			\$2,711.65	7.3%	\$34,640.35
Invasive Species/Quagga Mussels	300420.09.02/.06.01	\$154,392	\$26,056.56	\$46,189.61			\$72,246.17	46.8%	\$82,145.88
Environmental Mitigation	300420.09/09.01	\$29,399	\$0.00				\$0.00	0.0%	\$29,399.00
Utilities Operations and Office Engineering	300420.07	\$325,187	\$33,436.04	\$42,861.85			\$76,297.89	23.5%	\$248,889.11
Lakeside Contracts	300420.01.05	\$25,818	\$701.22	\$262.96			\$964.18	3.7%	\$24,853.82
Water Rights	300420.01.04	\$0	\$0.00				\$0.00	0.0%	\$0.00
General Accounting	300420.01	\$138,211	\$10,747.07	\$17,280.66			\$28,027.73	20.3%	\$110,183.27
County wide Overhead	300420.01.01	\$26,123	\$6,704.00	\$6,704.00			\$13,408.00	51.3%	\$12,715.00
Contributions to ISF/New Equipment	300420.01.02	\$0	\$0.00				\$0.00	0.0%	\$0.00
General Units	300420.10	\$26,727	\$11,810.08	\$11,741.38			\$23,551.46	88.1%	\$3,175.54
Unit A, Intake Pump Station	300420.10.A	\$154,872	\$42,356.91	\$27,197.87			\$69,554.78	44.9%	\$85,317.22
Unit A1, Camp Roberts Tank	300420.10.A1	\$38,237	\$2,350.54	\$2,894.67			\$5,245.21	13.7%	\$32,991.79
Unit B, Santa Ysabel Pump Station	300420.10.B	\$108,110	\$117,809.50	\$45,377.51			\$163,187.01	150.9%	(\$55,077.01)
Unit C, Pipe, Monterey Road to Wellsona	300420.10.C	\$24,230	\$1,739.20	\$8,117.78			\$9,856.98	40.7%	\$14,373.02
Unit C1, Pipe, Monterey Road/Wellsona	300420.10.C1	\$23,267	\$3,892.43	\$2,133.24			\$6,025.67	25.9%	\$17,241.33
Unit D, Pipe, Paso Turnout to Templeton CSD	300420.10.D	\$16,065	\$1,942.47	\$330.48			\$2,272.95	14.1%	\$13,792.05
Unit E, Pipe, Templeton CSD to Atascadero MWC	300420.10.E	\$15,280	\$1,048.99	\$9,659.50			\$10,708.49	70.1%	\$4,571.51
Unit F, Pipe, Atascadero MWC to Rocky Canyon Tank	300420.10.F	\$15,609	\$1,186.37	\$14,569.00			\$15,755.37	100.9%	(\$146.37)
Unit F1, Rocky Canyon Tank	300420.10.F1	\$13,209	\$4,151.26	\$2,073.59			\$6,224.85	47.1%	\$6,984.15
Unit F2, Rocky Canyon Pump Station	300420.10.F2	\$111,945	\$8,814.45	\$12,825.66			\$21,640.11	19.3%	\$90,304.89
Unit G, Rocky Canyon PS to Route 58/Maria Avenue	300420.10.G	\$15,244	\$6,102.21	\$18,433.79			\$24,536.00	161.0%	(\$9,292.00)
Unit G1, Route 58/Maria Ave. to Cuesta Tunnel Tank	300420.10.G1	\$16,625	\$223.43	\$2,401.17			\$2,624.60	15.8%	\$14,000.40
Unit G2, Cuesta Tunnel Tank	300420.10.G2	\$22,475	\$675.09	\$1,641.19			\$2,316.28	10.3%	\$20,158.72
Unit H, Cuesta Tunnel	300420.10.H	\$1,720	\$956.83	\$426.74			\$1,383.57	80.4%	\$336.43
Unit H1, Cuesta Tunnel to San Luis Obispo Turnout	300420.10.H1	\$36,399	\$907.43	\$1,769.03			\$2,676.46	7.4%	\$33,722.54
Unit T-2, City of Paso Robles Turnout	300420.10.T2	\$20,105	\$3,065.04	\$1,788.61			\$4,853.65	24.1%	\$15,251.35
Unit T-4, Templeton CSD Turnout	300420.10.T4	\$15,967	\$514.08	\$1,636.56			\$2,150.64	13.5%	\$13,816.36
Unit T-6, Atascadero MWC Turnout	300420.10.T6	\$18,968	\$3,495.75	\$1,433.00			\$4,928.75	26.0%	\$14,039.25
Unit T-11/11a, City of San Luis Obispo Turnout	300420.10.T11/T11a	\$20,294	\$2,036.97	\$3,776.35			\$5,813.32	28.6%	\$14,480.68
Reimbursable Billings	300420.11	\$0	\$343.34	\$2,683.42			\$3,026.76	N/A	(\$3,026.27)
Total Routine Operation and Maintenance		\$2,730,255	\$840,378.24	\$545,466.08	\$0.00	\$0.00	\$1,385,844.32	50.8%	\$1,347,436.97
Non-Routine O&M									
Misc. Fiber Optic Repair		\$25,850	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.0%	\$25,850.00
Booster Station Upgrade		\$141,550	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.0%	\$141,550.00
Total Non-Routine Operation and Maintenance		\$167,400	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.0%	\$167,400.00
Capital Outlay									
Total Capital Outlay		\$0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.0%	\$0.00
Grand Total		\$2,897,655	\$840,378	\$545,466	\$0	\$0	\$1,385,844	47.8%	\$1,514,837

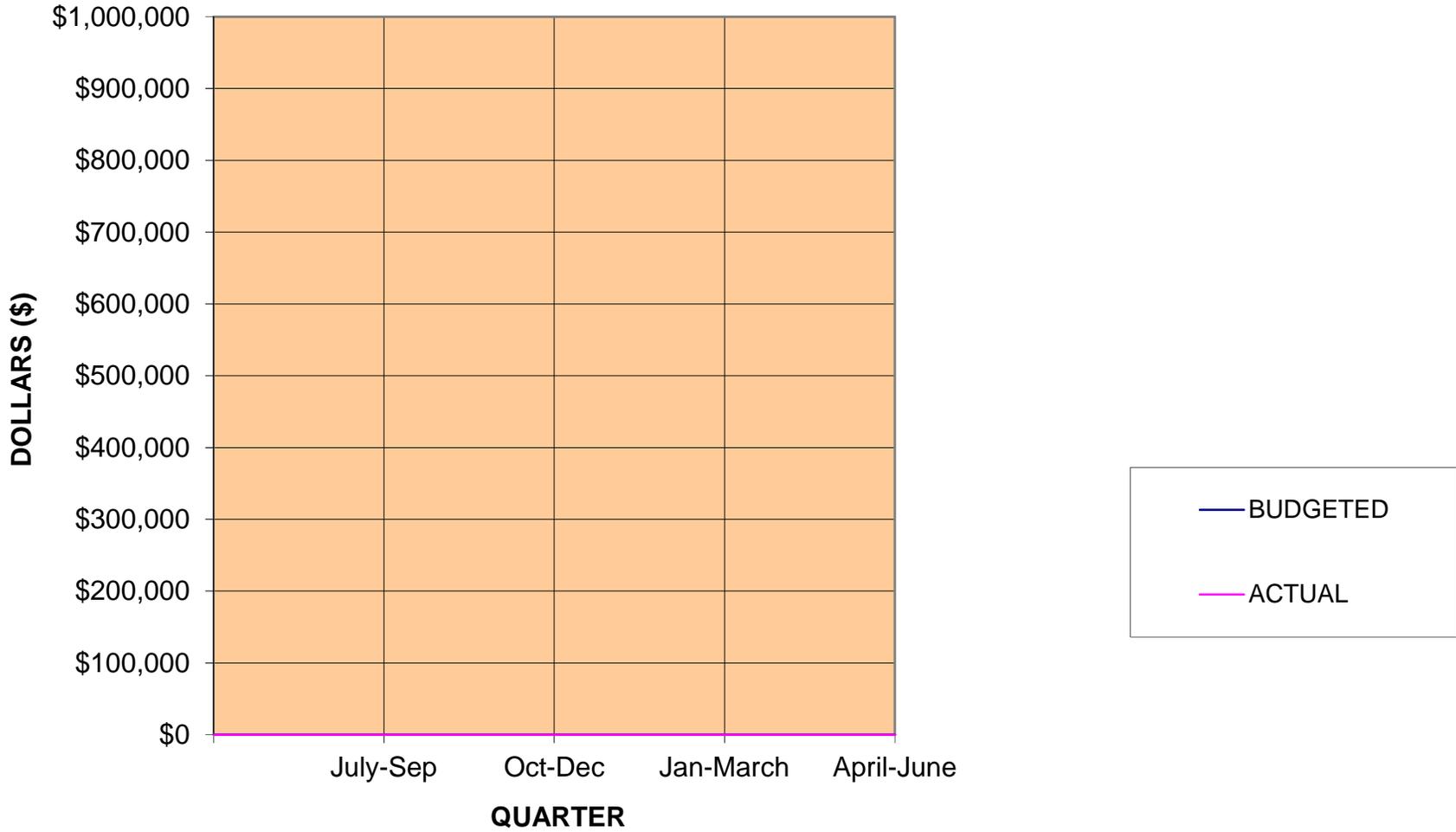
Total Non-Routine Operations and Maintenance



Total Routine Operations and Maintenance



Total Capital Outlay



Nacimiento Project Commission

February 27, 2014

Agenda Item 4.c Nacimiento Water Project Initial Watershed Sanitary Survey

(Information Only – No Action is Required)

TO: Nacimiento Project Commission

FROM: John Beaton, Water Quality Manager

**VIA: Dean Benedix, Utilities Division Manager
Nacimiento Technical Support Group**

SUBJECT: Nacimiento Water Project Initial Watershed Sanitary Survey

DATE: February 27, 2014

Every community water system that utilizes a surface water source for potable water is required to complete a watershed sanitary survey. Rather than requiring each individual Nacimiento Water Project participant to provide a survey, the CDPH directed the District to conduct this initial survey. Surveys must be updated every five years. Our initial field inspections and survey work were completed in 2011. At this time, the CDPH indicates they expect a survey update covering the years 2012 through 2016 to be completed by the end of 2016. An updated survey report will then be due in early 2017.

The initial survey is posted on our website at:

www.slocounty.ca.gov/PW/NacWP/General_Project_Information/reports.htm

The Initial Watershed Sanitary Survey information and report summary is provided as **Attachment B7**.

Nacimiento Project Commission
February 27, 2014
Agenda Item 4.d Participating Agencies' Options for Subscribing to Full Allocation
(Information Only – No Action is Required)

TO: Nacimiento Project Commission

FROM: Paavo Ogren, Public Works Director

SUBJECT: Update on Participating Agencies' Options for Subscribing to Full Allocation

DATE: February 27, 2014

Discussion

At your Commission meeting of August 23, 2012, general discussion was initiated regarding increasing the project participants' delivery entitlements so that the project becomes fully subscribed. On November 15, 2012, staff presented the following issues for consideration of such a scenario:

- Proportional Increase in Entitlement Shares
- Environmental Impact Report Issues
- Financial Issues
- Capacity Issues
- Others Issues

Over the past 15 months, updates have been provided to your Commission, and the Technical Support Group (TSG) has been evaluating the issues. More recently, your Commission has directed a meeting with the executive managers of the County and participants. Recent focus of the TSG has been on evaluating the financial implications of different scenarios, including the following, which were presented on November 21, 2013 to your Commission.

Acre Feet Scenarios

Agency	Current	Scenario A	Scenario B	Scenario C
City of Paso Robles	4,000	6,525	7,885	6,525
Templeton CSD	250	408	493	408
Atascadero MWC	2,000	3,262	3,943	3,262
City of SLO	3,380	5,514	3,380	3,380
CSA 10	25	41	49	41
Sub-total	9,655	15,750	15,750	13,616
Reserve Capacity	6,095	0	0	2,134
Total	15,750	15,750	15,750	15,750

Cost Per Acre Foot*

Agency	Current	Scenario A	Scenario B	Scenario C
City of Paso Robles	\$1,148	\$756	\$741	\$841
Templeton CSD	\$1,181	\$789	\$800	\$786
Atascadero MWC	\$1,425	\$936	\$930	\$1,039
City of SLO	\$1,696	\$1,131	\$1,366	\$1,453
CSA 10	\$181	\$207	\$593	\$522
Total	\$1,396	\$924	\$924	\$1,038

Total Annual Costs*

Agency	Current	Scenario A	Scenario B	Scenario C
City of Paso Robles	\$4,590,787	\$4,932,376	\$5,844,208	\$5,486,456
Templeton CSD	\$295,370	\$321,761	\$394,584	\$320,725
Atascadero MWC	\$2,850,940	\$3,054,707	\$3,667,412	\$3,391,122
City of SLO	\$5,733,089	\$6,234,644	\$4,616,711	\$4,909,965
CSA 10	\$4,534	\$8,484	\$29,057	\$21,416
Total	\$13,474,720	\$14,551,972	\$14,551,972	\$14,129,684

* Excludes variable energy costs - Current variable energy costs are estimated at \$300 per acre foot

The results of the analysis concluded that a proportional increase in entitlement shares will change each participant's share of project costs due to two reasons.

1. The contribution from countywide tax revenues of approximately \$1.1 million would no longer be provided since reserve water would no longer exist.
2. The allocation of costs under the "hybrid methodology" would result in changes in each participant's share of project costs (i.e., some participants would see higher costs; some would see lower costs).

The following addresses these two issues.

Countywide Tax Revenues

Article 17B(5) of the water delivery contracts states that the ad-valorem tax is to be used to offset the debt service costs relating to the reserve water. As a result, pursuant to the existing contracts, the countywide tax revenues will no longer be provided when the project is fully subscribed. At your Commission's meeting of August 22, 2013, and while recognizing the existence of unexpended construction funds, the following paragraph was included in the staff report:

If agencies are willing to fully subscribe, based on anticipated remaining construction funds, and with a contribution of enough District funds, District staff would be willing to recommend to your Commission and the Board of Supervisors to defer debt service increases to agencies so that in total, agencies would not see an increase in debt service costs for 10 years. This would allow sufficient time for agencies to adjust rates if needed to cover the estimated \$1.1 million increase in debt service billings beginning in year 11.

At the most recent TSG meeting on February 13, 2014, staff of the participants (not the District) agreed to ask each participant's Commissioner to support increasing the project participant's delivery entitlements so that the project becomes fully subscribed provided that the countywide ad-valorem tax revenues continue to be contributed.

Hybrid Cost Methodology

In order to address the impacts of the hybrid cost methodology, a change in the contract provisions would be needed. The participants will need to approve necessary contract amendments prior to final approval by the Board of Supervisors. If the participants' governing boards do so, then staff will provide a recommendation in support to the Board of Supervisors since this contract amendment would have no impact on countywide tax revenues.

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Nacimiento Project Commission
February 27, 2014
Agenda Item 5.a FY 2014/15 Nacimiento Operating Fund Draft Budget
(Information Only – No Action is Required)

TO: Nacimiento Project Commission

FROM: Wendy Hall, Administrative Services Manager

VIA: Dean Benedix, Utilities Division Manager

SUBJECT: FY 2014/15 Nacimiento Water Operating Fund Draft Budget

DATE: February 27, 2014

Copies of the draft Fiscal Year 2014-2015 Nacimiento Operating budget will be provided at the Commission meeting February 27, 2014. On March 13, 2014, the Nacimiento TSG and Finance Committees will meet with District staff at 2:00 p.m. in San Luis Obispo to discuss the draft budget. Subsequently, on April 17, 2014 the Nacimiento Commission will conduct its annual special budget meeting to consider approval of the 2014-2015 Proposed Budget.

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Nacimiento Project Commission

February 27, 2014

Agenda Item 6.a Cost Allocation Review of the Construction Fund

(Commission Action Item – No Subsequent Board of Supervisors Action Required)

TO: Nacimiento Project Commission

FROM: Will Clemens, Finance Manager

**VIA: Dean Benedix, Utilities Division Manager
Nacimiento Technical Support Group**

SUBJECT: Cost Allocation Review of the Construction Fund

DATE: February 27, 2014

Recommendation

Consider and act upon the request by the TSG to perform a cost allocation review of the completed Nacimiento Water Project construction fund.

Discussion

The TSG recommends that the District conduct a cost allocation review of the constructed Nacimiento Water Project now that all facilities are complete and operational. This can be accomplished in accordance with the Water Delivery Entitlement Contracts, Article 16.C(7) which states:

“No more frequently than annually, the District shall retain a CPA with the approval of the Commission. The CPA shall be responsible for reviewing and confirming the District’s allocation of the Participant’s portion of Nacimiento Project Costs and reporting the same to the Participant, the District and each Other Participant.”

It is anticipated that this will be accomplished by a private CPA consultant under contract with the District, at a cost not to exceed \$10,000. Funding for this was not specifically budgeted in the current fiscal year’s budget. However, this work can be accomplished using projected operations and maintenance savings anticipated to be available this fiscal year.

Recommendation: Your Commission approve the District retaining a consultant CPA firm to perform a cost allocation review of the completed Nacimiento Water Project construction fund.

Attachment B3

**MONTEREY COUNTY WATER RESOURCES AGENCY
BOARD OF DIRECTORS – RESERVOIR OPERATIONS COMMITTEE**

MEETING DATE:	February 6, 2014	AGENDA ITEM:	
AGENDA TITLE:	RESERVOIR RELEASE UPDATE		
	Consent ()	Action ()	Information (X)
SUBMITTED BY: PHONE:	Howard Franklin (831) 755-4860	PREPARED BY: PHONE:	Howard Franklin (831) 755-4860
DEADLINE FOR BOARD ACTION:	February 6, 2014		

RECOMMENDED BOARD ACTION:

None – item presented for informational purposes

PRIOR RELEVANT BOARD ACTION:

None – the Board of Directors receives monthly updates on the Agency’s reservoir status

DISCUSSION/ANALYSIS:

RESERVOIR ELEVATION / STORAGE: As of January 28, 2014 San Antonio Reservoir is at approximately 656.0 feet mean sea level (msl), 16,000 acre-feet of storage. Nacimiento Reservoir is at elevation 726.15 feet msl, 82,760 acre-feet of storage. San Antonio Reservoir is currently at 5% of storage capacity and Nacimiento Reservoir is at 22% of capacity.

RESERVOIR RELEASES: Releases from both reservoirs are being made to meet minimum fisheries flow requirements.

Releases as of January 28, 2014:

- Nacimiento Reservoir: 60 cfs
- San Antonio Reservoir: 10 cfs

Total releases from both reservoirs to the Salinas River are approximately 70 cfs. The following “provisional” flows have been recorded by the USGS:

- Salinas River near Spreckels: 0 cfs
- Salinas River near Chualar: 0 cfs
- Salinas River near Soledad: 0 cfs
- Salinas River near Bradley: 79 cfs (steady)

Attachment B3

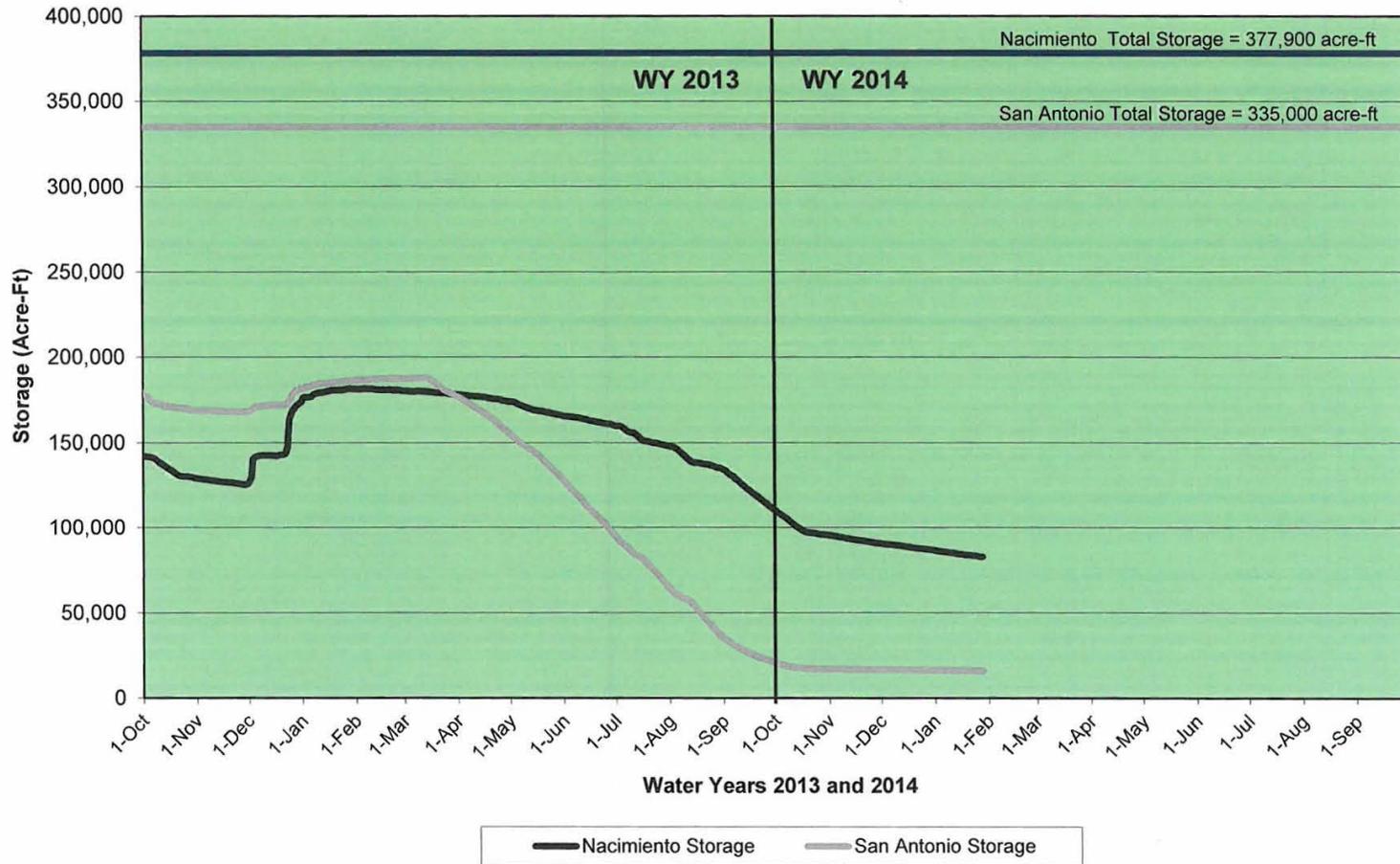
Synopsis of Reservoir Release Changes from October 1, 2013 to January 28, 2014

Date	San Antonio Reservoir		Nacimiento Reservoir		Total Releases
	Starting Flow	Ending Flow	Starting Flow	Ending Flow	
October 2, 2013	175	175	360	355*	530
October 3, 2013	175	150	355	350*	500
October 4, 2013	150	125	350	350	475
October 8, 2013	125	100	350	350	450
October 9, 2013	100	75	350	350	425
October 14, 2013	75	50	350	350	400
October 16, 2013	50	50	350	250	300
October 17, 2013	50	25	250	150	175
October 18, 2013	25	25	150	60	85
October 25, 2013	25	10	60	60	70

*Reduction of release output due to head loss.

Attachment B3

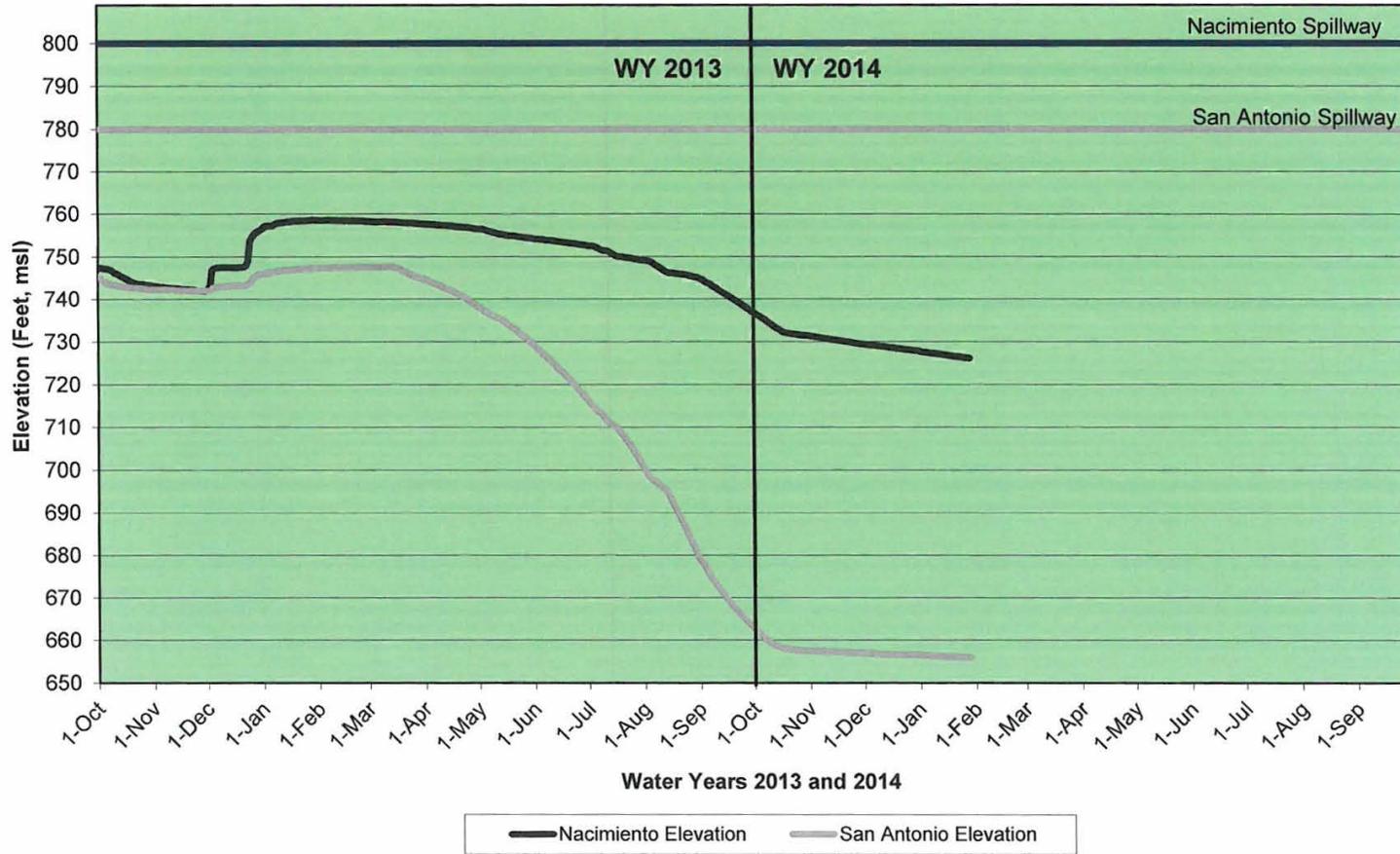
Reservoir Storage



ATTACHMENT 3

Attachment B3

Reservoir Elevation



ATTACHMENT 3a

Attachment B3

MONTEREY COUNTY WATER RESOURCES AGENCY PRELIMINARY - Estimated Elevation/Storage/NWP Diversions; after Jan. 1st

1/29/2014

	NACIMIENTO								SAN ANTONIO					
	Combined Releases (cfs)*	Combined Releases (ac-ft)	Evap. Losses (ac-ft)**	Reservoir Releases (cfs)*	Reservoir Releases (ac-ft)	NWP Orders (ac-ft)	NWP Diversions (ac-ft)	Storage (ac-ft)	Elev. (ft)	Evap. Losses (ac-ft)**	Reservoir Releases (cfs)*	Reservoir Releases (ac-ft)	Storage (ac-ft)	Elev. (ft)
1/1/2014	70	4,304	446	60	3,689	844		86,392	727.7	397	10	615	16,390	656.6
2/1/2014	70	3,888	579	60	3,332	844		82,250	725.9	431	10	555	15,878	655.8
3/1/2014														
4/1/2014														
5/1/2014														
6/1/2014														
7/1/2014														
8/1/2014														
9/1/2014														
10/1/2014														
11/1/2014														
12/1/2014														
1/1/2015														
TOTALS:		8,192	1,025		7,022	1,688	0			828		1,170		

* Mean daily flow for the month in cubic feet per second.

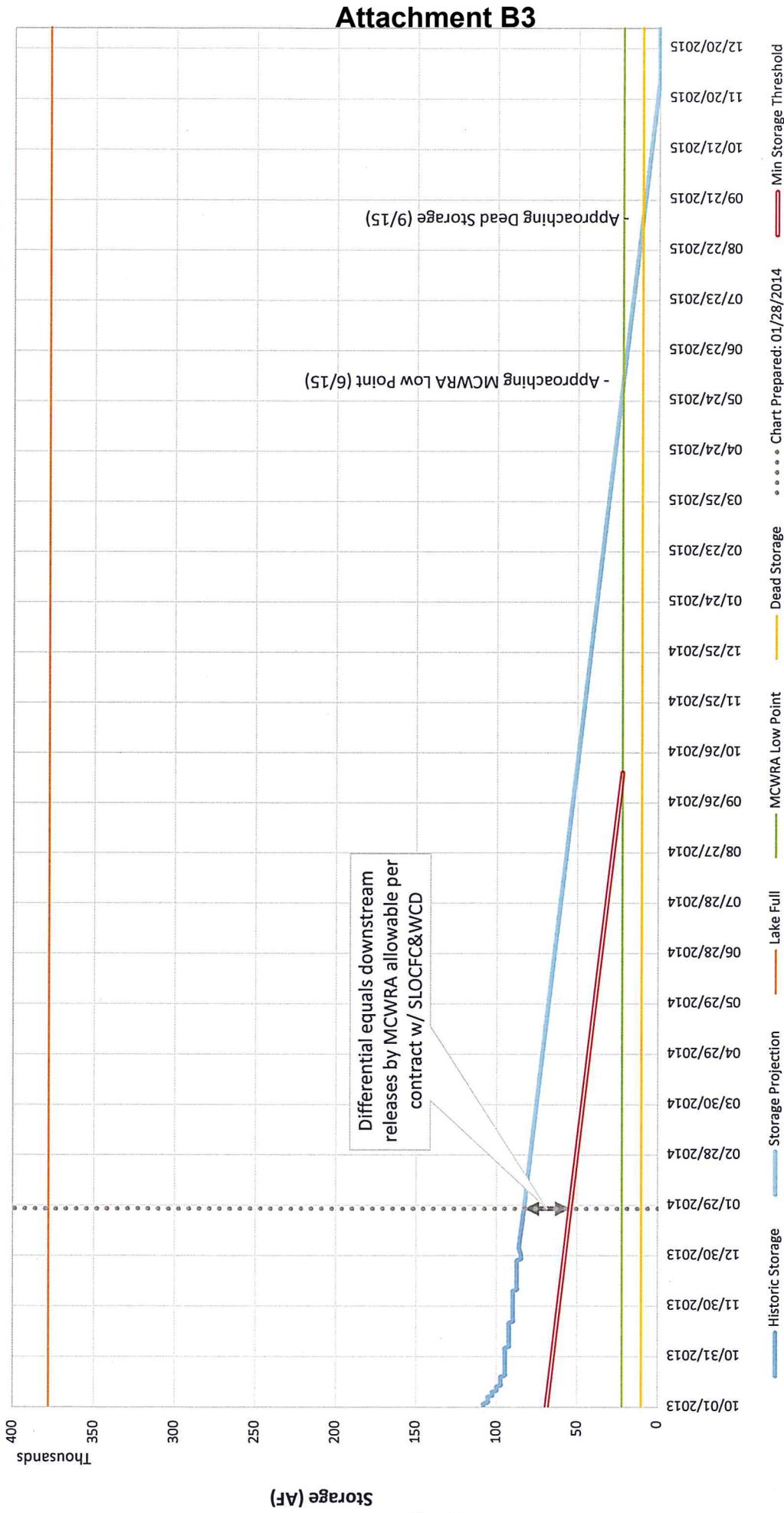
** Evap. Losses estimated from long term pan evaporation data at Nacimiento and San Antonio Reservoirs.

NOTES:

1. Nacimiento Reservoir storage capacity 377,900 acre feet.
2. San Antonio Reservoir storage capacity 335,000 acre feet.
3. Reservoir Operations Committee may make release considerations for fish spawn and holiday periods to benefit recreation.
4. Shaded areas represent periods when elevations are influenced by inflow/runoff; releases may include flood control releases.
5. Preliminary Schedule assumes no inflow to reservoirs after May 1st.
6. "NWP Diversions" are San Luis Obispo County - Nacimiento Water Project conveyance facilities diversions. Max. allowable diversions for water year (Oct. 1 - Sept. 30) are 15,750 ac-ft. To Be Reported (TBR)
7. NACIMIENTO "NWP Diversions" do not include lakeside water use which is estimated at approximately 1,750 acre feet per year.

ATTACHMENT 4

San Luis Obispo County Flood Control & Water Conservation District - January 2014 Nacimiento Reservoir Storage Projection



Notes:

1. Storage projection assumes downstream releases will remain constant at 60 CFS (11.9 AF/day).
2. All other losses assumed to range from 3.5 to 4.4 AF/day (varies by month, and based on January 2014 losses & annual evaporation assumptions).
3. Inflow assumed to be zero (assumed no precipitation at all).
4. Estimated average monthly storage change: 3,729 AF/month.

Nacimientto Water Project Initial Watershed Sanitary Survey



San Luis Obispo County
Flood Control and Water Conservation District

**Nacimiento Water Project
Initial Watershed Sanitary Survey**

Submitted to

California Department of Public Health
Division of Drinking Water and Environmental Management
Drinking Water Program District 06 – Santa Barbara
January 2014

Prepared by

County of San Luis Obispo
Flood Control and Water Conservation District
Department of Public Works and Transportation
Water Quality Laboratory

Attachment B7

*Nacimiento Water Project Initial Watershed Sanitary Survey
San Luis Obispo County Flood Control and Water Conservation District*

INITIAL WATERSHED SANITARY SURVEY INFORMATION

SYSTEM INFORMATION

California Department of Public Health System Number 4010080
Nacimiento Water Project

Survey Completed: 2011
Survey Report Written: 2012
Report Submitted to CDPH: 2014

PREPARER INFORMATION

County of San Luis Obispo Flood Control and Water Conservation District
Department of Public Works and Transportation
Water Quality Laboratory
San Luis Obispo County Government Center, Room 207
San Luis Obispo, California 93408
805-781-5111

SURVEY DESCRIPTION

Name of Watershed: Nacimiento Reservoir Watershed
Total Watershed Size: 208,060 acres
Location: Monterey County and San Luis Obispo County

Agencies using this watershed as a source of supply:

Nacimiento Water Project Participants

- City of Paso Robles
- Templeton Community Services District
- Atascadero Mutual Water Company
- City of San Luis Obispo

Other agencies

- Heritage Ranch Community Services District
- Laguna Vista Boat Club
- Monterey County Parks Department
- Nacimiento Water Company (Oak Shores)
- Northshore S&B

Attachment B7

*Nacimiento Water Project Initial Watershed Sanitary Survey
San Luis Obispo County Flood Control and Water Conservation District*

WATERSHED SANITARY SURVEY CHECKLIST

The guidance manual that was followed in writing this report includes a Watershed Sanitary Survey Checklist (American Water Works Association). According to the guidance manual, the checklist is “intended to aid water agencies in identifying key areas that will require investigation or research efforts to adequately complete the initial sanitary survey. All ‘significant’ answers should be addressed in the sanitary survey. All ‘unknown’ answers signify that insufficient information is available, and should also be considered to require further investigation or explanation. All ‘not significant’ answers need not be addressed in the sanitary survey. In the ‘comments’ column, indicate the source of information.”

The guidance manual places the checklist here, at the beginning of the report. During the review period it was discovered that this placement of the checklist was confusing to readers and led to misunderstandings about its purpose. Therefore the completed checklist has been moved to Appendix 9.1.

Attachment B7

SUMMARY

The Nacimiento Reservoir and its watershed are both large and complex. Many public agencies and private parties own land in the watershed. Many different entities and individuals work, live, and recreate in the watershed and on the reservoir. The Nacimiento Reservoir is a drinking water supply. The San Luis Obispo County Flood Control and Water Conservation District (District) has an allocation of 17,500 acre-feet per year of Nacimiento Reservoir water. Many different agencies have jurisdictional authority in the watershed.

The reservoir is highly valued for the water-based recreational opportunities that it affords, including fishing, swimming, boating, and water skiing. The reservoir and its watershed both provide highly valued rural living opportunities. The watershed provides opportunities for extensive agricultural activities, including grazing and cropland, especially viticulture. Many other activities occur or have taken place in the watershed, including military uses and mining.

Consequently, there are many potential contaminant sources in the watershed which present a risk to the reservoir as a drinking water source. Many of these present both short term and long term water quality risks. Several sources are anticipated to increase in coming years.

The greatest risks to the Nacimiento Reservoir as a drinking water supply come from extensive grazing, unlimited body contact recreation, numerous domestic wastewater facilities, and the potential for a large wildland fire. Urban development and agricultural cropland are increasing and may present future risks. Variable risk levels are presented by military activities and illicit commercial crops.

A special contaminant of concern is mercury from abandoned mercury mines in the watershed. Although mercury currently does not present a risk to the reservoir as a drinking water supply, its presence in the environment has led to its accumulation in fish in Nacimiento Reservoir at levels that are unsafe for human consumption. Public awareness of this issue can lead to concerns about the safety of the water supply.

These potential contaminant sources can lead to pathogen loading, solids loading, and algal growth, along with many other deleterious water quality effects. These in turn can lead to the following problems in the drinking water supply:

- Increased consumer health risk (short term and long term effects)
- Decreased consumer acceptance
- Increased treatment costs
- Increased risk of not meeting regulatory requirements for drinking water purveyors

Attachment B7

*Nacimiento Water Project Initial Watershed Sanitary Survey
San Luis Obispo County Flood Control and Water Conservation District*

Control measures that will help reduce the risk from these potential contaminant sources include the use of best management practices in agricultural and industrial operations, implementation of stormwater pollution prevention practices in developed areas, and remediation of abandoned mercury mines.

Whereas the District has no jurisdictional authority in the watershed, and therefore has little ability to directly affect watershed activities and watershed management practices, the County of San Luis Obispo has land use approval authority over the lower portion of the Nacimiento watershed. There are some existing control measures that may protect water quality, but only to the degree that they are implemented and enforced. The large number of potential contaminant sources, the watershed's large size, and the reservoir's remote location make effective implementation and enforcement efforts difficult. Instead, the District must rely on developing cooperative efforts to protect water quality with individuals and entities that use the watershed and that may have jurisdictional authority. A well-designed water quality monitoring program is important to help the District identify significant water quality impacts from potential contaminant sources and to focus water quality protection efforts where they can be most effective.