



## Nacimiento Project Commission Notice of Meeting and Agenda

**Thursday, May 28, 2009 – 4:00 pm**  
**Templeton Community Services District Offices**

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| <p>I. Call to Order</p> <p>II. Public Comment<br/>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.</p> <p>III. Meeting Notes from February 26, 2009<br/>(RECOMMEND APPROVAL)</p> <p>IV. COMMISSION INFORMATION ITEMS – written reports with brief verbal overview by staff or consultant. No action is required.</p> <ul style="list-style-type: none"><li>a. Project Management Report</li><li>b. Project Schedule</li><li>c. Project Budget</li></ul> <p>V. PRESENTATIONS – no action required.</p> <ul style="list-style-type: none"><li>a. California Men’s Colony Proposed Project Participation</li><li>b. Conveyance to Heritage Ranch Community Services District</li></ul> <p>VI. COMMISSION ACTION ITEMS<br/>(No Subsequent Board of Supervisors Action Required)</p> <ul style="list-style-type: none"><li>a. (none)</li></ul> <p>VII. COMMISSION ACTION ITEMS<br/>(Board of Supervisors Action is Subsequently Required)</p> <ul style="list-style-type: none"><li>a. (none)</li></ul> <p>VIII. FUTURE AGENDA ITEMS DESIRED BY COMMISSION</p> | <p>Commissioners</p> <p><b>Dave Romero, Chair</b>, City of San Luis Obispo</p> <p><b>David Brooks, Vice Chair</b>, Templeton CSD</p> <p><b>John Hamon</b>, City of El Paso de Robles</p> <p><b>Grigger Jones</b>, Atascadero MWC</p> <p><b>Frank Mecham</b>, SLO County Flood Control &amp; Water</p> |
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**Next Commission meeting scheduled for  
Thursday, August 27, 2009, at 4:00 pm at  
Templeton Community Services District offices**

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Nacimiento Project Commission  
May 28, 2009  
**Agenda Item III – Meeting Notes from February 26, 2009**

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**I.a. Call to Order, Roll Call and Flag Salute**

Vice Chairman Romero convened the meeting at 4:05 pm.

Commissioners Present: Vice Chairman Dave Romero, City of San Luis Obispo  
David Brooks, Templeton CSD  
John Hamon, City of Paso Robles  
Grigger Jones, Atascadero MWC  
(Commissioner Frank Mecham was absent)

**I.b. Nomination and Election of Commission Officers**

Commissioner Brooks nominated Dave Romero as Chairman of the Nacimiento Project Commission; Commissioner Jones seconded the motion. No further nominations were made. Motion passed unanimously.

Chairman Romero nominated Commissioner Brooks as Vice Chairman of the Nacimiento Project Commission; Commissioner Jones seconded the motion. No further nominations were made. Motion passed unanimously.

**II. Public Comment** – Vice Chariman Brooks introduced Templeton CSD’s new General Manager, Jeff Hodge. Mr. Hodge will represent Templeton CSD on the Technical Support Group beginning next month.

**III. Meeting Notes from Prior Meetings**

Commissioner Brooks moved to approve the meeting notes for November 20, 2008; Commissioner Jones seconded; passed unanimously.

**IV. Project Manager’s Report**

John Hollenbeck presented his Project Manager’s Report, noting that construction is approximately 60-65% complete. Overall, construction is advancing on schedule and within budget and the work at the Intake Facility is now on critical path. The Facilities Contractor picked up significant progress in January 2009.

With regard to rights-of-way, Monterey County Water Resources Agency and the San Luis Obispo County Flood Control & Water Conservation District reached a mediated settlement on easement rights in the amount of \$398,842 plus statutory costs. A trial date has been set to establish easement compensation for one private property owner. Also, the District seeks a drainage easement associated with the Rocky Canyon Tank overflow.

Crews continue to find archaeological artifacts as construction continues and ESA’s construction support services contract was amended to address ongoing finds.

Christine Halley reported on the status of the proposed Health & Safety Code Amendment, AB 80, sponsored by Assemblyman Blakeslee. It was referred to committee on February 5, 2009.

Chairman Romero emphasized the importance of invasive species prevention measures at Lake Nacimiento. Mr. Hollenbeck shared that County Public Works Director Paavo Ogren met with



MCWRA General Manager Curtis Weeks on February 19, 2009. Quagga mussel prevention was one topic of discussion. MCWRA observes that it has limited powers to monitor boat ramps at properties over which SLO County has land use jurisdiction. The Commission expressed disappointment in the casual attitude and lack of action to ward off this threat. SLO County Utilities Division Manager Dean Benedix reported that he and County Engineer Glen Priddy are to meet with MCWRA staff first with an elected official's meeting to follow. He also reported SLO County Parks & Recreation Dept's proposal to amend their boat inspection procedures at Lopez and Santa Margarita Lakes such that locally-registered boats would by-pass the hot water wash stations. Lopez participants (Zone 3) urged Parks & Recreation Dept to sustain full inspection and invasive specie prevention measures. Mr. Benedix suggested that Zone 3 may be asked to pay a portion of the prevention costs. Estimated cost for watercraft decontaminate (i.e. hot water pressure wash and bilge inspection) is \$20-\$30 per craft.

Chairman Romero closed the quagga mussel discussion by repeating his concern, noting the costly impact of such an infestation, and urging that prevention measures be enacted.

Mr. Hollenbeck shared the recent information from PG&E confirming their intent to meet the Intake Pump Station power needs by Summer 2010. Concerns about timing remain.

Project management staff will submit a delivery entitlement contract to the Lewis A. Pollard Family Trust that would allocate to them the requested 25 acre-feet per year.

Recent letters to the editor commented on the low lake level, alluding to reliability concerns. Commissioners urged a response from Project staff, perhaps as a Viewpoint article.

Mr. Hollenbeck and Mrs. Halley discussed the updated operations and maintenance estimate and the fiscal year 2010/11 budget worksheet. Participants ask for a breakdown by agency once the revised figures are completed.

#### **V. Presentation by Construction Manager**

Construction Manager Ed Weyrauch of Jacobs presented a slideshow of the construction progress by each of the five contractors. He also distributed hard copies of the photos to Commissioners.

Commissioners noted that generally, construction zones were left in better condition that they were found. Commissioner Brooks asked if pumps would be operated during off-peak power periods and Mr. Hollenbeck explained that the additional tank and pipe costs to operate in that mode proved to be too costly. Since this is a supplemental water supply project, storage tanks are sized to provide approximately 30 minutes of gravity supply in the event of a loss of power. Each pump station is wired for portable generator power, but fixed generators are not planned. Portable generators could be moved about to pump during a sustained loss of power.

Mr. Hollenbeck reminded all that the Project installed its own power transformers, thereby qualifying for a lower power rate. No spare transformer is planned at this time but the Commission could consider funding one as a future budget item.

#### **VI. Commission Action Items (No Subsequent Board of Supervisors Action Required)**

Mr. Hollenbeck proposed adjustments to several line item budgets to more closely reflect actual costs-to-date and projected costs-to-complete. He intends to report on necessary line item adjustments annually through the construction phase. Commissioner Jones moved approval of the proposed budget adjustment; Commissioner Brooks seconded; passed unanimously.



**VIII. Future Agenda Items Desired by Commission**

The memorial for Jacob Gaines and Manuel Villagomez is still planned, likely to be installed toward the end of the job construction.

Chairman Romero adjourned the meeting at 5:25 pm.

*Submitted by Christine Halley*



Nacimiento Project Commission  
May 28, 2009  
**Agenda Item IV.a– Project Management Report**  
(Information Only – No Action Required)

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**PROJECT ISSUES**

**Construction Status**

The pump shaft penetrations on the initial Intake shaft cover were incorrectly configured such that a new, properly configured cover was reconstructed and installed in April 2009.

During the second week of April 2009, hydraulic oil (a food-grade product) leakage became evident along the Intake portal pipe. The leakage was contained and found to be coming from the valve actuators. Apparently, temperature differential caused seals to shift and lubricant to leak out. The two leaking actuators were pulled on May 4, 2009, such that a corrective plan can be enacted.

Site piping for the Intake is being fabricated to match the final dimensions of the shaft assembly. The Camp Roberts tank coating is underway as is the block work at Santa Ysabel pump station. The Cuesta Tank roof and the segmented retaining wall at the Rocky Canyon tank site are under construction, too.

Teichert is installing the pipeline adjacent to the Nacimiento Dam spillway and has approximately 6 miles of pipe staged out across Camp Roberts awaiting installation. The jack-and-bore at Highway 101 and Wellsona Road is underway. Pipe installation in North River Road is progressing. Options for installing the 13<sup>th</sup> Street fiber optics conduit run in Paso Robles are being explored.

South River Road was opened to through-traffic on April 30, 2009, with full-width resurfacing. The connection at Navajo Road awaits successful hydraulic testing.

Whitaker's work is substantially in place. Air-vac valves manufactured by APCO lacked interior coating and have been sent back for correction.

Southern California Pipelines' work in the southern reaches is largely on-hold pending the June 15<sup>th</sup> environmental construction window at creek-crossings.

**Technical Support Group Route Tour**

On April 9, 2009, representatives from Atascadero Mutual Water Company, Templeton Community Services District, City of San Luis Obispo, State Dept of Public Health, and others joined Nacimiento Project team members on a route tour. This was the first opportunity for many Participants to observe the construction corridor first-hand. John Hollenbeck pointed out key elements of the Project from the Intake to Santa Margarita.





Technical Support Group at Intake Assembly  
April 9, 2009



TSG Members at Pig Launching  
Facility – Nacimiento Lake Intake  
April 9, 2009





Santa Ysabel Pump Station Foundation Reinforcement  
and Pipe Penetrations  
April 9, 2009



TSG Members at the Rocky Canyon Pump Station  
April 9, 2009

## **Status of Project Delivery Team Activities**

**Right of way** – The right-of-way team is working to correct several title recordations, is preparing to make a drainage easement offer associated with the Rocky Canyon Tank site, and is working with the District to expand easement area/rights at one property on Cuesta Grade.

**Design Activities** – Black & Veatch continues to have full-time design team liaisons working alongside the construction manager. That team's primary duties are to respond to contractor requests for information and review submittals. They recently review and issued a non-compliant report of the Intake shaft cover.

**Environmental Permitting Activities** – Dialogue with permitting agencies concluded that a suspended pipe crossing is the preferred means of spanning the steelhead habitat mentioned above. Crews have set out to work within seasonal restrictions pertaining to the least Bell's vireo habitat near the north Salinas River crossing. Conflicting definitions of the bird's breeding season as stated in the U.S. Fish & Wildlife Services biological opinion and in the California Dept of Fish & Game permit could be interpreted to limit construction to the August 1<sup>st</sup> – October 15<sup>th</sup> period. Spring surveys began on May 13, 2009, to establish whether a breeding pair of least Bell's vireo are indeed in the area or not.

Team archaeologists are preparing the required final site maps and excavation soil profiles for the Project report. They recently completed a draft report for the Extended Phase I study of the work at Gate 10 on Camp Roberts. Archaeological lab work to analyze flaked and ground stone tool classes, faunal bone, and other artifacts continued. Lab work will continue through June and samples are to be delivered to an outside lab by mid-June.

## **Outside Agency Issues**

**State Legislature** – Paso Robles proposed amendment to the Health & Safety Code is being sponsored by Assemblyman Blakeslee as Assembly Bill 80. The Water, Parks & Wildlife Committee passed AB 80 on March 24, 2009, and the Assembly Floor passed the item on its consent calendar on April 2, 2009. The next step is that the bill will be heard in the Senate Environmental Quality Committee.

**Invasive Mussel Inspections** – The April 2009 San Luis Obispo County inspection reports indicate no detection of any invasive mussel species. On May 19, 2009, Monterey County Water Resources Agency (MCWRA) erected signs alerting boaters to this potential threat. Posters and fliers are being distributed to boaters, too. No watercraft inspections are underway at Lake Nacimiento.

**Monterey County Water Resources Agency** – Arrangements for an elected official's meeting are underway to discuss invasive mussel prevention and other points of coordination. Dates during the weeks of June 15<sup>th</sup> and June 22<sup>nd</sup>, 2009, are being considered.

**Camp Roberts** – The potential to provide in-lieu services in exchange for the Camp Roberts easement valuation remains viable. The Camp has not presented a list to the District.

**PG&E** – In February of this year, PG&E stated that it planned to have the new electrical service for the Intake in service by October 1, 2009, and that it would complete the load-shedding of the



Heritage Ranch area by Memorial Weekend 2010. That load shedding is required to free up electrical capacity needed to operate the Intake Pump Station. PG&E will be conducting a walk-down of the entire reconductor route (Paso Robles to Heritage Ranch) during the 2nd week of June 2009 and reportedly is on schedule to complete the work by Summer of 2010.

New Participants – The Lewis A. Pollard Family Trust awaits advancement of its wheeling agreements with private water companies to receive treated Nacimiento water. A like-contract for Nacimiento entitlement, too, has yet to be executed. California Men’s Colony continues to express active interest in possible Project participation. Refer to Agenda Item V.a for a presentation on that topic. Heritage Ranch Community Services District has approached the District over the years with regard to possibly accepting its Lake Nacimiento deliveries from the Nacimiento Water Project facilities. Refer to Agenda Item V.b for background on that topic.

### **Nacimiento Reservoir Status**

Reservoir status as reported by Monterey County Water Resources Agency is 34-percent full, or 126,720 acre-feet as of May 20, 2009.

Note that at this point in the water year approximately 104,720 acre-feet of storage remains in the reservoir above minimum pool and that the terms of the District’s contractual right for water are such that reservoir releases for the benefit of SLO District may continue in the event that the reservoir reaches minimum pool. We will continue to watch reservoir levels as the water year progresses and report on impacts to SLO District’s planned release schedules.

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Nacimiento Project Commission  
May 28, 2009  
**Agenda Item IV.b– Project Schedule**  
(Information Only – No Action Required)

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The accompanying construction schedule is current as of April 1, 2009.



# 4.0 Summary Project Schedule

Activity ID	Activity Description	Orig Dur	Rem Dur	%	Early Start	Early Finish	2007 2008 2009 2010																																																			
							2007													2008													2009													2010												
<b>Contract No.1 - Intake</b>																																																										
A1102	Pre Construction Activities - Contract No. 1	107*	0*	100	01MAY07A	01OCT07A																																																				
A1120	Contract No. 1 (Intake) Bid Period:	53*	0*	100	01MAY07A	16JUL07A																																																				
A1320	Contract No. 1 - Intake	548*	24*	90	25OCT07A	24APR09																																																				
A1440	Intake Shaft Construction	199*	0*	100	12NOV07A	21AUG08A																																																				
A1530	Microtunnel Installation	32*	0*	100	02SEP08A	15OCT08A																																																				
A1760	Commissioning - Contract No. 1	94*	18*	40	12DEC08A	24APR09																																																				
A1580	Lake-Top Operations & Underwater Work	731*	731*	90	01APR09	26JAN12																																																				
<b>Contract No.2 - Pump Stations, Tanks, SCADA, etc</b>																																																										
A1155	Pre Construction Activities - Contract No. 2	64*	0*	100	02JUL07A	01OCT07A																																																				
A1310	Contract No. 2 Bid Period	33*	0*	100	02JUL07A	16AUG07A																																																				
A1745	Contract 2 - Pump Stations & Tanks	760*	412*	15	19NOV07A	05NOV10																																																				
A2410	Construction - Rocky Canyon Pump Station & Tank	421*	165*	55	31MAR08A	20NOV09																																																				
A2660	Construction - Cuesta Tunnel Tank	348*	157*	20	01JUL08A	10NOV09																																																				
A2240	Construction - Santa Ysabel Pump Station	343*	160*	10	14JUL08A	13NOV09																																																				
A2120	Construction - Camp Roberts Tank	307*	159*	10	01SEP08A	12NOV09																																																				
A1950	Construction - Intake Pump Station	259*	202*	0	12JAN09A	15JAN10																																																				
A2900	Commissioning - Contract No. 2	252*	252*	0	16NOV09	05NOV10																																																				
<b>Contract No.3 - Pipeline North</b>																																																										
A1195	Pre Construction Activities - Contract No. 3	84*	0*	100	01MAY07A	28AUG07A																																																				
A1200	Contract No. 3 (PL North) Bid Period:	56*	0*	100	01MAY07A	19JUL07A																																																				
A2870	Contract No. 3 - Pipeline North (A, A1, C, C1)	605*	249*	40	07NOV07A	23MAR10																																																				
A3170	Commissioning - Contract No. 3	110*	110*	0	16OCT09	23MAR10																																																				
<b>Contract No.4 - Pipeline Central</b>																																																										
A1238	Pre Construction Activities - Contract No. 4	85*	0*	100	01MAY07A	29AUG07A																																																				
A1240	Contract No. 4 (PL Middle) Bid Period:	61*	0*	100	01MAY07A	26JUL07A																																																				
A3250	Contract No 4 Pipeline Central (Units D, E, F)	518*	149*	97	19OCT07A	29OCT09																																																				
A3590	Commissioning - Contract No. 4	116*	116*	0	18MAY09	29OCT09																																																				
<b>Contract No.5 - Pipeline South</b>																																																										
A1278	Pre Construction Activities	85*	0*	100	01MAY07A	29AUG07A																																																				
A1280	Contract No. 5 (PL South) Bid Period:	66*	0*	100	01MAY07A	02AUG07A																																																				
A3560	Contract No 5 Pipeline South (Units G, G1, H)	529*	165*	85	26OCT07A	20NOV09																																																				
A3930	Commissioning - Contract No. 5	52*	52*	0	01OCT09	21NOV09																																																				

 Early Bar  
 Progress Bar

CSX2  
 San Luis Obispo Flood Control And Water Conservation District  
 Nacimiento Water Project  
 Construction Summary Schedule

Sheet 1 of 1  
 Data Date  
 Run Date  
 01APR09  
 20APR09 16:36

Nacimiento Project Commission  
May 28, 2009  
**Agenda Item IV.c– Project Budget**  
(Information Only – No Action Required)

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**Budget Status**

The Project Budget Report through April 30, 2009, is attached. The District also has interest earnings of \$151,201.63 to report. These earnings are available to offset expenses and will be tracked in the Project fund budget as we progress.



**Nacimiento Water Project  
Project Budget Reporting  
Report Ending Period: 4/30/09**

	Revised Budget Approved AUGUST 2007	Cost to Date thru 4/30/09	Remaining Budget	Projected Total Cost as of 4/30/2009	Projected Variance (Budget Vs. Projected Cost)	Comments
<b>Design Phase Costs</b>						
Project Management	\$2,345,749	\$2,318,018	\$27,731	\$2,345,749	\$0	Includes County Project Manager, VE, support staff, TJCross support, finance team, legal fees, and County overhead allocation during Design Phase. Adjusted to better align with actual costs to date.
AD-15 Process (Preparation for Bidding)	\$93,000	\$113,057.01	(\$20,057)	\$113,057	(\$20,057)	Reproduction and mailing of Contract Docs, addenda, and other bid phase correspondence, utilizing ASAP Reprographics.
Environmental	\$1,415,000	\$1,872,965.49	(\$457,965)	\$2,346,867	(\$931,867)	ESA-Includes design assistance, permit applications, agency coordination. Amendments authorized for EIR Addendum and extended cultural resource efforts.
PG&E Service Extension	\$100,000	\$40,368.16	\$59,632	\$100,000	\$0	Estimate to extend power to proposed facilities. Load-shedding approach less capital costly.
Right of Way Consulting Services	\$1,375,000	\$1,417,546	-\$42,546	\$1,562,000	(\$187,000)	Hamner-Jewell contract plus allowance for appraisal, title reports by others, and Special Counsel. Includes court hearings for orders of possession.
Property Acquisition	\$2,500,000	\$1,667,016.65	\$832,983	\$1,900,000	\$600,000	8/06-Revised acquisition budget.
Construction Mgt/Constructability Review	\$650,000	\$669,109.19	(\$19,109)	\$669,109	(\$19,109)	Initial CM services authorization est Nov 2006 @ \$735,000. Reduced to \$650,000 Aug 2008 as est of expenditures during the Design Phase
Engineering Design (Includes geotechnical, survey & Design CM)	\$9,088,800	\$9,419,153.76	(\$330,354)	\$9,088,800	\$0	Black and Veatch Corporation 11/06-Revised projected total. 8/07-revised back up to original budget pending Design Amendment
Finance	\$0	\$-	\$0	\$0	\$0	PFM, UBS, and Fulbright & Jaworski support services coded to Project Management line item above.
New Participant Contribution	(\$50,000)	(\$49,040)	(\$961)	(\$50,000)	\$0	11/06-CSA 10A buy-in fee per Article 29 of the WDEC.
				Total Variance=	(\$558,033)	
Design Phase Budget Reserve (NOTE 1)	\$1,382,451		\$1,382,451	\$824,418		
<b>SUMMARY - DESIGN PHASE</b>	<b>\$18,900,000</b>	<b>\$17,468,195</b>	<b>\$1,431,805</b>	<b>\$18,900,000</b>		
<b>Construction Phase Costs</b>						
Project Management	\$4,692,637	\$2,305,965.84	\$2,386,671	\$4,167,637	\$525,000	Includes District staff, County Counsel, intern support, TJCross support, and operator support during construction. Also includes premium for District-provided Builder's Risk Insurance and County overhead allocation
Environmental Mitigation	\$4,500,000	\$20,310.75	\$4,479,689	\$4,500,000	\$0	Estimated as \$100,000 per mile for pipeline realignments, special construction techniques, and other costs incurred due to unforeseen environmental issues.
Construction Management, including Materials Testing & Surveying	\$5,835,000	\$5,386,321.23	\$448,679	\$5,815,891	\$19,109	Based on Jacobs construction management services fees.
Post-Design Services by Designer	\$3,200,000	\$1,070,812.90	\$2,129,187	\$3,200,000	\$0	Black & Veatch's construction phase services.
Environmental Monitoring (this work is added into Jacob's CM Agreement)	\$2,400,000	\$-	\$2,400,000	\$2,400,000	\$0	Includes cost for cultural and biological monitors during construction including Jacobs' mgt fee. Value negotiated with ESA per revised memo from TJ Cross 8-16-07
Construction Contracts	\$123,876,769	\$91,104,261.28	\$102,224,780	\$126,409,749	(\$2,532,980)	BASED ON CONSTRUCTION BIDDING + CHANGE ORDERS
District Controlled Contingency Construction Phase Contingency and Reserve (NOTE 1)	\$11,675,582	\$0	\$11,675,582	\$9,667,602	\$2,007,980	Recommended contingency for construction change orders, prof service changes, and other Project reserve. Excludes the carryover of unused Design Phase reserves.
<b>SUMMARY - CONST. PHASE</b>	<b>\$156,179,988</b>	<b>\$99,887,672.00</b>	<b>\$125,744,589</b>	<b>\$156,160,879</b>	<b>\$19,109</b>	
<b>Prior Expenses</b>						
Advance Expenditures	\$513,000	\$513,000	\$0	\$513,000	\$0	
Cuesta Tunnel	\$1,031,000	\$1,031,000	\$0	\$1,031,000	\$0	Includes construction of Nacimiento Water Project pipeline section through Cuesta Tunnel and cost for 2003 EIR.
			\$0	\$0	\$0	
<b>TOTAL PROJECT</b>	<b>\$176,623,988</b>	<b>\$118,899,867</b>	<b>\$127,176,393</b>	<b>\$176,604,879</b>	<b>(\$538,924)</b>	

Positive Projected Variance indicates costs are under the revised line item budget.  
Recent Update: May 08, 2009

NOTES 1. When the Design Phase is closed, the reserves will be transferred to the Construction Phase Reserves.

Nacimiento Project Commission  
May 28, 2009  
**Agenda Item V.a – California Men’s Colony Proposed Project Participation**  
(Presentation)

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**TO:** Nacimiento Project Commission  
**FROM:** Christine Halley, P.E., Nacimiento Project Engineer  
**VIA:** John R. Hollenbeck, P.E., Nacimiento Project Manager  
**DATE:** May 28, 2009

California Men’s Colony (CMC) is pursuing funding for Nacimiento Water Project participation and requested the opportunity to present its approach to the Nacimiento Project Commission.

**Background**

CMC approached the San Luis Obispo County Flood Control & Water Conservation District (District) in May 2008 regarding possible participation in the Project. On July 10, 2008, the District provided a range of estimated costs for 200 and 400 acre-feet per year entitlements delivered through Unit H along with other information regarding potential participation in the Project.

CMC considered the preliminary cost, reliability, and water quality features of this potential water supply and determined that this supplemental supply ranks high among other options. The material presented today is intended to familiarize the Commission with this potential New Participant and to describe the steps that local CMC staff must take to secure funding.

**Proposed Project**

CMC is interested in a 400 acre-foot per year entitlement to be delivered to a location yet to be determined, likely in the northern reaches of Unit H1. From there, raw Nacimiento water would be piped to the existing CMC water treatment plant for treatment and delivery into the Camp’s potable water system. Direct deliveries into Chorro Creek or Chorro Reservoir were explored in engineering reports dating back to the mid-1990’s but are not proposed at this time.

**Contractual Considerations**

The 2003 Final Nacimiento Water Project EIR addressed delivery to Camp San Luis Obispo and the California Army National Guard is listed as an “Exhibit B entity” in the document. Delivery to CMC is not addressed in the final EIR. In other words, CMC would be an “Other Participant” ultimately requiring the approval of at least 55% of the total of all delivery entitlements to enter into a Like-Contract for water [Article 29(C)]. The Project Manager would propose terms of a Like-Contract and determination of the Reserve Water Delivery Entitlement and Reserved Capacity Fee in the future. The Commission would be asked to take action at that time.

Note that Article 29 lists the priorities that shall be followed when considering requests from New Participants who were not Initial Participants. Briefly, Reserve Water shall be used in the following order of priority:

1. to alleviate any permanent water shortage
2. to alleviate any temporary water shortage
3. to meet obligations to Reserve Water Customers
4. to supplement deliveries to Other Participants who are Initial Participants
5. for delivery to New Participants who were not Initial Participants (*in this case, CMC*)
6. other purposes

### **Financial Considerations**

The Water Delivery Entitlement Contracts state that Project financing is not to be extended to New Participants (in other words, they must arrange their own financing) and care will be taken not to jeopardize current Tax-Exempt Obligations.

In July 2008, the estimated buy-in cost to CMC was \$8.8 to \$9.6 million for a 400 acre-foot per year entitlement delivered through Unit H. That amount has not yet been recalculated according to the method adopted by the Commission in August 2008. The final amount will be handled as a credit to Other Participants per Article 29 (C).

### **Next Steps**

CMC staff must advance this proposal within the state legislation and seek funding for an entitlement. From the standpoint of the Nacimiento Delivery Entitlement Contracts, future steps would be:

1. CMC to satisfy the definition of “Other Participant” in complying with the definition of a water-distributing public agency.
2. District to determine the Purchase of Reserve Water Delivery Entitlement and Reserved Capacity Fee for this request. To be calculated per the method adopted by the Commission in August 2008, as amended.
3. CMC to provide evidence of a CEQA determination.
4. CMC to demonstrate that their water enterprise is operated and maintained per Article 21.
5. CMC to pay in full all Purchase of Reserve Water Delivery Entitlement Reserved Capacity Fees and other applicable fees to the District and comply with all other applicable Delivery Entitlement Contract terms.
6. Nacimiento Project Commission would consider the requested execution of a Like Contract and, if approved by that portion of All Participants holding at least 55% of the total of all delivery entitlement, then the Like Contract would be forwarded to the District Board of Supervisors for their consideration.

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# Nacimiento Project Commission

May 28, 2009

## Agenda Item V.b – Conveyance to Heritage Ranch Community Services District (Presentation)

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**TO:** Nacimiento Project Commission  
**FROM:** Christine Halley, P.E., Nacimiento Project Engineer  
**VIA:** John R. Hollenbeck, P.E., Nacimiento Project Manager  
**DATE:** May 28, 2009

Heritage Ranch Community Services District operates with the Nacimiento River as their single source of water to serve approximately 1,750 service connections (4,200 people). They seek a back-up means of accessing their entitlement during periods of low lake level. Heritage Ranch CSD wishes to provide background on their water situation and discuss how the Nacimiento Water Project may play a role in enhancing the reliability of community water supply.

### **Background**

Heritage Ranch holds an 1,100 AFY entitlement<sup>1</sup> to water from Lake Nacimiento with the San Luis Obispo County Flood Control and Water Conservation District (District) per the terms of a series of agreements dating back to March 20, 1972. This entitlement is part of the District's 1,750 AFY lakeside set-aside adopted by the Board of Supervisors in February 2004 which in turn is part of the District's overall 17,500 AFY entitlement.

Water demand at Heritage Ranch CSD has increased from 477 AFY in 2001 to 625 AFY in 2007.<sup>2</sup> The CSD captures its lake entitlement through infiltration gallery wells situated approximately 0.4 miles below the face of the dam (Refer to **Figure 1**). This is a series of perforated pipes installed approximately 8 feet deep into the Nacimiento River bed. Water is then treated at the CSD's water treatment plant located adjacent to the Nacimiento River.

Heritage Ranch CSD is located in Water Planning Area 10 per the District's water planning data base. The San Luis Obispo County 2008 Resource Management System report lists no "Level of Severity" for either water supply or the water system, an indication that no resource constraint has been recognized by the Planning Dept in this planning document.

Heritage Ranch CSD did not participate in the planning stages of the Nacimiento Water Project nor are they listed in "Exhibit B" to the water delivery entitlement contracts. The CSD approached the District four years ago regarding possible water deliveries off of the proposed pipeline. The ability of the

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<sup>1</sup> Under review now by Nacimiento Water Project staff.

<sup>2</sup> Source: "Heritage Ranch CSD Draft Water Conservation Plan" by The Wallace Group dated June 2008.



infiltration gallery relies on lake releases to capture adequate water flow. In situations where releases cease<sup>3</sup>, the CSD fears it will be unable to meet community water needs.

Note that the dam operator, Monterey County Water Resources Agency, is required to maintain environmental lake releases at all times when the lake level exceeds 689 feet, NAGD29. When lake levels fall below this elevation, only the District has the right to order release of water within its 17,500 AFY entitlement.<sup>4</sup> Under that condition, lakeside users, including Heritage Ranch CSD, may continue to take their annual entitlement and the Nacimiento Water Project may continue to make its Participant deliveries. At present, Heritage Ranch CSD has no other means of capturing its entitlement other than the gallery wells.

The CSD has considered various means of increasing the reliability of water supplies, one of which is securing an emergency connection to the Nacimiento Water Project facilities. Heritage Ranch CSD has yet to render an opinion as to the manner in which water delivery is addressed in existing agreements with the District. Topics to research include 1) What points of delivery are stated in the agreements? and; 2) At what flow rate (i.e. is peaking allowed)? From there, the District could examine the contemplated capacity sought in the Intake Facility and Unit A.

Regardless of the terms of the District/CSD agreements, California State Water Code Section 1810 provides some guidelines as to when local public agencies must make unused water conveyance capacity available, subject to fair compensation, to a bona fide transferor. It is anticipated that there is unused capacity in the Intake Facility and in Unit A during the start-up years of the Project. Heritage Ranch CSD's proposed point of diversion from the Nacimiento Water Project is likely the planned pump-out or a nearby air-vac valve connection to the pipeline (refer to **Figure 1**).

In concept, Heritage Ranch CSD's proposed project is to construct a metered connection to the Nacimiento Water Project and utilize that connection only in times of emergency to allow the CSD to access its entitlement to Lake Nacimiento water. The District would analyze the cost to convey the proposed entitlement and establish the "fair compensation" for such conveyance. The CSD would have to draft necessary agreement amendments, demonstrate CEQA compliance, secure right-of-way as-needed, and any water rights/permits deemed necessary.

### **Contractual Considerations**

The Nacimiento Water Project delivery entitlement contracts foresaw the use of Reserved Capacity. A "Wheeling Customer" is defined as an entity to which the District conveys water, other than Nacimiento Project Water. Heritage Ranch CSD's proposed wheeling of water is other than the 15,750 AFY amount such that they would be considered a Wheeling Customer. Article 30 – Use of Reserved Capacity, however, limits contracts with Wheeling Customers to a term of one year:

#### ***ARTICLE 30: USE OF RESERVED CAPACITY***

*(B) Wheeling of Water. If at any time during the term of this Contract, the District conveys water to any Wheeling Customer, said Wheeling Customer shall be required to pay the District for*

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<sup>3</sup> Releases by gravity from the reservoir would cease if the lake falls to elevation 670 feet NAGD29. A volume of 10,300 acre-feet still would reside behind the dam.

<sup>4</sup> Source: 1959 agreement between MCWRA and SLO County Flood Control and Water Conservation District.



*such conveyance and delivery service in a manner and at prices which will return to the District the largest net revenue practicable, but in no event shall such conveyance be effected at charges less than those applicable to the conveyance of Delivery Entitlement through the same Unit or Units. In determining the appropriate charges for water conveyed and delivered for a Wheeling Customer, the District shall take into account the particular Unit or Units through which conveyance of such water occurs, shall compare the Operation and Maintenance Costs and Capital Projects Installment Debt Service apportionable to such Unit or Units with Nacimiento Project Costs, and shall further compare the amount of water conveyed for Wheeling Customers through such Unit or Units with the amount of Nacimiento Project Water conveyed for the Participant and for the Other Participants through such Unit or Units for the same period of time. The District hereby covenants and agrees not to enter into any contract with a Wheeling Customer for the conveyance of water with a term to exceed one (1) year.*

The CSD seeks a long-term arrangement for wheeling of water. This could be accomplished by:

1. Annual consideration for renewal of a wheeling agreement between the District and Heritage Ranch CSD
2. Amendment to the delivery entitlement contract allowing for longer term wheeling arrangements
3. Execution of an agreement for mutual aid during an emergency
4. Amending the definition of “Nacimiento Project Water” to include Heritage Ranch CSD’s entitlement
5. Heritage Ranch CSD becoming a New Participant
6. Other

The Project Manager seeks Participant input on these options and ideas on how to approach this wheeling request.

### **Financial Considerations**

Depending on the manner in which conveyance to the CSD is approached, the Project Manager will work with Public Works accounting staff to determine the charges for water conveyed.

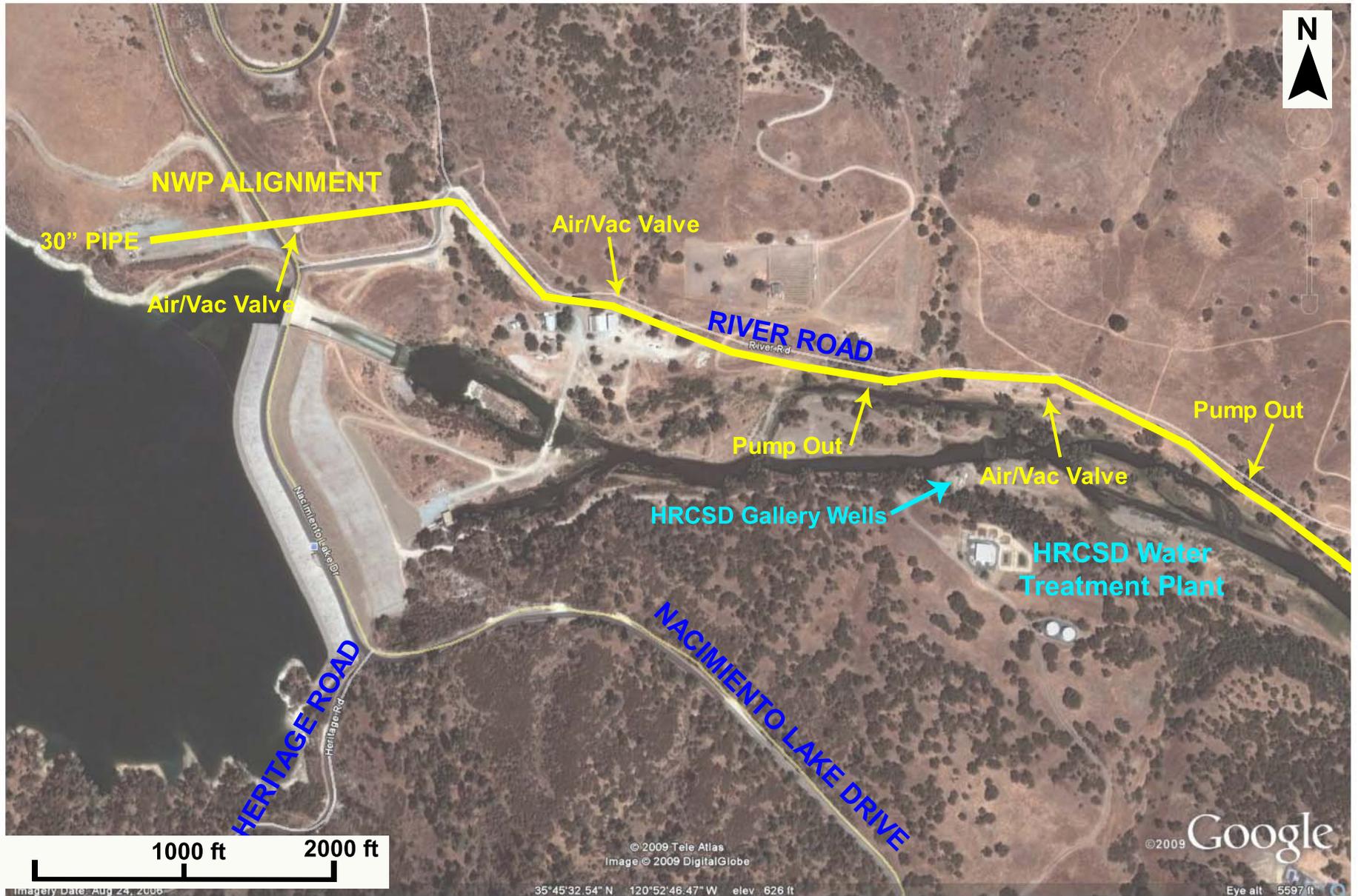
### **Next Steps**

- A. Seek Nacimiento Project Commission input on the proposed arrangement.
- B. Gather additional information and an updated proposal from Heritage Ranch CSD
- C. Determine the charges for water conveyed
- D. Return the item to the Commission for action

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# ALTERNATIVE DELIVERY TO HERITAGE RANCH CSD



PIPELINE LAYOUT NEAR HERITAGE RANCH CSD  
MAY 12, 2009