



**NWP NACIMIENTO WATER PROJECT**

San Luis Obispo County Flood Control & Water Conservation District

**Nacimiento Project Commission  
Notice of Meeting and Agenda  
Thursday, May 23, 2013 – 4:00 pm  
Templeton Community Services District Offices**

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1. Call to Order
  - a. Call to Order, Roll Call, and Flag Salute
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 April 18, 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. All Reserve Water to Participants’ Delivery Entitlement
  - c. Options for use of Unexpended Construction Funds
5. PRESENTATIONS – no action required.  
None
6. COMMISSION ACTION ITEMS  
(No Subsequent Board of Supervisors Action Required)
  - a. Water Availability Program for Lands with Dry Wells
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

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**Next Commission meeting scheduled for  
Thursday, August 22, 2013, at 4:00 pm at  
Templeton Community Services District Offices**

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Nacimiento Project Commission  
May 23, 2013  
**Agenda Item 3 – Meeting Notes from April 18, 2013**

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**Agenda Item 1.a – Call to Order, Roll Call, Flag Salute**

Chairman Dietch convened the meeting at 4:00 p.m.

Commissioners Present:

Chairman Judith Dietch, Templeton Community Services District

Vice-Chairman 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

**Agenda Item 2 – Public Comment**

There were no public comments.

**Agenda Item 3.a – Meeting Notes from February 28, 2013**

The meeting notes from the February 28, 2013, Commission Meeting were unanimously approved without corrections.

**Agenda Item 4 –Commission Informational Items**

**Agenda Item 4.a – Status on Project Repairs and Settlements**

Dean Benedix gave brief updates on the status of several items:

- i. Intake Pipe Repair: Dean Benedix explained that the intake pipe has been reassembled and reconnected to the pipe supports. Welding and connection of the hydraulic lines has commenced and the contractor has formed and grouted pipe supports 2, 3, and 4. Dean also explained that most of the stiffening rings have been installed with the exception of an additional stiffening ring at the lower portion of the intake pipe near the connection to the intake tunnel. Dean said that once the repairs are complete District staff will startup the system, refill the pipeline, and perform water quality testing (pH) of the water within the pipeline before normal water deliveries will resume.
- ii. Pipe Rupture: Dean Benedix informed the Commission that the permanent repair of the pipe rupture has been completed. The permanent repair included new restrained joints and re-establishment of the cathodic monitoring system through the repaired section of pipeline. The District's concern had been that the pipe material or the pipe itself was defective and that there could be additional pipe that also had the same issue; however, the investigation concluded that the failure was caused by a dent in the pipe. Dean also explained that District staff has advised Southern California Pipeline throughout the process since the failure

and that they have been unresponsive to our requests to repair the pipeline. Dean said the District is pursuing recovery of the damages from Southern California Pipeline, their surety, and their insurance company.

- iii. Teichert Settlement: Dean Benedix explained that pursuant to a settlement agreement, additional internal inspection of the pipeline has recently been completed. The inspection discovered one small “holiday” which was subsequently repaired. The additional internal pipe inspection was part of a global settlement that was reached with Teichert. Dean explained that the global settlement included all outstanding issues including other claims for change orders, liquidated damages, interest payments on unpaid monies, unused bid items, substantial and final completion dates, and the additional inspection work. The settlement also included that the District and Teichert would share the costs of additional inspection equally. Dean indicated the total cost of the additional inspection work is approximately \$45,000. Commissioner Hamon asked if the un-inspected portions of the pipeline through the City of Paso Robles were inspected and if that was included in the settlement; Dean answered that yes they were.
- iv. Mountain Cascade Settlement: Dean Benedix stated that the remaining issue that needs to be addressed prior to mediation is a system control issue at the Santa Ysabel Pump Station. Dean explained that the control logic programming does not seem to allow the station to perform well and that it is difficult to identify the exact reason. The District will engage an instrumentation and control systems contractor, Prousys, to troubleshoot the control logic programming once the pump station is available to operate (after the intake pipe repair is complete). The District withheld \$92,300 from payment to Mountain Cascade. Mediation is scheduled for June 20, 2013.
- v. Jacobs Settlement: Dean Benedix stated that mediation was held in February and that it was unsuccessful. Dean explained that the District withheld \$565,000 of the total contract value and has requested an audit of Jacobs’ records.

#### **Agenda Item 4.b – Third Quarter Project Budget Report**

Wendy Hall gave a brief statement and said there is no formal report but the graphs and summary table within the Commission package are provided for review. Commissioner Hamon requested that the year be included on the graphs in the future. There were no other comments or questions.

#### **Agenda Item 4.c – MCWRA Reservoir Release Update**

Dean Benedix stated that he attended the MCWRA Reservoir Operations Committee meeting on April 11, 2013. One of the agenda items was to discuss alternative water release programs at San Antonio and Nacimiento Reservoirs. Dean explained there are two alternatives presently being discussed, (1) more releases out of San Antonio, and (2) more releases out of Nacimiento. The Nacimiento release plan projects that Nacimiento would reach minimum pool of 22,300 af by November/December. Dean said that MCWRA is supposed to stop releases when minimum pool is reached, and that the minimum pool water is only available to the District. There was no conclusion

as to which alternative would be implemented and MCWRA said they will investigate other options and report back.

Dean said he has done some research and found that there has historically been sufficient recharge during the rainy season to provide enough water for the District's entitlement throughout the year. Subsequent to the meeting, HRSCD was reminded that they may want to accelerate the development of their request for an emergency connection to the Nacimiento pipeline as a wheeling customer.

**Agenda Item 5 – Presentations**

None

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

None

**Agenda Item 7 – Commission Action Items (Subsequent Board of Supervisors action required).**

**Agenda Item 7.a – FY 2013/14 Nacimiento Water Operating Fund Budget**

Wendy Hall distributed copies of the proposed budget and stated that it is exactly the same as the one distributed to the TSG and Commission in February. Wendy explained that the Nacimiento Finance Committee and the TSG did not have any significant questions or comments that warranted revisions. Wendy briefly outlined how the budget is presented and summarized that the budget is essentially the same as last year with a variance of (\$6,953). Wendy also explained that once the construction related items are complete and the District closes out the construction fund, the final allocation to each Participant will be calculated. Wendy anticipates this to be completed by the end of the calendar year. Wendy recommended approval of the FY 2013/14 Nacimiento Water Operating Fund Budget.

Commissioner Mecham moved to approve, seconded by Commissioner Jones, and approved unanimously.

**Agenda Item 8 – Future Agenda Items Desired by Commission**

The Commission expressed a desire for the District to present suggestions of how the unexpended construction fund monies may be allocated.

Chairman Dietch adjourned the meeting at 4:36 p.m.

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Nacimiento Project Commission  
May 23, 2013  
**Agenda Item 4.a – Utilities Division Manager’s Report**

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**PROJECT UPDATES**

**1. Construction Contracts Status Update**

A summary of construction contract recent activities are as follows:

**Spec 2 (Facilities):** Mediation is scheduled for June 20, 2013.

**Spec 3 (Pipeline North):** Payment to Teichert has been made in accordance with the Settlement Agreement of the case. The District and Teichert have completed final paperwork and payment associated with Change Order No. 36 to close out all remaining items.

**2. Operations Report**

No water was delivered during the month of April because of the shutdown for the intake pipe repair. All scheduled preventative maintenance was completed.

Several other significant items to note this month are:

- Utilities Operations and County Construction Inspection staff supported the Intake pipe repair project
- The permanent repair of the pipe rupture in Unit G was completed
- Western exterminator completed installation of rodent control measures
- Weed abatement along the pipeline alignment commenced
- A purchase requisition for stock pipeline repair parts was submitted the Purchasing Department and is out to bid

**3. Raw Water pH Level Increase**

Nothing new to report.

**4. Nacimiento Reservoir Status**

Reservoir status as reported by MCWRA is 45% percent full, or 169,062 acre-feet, as of May 15, 2013. MCWRA releases are reported as 115 cfs.

**5. Outside Agency Issues**

***Monterey County Water Resources Agency:*** Water level projection distributed at the May 1, 2013 MCWRA Reservoir Operations Committee meeting is attached. It shows the reservoir storage to be 58,464 acre feet by November 1, 2013 (Attachment 4a).

### ***New Participants:***

- Santa Margarita Ranch – The District met with representatives of the Ranch on April 16, 2013 and discussed the next steps. The Ranch indicated the proposed turnout will probably be located off of Yerba Buena Road. They initially requested 4-afy for fire protection but have not ruled out a larger quantity. They will engage an engineer to further develop the design of the turnout facilities to be reviewed by the District. The District will move forward with development of a like/kind Water Delivery Entitlement Contract.
- Lewis Pollard Family Trust – A representative of the Trust (Dev Devlin) recently contacted the District. Mr. Devlin indicated that he anticipates having funding means to move forward with negotiations by July of this year. Their most recent request was for 9-afy for Bell Vista Mobile Home Park. The District has discussed with Mr. Devlin and informed him that the Trust will first need to obtain an agreement with the appropriate Cayucos Area Water Organization member to distribute water to the site.
- HRCSO – The District met with HRCSO and their engineer (Wallace Group) representative. Wallace Group has submitted a preliminary design which is being reviewed by the District. The District is also moving forward with development of a wheeling contract in accordance with the Water Delivery Entitlement Contracts.

### **6. EPA Klau/Buena Vista Mines Investigation – Lake Nacimiento Study**

Nothing new to report.

### **7. Invasive Species Prevention Program**

The fourth Resident Vessel Program (RVP) education class, hosted by Cal-Shasta, was held on April 21<sup>st</sup>. Currently, we have 94 vessels enrolled in the program up from about 60 vessels in 2012. The attendees were from several communities throughout Lake Nacimiento such as: Oak Shores, Cal Shasta, Running Deer Ranch, South Shore Village, and Tri-Counties Club. Residents attending the education class have and continue to express their appreciation of our efforts in working with communities around the lake and in helping to keep Lake Nacimiento free from invasive mussels.

The first of several anticipated Resident Vessel Program (RVP) Quality Control visits also occurred on April 21<sup>st</sup> at Cal Shasta. During the visit, District staff and the community's mussel coordinator visited several residents throughout the community to ensure that they are complying with program standards. The seven randomly chosen residents with vessels in the program were contacted 24 hours in advance and were very cooperative with District staff in allowing these visits to occur as part of the program guidelines.

On May 8<sup>th</sup>, Monterey County and the District provided the first of several Level I Screener certification classes at Lake San Antonio. During May and June there will be three Level I Screener Certification classes and two recertification classes scheduled.

### **8. 18-inch Pipe Rupture**

The District finalized the permanent repair and awarded a purchase order to Raminha Construction to perform the work. Raminha completed the work on April 4, 2013. The District and County Counsel are pursuing recovery of all damages associated with the pipe rupture from Southern California Pipeline and/or its Surety.

### **9. Intake Pipe Repair**

The repair work is progressing and the latest three week look-ahead schedule indicates operational turnover to the District May 24. The repair work is mostly complete with the primary task being installation of an additional internal stiffening ring below ring No. 1. The need for the additional ring was confirmed by the Designer based on actual field measurements once the external stiffening rings were completed. The anticipated time frame of resuming Participant delivery operations is the week of May 27.

Several other significant items to note this month are:

- Completed dewatering and inspection of the intake pipe
- Completed connection of the hydraulic lines
- Completed hydro-pressure testing of the hydraulic lines of intake valves
- Completed filling of hydraulic lines and testing of intake valves
- Completed rotation of 48-inch valve (A-V-0008) in the shaft

The three week look-ahead schedule also indicates the subcontractor will demobilize the last week of May. The prime contractor, OCI, and Black & Veatch will remain onsite to complete site restoration, clean-up, and other items prior to Final Completion.

### **10. Oak Shores Sewer Interceptor Laterals**

Nothing new to report.

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Attachment 4a

MONTEREY COUNTY WATER RESOURCES AGENCY  
 PROPOSED RELEASE SCHEDULE - Estimated Elevation/Storage/NWP Diversions; after May 1<sup>st</sup>

5/1/2013

	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)
1/1/2013	70	4,304	446	60	3,689	776	8	176,101	757.1	397	10	615	181,623	746.0
2/1/2013	72	3,999	579	62	3,443	1,037	0	181,225	758.5	431	10	555	186,445	747.3
3/1/2013	255	15,658	974	63	3,874	1,033	0	180,288	758.3	830	192	11,784	187,358	747.6
4/1/2013	436	25,934	1,200	62	3,679	1,133	1,133	178,087	757.7	1,284	374	22,255	176,675	744
5/1/2013	534	32,835	2,467	60	3,689	1,166	1,166	173,935	756.5	2,267	474	29,146	154,493	738.0
6/1/2013	582	34,632	2,970	60	3,570	1,258	1,258	166,613	754.5	2,352	522	31,062	123,080	727.4
7/1/2013	626	38,492	3,182	375	23,058	2,035	2,035	158,814	752.3	2,317	251	15,434	89,667	713.8
8/1/2013	650	39,968	2,659	393	24,165	2,094	2,094	130,539	743.7	1,811	257	15,803	71,915	704.8
9/1/2013	605	36,001	1,763	375	22,314	1,880	1,880	101,621	733.6	1,132	230	13,686	54,302	693.9
10/1/2013	361	22,197	1,079	242	14,880	1,240	1,240	75,664	723.1	654	119	7,317	39,484	682.7
11/1/2013	70	4,165	500	60	3,570	1,253	1,253	58,464	714.7	321	10	595	31,513	675.4
12/1/2013	70	4,304	313	60	3,689	844	844	53,141	711.7	184	10	615	30,596	674.5
1/1/2014								48,294	708.9				29,787	673.6
<b>TOTALS:</b>		<b>262,489</b>	<b>18,133</b>		<b>113,623</b>	<b>15,750</b>	<b>12,911</b>			<b>13,992</b>		<b>148,866</b>		

- \* 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.
- 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.

NOTES:

ATTACHMENT 4

## Nacimiento Project Commission

May 23, 2013

### **Agenda Item 4.b – All Reserve Water to Participants' Delivery Entitlement**

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**TO: Nacimiento Project Commission**  
**FROM: Dean Benedix, Utilities Division Manager**  
**SUBJECT: All Reserve Water to Participants' Delivery Entitlement**  
**DATE: May 23, 2013**

This item was discussed at the November 15, 2012 Commission meeting along with a detailed staff report and has also been discussed at several Technical Support Group (TSG) meetings, the most recent being May 9, 2013. At the April 11, 2013 TSG meeting several comments, questions, and ideas were shared and discussed. A summary of the discussion points from that meeting are presented for your information and consideration as follows:

#### CITY OF SLO

- City is currently considering options and impacts on long term water supply alternatives
- Estimate 12 months before a decision
- What is the timing for when other Participants want to take information to their Boards?
- If took more water would County tax contribution be taken away incrementally/prorated?
- An economic analysis may get others to become Participants
- A cost benefit proposal would be required for presentation to City Council for consideration

#### CITY OF PASO

- Comments pending

## TCSD

- TCSD appreciates AMWC and SLO comments and is interested in participating if all the primary participants agree to purchase reserve water
- TCSD is interested in a phased approach
- TCSD would also like to see County tax contribution continue to go toward the project in some way

## AMWC

- Waiting for City of SLO to decide if they will participate. If City of SLO doesn't, AMWC not as interested
- Would like to see some sort of phased approach; every year take a little more water over a 10-yr period
- The only significant cost implication is the loss of the County tax contribution to NWP
- A phased approach may get others to become Participants
- A phased approach would help control budget (increase in cost over time)
- May be discussed through a Blue Ribbon Committee
- Environmental Regulatory Agencies may require more flow
- Perhaps eliminate any contract provision that would prohibit a participant from brokering any water it obtains beyond its original subscription

## DISTRICT

- County tax contribution adjustments
- Use of County tax contribution for Paso ground water basin programs
- WDEC could be revised to allow Participants to sell their allocation to others
- District prepare several cost scenarios using a phased approach backfilled with percentages of new Participant allocations as examples
- How will EIR agencies be advised of opportunities to take water before Participants acquire full allocation?

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Nacimientto Project Commission

May 23, 2013

**Agenda Item 4.c – Options for use of Unexpended Construction Funds**

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**TO: Nacimientto Project Commission**  
**FROM: Will Clemens, Public Works Administrator**  
**VIA: Dean Benedix, Utilities Division Manager**  
**SUBJECT: Options for use of Unexpended Construction Funds**  
**DATE: May 23, 2013**

As per your Commissions request at the April 18, 2013 special meeting, following are some options for the construction fund balance, once determined. To ensure that we do not violate any bond covenant, the remaining balance should be used to pay debt service. However, this will reduce the amounts billed for debt service which could then be used for the following:

- Reduce billings to agencies by the full amount,
- Fund Operating Reserves of 20% of O&M according to policy adopted by your Commission,
- Fund Equipment Reserves as per approved Capital Reserve Costs Funding Proposal from November 16, 2009,
- Establish a reserve for future capital projects,
- Reduce annual billing by a predetermined amount over time,
- Any combination of the above.

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Nacimientto Project Commission

May 23, 2013

**Agenda Item 6.a – Water Availability Program for Lands with Dry Wells**

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**TO: Nacimientto Project Commission**  
**FROM: Scott Duffield, Project Manager**  
**VIA: Dean Benedix, Utilities Division Manager**  
**SUBJECT: Water Availability Program for Lands with Dry Wells**  
**DATE: May 23, 2013**

**Recommendation**

We recommend that your Commission approve the development and administration of a water availability program that will provide for the sale of Surplus Water to lands with dry wells.

**Discussion**

As many of you may know, the County Board of Supervisors has requested that staff identify and develop a possible emergency water availability program with the Nacimientto Commission. Staff reviewed the Nacimientto Water Delivery Entitlement Contracts (WDEC) to assess how such an emergency water availability program could be developed. Staff focused on “Surplus Water”, specifically Article 12(D) which states:

*“The District may offer to sell and deliver any Surplus Water not purchased by the Participant or the Other Participants to any other prospective purchaser without right of renewal, in a manner and at prices which will return to the District the largest Net Revenue practicable for the benefit of the Nacimientto Facilities, but in no event at prices less than those at which such Surplus Water is offered to the Participant, unless the Participant is first tendered such Surplus Water by the District at the lower price in writing, and in each case, attempting to recapture the Operation and Maintenance Costs, the Variable Energy Costs and the Capital Projects Installment Debt Service attributable to the volume of Surplus Water actually purchased by such third parties, at the highest price the market will then bear.”*

Staff also reviewed Article 29, Use of Reserve Water, but initially it seems less applicable in comparison to Article 12(D).

## Surplus Water Determination

On February 28, 2013, your Commission approved the Surplus Water declaration for Water Year 2013, as well as the initial determination of Surplus Water pricing. As a result, no additional Commission actions are needed to declare the availability of water. Instead, the issues that remain are 1) pricing for a program for lands with dry wells, and 2) accessibility. The total amount of Surplus Water available for sale is 9,607 AF.

## Surplus Water pricing as approved by your Commission

Article 12(D) indicates intent to establish pricing for Surplus Water so that “the largest Net Revenue” may be generated. It also provides flexibility to establish a “lower price” provided the Participants have the first option to buy before it is offered to non-Participants. As a result, establishing pricing for “lands with dry wells” should be considered by your Commission if it is to be established lower than the price established on February 28<sup>th</sup>.

The cost of Surplus Water essentially includes three components:

- 1) Operations and Maintenance Costs per AF
- 2) Variable Energy Costs associated with the delivery of the Surplus Water per AF
- 3) Debt Service Costs per AF

Table 1 summarizes water year 2013 Surplus Water costs as approved by your Commission at the February 28, 2013 meeting.

**Table 1**

Surplus Water Component	Component Cost / AF	Cumulative Cost / AF	Component Cost / 3,500 Gal	Cumulative Cost / 3,500 Gal
Fixed O&M	\$131	\$131	\$1.41	\$1.41
Variable Energy(estimated)	\$159	\$290	\$1.71	\$3.12
Debt Service	\$1,746	\$2,036	\$18.75	\$21.87

The costs shown in Table 1 do not include cost of accessing or delivery to the end user.

## Development of access points

The development and administration of a water availability program will also need to include hydrant-type connections at the Turnouts and/or other strategic locations along the pipeline alignment in order to avoid impacts on the day to day operations of the Participants. Development of these types of access locations has also been requested by Cal Fire for use during emergencies.

## End User / Retail Costs

It is anticipated that other prospective purchasers would be responsible for transportation of the water from an access location. Staff contacted several local water

truck operators and was advised that the cost to deliver 3,500 gallons of non-potable water is approximately \$350. It is apparent that the primary cost to the end user is labor and trucking.

## **Summary**

In summary, the steps in developing a water availability program include:

- Determination of pricing
- Development of access locations
- Development of program procedures and forms (i.e. indemnification/waivers)

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